

# **CARIBBEAN DEVELOPMENT BANK**



## **SPECIAL DEVELOPMENT FUND**

### **ANNUAL REPORT 2008**

#### **AND FINANCIAL PROJECTIONS 2009-2011**

**April 2009**

## CURRENCY EQUIVALENT

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

## ABBREVIATIONS

BMCs	-	Borrowing Member Countries
BNTF	-	Basic Needs Trust Fund
BNTFO	-	Basic Needs Trust Funds Office
BOD	-	Board of Directors
CAIC	-	Caribbean Association of Industry and Commerce
CARICOM	-	Caribbean Community
CCRIF	-	Caribbean Catastrophe Risk Insurance Facility
CDB	-	Caribbean Development Bank
Cdn\$	-	Canadian dollars
CFD	-	Caribbean Forum for Development
CPAs	-	Country Poverty Assessments
CSME	-	Caribbean Single Market and Economy
CSOs	-	Civil Society Organisations
CSPs	-	Country Strategy Papers
CTCS	-	Caribbean Technological Consultancy Services
DFID	-	Department for International Development
DMFC	-	Disaster Mitigation Facility for the Caribbean
EC	-	European Commission
HIV/AIDS	-	Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome
ICTs	-	Information and Communication Technologies
IDB	-	Inter-American Development Bank
IMF	-	International Monetary Fund
km	-	kilometres
MDBs	-	Multilateral Development Banks
MDGs	-	Millennium Development Goals
MfDR	-	Managing for Development Results
MfR	-	Management for Results
MSE	-	Micro- and Small-Scaled Enterprises
mn	-	million
NDMSOG	-	Natural Disaster Management Strategy and Operational Guidelines
NPCB	-	National People's Co-operative Bank
NPRSs	-	National Poverty Reduction Strategies
OCR	-	Ordinary Capital Resources
OECS	-	Organisation of Eastern Caribbean States
p.a.	-	per annum
PBLs	-	Policy-based Loans/Policy-based Lending
PMC	-	Project Management Committee
PPES	-	Project Performance Evaluation System
PPI	-	Project-Implementation Performance Index
PRAPs	-	Poverty Reduction Action Plans
PRGF	-	Poverty Reduction and Growth Facility
PRODEV	-	Programme to Implement the External Pillar of the Medium-Term Action Plan for Development Effectiveness
PRS	-	Poverty Reduction Strategy
PRSP	-	Poverty Reduction Strategy Papers
RAS	-	Resource Allocation Strategy/Resource Allocation System
RPGs	-	Regional Public Goods
SDF (U)	-	Special Development Fund (Unified)
SMEs	-	Small- and Medium-Sized Enterprises
TA	-	Technical Assistance

TEI	-	Tertiary Education Institutions
USD	-	United States dollars
USAID	-	United States Agency for International Development
UTECH	-	University of Technology
WB	-	World Bank

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## SUMMARY DATA SHEET: 2004–2008

Item	2004	2005	2006	2007	2008
<b><u>1. Resources</u></b>					
No. of Contributors at Year-End	24	26	26	26	26
Historical Value of resources pledged (\$ mn)	609.7	765.6	766.4	766.4	766.4
Amount of Resources made available (\$ mn)	598.9	604.6	662.2	714.5	748.6
Accumulated Net Income (including currency adjustments)	17.9	18.6	21.1	28.1	35.5
Amount of Resources not yet made available (\$ mn)	0.0	63.0	89.5	48.4	8.6
Contributed Resources and Reserves (\$ mn)	616.8	686.2	772.8	791.0	792.7
Amount of resources approved but not yet effective (\$ mn)	4.6	6.6	16.9	14.4	9.9
Size of Fund (\$ mn)	621.4	692.8	789.7	805.4	802.6
of which allocation for grant programmes - Haiti, Technical Assistance (TA) and Basic Needs Trust Fund (BNTF) (\$ mn)	126.0	126.0	217.0	217	217
Operating lending limit (\$ mn)	495.4	566.8	572.7	588.4	585.6
Loan commitments (Signed agreements less repayments) (\$ mn)	443.1	449.4	449.3	462.0	480.7
Commitments as % of operating lending limit	89.4	79.3	78.5	78.5	82.1
<b><u>2. Loans and Grants</u></b>					
Value of loan approvals during year (\$ mn)	24.4	26.3	29.7	25.3	88.8
No. of loans approved during year incl. TA Loans	8	9	6	8	18
Average size of SDF (U) Loans (\$ mn)	3.1	2.9	4.9	3.2	4.9
Value of loan cancellations during year (\$ mn)	3.1	0.5	2.0	6.3	1.0
Cumulative loan cancellations (\$ mn)	47.0	47.5	49.5	55.8	56.8
Cumulative net loan approvals at year-end (\$ mn)	605.0	630.2	656.6	683.1	760.6
Cumulative loan approvals at year-end (\$ mn)	652.0	677.7	706.1	738.8	817.4
Grant approvals for the year (\$ mn)	2.2	4.4	6.7	20.8	54.2
Cumulative net grant approvals at year-end (\$ mn)	119.4	121.4	127.5	147.6	200.8
Total net cumulative approvals (\$ mn)	724.4	751.7	784.1	830.6	961.4
<b><u>3. Resource Flows (\$ mn)</u></b>					
Disbursements on loans during year	32.6	30.2	27.0	27.7	20.8
Disbursements on grants during year (including BNTF)	3.9	4.6	5.7	13.2	9.5
Debt service from borrowers	<u>24.4</u>	<u>22.4</u>	<u>24.0</u>	<u>23.9</u>	<u>24.7</u>
(of which repayments)	16.6	14.2	15.8	15.4	16.0
Net transfers during year	12.1	12.4	8.7	17.0	5.6
Cumulative net transfers	254.7	267.1	275.8	292.7	298.4
<b><u>4. Financial Summary</u></b>					
Administrative expenses (\$ mn)	9.3	9.7	9.6	10.0	10.6
Net income (\$ mn)	(0.5)	0.0 <sup>1/</sup>	3.1	5.0	7.4
Gross Loans Outstanding (\$ mn)	335.0	352.1	363.3	375.8	380.6
Administrative expenses/Average loans outstanding (%)	2.9	2.8	2.7	2.7	2.8
Average interest earned on loans outstanding (%)	2.3	2.3	2.2	2.3	2.3

<sup>1/</sup> Actual Net Income in 2005 was \$0.032 mn

# THE UNIFIED SPECIAL DEVELOPMENT FUND

## Background

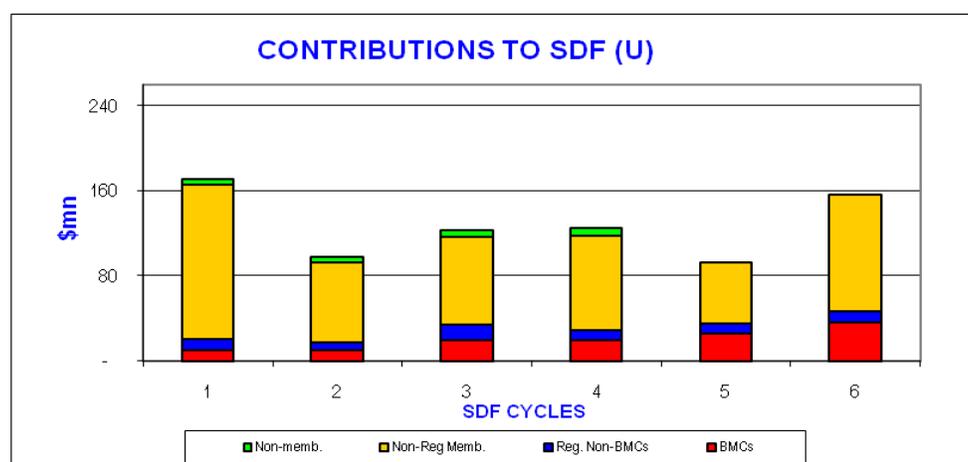
The *Special Development Fund* (SDF/the Fund) is the Bank's largest pool of "soft" funds. This funding facility offers loans with longer maturities and grace periods, as well as lower interest rates than those applied in the Bank's ordinary operations. The Fund was established in 1970 and offered an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

Hence, in 1983, the *Unified Special Development Fund* [SDF (U)] was formed. All members of the Bank were required to contribute to the SDF (U) and contributions were also sought from non-members. With consistent terms, objectives and procurement conditions, the new 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 was created which included an Annual Meeting of Contributors. Non-members were also invited to participate as observers in meetings of the Bank's Board of Directors (BOD) and Board of Governors.

SDF (U) 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 sixth SDF cycle ended in December 2008 and negotiations for the replenishment of the SDF (U) for a seventh cycle, covering the period 2009-2012 were substantially concluded by December 2008. The Resolution and Report of Contributors to SDF 7 was adopted by CDB's BOD in March 2009.

## Funding

Contributions or pledges to the SDF (U) over its six cycles of operation total \$766.4 million (mn). Of this figure, non-borrowing members have contributed \$645.2 mn or 84% while borrowing members have accounted for \$121.2 mn or 16%. Contributions to SDF 6 amounted to \$156.7 mn with borrowing members pledging 23% or \$36.1 mn of the contributions and non-borrowing members contributing 77% or \$120.6 mn. Contributions by category of membership are shown in the chart below with details presented in Appendix I.



