

CARIBBEAN DEVELOPMENT BANK



SPECIAL DEVELOPMENT FUND (UNIFIED)

**STATUS REPORT ON THE
SPECIAL DEVELOPMENT FUND - SEVENTH CYCLE**

March 2012

ABBREVIATIONS

APEC	-	Audit and Post-Evaluation Committee
BMCs	-	Borrowing Member Countries
BNTF	-	Basic Needs Trust Fund
BOD	-	Board of Directors
CARICOM	-	Caribbean Community
CDB	-	Caribbean Development Bank
CMDG	-	Caribbean-specific Millennium Development Goals
CSPs	-	Country Strategy Papers
CTCS	-	Caribbean Technological Consultancy Services
DRM	-	Disaster Risk Management
GE	-	Gender Equality
KM	-	Knowledge Management
LDCs	-	Less Developed Countries
MDGs	-	Millennium Development Goals
MfDR	-	Managing for Development Results
MFI	-	Micro-finance Institutions
mn	-	million
MSMEs	-	Micro, Small and Medium Enterprises
MTE	-	Mid-Term Evaluation
MTR	-	Mid-Term Review
OECS	-	Organisation of Eastern Caribbean States
OCR	-	Ordinary Capital Resources
PCRs	-	Project Completion Reports
PPMS	-	Project Portfolio Management System
RAS	-	Resource Allocation Strategy for SDF
RCI	-	Regional Cooperation and Integration
RMF	-	Results Monitoring Framework
SDF (U)	-	Special Development Fund (Unified)
SDF 5	-	Special Development Fund (Fifth Cycle)
SDF 6	-	Special Development Fund (Sixth Cycle)
SDF 7	-	Special Development Fund (Seventh Cycle)
TA	-	Technical Assistance
TVET	-	Technical and Vocational Education and Training
VPO	-	Vice-President (Operations)

\$ United States Dollar (unless otherwise specified)

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STATUS REPORT ON THE SPECIAL DEVELOPMENT FUND (SEVENTH CYCLE)

1. INTRODUCTION

1.01 The Annual Meeting of Contributors to the Special Development Fund (Unified) [(SDF (U))] held on May 24, 2011 considered the Mid-Term Review (MTR) of the Special Development Fund (Seventh Cycle) (SDF 7) which assessed progress up to December 31, 2010 with respect to the strategic and other priorities contained in the *Report of Contributors on SDF 7: A Partnership for the Millennium Development Goals in the Caribbean*, and the milestones set out in the SDF 7 Implementation Plan.

1.02 The present paper briefly updates some of the information and analysis in the SDF 7 MTR, including SDF 7 resources and operations, and the current status of the SDF 7 Implementation Plan. It also includes sections on planned milestones for 2012 and on expected outcomes of selected SDF 7 projects approved in 2011. It is intended, together with other papers submitted for the First Formal Negotiation Meeting for the Replenishment of the Unified Special Development Fund, to provide part of the basis for further examination of the progress on SDF 7 before proceeding to address issues related to SDF 8.

2. OVERVIEW OF SDF 7 RESOURCES AND OPERATIONS

SDF 7 Resources and Programme Levels

2.01 In the SDF 7 Agreement,^{1/} Contributors supported an overall programme level of \$390.6 million (mn), to be financed from internally generated resources within SDF of \$103.9 mn, agreed contributions of \$242.2 mn, an allocation of \$15.0 mn from the net income of the Bank's Ordinary Capital Resources (OCR), and an unallocated structural gap of \$29.5 mn. The base funding and minimum programming level, therefore, was projected at just over \$361.1 mn, as shown in Table 1.

TABLE 1: SDF 7 RESOURCES

(USD '000)

Item	Projected		
	Per Contributors' Report	Position at December, 31 2012	Difference
Commitment Authority at Beginning of Cycle	16.9	19.5*	2.6
Expected Net Income	25.8	9.7	(16.1)
Loan Repayments	61.2	71.9	10.7
Allocation from OCR Net Income	15.0	15.0	-
New Contributions	242.2	233.4	(8.8)
Base Programme Level	361.1	349.5	(11.6)
Structural Gap/(Residual Funds)	29.5	44.1	(11.6)
Overall Programme Level	390.6	390.6	

*Actual balance at January 1, 2009

2.02 Table 1 also shows that at December 31, 2012, the base funding level is projected to be \$349.5 mn, which is \$11.6 mn lower than originally planned. This deficit has resulted from lower than anticipated levels of net income, arising mainly from lower investment yields, which were offset by a

^{1/} *Report of Contributors on SDF 7*, Section 5, February 2009.

larger carry-over balance and higher than projected reflows. Further, the expected level of new contributions has not materialised and it is now expected that no contribution will be received from the non-members and a deficit of \$8.8 mn is projected.