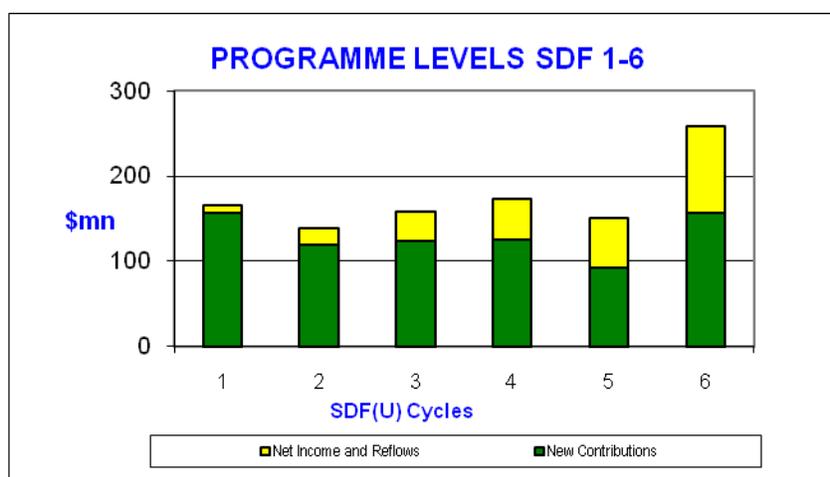
### Themes and Priorities

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 6 include poverty reduction through capability enhancement, vulnerability reduction and good governance, together with broad-based economic growth; addressing the MDGs; strengthening development effectiveness and results-based management; planning for, and implementing, the expansion of BMC membership; and continuing support for BNTF.

### 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 with details provided in Appendix II. For SDF 6, Contributors approved an overall programme level of \$257.5 mn.



### 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 and other socio-economic criteria. These country groups help to determine the terms and conditions for SDF lending. While all BMCs are eligible for SDF resources, countries in Group 1 are not entitled to a country allocation. These countries may instead be the beneficiaries of regional projects. 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 (PRS), technical assistance (TA) to help promote good governance, and other assistance in the event of a natural disaster (refer to Appendix II).

### Allocation of Resources

A Resource Allocation Strategy (RAS) is used to allocate both SDF loan resources to eligible countries and BNTF funds to participating BMCs. CDB's 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 6 OPERATIONAL STRATEGY**

The operational strategy for SDF 6 focuses on completing these major initiatives:

### **Poverty Reduction**

- Poverty reduction initiatives to be guided by the priorities of enhancement of capabilities, reduction of vulnerability and good governance.
- Assisting BMCs in conducting Country Poverty Assessments (CPAs) and preparing national poverty reduction strategies.
- Cultivating gender equality at all levels including capacity-building in gender-based analysis for the production of statistics, and priority setting in policy-making, planning and community-based programming.

### **Addressing MDGs**

- Using the MDG framework to monitor the effectiveness of CDB's PRS.
- Further developing the Caribbean-specific MDG targets and indicators to be used as strategic benchmarks for monitoring the progress of SDF development programming.
- Assisting BMCs to internalise these MDG targets and indicators and providing support to measure, monitor and evaluate progress towards the MDGs.

### **BNTF**

- Consolidating the extensive changes implemented in BNTF 5 to better target poor communities and create a greater impact on poverty reduction, good governance and capability enhancement.
- Undertaking a mid-term evaluation of BNTF 5 and regular programme evaluations as bases for continuing improvement and applying the lessons of experience.
- Planning for BNTF 6 in accordance with the framework agreed for BNTF 5.

### **Environmental Sustainability**

- Establishing environmental sustainability as a priority in the Bank's policy dialogue with BMCs.
- Promoting investment lending for projects that will protect the environment and mitigate natural disasters.
- Providing significant TA resources for capacity-building in environmental management at the regional and sub-regional levels.
- Undertaking a review of the Bank's environmental policy and strategy.
- Promoting and supporting initiatives towards the MDG target of providing clean, safe water.

### **Regional Cooperation and Integration**

- Encouraging regional integration and providing support for the implementation of the Caribbean Single Market and Economy (CSME).
- Developing an operational policy and programme planning capability for regional programmes and Regional Public Goods (RPGs), including promoting investment in joint regulatory mechanisms.

### **Private Sector Development**

- Improving the operating environment of Micro- and Small-Scaled Enterprises (MSEs).
- Supporting the development of financial intermediaries and other organisations which interface with MSEs.
- Re-examining the guidelines of CDB's micro-finance guarantee programme to assess whether these can be improved or made more attractive to MSEs.
- Continuing to use Caribbean Technological Consultancy Services (CTCS) to provide TA to vulnerable groups to improve their technical and operating capacities through training and hands-on exposure.

### **An Operational Programme for Haiti**

- Planning and implementing a strategy for the expansion of BMCs' membership.
- Developing a practical and well-targeted programme for Haiti.

### **Managing For Development Results (MfDR)**

- Undertaking initiatives to improve planning, monitoring, managing and evaluating the Bank's overall operations.
- Managing for results at the country and regional level, the institutional or corporate level and through partnerships, harmonisation and alignment.
- Placing greater focus on enhancing outcomes, particularly as they relate to Country Poverty Assessments; National PRSs; project formulation and project management training; strengthening the country strategy process; operationalising key thematic and sector strategies; enhancing strategic planning and Results-Based Management processes; resource allocation strategy; BNTF programmes; review of lending policies and products; measuring, monitoring and evaluating CDB's programmes and projects; harmonisation; and the Caribbean Forum for Development (CFD).

## 1. OPERATIONAL PERFORMANCE

1.01 The 2008 Annual Report of the Unified Special Development Fund (SDF) covers the performance of the Fund for the final year of the sixth cycle. 2008 was a year of intense activity for the SDF. There was an unprecedented level of loan and grant commitments with 18 loans and 56 grants, excluding BNTF and CTCS, being approved.

1.02 In addition, discussions for replenishment of the SDF commenced in April 2008 and ran over five negotiating meetings with 33 papers being prepared in support of the replenishment. The Negotiations were substantially concluded by December 2008. The Resolution and Report of Contributors to SDF 7 was adopted by CDBs BOD in March 2009 and SDF 7 will run from January 2009 to December 2012.

1.03 This section of the report covers the operational performance of the Fund, including the resources which were available under SDF 6 and details how these resources have been allocated and disbursed. The Report presents the highlights and expected results of the loan and grant commitments for 2008. The performance of two major SDF (U) programmes - BNTF and Caribbean Technological Consultancy Services (CTCS) - is also presented.

### RESOURCES AND PROGRAMME LEVELS

1.04 The approved programme level for SDF 6 was \$257.5 mn, of which \$158.1 mn was to be financed by existing Contributors and \$73.5 mn from internally-generated resources. This agreed programme level included a structural gap of \$25.9 mn, which was expected to be funded by additional contributions from new and existing members, and income from the early encashment of demand notes.

1.05 The significant appreciation of some currencies against the United States dollar resulted in the encashment of demand notes from earlier cycles realising a foreign exchange gain of \$36.4 mn. The commitment authority at the beginning of the SDF 6 was therefore restated to \$41.4 mn instead of the original amount of \$5 mn.

1.06 These additional resources, along with the higher than projected levels of net income and loan repayments, have generated residual funds at the end of the cycle of \$19.5 mn (see Table 1). Net income at December 31, 2008 was \$17.5 mn compared with the original projection of \$8.7 mn. This was due to higher investment yields and a significantly improved investment portfolio from the early encashment of demand notes. Loan repayments were \$61.4 mn compared with the original projection of \$59.8 mn.

**TABLE 1: SDF 6 RESOURCES AND PROGRAMME LEVELS**  
(\$ mn)

<b>Item</b>	<b>Per Contributors Report</b>	<b>Actual Programme</b>
Commitment authority at beginning of period	5.0	*41.4
Net income	8.7	17.5
Repayments	59.8	61.4
New contributions	158.1	156.7
Structural gap/(Residual Funds)	25.9	(19.5)
Programme Level	257.5	257.5

\* 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

### COMMITMENT AUTHORITY

1.07 Table 2 shows the annual commitment authority and the use of resources during SDF 6. The commitment authority at the beginning of 2008 was \$90.5 mn with a further \$68.1 mn being made available from new contributions, net income and repayments. Approvals for loans, grants, the BNTF 6

programme and Haiti projects totalled \$139.1 mn and resulted in a carry-over balance to SDF 7 of \$19.5 mn at the end of 2008. Further details are provided in Appendix III.

**TABLE 2: SDF 6 COMMITMENT AUTHORITY AND USE OF FUNDS**

(\$ mn)				
Item	2005	2006	2007	2008
Commitment authority at beginning of period	41.4*	35.4	62.6	90.5
Net income (including exchange rate adjustments)	0.7	2.4	7.0	7.4
Repayments	14.2	15.8	15.4	16.0
Commitment authority from new contributions	11.0	45.4	55.6	44.7
Approvals for SDF Loans	26.3	29.7	25.3	88.7
Approvals for SDF Grants (Excl. BNTF and Haiti)	5.6	6.7	10.8	7.3
Approvals for BNTF and Haiti	-	-	14.0	43.1
Available Commitment authority at end of period	35.4	62.6	90.5	19.5

\*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

## ALLOCATION AND UTILISATION OF RESOURCES

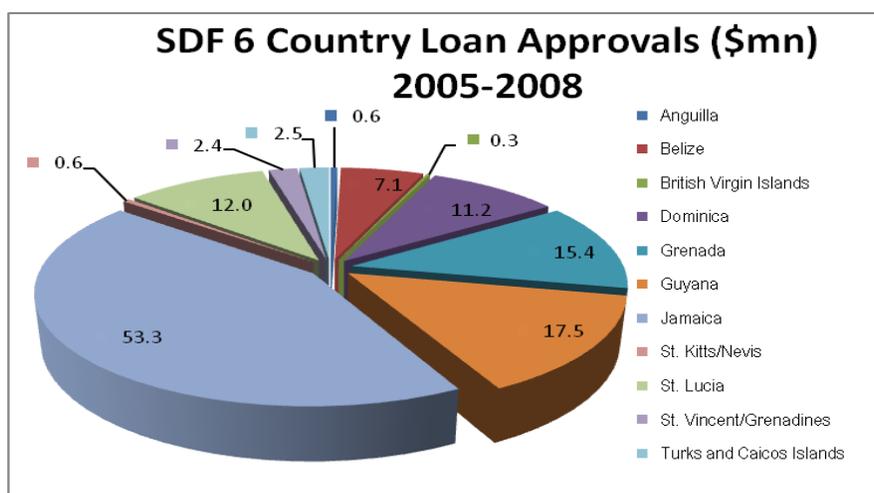
1.08 At the end of 2008, \$257.4 mn or 99.97% of the programme approved for SDF 6 had been committed (See Box: *SDF 6 Allocation and Utilisation of Resources*). Loans allocated to BMCs, using the resource allocation system, represented \$122.9 mn or 47.7% of these commitments and \$134.5 mn or 52.2% were in relation to set aside resources.