SDF 7 Commitment Authority

2.03 Table 2 shows the actual and projected commitment authority for 2009–2012 and the use of those resources during SDF 7, adjusted to reflect the reduced base programme level. 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 \$132.3 mn compared with \$138.6 mn originally set aside. The available commitment authority at the end of 2011 was \$35.6 mn and no carry-over balance to SDF 8 is currently projected.

TABLE 2: SDF 7 COMMITMENT AUTHORITY
(\$mn)

Item	Actual			Projected	Total
	2009	2010	2011	2012	
Commitment Authority at Beginning of Period	19.5	43.5	46.3	35.6	19.5
Net Income	2.8	2.7	1.2	3.0	9.7
Repayments	14.2	16.5	18.0	23.2	71.9
Commitment Authority from New Contributions	58.3	58.3	58.3	58.5	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	72.0	132.3
Available Commitment authority at end of period	43.5	46.3	35.6	0.0	0.0

* Net of cancellations

SDF 7 Programme Allocations

2.04 The total programming level for SDF 7 included agreed “set asides” with a reassessment of these allocations to be undertaken as programming evolved over the cycle. The indicative programme allocations for SDF 7 are shown in Table 3, and include \$46 mn each for the Basic Needs Trust Fund (BNTF) and Haiti, \$145.4 mn for regular country lending for BMCs and a total of \$77 mn for special lending for natural disaster mitigation and rehabilitation and BMCs in fiscal distress.

2.05 During the period January 1, 2009 to December 31, 2011, total commitments from these allocations amounted to \$218.2 mn, or 60% of the base programme level, consisting of \$156.8 mn in loans and \$61.4 mn in grants. The rate of commitment of both loan and grant resources at the mid-term, of 35%, had been slower than anticipated, but approvals of \$92 mn in 2011 (\$75 mn in loans and \$17 mn in grants) boosted the commitment performance. At the end of December 31, 2011, 70% of the loan allocations had been committed and 44% of the grants. It is projected that the revised loans and grants programme of \$349.5 mn under SDF 7 will be fully committed by the end of the cycle in December 2012.

2.06 The level of commitments will be further boosted by the programming and allocation to eligible countries of the BNTF 7 resources. This exercise is targeted in 2012 once the Mid-Term Evaluation (MTE) of BNTF 6, also programmed for 2012, is completed. Other programming planned for 2012 include the Project Management Training Programme, which will be spearheaded by the Technical Cooperation Division which is due to be recreated; Managing for Development Results (MfDR)

initiatives arising out of the ongoing review of the Bank's MfDR Agenda; and further interventions in Gender Equality (GE) associated with the planned recruitment of a Gender Advisor within the Office of the Vice-President (Operations) (VPO). Further details are presented in the Status of the SDF 7 Implementation Plan at Appendix 1.

TABLE 3: PROGRAMME ALLOCATIONS FOR SDF 6 AND SDF 7
(USD '000)

Programme Allocations	SDF 6		SDF 7			
	Indicative Allocation	Approvals 2004-2008	Indicative Allocation	Approvals 2009- 2011	Available Balance	Revised Allocation
Set Asides for:						
BNTF (grant funding)	32,000	32,000	46,000	0	46,000	46,000
Haiti (grant funding)	21,000	25,055	46,000	38,820	7,180	46,000
TA (grant funding):	16,000	14,261	17,500	11,527	5,973	16,500
Project Training	2,000	2,000	5,000	0	5,000	4,000
BMC Capacity-Building TA	10,000	9,732	8,000	9,216	(1,216)	9,500
Caribbean Technological Consultancy Services (CTCS)	4,000	2,529	4,500	2,311	2,189	3,000
Regional integration and Regional Public Goods	10,000	7,196	10,000	5,889	4,111	10,000
Development effectiveness [including for MfDR]	-	-	5,000	0	5,000	4,000
Environmental Sustainability and Climate Change	-	-	4,000	3,468	532	4,000
Gender Equality	-	-	4,000	709	3,291	3,000
Millennium Development Goals (MDGs) (grant funding)	4,000	3,126	-	-	-	-
Disaster Response (grant funding)	8,000	5,740	6,100	980	5,120	2,800
Sub-Total – Grants	91,000	87,378	138,600	61,393	77,207	132,300
Loans for assistance for BMCs in fiscal distress	)	)	47,000	43,410	3,590	43,500
Loans for natural disaster mitigation and rehabilitation	) 45,000	) 46,613	30,000	25,582	4,418	30,000
Lending Haiti	6,000	-	-	-	-	-
Country lending	115,500	123,425	145,447	87,819	57,628	143,700
Sub-Total – Loans	166,500	170,038	222,447	156,811	65,636	217,200
Total Programme Level	257,500	257,416	361,047	218,204	142,843	349,500
<i>Unallocated</i>	<i>-25,932</i>	<i>84</i>	<i>29,553</i>			

Overview of SDF 7 Operations

2.07 An overview of SDF 7 operations to date is shown in Table 4, together with the comparable data for the Special Development Fund (Fifth Cycle) (SDF 5) and Special Development Fund (Sixth Cycle) (SDF 6). Loan and grant approvals are shown separately, as are commitments for BNTF, Haiti, and for TA grants and loans. Annual average commitments for SDF 7 to date are \$72.7 mn, as compared to \$64.4 mn during SDF 6 and \$39 mn during SDF 5. There was a significant increase in loan approvals, compared with the position at the end of 2010, with 48% of SDF 7 loan commitments being made in 2011.

2.08 Loan approvals in 2011 amounted to \$75.1 mn including nine immediate response loans and four rehabilitation and reconstruction projects in response to natural hazard events; exception financial assistance to assist in debt restructuring; funding for a Technical and Vocational Education and Training (TVET) project and assistance to regularise unplanned settlements.

2.09 The annual average for grant approvals was lower than the SDF 6 figure. 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. Grant commitments in 2011 amounted to \$16.8 mn including \$10.0 mn for a rural community programme in Haiti and \$6.8 mn in other grants. At the end of 2011, commitments for Haiti amounted to \$38.8 mn.

TABLE 4: SDF PROJECT AND PROGRAMME COMMITMENTS

	SDF 5		SDF6		SDF 7				
	2001-2004	Annual average	2005-2008	Annual average	2009	2010	2011	2009-2011	3-year average
SDF loan approvals	111.9	28.0	170.1	42.5	35.2	46.6	75.1	156.9	52.3
<i>Of which:</i>									
<i>TA loans</i>	2.9	0.7	2.5	0.6	-	1.9	0.4	2.3	0.8
SDF grant approvals	44.1	11.0	87.3	21.8	16.6	27.9	16.8	61.3	20.4
<i>Of which:</i>									
<i>BNTF (grants)[†]</i>	32.0	8.0	32.0	8.0	-	-	-	-	-
<i>Haiti (grants)[#]</i>	-	-	25.0	6.3	10.0	18.0	10.8	38.8	12.9
<i>TA (grants)[‡]</i>	10.4	2.6	9.8	2.4	3.7	2.8	2.7	9.2	3.1
<i>Other Grants</i>	1.7	0.4	20.5	5.1	2.9	7.1	3.3	13.3	4.4
Total Commitments	156	39	257.4	64.4	51.8	74.5	91.9	218.2	72.7

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

TABLE 5: DISBURSEMENTS SDF 5 TO SDF 7
(USD mn)

	SDF 5		SDF 6		SDF 7				
	2001-2004	Annual Average	2001-2004	Annual Average	2009	2010	2011	2009-2011	3-year Average
Loans	135.4	33.9	105.8	26.5	45.6	34.6	35.3	115.5	38.5
Grants	17.4	4.4	33.0	8.3	24.3	20.6	19.5	64.4	21.5
<i>Of which:</i>									
<i>BNTF[†]</i>	7.3	1.8	14.2	3.6	4	8.9	5.6	18.5	6.2
<i>Haiti (grants)</i>	-	-	1	0.3	14.1	6.3	7.9	28.3	9.4
<i>TA (grants)</i>	10.1	2.8	17.8	4.5	6.2	5.4	6.0	17.6	5.9
Total Disbursements	152.8	38.3	138.8	34.8	69.9	55.2	54.8	179.9	60.0

2.11 Total annual average disbursements at the end of 2011 amounted to \$60.0 mn, compared with the two-year average of \$62.6 mn at the end of 2010. The level of disbursements for both loans and grants in 2011 was similar to that of 2010, with a reduction in disbursements for BNTF sub-projects and increases for Haiti and TA grants. Average annual disbursements in SDF 7 exceeded the annual average disbursements for SDF 5 and SDF 6, largely due to disbursements for Haiti which, in the main, took place during SDF 7.