<b>SDF 6 ALLOCATION AND UTILISATION OF RESOURCES</b>				
Item	Revised Allocations at December 2007		Approvals 2005–2008	as % of Approved Programme level
	\$'000	%	\$'000	\$'000
<i>(Group 1)</i>			<i>Fixed allocations</i>	
Bahamas	-	-	-	-
British Virgin Islands	-	-	300	0.1
Cayman Islands	-	-	-	-
<b>Country Allocations- Loan</b>				
<i>(Groups 2, 3 and 4)</i>				
Anguilla	4,017	1.6	570	0.2
Antigua and Barbuda	2,613	1.0	-	-
Barbados	-	-	-	-
Belize	8,958	3.5	7,066	2.7
Dominica	9,268	3.6	11,236	4.4
Grenada	6,399	2.5	15,440	6.0
Guyana	24,536	9.5	17,500	6.8
Jamaica	14,509	5.6	53,282	20.7
Montserrat	1,526	0.6	-	-
St. Kitts and Nevis	3,832	1.5	600	0.2
St. Lucia	10,460	4.1	12,000	4.7
St. Vincent and the Grenadines	8,570	3.3	2,431	0.9
Turks and Caicos Islands	1,812	0.7	2,500	1.0
Trinidad and Tobago	-	-	-	-
<b>Sub-total Country Allocations</b>	<b>96,500</b>	<b>37.5</b>	<b>122,925</b>	<b>47.7</b>
<b>Set-Aside Resources</b>				
Haiti (BNTF, Grant TA, Loan)	27,000	10.5	25,055	9.7
Loans for Disaster Mitigation/ Fiscal Distress	45,000	17.5	47,113	18.3
Grants – Disaster Response	8,000	3.1	5,740	2.2
Regional Integration and RPGs	10,000	3.9	7,196	2.8
Project Training	2,000	0.8	2,000	0.8
CTCS	4,000	1.6	2,529	1.0
MDGs	4,000	1.6	3,126	1.2
BNTF (Excl. Haiti)	32,000	12.4	32,000	12.4
TA (Excl. Haiti)	10,000	3.9	9,671	3.8
<b>Total Set-Asides</b>	<b>142,000</b>	<b>55.1</b>	<b>134,430</b>	<b>52.2</b>
<b>TOTAL</b>	<b>238,500</b>	<b>-</b>	<b>257,355</b>	<b>99.9</b>
<b>Structural Gap</b>	<b>19,000</b>	<b>7.4</b>	<b>-</b>	<b>-</b>
<b>Approved Programme Level</b>	<b>257,500</b>	<b>100.0</b>	<b>257,355</b>	<b>99.9</b>

1.09 An original allocation of loans to eligible BMCs, using the approved RAS, was done but this excluded the structural gap of \$25.9 mn. In December 2007, a reallocation exercise was undertaken for the resources then projected to be available for allocation to country loans, based on the RAS.

1.10 During 2008, a further reallocation of resources for country loans, based on the RAS, was undertaken which took into consideration the unused allocation by some BMCs, the unmet demand for loans from other BMCs and the additional resources which were realised from foreign exchange gains on the encashment of promissory notes and increased net income.

1.11 The distribution of loans allocated to BMCs using the RAS is shown in the chart below. The main beneficiaries were Jamaica (\$53.3 mn), Guyana (\$17.5 mn), Grenada (\$15.4 mn), St. Lucia (\$12 mn), Dominica (\$11.2 mn), Belize (\$7.1 mn), St Vincent and the Grenadines (\$2.4 mn) and Turks and Caicos Islands (\$2.5 mn). Smaller amounts were approved for British Virgin Islands (\$0.3 mn), Anguilla (\$0.6 mn) and St Kitts and Nevis (\$0.6 mn).



1.12 The set aside resources comprises loans for natural disaster mitigation/rehabilitation and assisting countries in fiscal distress, as well as grants for BNTF, Haiti, disaster response, regional integration and RPGs, capacity-building TA, CTCS, MDGs and project management training. At December 2008, 94.7% of the \$142 mn (\$134.5 mn) in set aside resources had been committed.

1.13 Loans approved for natural disaster mitigation/rehabilitation and fiscal distress amounted to \$47.1 mn. These included commitments for Guyana (\$0.5 mn), Belize (\$10.5 mn), St. Kitts and Nevis (\$8 mn), Grenada (\$12.1 mn), Barbados (\$0.5 mn) Jamaica (\$6.5 mn), St Lucia (\$8 mn), Dominica (\$0.5 mn) and Turks and Caicos Islands (\$0.5 mn).

1.14 The commitments in 2008 of \$14.2 mn for natural disaster mitigation/rehabilitation and fiscal distress included a policy based loan to St. Lucia and immediate response loans for five BMCs. The 2008 hurricane season was a very intense one with some BMCs being hit more than once. The approval of the four immediate response loans to the affected BMCs in October/December resulted in the allocated amount of \$45 mn being exceeded by \$2.1 mn.

1.15 Grant approvals in 2005–2008 totalled \$87.4 mn and included grants to Haiti of \$25.1 mn, details of which are provided in the section entitled *Haiti's Operational Programme*. An amount of \$32 mn was approved for eligible BNTF countries as well as \$5.7 mn for disaster response, \$7.2 mn for regional integration and RPGs, \$9.7 mn for capacity-building TA, and \$7.7 mn for CTCS, MDGs and project management training.

## LITERACY AND NUMERACY IN THE CARIBBEAN

Employers throughout the Caribbean bemoan the fact that many young people do not have the pre-requisite skills for entry-level jobs, lacking basic skills in reading, writing and mathematics. This situation prompted the Caribbean Development Bank (CDB) and the Inter-American Development Bank (IDB) to commission a joint study on the national initiatives being undertaken in the Region to tackle this problem, in order to get a better understanding of the status of literacy and numeracy in the Caribbean. The results of the study would also provide a basis for comparison regionally and internationally. The study was a focal point of a CDB-IDB symposium held in Barbados in early December for education officials from both institutions, Ministries of Education, the Caribbean Examinations Council and the University of the West Indies. Key findings of the study pointed to:

- the poor quality of primary and secondary education;
- weak literacy and numeracy skills and consequent deficient performance at secondary and tertiary levels;
- the disconnect between formal teacher training and teaching practice in the classroom;
- the lack of national literacy and numeracy strategies in all but a few countries; and
- the low levels of education outcomes despite the high level of expenditures in the sector.

The main recommendations of the Symposium, which will help to shape national policies, strategies and programmes for improving literacy and numeracy, included the need for improved teacher training systems and additional resources to facilitate teaching and learning; the development of national and regional policies on literacy and numeracy with renewed focus on numeracy and the conduct of research and data collection.

## COMMITMENTS

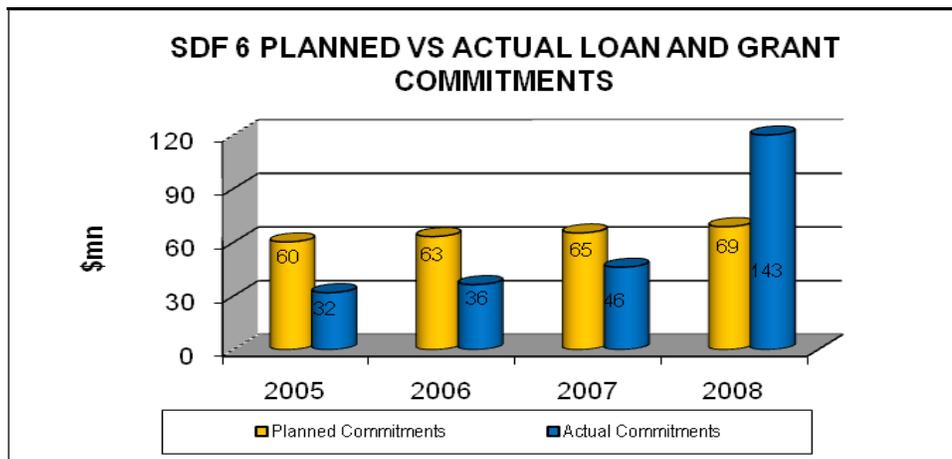
1.16 SDF (U) annual commitments for loans and grants during the period 2001–2008 are presented in Table 3. Total loan and grant commitments amounted to \$143 mn compared with commitments of \$46.1 mn in 2007 and \$114.4 mn for the period 2005-2007. Total SDF 6 commitments have amounted to \$257.4 mn.

**TABLE 3: SDF V AND SDF 6 ANNUAL COMMITMENTS**  
(\$ mn)

Item	SDF V					SDF 6				
	2001	2002	2003	2004	Total	2005	2006	2007	2008	Total
SDF(U) loan approvals	38.2	19.4	29.9	24.4	111.9	26.3	29.7	25.3	88.8	170.1
SDF (U) grant approvals	35.6	4.0	2.3	2.2	44.1	5.6	6.7	20.8	54.2	87.3
of which: TA	3.2	3.6	1.9	1.7	10.4	3.0	2.9	4.9	6.2	17.0
Disaster Response	-	-	-	-	-	0.1	-	5.3	0.3	5.7
Haiti	-	-	-	-	-	-	-	10.0	15.0	25.0
BNTF	32	-	-	-	32	-	-	-	32.0	32.0
MDGs	-	-	-	-	-	-	3.1	-	-	3.1
Project Management	-	-	-	-	-	-	-	-	-	-
Training	-	-	-	-	-	2.0	-	-	-	2.0
CTCS	0.4	0.4	0.4	0.5	1.7	0.5	0.7	0.6	0.7	2.5
<b>TOTAL COMMITMENTS</b>	<b>73.8</b>	<b>23.4</b>	<b>32.2</b>	<b>26.6</b>	<b>156.0</b>	<b>31.9</b>	<b>36.4</b>	<b>46.1</b>	<b>143.0</b>	<b>257.4</b>

1.17 Loan commitments in 2008 totalled \$88.8 mn compared with \$25.3 mn in 2007 and \$81.3 mn for the period 2005-2007. Grant commitments also increased during the period, from \$20.8 mn in 2007 to \$54.2 mn in 2008. This was largely due to the approval of \$15 mn for activities in Haiti and the allocation of the BNTF 6 programme resources.