SDF 7 IMPLEMENTATION PLAN: CURRENT STATUS

3.01 During the SDF 7 Replenishment discussions, Contributors and the Bank agreed to an Implementation Plan for SDF 7 which would provide a basis for monitoring key steps necessary to implement the SDF 7 Agreement. The Implementation Plan was structured in terms of three sets of objectives and milestones - *Strategic Priorities and Programme Focus; Development Results* and *Institutional Capacity and Reform* - with monitoring parameters for each milestone. The progress on each

milestone is presented in the Status of the SDF 7 Implementation Plan at Appendix 1. For many of the milestones, progress is ongoing while activities for two milestones are completed and four have not yet started. A number of them, such as the MfDR Agenda and Gender Equity will require continued support in SDF 8.

4. PLANNED MILESTONES FOR 2012

4.01 There are a number of areas within the Implementation Plan on which substantive progress or completion is targeted for 2012. In addition, some issues were also raised in the discussion of the Management Response to the SDF 7 MTR by Contributors at the Preparatory Meeting in December 2011.

4.02 Among the milestones were the completion of the MTE of BNTF 6 and planning for BNTF 7, further operationalisation of the Governance Strategy and implementation of the TA Policy and the Project Portfolio Management System (PPMS). These and other milestones for 2012 are set out in Table 6. Additional details are also provided in Appendix 1.

TABLE 6: MILESTONES FOR 2012^{2/}

<p>TABLE 6: <u>MILESTONES FOR 2012</u>^{2/}</p>
<ul style="list-style-type: none"> ● Completion of MTE of BNTF 6 ● Planning for BNTF 7 ● Climate Change Management Strategy developed ● Selected Review of the Resource Allocation System ● Country Strategy Papers (CSPs) prepared for BMCs ● Implementation of TA Policy ● Review of MfDR Agenda ● Implementation of PPMS ● Assessments of the Mainstreaming of Gender, Environment and Natural Disaster Management ● Further Operationalisation of the Governance Strategy

5. EXPECTED OUTCOMES OF SDF 7 PROJECTS

5.01 The final outcomes and longer term results of commitments made under SDF 7 cannot be assessed at this juncture. However, an understanding of the impact of the SDF 7 initiatives can be gained by a review of the various project objectives and intended outcomes. This section provides an update to the SDF 7 MTR in relation to the expected outcomes of a selection of projects approved in SDF 7.

Poverty Reduction and Human Development

5.02 In response to the effects of natural hazard events in some BMCs, critical infrastructure has been rehabilitated and reconstructed, risks associated with flood hazards have been reduced and emergency shelters/resource centers have been constructed to internationally accepted standards and guidelines. Interventions include the reconstruction and expansion of four schools in Grenada; the replacement of equipment in order to restore public sector training services in Haiti; rehabilitation and reconstruction to

^{2/} Including issues discussed in the SDF 7 MTR and at the December 2011 Preparatory Meeting on SDF 8.

better than pre-flood standards following the Layou River Valley flood event in Dominica and an extreme rainfall event in Grenada; and reconstruction following the destruction caused by Hurricane Tomas in St. Lucia and St. Vincent and the Grenadines. Some of these projects also included components addressing disaster risk management (DRM) and climate change concerns such as TA to assist in an integrated vulnerability assessment for flood risk reduction in Grenada.

5.03 The economic vulnerability to external shocks in some BMCs is expected to be reduced through the Bank's support for macroeconomic reform programmes and resources freed up to fund social programmes and other developmental activities. Interventions included policy-based financing for Grenada, Haiti, St. Lucia and St. Vincent and the Grenadines and exceptional financial assistance to St. Kitts and Nevis to assist in the restructuring of the government's debt.