1.18 The chart below compares planned loan and grant commitments with actual approvals from 2005 to 2008. Actual commitments for the first three years of SDF 6 were below planned amounts but this situation reversed in the final year of the cycle, when actual commitments exceeded the planned commitments by some \$74 mn. Commitments to Haiti, which began in 2007 when its membership formalities were completed, and the approval of the BNTF 6 programme in July 2008 contributed to this improvement in performance.



## DISBURSEMENTS

1.19 Annual loan and grant disbursements for SDF 6 and for SDF V are presented in Table 4. Total disbursements in 2008 were \$30.3 mn, bringing the total for SDF 6 to \$138.8 mn. This compares with \$40.9 mn total disbursements in 2007 and \$152.8 mn in SDF V. Average annual disbursements for SDF 6 amounted to \$34.7 mn compared with \$38.2 mn in SDF V.

1.20 Loan disbursements in 2008 were \$20.8 mn. The disbursement of the fast disbursing policy-based loans has not yet impacted the disbursement performance which is not inconsistent with the loan disbursement profile for SDF loans.

**TABLE 4: SDF V AND SDF 6 ANNUAL DISBURSEMENTS**  
(\$ mn)

Item	SDF V		SDF 6					Annual Average
	Total	Annual Average	2005	2006	2007	2008	Total	
SDF (U) loan disbursements	135.4	33.9	30.4	26.9	27.7	20.8	105.8	26.5
SDF (U) grant disbursements	17.4	4.4	4.6	5.7	13.2	9.5	33.0	8.3
<i>of which:</i> TA	10.1	2.5	2.0	2.4	9.2	5.2	18.8	4.7
BNTF	7.3	1.8	2.6	3.3	4.0	4.3	14.2	3.6
<b>TOTAL DISBURSEMENTS</b>	<b>152.8</b>	<b>38.2</b>	<b>35.0</b>	<b>32.6</b>	<b>40.9</b>	<b>30.3</b>	<b>138.8</b>	<b>34.7</b>

1.21 Meanwhile, grant disbursements of \$9.5 mn, which were lower than the 2007 figure of \$13.2 mn. Grant disbursements in 2007 were boosted by the contribution to the Caribbean Catastrophic Risk Insurance Facility (CCRIF) of \$5 mn. Disbursement of BNTF resources continues to improve reflecting a strengthening of the institutional arrangements for the programme.

## OPERATIONAL HIGHLIGHTS

### **Poverty Reduction**

1.22 The Bank's poverty reduction projects and programmes are categorised under three main priority areas or 'strategic levers' that describe the issue of poverty in the Caribbean. These are *capability enhancement*, *vulnerability reduction* and *good governance*.

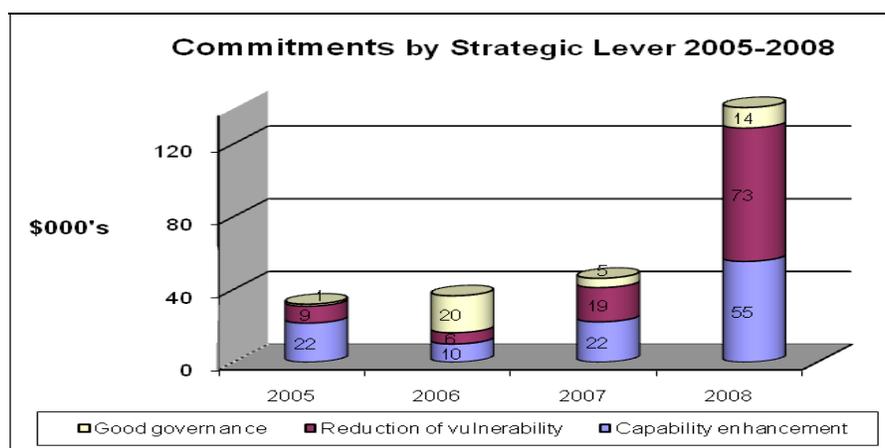
1.23 Table 5 - Total Commitments by Strategic Lever- SDF V and SDF 6, and the chart below, shows the SDF commitments categorised into these three priority areas. Details of the loan and grant approvals classified according to these three themes are presented in Appendix IV.

**TABLE 5: TOTAL COMMITMENTS BY STRATEGIC LEVER - SDF V and SDF 6**

Item	SDF V		SDF 6									
	2001-2004		2005		2006		2007		2008		Total	
	\$ mn	%	\$ mn	%	\$ mn	%	\$ mn	%	\$ mn	%	\$ mn	%
Capability enhancement	73.0	47	21.5	67	10.0	27	22.2	48	55.4	39	109.1	42
Reduction of vulnerability	79.7	51	9.3	30	6.2	17	18.8	41	73.1	51	107.4	42
Good governance	3.3	2	1.1	3	20.3	56	5.1	11	14.4	10	40.9	16
<b>TOTAL</b>	<b>156.0</b>	<b>100</b>	<b>31.9</b>	<b>100</b>	<b>36.5</b>	<b>100</b>	<b>46.1</b>	<b>100</b>	<b>142.9</b>	<b>100</b>	<b>257.4</b>	<b>100</b>

1.24 In 2008, more than half of total commitments (51%) were targeted at the reduction in vulnerability. The other strategic levels, capability enhancement and good governance, accounted for 39% and 10% of approvals respectively. This contrasts with the emphasis of the previous year when 41% of approvals were targeted at reduction in vulnerability while capability enhancement received 41% and good governance 11%.

1.25 The distribution across the priority areas in SDF 6 also differed from SDF V. In SDF 6 there was an even split of 42% between capability enhancement and reduction in vulnerability with good governance attracting 16% of total approvals. In SDF V, the majority of the commitments (51%) targeted reduction in vulnerability with capability enhancement and good governance accounting for 47% and 2% respectively. The introduction of policy based loans in SDF 6 contributed to the significant increase in emphasis on good governance, compared with SDF V.



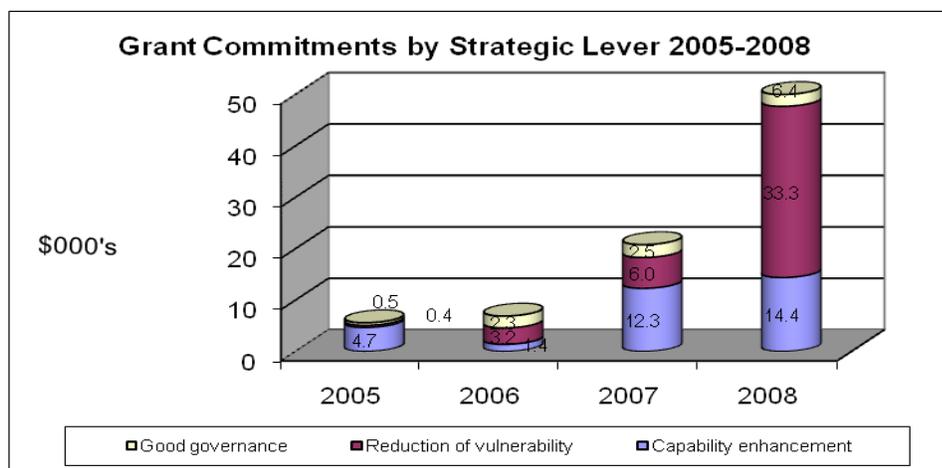
1.26 In 2008, capability enhancement projects accounted for \$55.4 mn of the total commitments, a 150% increase over the \$22.2 mn in approvals in 2007. Total approvals for this priority for SDF 6 amounted to \$109.1 mn compared with \$73 mn in SDF V.

1.27 Meanwhile, vulnerability reduction accounted for \$73.1 mn of the commitments in 2008; compared with the \$18.8 mn in 2007. For SDF 6 commitments targeting the reduction of vulnerability amounted to \$107.4 mn compared with \$79.7 for SDF V.

1.28 Approvals for good governance initiatives in 2008 were \$14.4 mn as against the \$5.1 mn in 2007. This area accounted for \$40.9 mn in approvals in SDF 6 compared with \$3.3 mn in SDF V.

1.29 The chart below, *Grant Commitments by Strategic Lever, 2005-2008*, sets out the allocation of SDF grant funding to the agreed priority areas. SDF 6 grant commitments in favour of good governance accounted for 49% of the allocation while reduction of vulnerability and capability enhancement comprised 37% and 13%, respectively.

1.30 Grant approvals in 2008 amounted to \$54.1 mn, representing increases in all priority areas and bringing the total SDF 6 grant commitments to date to \$87.2 mn. Commitments for vulnerability reduction were \$33.3 mn compared with \$6.0 mn in 2007. Capability enhancement received \$14.4 mn in grant commitments in 2008, as compared with \$2.5 mn in 2007, while there were \$6.4 mn in approvals for governance activities compared with \$2.5 mn in 2007. Approvals for projects in Haiti and for BNTF 6 contributed to these significant increases.



### Capability Enhancement

1.31 *Capability enhancement*, focuses on the economic and social empowerment of people and the poor in particular. It seeks to enhance their capabilities to take advantage of economic opportunities and to empower them to participate fully in the social and political processes that govern their lives. *Capability enhancement* initiatives assist BMCs to provide essential social and economic infrastructure especially in rural communities, developing SMEs, and developing their human resources.