5.04 The Bank supported the enhancement of the education sector in three BMCs. A number of schools and district education offices and the Curriculum Measurement and Evaluation Unit in Dominica were upgraded and equipped; assistance was provided for a school transformation programme in Grenada; and the development of the TVET programme in St. Vincent and the Grenadines. In addition, the Bank contributed to building human capital in four BMCs. Haitian children were encouraged to attend school through support for the provision of student subsidies and a school feeding programme; and financing of student loan schemes in Belize, Jamaica and St Lucia provided students from low-income and vulnerable households with opportunities for educational enhancement and increased employment.

5.05 Assistance in reducing vulnerability in many vulnerable communities was provided through the implementation of BNTF sub-projects in ten BMCs and through financing for a social investment fund in Belize; urban and rural community-driven development projects in Haiti and Guyana; and regularisation of unplanned settlements in St. Lucia. These interventions are expected to facilitate improved access to basic social and economic infrastructure and, in many cases, enhance income-generating opportunities; improve governance and build social capital at the local level.

5.06 The road and water sectors in BMCs were expected to be enhanced through additional financing to upgrade the Roseau Valley Roads in Dominica; and funding of studies to upgrade the South Leeward Highway in St Vincent and the Grenadines and expand the road network in St. Patricks, Grenada; upgrading the water supply system in the Belize River Valley; and developing a water supply master plan for Carriacou and Petit Martinique in Grenada.

5.07 Micro, small and medium enterprises (MSMEs) were strengthened and developed through a line of credit to the Development Finance Corporation of Belize for on-lending to MSMEs and through ongoing TA and training programmes provided by CTCS interventions in 15 BMCs. In addition, the development of private sector strategies for six Organisation of Eastern Caribbean States (OECS) countries is expected to facilitate the development of the private sector in those BMCs in a more open and competitive environment.

5.08 In the area of agriculture and rural development, the Region should benefit from enhanced production yields through funding provided to the Caribbean Agricultural Research and Development Institute for research and training in protected agriculture and also from the development of the small ruminant industry. Further, the livelihoods of rural communities in Grenada were expected to be enhanced through an intervention to strengthen rural businesses/clusters, provide affordable credit, upgrade technical and business skills of rural entrepreneurs, and foster better linkages between production and markets.

Environmental Sustainability and Advancing the Climate Change Agenda

5.09 In order to assist in mitigating the risks associated with natural hazard events, the Bank provided assistance to Anguilla, Antigua and Barbuda, Dominica, Grenada, Haiti, St. Kitts and Nevis, and the Turks and Caicos Islands to meet their commitments to the Caribbean Catastrophe Risk Insurance Facility. The Bank also provided 14 immediate response loans/grants to assist with cleaning up following natural disasters, in addition to the DRM and climate change initiatives associated with the rehabilitation and reconstruction projects referred to above.

5.10 In promoting energy efficiency management in the Caribbean, the Bank supported the development of an energy efficiency strategy for the OECS; the conduct of a survey to assess the impact of energy interventions over a ten-year period and provide information to assist in the formulation of strategies and programmes for advancing energy security and sustainability in BMCs; the participation by officials from 17 BMCs in the United Nations/Economic Commission for Latin America and the Caribbean Energy Efficiency Conference.

5.11 The Region's capacity to develop climate change adaptation proposals will be strengthened through a TA intervention which will enable BMCs to tap into the climate change financing available. In addition, the meteorological and hydrological data systems will be enhanced through the rescue and digitisation of meteorological and hydrological data. This will allow for better prediction of weather patterns.

Regional Cooperation and Integration

5.12 A number of regional institutions were strengthened during SDF 7 including the OECS Regional justice system through financing feasibility studies and concept designs for the construction of modern court facilities in all member countries; the Caribbean Community (CARICOM) Development Fund through enhanced operations and governance processes and procedures; the University of the West Indies through assistance in implementing a single virtual university space and strengthening its strategic management and research and innovation capacities; and Caribbean Regional Technical Assistance Centre through continued support for a fourth phase of the Centre's Work Programme. In addition, financing was provided for the preparation of a Regional Strategic Plan which will serve as the framework for development planning and programming by CARICOM Member Countries.

5.13 The efficiency, quality and transparency of public services in the OECS were supported through the implementation of a regionally integrated e-Government system, E-Government for Regional Integration Project in collaboration with the World Bank, which system is expected to contribute to the ease of doing business in the OECS. In addition, the Bank supported the formulation of a new ten-year education sector strategy which will facilitate critical reforms in the education sector and enhance human resource development in OECS Member Countries.

5.14 The Regional microfinance sector will be strengthened through the Caribbean Regional Capacity Building Programme II which aims to expose Regional micro-finance institutions (MFIs) to best practices in the sector worldwide and to create a number of better performing MFIs in the Region with improved capacity in product development and new clients outreach. Further, the Bank financed the participation of 50 small and medium enterprise representatives in the 2009 Commonwealth Business Forum which aimed to provide new opportunities for business networking and partnerships in a variety of sectors; as well as the involvement of regional civil society organisations in the pre-Summit meetings of the Fifth Summit of the Americas.

Capacity Building and Development Effectiveness

5.15 The Bank provided capacity-building support to a number of BMCs which was aimed at strengthening the public sector in areas such as the efficiency of government ministries, a review of the institutional framework for macroeconomic management, managing for development results (MfDR) institutional strengthening in the tourism, water and education sectors in some BMCs, capacity building in project management and public financial management, and promoting gender mainstreaming in the Region.

5.16 Other initiatives included negotiating a standby arrangement with the International Monetary Fund; developing a management information system; preparation of development strategies and public sector investment programmes; developing a national spatial plan; support for the stability of the financial system in the OECS; enhancement of the regulatory framework of a university and the conduct of comprehensive gender assessments of the social, economic and political sectors in ten BMCs.

5.17 Support was also provided for capacity-building workshops and training courses in areas such as developing public sector investment programmes, road sector institutional reform, and water and sanitation utility reform.

Colour Code:

Green: Completed

Gold Ongoing

Red Not Started

√ Further support required in SDF 8

APPENDIX 1**STATUS OF SDF 7 IMPLEMENTATION PLAN**

OBJECTIVE	PROPOSED ACTIONS/ MILESTONES	STATUS OF IMPLEMENTATION	CONTINUED SUPPORT IN SDF 8	CURRENT STATUS AS OF DECEMBER 31, 2011
A. STRATEGIC PRIORITIES AND PROGRAMME FOCUS				
1. SDF 7 operational programme aligned with strategic themes and objectives within available resources and capacity.	1.1 SDF 7 programme will target the strategic operational themes of poverty reduction and human development, environmental sustainability and adaptation to climate change, regional cooperation and integration (RCI), and the related strategic objectives.			Interventions in 2009-2011 have addressed all SDF 7 strategic operational themes with 82% being for poverty reduction and human development, 12% for environmental sustainability and adaptation to climate change, and 3% each for RCI and development effectiveness. The planned allocations were 73%, 19%, 3% and 5%, respectively.
	1.2 SDF 7 programme will mainstream GE as a cross-cutting priority and support capacity building and good governance.		√	<p>Mainstreaming of GE in the Bank will be strengthened by the recruitment of an Advisor on GE located in the Office of the VPO, as part of the restructuring of the Operations Area. The Advisor will play an important role in promoting policies, strategies, programmes, projects and incentives to bring a sharper focus on results for GE.</p> <p>A consultant will be engaged to re-launch the Bank's Governance and Institutional Development Strategy. The proposed re-launch will focus on enhancing the consistency and effectiveness of CDB's programming for Good Governance. It will entail, <i>inter alia</i>, (a) refresher training in the application of the governance toolkits in the design and supervision of CDB's projects and PBLs; (b) developing a Monitoring and Evaluation framework for assessing the efficacy of the Strategy; (c) recommendations on appropriate Good Governance indicators to use in the CSP process; and (d) identification of opportunities for greater integration with CDB's other cross-cutting policies and strategies.</p>
	1.3 Programme development for Caribbean-specific MDG (CMDG) Target 20 will include attention to special needs of Less Developed Countries (LDCs) and fragile states.			The Bank has continued its support for LDCs and fragile states. Haiti's needs are addressed through a dedicated set aside while 82% of loan approvals (\$129 mn out of \$157 mn) in SDF 7 have been targeted at LDCs.