1.32 In 2008 \$29.4 mn of the \$55.4 mn approved for capability enhancement projects were related to the rehabilitation of infrastructure following natural disasters. These included loans to:

- (a) Jamaica of \$20 mn to rehabilitate 25 kilometres (km) of the Kingston Metropolitan Area drainage network which was damaged during Hurricane Gustav. The project will rehabilitate, restore and protect critical sections of physical infrastructure, assist in the restoration of Jamaica's productive capacity and reduce its vulnerability to future natural disasters;
- (b) Dominica in the amount of \$5.1 mn to undertake reconstruction of 1 km of sea defence structures at Pointe Michel and a critical road link which were seriously damaged by the storm surge and pounding waves produced by Hurricane Omar. Restoration of this road artery to acceptable service levels is essential if the south-western part of the island is to return to a state of normalcy and the standard of living and productivity of the affected communities restored; and

- (c) Belize of \$4.3 mn for the reconstruction of the Kendal and Mullins River Bridges which were damaged by Tropical Storm Arthur. This project will also restore important road links which facilitate the movement of Belize's major exports.

1.33 Other capacity enhancement interventions in 2008 included:

- (a) grant assistance to Haiti totalling \$10.6 mn to fund four (4) projects to improve access to technical and vocational education and training for Haitian youths; improve basic and social infrastructure; project cycle training for Haitian public sector officials, and to enhance management capacity in Small and Medium-sized Enterprises. Further details of these interventions are provided in Section 1.68 entitled *Haiti's Operational Programme*;
- (b) a loan of \$7.8 mn and a grant of \$0.05 mn to Jamaica for on-lending to 260 small-scale farmers and entrepreneurs. The project is expected to contribute to improved production and competitiveness in the agricultural sector and to rural poverty reduction by increasing increased farm incomes;
- (c) assistance to Dominica through an additional road improvement and maintenance loan of \$3.1 mn to finance the increased cost of rehabilitating approximately 12.5 km of road, and TA grants totalling \$0.18 mn to operationalise the National Parks Service and to fund a civics workshop for teachers;
- (d) a TA loan of \$0.43 mn to St. Vincent and the Grenadines to conduct a port rationalisation and development study;
- (e) a technical assistance loan and grant totalling of \$0.39 mn to Anguilla to conduct a feasibility study for the establishment of a hospitality training institute ; and
- (f) CTCS training projects totalling \$0.72 mn which were implemented in Anguilla, Antigua and Barbuda, the Bahamas, Barbados, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St Vincent and the Grenadines and Trinidad and Tobago. In 2008, a significant amount of these CTCS interventions were directed at enhancing applied skills such as pottery/ceramics, basketry, batik and jewellery-making while continued emphasis was placed on general management and business development skills of the Region's small business entrepreneurs.

1.34 At the regional level, the Bank supported a number of initiatives, such as:

- (a) additional funding for the Caribbean Regional Technical Assistance Centre (\$0.60 mn) and the project management training programme for BMCs (\$0.91 mn) to strengthen regional public sector management capability;
- (b) providing additional TA (\$0.15 mn) to operationalise the proposed CARICOM Development Fund and the Regional Development Agency and developing a regional development perspective document on *Donor Coordination in the Caribbean* (\$0.05 mn);
- (c) strengthening the capacity of the regional microfinance sector through the presentation of a training course on *Enhancing Safety and Soundness in the Cooperative Sector* (\$0.05 mn), a *Management Training Workshop for Microfinance Institutions* (\$0.03 mn), sponsorship of the *Seventh Microfinance Roundtable* (\$0.03 mn), and a *Training Programme For Development Finance Institutions* (\$0.13 mn). These initiatives were aimed at

improving risk management, credit appraisal and loan portfolio administration and management;

- (d) the participation of BMCs in the *International Congress on Overcoming Challenges to Sustainable Agriculture in the Tropics* (\$0.05 mn) and for the Iwokrama International Centre for Rain Forest Conservation and Development (\$0.15 mn) to improve income generation;
- (e) a TA grant of \$0.14 mn for the reorganisation of the National Youth Councils and the Caribbean Federation of Youths and an amount of \$0.01 mn to finance the attendance of five young entrepreneurs and youth business advisors from BMCs at the Youth Business Forum in Halifax on May 2008. These projects are intended to strengthen the Regional youth organisations and build capacity of the young entrepreneurs;
- (f) financing the *Caribbean Road Maintenance Workshop* (\$0.12 mn) which aimed at transforming the approach to road maintenance in the BMCs and promoting the reform, funding and delivery of road maintenance programmes; and
- (g) providing support for the *Harmonisation and Articulation of Associate Degree Programmes to be offered by Regional and National/Community colleges* (\$0.25 mn), the *CARICOM-Canada Private Sector Forum* (\$0.02 mn), and a *Regional Information and Communications Technology Workshop* (\$0.09 mn) in an effort to strengthen and improve capacity in these areas.

#### 2008 ATLANTIC HURRICANE SEASON

The 2008 Atlantic hurricane season was a very active one. Sixteen (16) named storms were formed, of which eight (8) were hurricanes and five (5) major hurricanes. The season officially started on June 1 and ended on November 30. These dates conventionally delimit the period of each year when most tropical cyclones form in the Atlantic basin. However, the formation of Tropical Storm Arthur caused the season to start two days early. This season is the third most costly on record, behind only the 2004 and 2005 seasons, with over USD 41 billion in damage. It was the fourth busiest year since 1944 and the only year on record in which a major hurricane existed in every month from July through November in the North Atlantic. Bertha became the longest lived July tropical cyclone on record for the basin, the first of several long-lived systems during 2008. The season was devastating for Haiti, where over 800 people were killed by four consecutive tropical cyclones (Fay, Gustav, Hanna, and Ike) in August and September. Hurricane Ike was the most destructive storm of the season, as well as the strongest, devastating Cuba as a major hurricane and later making landfall near Galveston, Texas at Category 2 (nearly Category 3) intensity.

In the Region, thirteen of the BMCs, including Haiti, were hit by intense weather systems in 2008. Belize was impacted by Tropical Storms Arthur and Alma while the Bahamas, Cayman Islands, Haiti, Jamaica, Turks and Caicos Islands were affected by a series of storms some of which began as tropical storms and strengthened into hurricanes - Fay, Gustav, Hanna and Ike. Later Hurricane Omar wreaked havoc on Anguilla, Antigua and Barbuda, British Virgin Islands, Dominica, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines, and the last storm of the season - Paloma, affected the Cayman Islands.

In responding to these natural disasters, the Bank approved twelve immediate response loans and grants to some of the affected BMCs as well as three loans to assist with restoration and rehabilitation of infrastructure damaged by storms and hurricanes.

#### Reduction of Vulnerability

1.35 The SDF's *vulnerability reduction* activities include mainstreaming natural hazard risk management, improving the delivery of public services, shelter development and special mortgage interventions for low-income households, and rural development to improve the living conditions of small farmers and indigenous populations.

1.36 In 2008, a total of \$73.3 mn was committed to reducing vulnerability. The SDF loans and grants approved in 2008 included:

- (a) immediate response loans totalling \$2.5 mn and grants of \$0.70 mn to Belize, Dominica, Jamaica, Haiti and the Turks and Caicos Islands following the passage of hurricanes Gustav and Omar and tropical storms Arthur, Fay, Ike and Hanna;
- (b) the allocation of the BNTF 6 programme of \$32 mn to the ten eligible countries and for regional coordination. Further details are provided in the Box entitled BNTF 6 below;
- (c) a loan of \$12.1 mn to Jamaica for a community investment project which will provide basic infrastructure in the education, health and transportation sectors and improve the living conditions of over 150,000 persons in about 130 poor communities in rural Jamaica;
- (d) a loan of \$12 mn to St. Lucia for a basic education enhancement project which will rehabilitate and equip five primary and three secondary schools which have a total enrolment of approximately 3,700 students and 200 teachers. The project will also enhance competencies in key academic subjects and non-academic areas for 1,300 teaching staff and provide management skills for 210 education officers, principals and vice-principals;
- (e) a loan of \$7.5 mn to Guyana for a Technical and Vocational Education and Training (TVET) project which will provide for the construction and equipping of two Technical Institutes (TIs) as well as improving the overall governance of the sub-sector. Benefits are expected to accrue to 400 students from rural communities, as well as 1,500 men and women already in the workforce will have an opportunity to acquire vocational skills that will improve their employability;
- (f) an additional loan of \$3.7 mn to Grenada to finance cost overruns on a rockfall/landslip project and the restoration of an additional landslip site;
- (g) a 7<sup>th</sup> student loan of \$2 mn to St. Vincent and the Grenadines to finance loans to students from poor and vulnerable households. These loans provide opportunities to persons from poor households to develop skills and improve their economic well-being thereby breaking the cycle of poverty; and
- (h) a technical assistance grant of \$0.4 mn to Antigua and Barbuda for the preparation of a basic education project.

1.37 In its contribution to vulnerability reduction at the regional level, the Bank approved the following regional grants:

- (a) a total of \$0.09 mn to finance seminars on the Region's response to rising food prices and the global financial crisis: *The Food Price Shock and the Caribbean: Analysis and Response* (\$0.04 mn) and the *Global Financial Crisis & the Caribbean, Impact & Response* (\$0.05 mn); and
- (b) support of \$0.15 mn for a conference on the prevention of chronic diseases in the Region to assist in increasing awareness of and promoting advocacy for the prevention of chronic diseases.

## Good Governance

1.38 CDB's *good governance* interventions focus on capacity-building in BMCs to strengthen the public sector and support the establishment of strong regulatory systems, encouraging wider participation in national consensus-building, strengthening regional governance mechanisms and mainstreaming governance in the Bank's operations.

1.39 In 2008, the Bank approved a total of \$10.3 mn in loans and grants for good governance initiatives including:

- (a) an amount of \$8.0 mn, of a \$30 mn policy based loan, to assist St. Lucia to implement measures which will allow it to withstand exogenous shocks and to advance its macroeconomic and social development programme. The project will enhance its framework for effective economic management and social protection and contribute to improvements in the performance of key macroeconomic and social indicators;
- (b) TA grants totalling \$0.13 mn for the design of policy-based loans for St. Lucia and Antigua and Barbuda; and \$0.09 mn for the preparation of a Country Strategy Paper for Haiti; and
- (c) a grant of \$0.47 mn to Grenada to assist in the establishment of a Project Implementation and Management Unit and the conduct of an organisational assessment of the Ministry of Communications, Works and Transport.

1.40 At the regional level, the Bank approved \$1.7 mn in 2008 the following initiatives:

- (a) TA grants totalling \$0.51 mn to the Caribbean Community Climate Change Centre to establish an Information Clearing House and to create the legal and administrative framework for the establishment of a trust fund (\$0.04 mn). These projects will enable CCCCC to generate quality scientific data and improve access to the wealth of resources available on climate change and also contribute to the growth and sustainability of the Centre;
- (b) a TA grant of \$0.25 mn to support a joint CDB/Inter-American Development Bank (IDB) training programme on Managing for Development Results (MfDR) in OECS Countries. The project will provide OECS public sector officials with skills in MfDR and assist them to develop action plans for improving public financial management processes;
- (c) TA grants totalling \$0.04 mn to support a meeting of statisticians to review the proposed indicators for the measurement of the Caribbean-specific MDG targets, as well a meeting of the Standing Committee of Caribbean Statisticians and the Regional Census Coordinating Committee to plan the next round of censuses;
- (d) Grant of \$0.15 mn for the Caribbean Examinations Council to review its core business processes in an effort to identify opportunities for the more effective use of information and communication technology in the entire examination cycle and to build capacity to introduce new products;
- (e) A TA grant of \$0.09mn to improve environmental governance and management at Caribbean Conservation Association and its member Non-governmental Organisations;

- (f) assistance in financing the development of a model of pension reform in the Eastern Caribbean Currency Union member countries (\$0.08 mn);
- (g) financing of a consultancy to promote the use of Sovereign Ratings (\$0.07 mn) in BMCs. This will contribute to improved fiscal and economic management in order to preserve and enhance investor confidence in the domestic economy;
- (h) providing the amount of \$0.12 mn to update CDB's National Disaster Risk Management Strategy and Operational Guidelines including a detailed review of Disaster Risk Management strategies and procedures utilised by other multilateral institutions; and
- (i) the sum of \$0.35 mn for the preparation of papers to support the replenishment negotiations of the SDF.

## BNTF

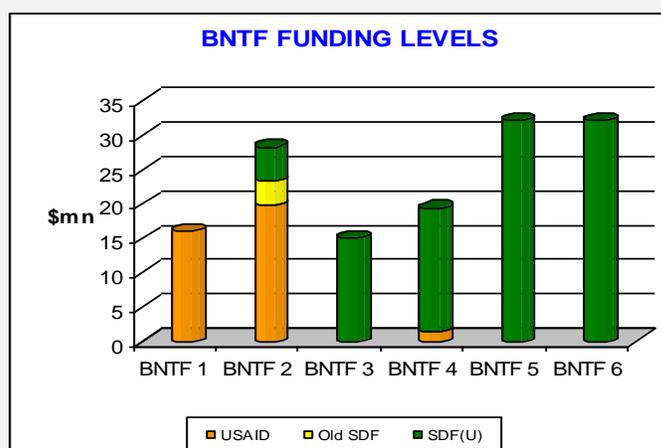
1.41 BNTF is one of the major poverty reduction programmes funded by SDF. BNTF directly targets the poor, and makes a valuable contribution to the three poverty reduction priorities. There have been five replenishments of BNTF. The fifth programme - BNTF 5 - is currently being implemented and the BNTF 6 programme was approved by the Board of Directors in July 2008 (See Box – BNTF 6).

### THE BASIC NEEDS TRUST FUND (BNTF)

**BNTF** began some twenty-four years ago as the Caribbean Education Development and Basic Human Needs/Employment Sector Programme. CDB launched this initiative with the assistance of the United States Agency for International Development (USAID) targeted at improving living conditions in rural poor communities. The mission of BNTF is "a community development programme that supports health, education, water, sanitation, access and economic activities through skills training, organisational development and infrastructure services."

Now into its fifth cycle, the programme has undergone major enhancement after successive evaluations. These enhancements include the introduction of country Poverty Reduction Action Plans to integrate BNTF activities with each Borrowing Member Country's (BMC's) development goals and poverty reduction strategies, strengthening of administrative arrangements and introduction of tools and instruments to improve sub-project formulation and project management and implementation.

The objective of the BNTF programme is to assist low-income communities in planning and implementing projects to improve their access to essential services through the provision of social and economic infrastructure and the opportunities for the development of skills to enhance employability. The programme provides funding in five main areas: infrastructure construction, minor maintenance for education and health facilities, skills training and upgrading, institutional strengthening, public awareness and information, and project management and implementation. During sub-project preparation and appraisal BNTF staff must consider thematic areas such as gender and environmental assessment and seek to integrate disaster mitigation measures into infrastructure sub-projects.



Since 1992, BNTF has been financed through the SDF, with some level of counterpart funding from beneficiary governments. 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. An increasing share of SDF resources committed to BNTF is a noted trend since BNTF 3, and one which has been sustained in BNTF 6 with a further \$32 mn allocation from SDF 6. The BNTF 6 programme was approved by the Board of Directors in July 2008 and grant agreements with eligible countries are being concluded. 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 \$46mn has been allocated for BNTF 7.

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 programme over a six-year period. These additional resources enabled the expansion of the BNTF's coverage to include Jamaica, and also provided supplementary funds to existing beneficiaries.

1.42 The BNTF 5 allocations, approvals and disbursements for the period 2002–2008 are presented in Table 6 below.

1.43 BNTF 5 included a performance bonus to be allocated based on a performance score assigned to eligible countries on completion of the mid term evaluation of BNTF 5. The allocation of the performance bonus, shown in Table 5, was done in 2008 and utilised the approved resource allocation system and the assigned performance scores.

1.44 During the period 2002-2008, the sum of \$22.7 mn or 71% of the total BNTF allocation was committed for sub-projects in beneficiary countries and regional coordination. Of this amount, \$14.3 mn or 63% of commitments was actually disbursed.

**TABLE 6: BNTF 5 ALLOCATIONS, APPROVALS AND DISBURSEMENTS, 2002–2008**

Item	Original Allocation	Performance Bonus	Final Allocation	Approvals 2002–2008		Disbursements 2002–2008		Approvals disbursed
	\$'000	\$'000	\$'000	\$'000	%	\$'000	%	%
Belize	3,254	614	3,868	3,229	16.3	2,121	17.8	65.7
Dominica	1,786	528	2,314	1,618	8.2	571	4.8	35.3
Grenada	1,680	388	2,068	2,025	10.2	1,501	12.6	74.1
Guyana	6,468	1,616	8,084	6,367	32.1	4,765	40.0	75.3
Montserrat	1,050	311	1,361	861	4.3	601	5.0	74.8
St. Kitts/Nevis	1,093	229	1,322	969	4.9	336	2.8	34.7
St. Lucia	2,750	767	3,517	2,479	12.5	1,373	11.5	55.4
St. Vincent/Grenadines	2,184	450	2,634	1,548	7.8	555	4.7	35.9
Turks/Caicos Islands	735	97	832	738	3.7	101	0.8	13.7
<b>Sub-Total</b>	<b>21,000</b>	<b>5,000</b>	<b>26,000</b>	<b>19,834</b>	<b>100</b>	<b>11,924</b>	<b>100</b>	<b>60.1</b>
Performance Bonus	5,000	-	-	-	-	-	-	-
Regional Coordination	6,000	-	6,000	2,900	-	2,303	-	79.4
<b>TOTAL</b>	<b>32,000</b>	<b>5,000</b>	<b>32,000</b>	<b>22,734</b>	<b>-</b>	<b>14,227</b>	<b>-</b>	<b>62.6</b>

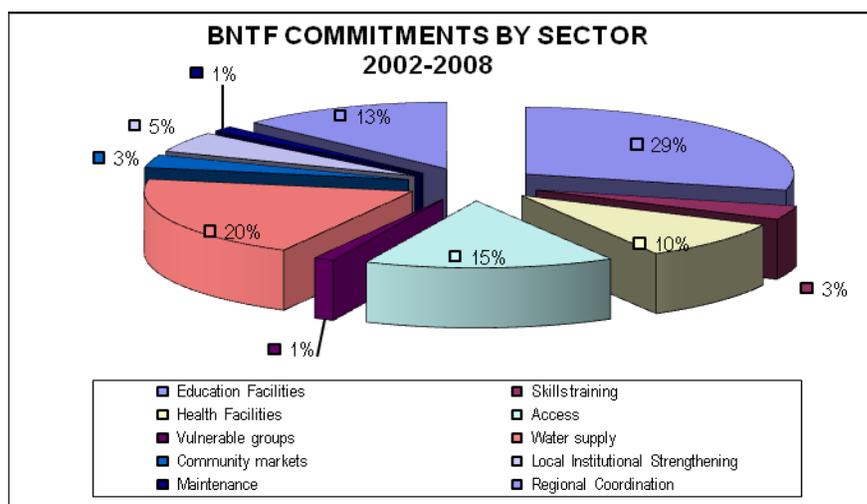
1.45 In 2008, the Bank approved 36 BNTF sub-projects valued at \$1.2 mn. Over the period 2002–2008, a total of 518 sub-projects were approved. These sub-projects, along with the country allowance for institutional strengthening, accounted for \$19.8 mn or 76% of the BNTF country allocation. Commitments for Belize, Grenada, Guyana and St. Kitts and Nevis represent over 71% of the country allocation. Approval of sub-projects from the performance bonus allocation is in progress.

1.46 By the end of 2008, 440 social infrastructure and 78 skills training sub-projects were successfully implemented and operational to the benefit of over 632,000 Caribbean residents.

1.47 BNTF 5 disbursements in 2008 were \$4.3mn of which disbursements for sub-projects accounted for \$2.8 mn. Disbursements for the period 2002-2008 amounted to \$11.9 mn or 60.1% of the \$19.8 mn approved for sub-projects. A sum of \$2.9 mn from the \$6 mn set-aside for regional coordination was committed by December 2008 and \$2.3 mn or (79.4%) has been disbursed to date.