OBJECTIVE	PROPOSED ACTIONS/ MILESTONES	STATUS OF IMPLEMENTATION	CONTINUED SUPPORT IN SDF 8	CURRENT STATUS AS OF DECEMBER 31, 2011
2. Country programme planning (other than SDF 7 set-aside allocations) based on SDF Resource Allocation Strategy (RAS), taking into account both needs and performance, and on country partnership strategies.	2.1 RAS to be applied at start of SDF 7 and reviewed annually, with application of approved improvements to RAS.			A selected review of the RAS is being conducted in 2012 to: (a) consider the influence of the population variable in the formula; (b) explore mechanisms by which Group 1 small state BMCs might be provided with improved access to SDF resources; and (c) develop guidelines for applying time-bound waivers and exceptions to the terms and conditions applicable to a country's classification.
	2.2 CSPs with increased results orientation to be prepared according to timetable, with all BMCs to be covered by CSPs by end-2009 or early 2010.			Nine CSPs have been prepared in the 2009-2011 period and there is a schedule to complete CSPs for the remaining BMCs by the end of 2012, with the exception of the CSP for the Turks and Caicos Islands which has been deferred pending return to elected government. There is also a plan to conduct MTRs of existing CSPs. A results framework is routinely prepared for all CSPs.
3. TA operations to reflect TA strategic priorities.	3.1 Strategic priorities to be developed for TA operations supporting capacity strengthening and good governance, the Bank's poverty reduction and regional strategies, and the MfDR Agenda.			The TA Policy is to be considered by the Board of Directors (BOD) and SDF Contributors in May 2012. Further, the TA Division to be created as part of the Projects Department reorganisation will be tasked with the implementation of the TA Policy and ensuring that there is stronger strategic focus and coherence for the TA programme.
B. DEVELOPMENT RESULTS				
4. Implementation of MfDR Agenda and strengthening of results monitoring.	4.1 Implementation of the three pillars of the MfDR Agenda.		✓	The Bank continues to build on the three pillars of MfDR and recognises the importance of embedding a results culture within the organisation. To this end, a consultant has been engaged to: (a) conduct a review of the Bank's MfDR Agenda; and (b) make recommendations and develop an Action Plan for strengthening the Bank's MfDR programme and enhancing the Bank's Results Monitoring Framework (RMF).
	4.2 Further development of and reporting on the overall RMF, covering country and regional outcomes at CMDG level, Caribbean Development Bank (CDB) operational and organisational effectiveness and partnership, harmonisation and alignment; and including baseline data		✓	Reporting on the SDF RMF is done within the SDF Annual Reports. The Results Committee, comprising representatives from all units in the Bank, has been tasked with the work of refining the RMF and improving the data collection systems. A Bank-wide RMF has been developed to monitor the implementation of the Strategic Plan and the development of a single comprehensive RMF covering both the SDF and Bank as a whole is envisaged.

OBJECTIVE	PROPOSED ACTIONS/ MILESTONES	STATUS OF IMPLEMENTATION	CONTINUED SUPPORT IN SDF 8	CURRENT STATUS AS OF DECEMBER 31, 2011
	and targets.			
	4.3 Inclusion in the RMF of selected indicators for CDB/SDF contributions to country level outcomes.		√	This will be undertaken as part of the review referred to at 4.2
5. Increased results orientation in project and programme design, implementation and reporting.	5.1 Further development of the operational results framework for each of the three strategic operational themes, including expected outputs and intended outcomes or contributions to outcomes.		√	This will be undertaken as part of the review referred to at 4.2
	5.2 Implementation of quality assurance standards for each stage of the project cycle from country partnership strategies to Project Completion Reports (PCRs).			The Consultant's recommendations in relation to the integrated quality assurance system have been implemented. New templates have been introduced for Appraisal Reports, Project Supervision Reports, PCRs, an Aide Memoire, project launch workshops, and portfolio review.
	5.3 Upgrading of PPMS to improve project information from processing stage to post-evaluation.			The project to upgrade PPMS is being led by the Projects Department and dedicated staff resources have been allocated from Projects and Information and Technology Solution Department in order to accelerate the process. An earlier exercise to identify a suitable provider was not completed as planned due to competing priorities. A subsequent decision was taken to carry out a new review of the Bank's requirements for replacement of the existing system and the options currently available in the marketplace. This exercise is now being undertaken with a view to restarting the process and completing implementation of a replacement system during 2013.
	5.4 Reporting on relevant operational performance indicators in RMF.		√	Refining the operational performance indicators in Level 3 of the RMF will be undertaken in the context of the MfDR review referred to at Section 4.
	5.5 Undertaking of selected sector and country programme evaluations.			The transport sector evaluation was considered by the Audit and Post-Evaluation Committee (APEC) in October 2011. The Draft Report on the Assessment of the Effectiveness of Implementation of