1.48 At the end of 2008 all countries recorded improved disbursement levels when compared with 2007. This improved performance is attributed to the efforts made to address some of the institutional difficulties which were being experienced at the BNTF Offices (BNTFO) in the countries.

1.49 The chart below shows BNTF commitments by sector during the 2002–2008 period. As illustrated, sub-projects providing education facilities, such as nursery and primary schools and day care centres, accounted for 29% of the interventions. Water supply systems in rural communities accounted for 20% and the construction of access roads and footpaths 15%. Regional coordination, comprising workshops, training, consultancy services for BMC sub-projects and administrative support, accounted for 13% of the commitments to date.



1.50 In continuing knowledge sharing and networking, two regional workshops for Project Managers and Community Liaison Officers were held to share performance results, build capacity and further dialogue on good practice in poverty programming. The topics discussed in these meetings included management for development results with a focus on data gathering and analysis, enhancing stakeholder dialogue and participation, gender analysis for improved targeting and development change through ICTs.

#### BNTF 6

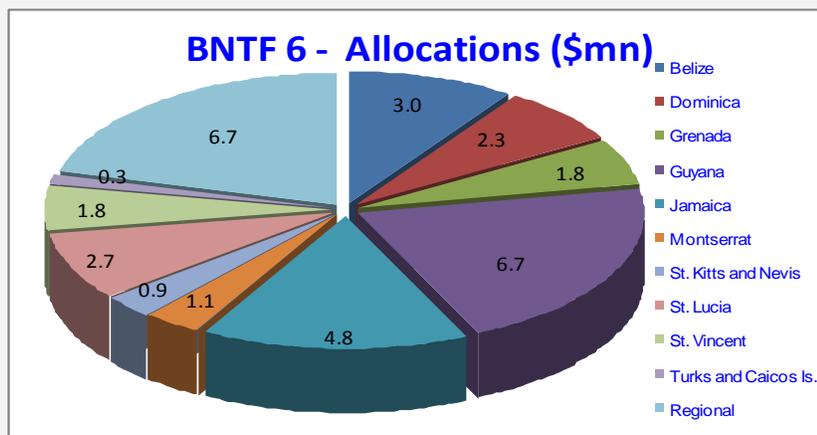
Contributors to SDF 6 approved a set aside of \$32 mn for BNTF 6, which along with government funding of \$9.5 mn provides for a programme level of \$41.5 mn. The BMCs participating in BNTF 6 include Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and the Turks and Caicos Islands.

The Sixth Programme will assist poor communities in BMCs to improve basic infrastructure and services and increase potential for economic activity through skills training and capacity-building initiatives. Funding will be provided for implementation of sub-projects, project management and technical services, as well as building the capacity of Community-Based Organisations (CBOs) in the application of participatory approaches for planning and monitoring of sub-projects and decision-making. There is a regional component to provide programme support, coordination and administration.

BNTF 6 will:

- Strengthen methods for direct targeting of resources to significantly impact poverty reduction.
- Expand community participation and networking to sustain the outcomes of interventions.
- Deepen the effectiveness of interventions through integrated approaches to design, skills training and capacity building.
- Increase flexibility of operations for greater responsiveness.
- Strengthen BMC's ability to track resources and results through project linked M&E systems.
- Support project staff in enhancing the management of the programme

BNTF 6 resources were allocated to eligible countries using the approved resource allocation system. The distribution of BNTF 6 to participating BMCs and regional coordination and administration is shown below:



1.51 The Mid-Term Evaluation (MTE) of BNTF 5 was completed in 2008 following extensive consultation and review by participating countries. The findings of the MTE showed that BNTF continues to be relevant in all participating BMCs. It noted that the design of the BNTF 5 programme, recognising that poverty is multi-dimensional, seeks to have comprehensive, multi-sectoral interventions linked to national policy making. Further, BNTF 5 was found to be in congruence with a new generation of anti-poverty programmes that regard governance as a vital link between growth and poverty reduction, which target inequality and give emphasis to empowerment of the poor and vulnerable

1.52 Among the important benefits of the evaluation exercise was the increased awareness and commitment by the Bank's staff and BMC partners to improvements at all stages of the project cycle, from design to tracking results through effective monitoring and evaluation. These were integral to the design framework of the BNTF 6 programme.

### CTCS

1.53 CTCS continues to be an important initiative for CDB to facilitate the development of the Micro, Small and Medium-sized Enterprise (MSME) sector. This sector plays a pivotal role in the economies of the BMCs by providing jobs and generating foreign exchange. CTCS provides capacity building and advisory services to MSMEs utilising regional expertise to provide affordable TA. It thereby helps to create opportunities for low-income persons to earn and/or sustain their livelihoods. The programme is targeted at assisting both start-ups and established enterprises across a wide cross-section of productive activities.

1.54 During 2008, the CTCS programme executed 68 activities in 16 of its BMCs. These included 37 direct short-term TA interventions, 21 training workshops and 10 job training attachments. A total of 846 beneficiaries received training across a range of sectoral activities and in numerous technical disciplines. CTCS involvement with rural enterprises also contributed to job creation and income generation for rural

households. Table 7 summarises the activities of the CTCS programme over the SDF V and SDF 6 period.

**TABLE 7: CTCS OPERATIONS - SDF V and SDF 6**

Activities	SDF V				SDF 6			
	2001	2002	2003	2004	2005	2006	2007	2008
No. of requests received	148	173	161	108	104	114	52	90
In-field consultancy (weeks)	207	285	272	209	153	254	494	104
No. of TAs requiring field visits	65	78	79	65	75	48	48	47
No. of TAs satisfied by documented information	48	34	24	2	n.a	25	n.a.	n.a
<b>Total CTCS Expenditure (\$'000)</b>	<b>411</b>	<b>431</b>	<b>417</b>	<b>547</b>	<b>504</b>	<b>718</b>	<b>834</b>	<b>773</b>
<b>Total Income (\$'000)</b>	<b>60</b>	<b>19</b>	<b>26</b>	<b>66</b>	<b>36</b>	<b>25</b>	<b>52</b>	<b>72</b>
No. of workshops	35	56	58	45	29	41	45	21
No. of attendees at Workshops	446	1,118	1,039	655	536	945	1185	811
Cost of workshops (\$'000)	157	166	177	199	171	286	572	502

1.55 Four regional and a number of national workshops and training activities, in nine BMCs, were conducted. After a period of dormancy the CTCS programme was reactivated in Belize, and a workshop was held in the Cayman Islands for the first time.

1.56 CTCS was also able to extend its outreach to Haiti through two workshops held in Jamaica and Barbados that enabled 30 participants from Haitian micro enterprises and members of their associations to be trained in areas of agro-processing, costing and pricing techniques as well as gain some familiarity with the operations of the CTCS programme. These two workshops exposed over 100 participants to training that was considered beneficial to enhancing the viability of micro and small businesses.

#### THE CTCS NETWORK

The CTCS Network has been a key tool for transfer of technical know-how at the enterprise level. Its operations contribute towards the stimulation of entrepreneurship, while at the same time enhancing the competitiveness of the Region's productive sector through capacity building and skills transfer. CTCS is one of CDB's primary initiatives to support the development and expansion of the Region's micro, small- and medium-sized enterprise sector.

What exactly does the Network do? The CTCS Network project 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 brings 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 the growing and diverse needs of a growing MSME sector.

The direct impact of CTCS programmes on livelihoods is clearly manifested in all the quarters exposed to CTCS intervention. Over the years, the CTCS Network project has helped to develop and enhance both the technical and managerial skills of entrepreneurs in BMCs. It has provided skills training in a variety of disciplines including pottery and ceramics, basketry, bamboo and wicker craft, floral arrangement, cake decorating and gift basket design, garment design and production, and agro-processing. CTCS has also offered TA in project preparation and evaluation of new and expanding businesses, upgrading of management systems and resolving industrial, production and maintenance problems. Many beneficiaries of the training offered in the management of small businesses and enterprise development, are today the proprietors of successful MSMEs across the Region.

1.57 The largest intervention was executed in collaboration with Caribbean Export Development Agency to assist the handicraft subsector in six BMCs. It comprised national seminars, co-sponsored by the local agency responsible for the handicraft sector, in which two industrial design specialists were

hired to assist the craft industry with improving product designs. From this activity a regional workshop was arranged which aimed at improving participants industrial design techniques and preparing them for export opportunities in the North American and European markets. Further assistance was arranged for 98 of the workshop participants, from 8 countries, to exhibit their products at the Caribbean Gift and Craft Show in Barbados.

1.58 Training was conducted in a variety of technical disciplines, such as agro-processing, costing and pricing, management techniques for skilled artisans, craft, upholstery and soft furnishings, cake and pastry making, equipment maintenance and repairs. Some training was executed through on the job training attachments but this was a small component of the programme. In addition, direct TA, using experienced regional consultants, provided opportunities for skills enhancement in areas such as garment design, and construction, hospitality management and the use of green house technology. A summary of CTCS skills training activities in SDF 6 is provided in Table 8.

**TABLE 8: CTCS TECHNICAL SKILLS TRAINING CONDUCTED, 2005–2008**

Skill	Number of Clients Trained			
	2005	2006	2007	2008
General management and business development	117	305	491	142
Pottery/Ceramics	20	12	73	134
Garment design and production	15	45	12	9
Other applied skills <sup>1/</sup>	93	50	334	322
Agro-processing	7	4	171	62
Agriculture related activities	21	3	97	15
Institutional strengthening	32	15	1	0
Tourism-related activities	40	20	160	69
Food management and related activities	190	24	30	30
Computer applications	-	35	7	63
<b>Total</b>	<b>535</b>	<b>513</b>	<b>1,376</b>	<b>846</b>

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

### **Environmental Sustainability and Disaster Risk Management**

1.59 The Bank recognises that BMCs have a formidable challenge to stem the deterioration of their environmental and natural resource capital. It has identified environmental sustainability and disaster risk management as cross-cutting themes and efforts have been focussed on trying to address more comprehensively, the relationship between poverty reduction and environmental degradation and climate change. The Bank also supports the BMCs' efforts to develop and implement appropriate adaptation strategies for climate change and disaster risk reduction through policy advice, TA and financing of environmentally sustainable investments.