OBJECTIVE	PROPOSED ACTIONS/ MILESTONES	STATUS OF IMPLEMENTATION	CONTINUED SUPPORT IN SDF 8	CURRENT STATUS AS OF DECEMBER 31, 2011
	5.6 Evaluative reporting on quality of project portfolio.		√	<p>the Poverty Reduction Strategy is completed. A presentation of the Findings and Conclusions will be made at the First Formal Negotiation Meeting of Contributors to SDF (U) in March 2012. The Final Report with Management's Response will be submitted to APEC in May 2012. The assessments of mainstreaming gender, and the environment, natural disaster management and climate change are scheduled for presentation to APEC in May and July 2012, respectively.</p> <p>With the planned transition of the Evaluation and Oversight Division to an Office of Independent Evaluation, Portfolio Monitoring will be devolved to a Monitoring/Evaluation and Quality Assurance Unit to be established in the VPO's office. The process will be reviewed and further emphasis will be placed on timely completion and reporting to Management and the Board.</p>
C. INSTITUTIONAL CAPACITY AND REFORM				
6. Continued institutional reform to further enhance capacity and development effectiveness.	6.1 Implementation of further steps in reform programme covering realignment of organisational structure, business processes and human resources; further strengthening of client and country-focus; and greater use of information and communication technologies to drive internal efficiency.			Two consultancies were undertaken to review the structure and processes in the Operations and Corporate Services Areas. The proposed restructuring of the Operations Area provides for the strengthening of the Office of the VPO and streamlining of the Projects and Economics Departments. The Corporate Services Area will be restructured to support the Operations Area with the right people, technology and other resources. Revisions to operational guidelines, procedures, processes, systems and templates will be required to support the proposed structure.
	6.2 Introduction of new Knowledge Management (KM) Strategy and Implementation Plan			A comprehensive five-year KM Strategy and Implementation Framework has been developed for the Bank. An Advisor on KM will be engaged for the Office of the VPO as part of the restructuring of the Operations Area. The Advisor will be tasked with spearheading the implementation of the Strategy which will ensure that CDB sharpens its knowledge focus and that operational lessons learnt and best practices are transferred across units, re-incorporated into new designs as well as transmitted to clients through country dialogue and operational work.

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	6.3 Implementation of new corporate website			The corporate website will be redesigned to provide enhanced content and will be launched in time for the Bank's Annual Meeting in May 2012.
7. Reinforce capacity in selected operational areas.	7.1 Establish focal point for regional programme design and coordination.		√	The Bank's programme for regional integration will be implemented by the TA Division which will be operational in March 2012 with the reorganisation of the Projects Department.
	7.2 Strengthen operational policy capacity for selected priorities, including environment, climate change and disaster mitigation and adaptation.			<p>Earlier efforts to strengthen operational policy capacity in key areas, such as GE, environment and disaster management, poverty alleviation, TA and regional programming will be taken further with the planned reorganisation of the Projects Department. The environmental and natural disaster management technical staff will be placed into a cross-cutting unit reporting to the Director of Projects and the Gender Specialists will be assigned to the Social Sector Division.</p> <p>A Climate Change Management Strategy to guide CDB's operations is scheduled for submission to the March 2012 BOD Meeting. In addition, operational capacity in Climate Change will be strengthened with support from the Department for International Development of the United Kingdom through the Caribbean Community Climate Change Centre.</p>
	7.3 Strengthen capacity for operations in Haiti.			The building of internal capacity to address specific Haiti interventions is ongoing. While the Bank's work in Haiti has been through collaboration with Development Partners with more extensive Haiti experience, there are plans to increase CDB's presence in Haiti and also to hire a Projects Officer who would be dedicated to the Bank's programme in that BMC.
	7.4 Strengthen capacity for increased level of BNTF operations.			The MTE of BNTF 6 is ongoing and the findings of this review and the BNTF 5 PCRs which are currently being undertaken, will inform the design of BNTF 7 targeted for mid-2012.
8. New Strategic Plan effective 2010	8.1 Preparation, consultation and approval for Strategic Plan 2010-2020.			The Strategic Plan covering the period 2010-2014 was approved by the BOD in May 2010.