1.60 In May 2008, CDB's Environmental and Social Review Procedures (ERSP) was approved by the BOD. The ESRP reflects international best practice approaches and will place greater emphasis on the cross-cutting priorities of DRM and climate change adaptation.

1.61 In 2008 CDB developed a position paper on climate change focusing on (1) internal due diligence and (2) assistance to BMCs in climate change adaptation and mitigation measures. It also developed an Enhanced Caribbean Comprehensive Disaster Management Strategy (2007-2012), which includes climate change. This was used as a framework for the paper '*Environmental sustainability and the climate change agenda*' which was presented to the BOD and SDF Contributors in July 2008 which outlines the Bank's plans to support this thematic area during SDF 7.

1.62 An update of CDB's 1998 Natural Disaster Management Strategy and Operational Guidelines (NDMSOG) is being undertaken and is expected to be presented to the BOD in May 2009. This revision

will help to consolidate environmental sustainability within the Bank's internal operations and BMCs and will address the similarities between the climate change and disaster risk agendas.

### **Planning for Expanding the Bank's Membership**

1.63 During 2008, the Bank continued its membership expansion efforts. Brazil's membership was approved by the Board of Governors in May 2008 and the process of completing domestic legislation and obtaining parliamentary approval is in progress.

1.64 The Government of Spain participated in the SDF 7 negotiations and pledged an amount of Euros two million, five hundred thousand (€2,500,000) to SDF 7. The decision on membership of the Bank has however, been deferred.

1.65 The Government of Ireland, while indicating its commitment to join the Bank, has deferred the decision given the current economic situation. India and Suriname are not yet ready to advance the membership process.

### **Haiti's Operational Programme**

1.66 In 2007, the Bank presented a paper to the BOD which outlined its proposed strategic approach to operations in Haiti over the period 2007 to 2012. It was decided that CDB would focus on a few priority areas in which it would collaborate with other development partners, specifically the World Bank (WB) and the Inter-American Development Bank (IDB), which have large programmes in Haiti. The areas for intervention included primary education, community-based projects, and financial intermediation for small- and medium-scaled enterprises (SME) projects. These were linked to Haiti's development plan at the time (the 2004-2007 ICF) and took into account the provisions of the SDF 6 Contributors' Report.

1.67 Haiti experienced political difficulties in early 2008 which impacted on some of the Bank's activities in Haiti. The planned Caribbean Association of Industry and Commerce (CAIC)/Haitian Private Sector Forum had to be postponed and the preparation of the country strategy paper for Haiti was delayed.

1.68 Despite these difficulties the Bank was able to undertake a number of appraisal missions, in collaboration with its development partners, and approve grant assistance to Haiti totalling \$11.1 mn. This brought the total commitments for Haiti in SDF 6, inclusive of the allocation for administrative expenses, to \$25.1 or 93% of the \$27 mn of the set aside. The unutilised amount related to a planned loan to a financial intermediary which did not materialise. Approvals in 2008 included:

- (a) the amount of \$5 mn, of a \$22 mn grant co-financed with the IDB, for a Technical and Vocational Education and Training (TVET) project which will rehabilitate and expand three vocational schools to be transformed into Reference Centres. The project will provide for an improved learning environment for the 550 students currently enrolled in these schools and access to an additional 1,400 students, with a two-shift system, who now cannot gain admission as a result of the inadequate and inappropriate physical environment;
- (b) the sum of \$4 mn, of a \$20.7 mn grant co-financed with the WB, for an urban community-driven development project. This project will assist the GOH to improve basic and social infrastructure (e.g. potable water supply, flood protection, community roads and markets) and services (e.g. health and education) for some 650,000 residents of targeted disadvantaged areas in Haiti. The project will also create 2,000 income generating opportunities and improve the capacity of community-based organisations in

the areas of participatory development, accounting and financial management, and governance systems;

- (c) a TA grant of \$1.2 mn to fund a project cycle training programme for public sector officials in collaboration with ENAF. The project will upgrade the ENAF training facilities, provide for the training of 12 Haitian public service officials as trainers and the conduct of training courses in Investment Appraisal and Risk Analysis and Project Management for 30 officials. To date 8 officials have participated in trainer of trainers programme at Queens University and the training room at ENAF has been equipped with computer, audiovisual and simultaneous interpretation equipment.;
- (d) a contribution of \$0.4 mn to participate jointly with IFC in the delivery of the “Business Edge” (BE) Programme in Haiti. BE is a branded training programme aimed at enhancing the management capacity of owners of small and medium-sized enterprises. It consists of a set of management training services and products focusing on many of the functional and operational deficiencies that prevail in SMEs;
- (e) emergency relief assistance of \$0.4 mn following the passage of Tropical storms Fay and Hanna, and Hurricanes Gustav and Ike which devastated large portions of the country, killed over 800 persons and left thousand of others in miserable conditions; and
- (f) an amount of \$0.09 mn to finance the preparation of a country strategy paper which would provide the basis for the Bank’s operations in Haiti during the SDF 7 period.
- (g) approval by Contributors of a revised operational strategy for the Bank’s operations in Haiti for the period 2009-2012 and set aside \$46 mn for the Haiti programme in SDF 7.

#### **EMPOWERING URBAN COMMUNITIES IN HAITI**

The residents of several disadvantaged areas of the Haitian capital, Port-au-Prince, such as Solano, Bel Air and Cité Soleil are having a say in the social and economic development of their communities. They are establishing and managing enterprises such as community beauty salons, grocery stores, cyber cafés and even a poultry-processing plant, thanks to a community-driven urban development project being supported by the Caribbean Development Bank and the World Bank, through its International Development Association (IDA).

The objective of the project, which has the French acronym PRODEPUR, is to help residents improve their access to basic social infrastructure and services, as well as to provide them with income generating opportunities. But a visit to these communities will reveal that the project is also bringing a new sense of pride and hope to the people who live there. Through a participatory process, community-based organisations identify, prepare and implement the subprojects. The Ministry of the Economy and Finance, through its Office of Monetisation of Development Aid Programmes, has overall responsibility for project implementation on behalf of the Government of Haiti. PRODEPUR is an integral part of the Government’s efforts to restore security, maintain political stability and foster sustainable development.

### **SDF PORTFOLIO ANALYSIS**

1.69 The Annual Review of the Bank’s portfolio is based on the project reporting information from the previous year. Details of the SDF portfolio analysis for 2007 are provided in Appendix V.

1.70 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 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*.

1.71 In 2007 the performance of 66 projects with a SDF financing component, or 84% of projects under implementation, were evaluated. 62 of the 66 projects (94%) were rated as highly satisfactory or satisfactory, compared with 74 out of 78 (95%) in 2006. The overall portfolio for 2007 received a PPI rating of 6.1, which was a marginal decline over the rating for 2006 of 6.2.

1.72 The SDF portfolio analysis also assigns a *Project Performance rating* and a *Country Portfolio Performance rating*. Overall, 59.1% of the projects under implementation in 2007 were rated as highly satisfactory and 34.9% as satisfactory. One project (1.5%) received an excellent rating and three projects (4.5%) were rated as marginally unsatisfactory. In 2007, all BMCs received highly satisfactory or satisfactory ratings in the country portfolio performance assessments.

## **2. MANAGING FOR DEVELOPMENT RESULTS**

2.01 The Bank is committed to MfDR and has adopted a comprehensive results agenda which includes objectives set by the Paris Declaration. CDB's MfDR 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*. This section summarises the Bank's efforts towards managing for development results and provides an update for activities undertaken in 2008. The status of implementation of the Action Plan for SDF 6 at December 31, 2008 is presented at Appendix VI.

### **PILLAR 1: MANAGING FOR RESULTS AT THE COUNTRY AND REGIONAL LEVEL**

2.02 The Bank's results agenda at the country and regional level focuses on supporting the efforts of BMCs to strengthen MfDR and accelerate progress towards the MDGs and the Caribbean-specific MDG targets. It involves assisting BMCs with planning, public financial management, monitoring and evaluation and statistical reporting. The assistance rendered by the Bank to date in this area has been primarily through its TA initiatives.

2.03 In 2008, CDB joined the IDB to implement in the OECS its Programme to Implement the External Pillar of the Medium-Term Action Plan for Development Effectiveness (PRODEV) initiative. The project will provide OECS public sector officials with skills in MfDR and assist them to develop action plans for improving public financial management processes.

#### **CPAs**

2.04 The preparation and updating of CPAs for the Bank's BMCs are key factors in being able to target poverty reduction in BMCs. Support for CPAs is therefore a critical element in CDB's support for poverty reduction. In 2006, the BOD approved an amount of \$3.7 mn to provide support to ten BMCs in conducting/updating CPAs and National Poverty Reduction Strategies over the period 2006-08 and this programme is largely on schedule. CPAs for Antigua and Barbuda and St. Lucia were completed by the end of 2007.

2.05 By the end of 2008, CPAs for Cayman Islands and St. Kitts/Nevis were nearing completion while those for Anguilla, Dominica, Grenada and Montserrat were in progress. The CPAs for Barbados, Belize, British Virgin Islands and Turks and Caicos Islands are scheduled for 2009.

#### **NPRSs**

2.06 The results from the CPAs are used by BMCs, CDB and other development agencies in the design and results-targeting of various poverty reduction initiatives, such as BNTF, Social Investment Funds (SIFs), rural enterprise development projects and human settlements projects. They are also used in the preparation of National Poverty Reduction Strategy (NPRS). By the end of 2008, work had commenced to support the preparation of NPRSs for Antigua and Barbuda and St. Lucia, countries that had recently completed CPAs.

#### **MDGs**

2.07 The Bank continued its assistance to BMCs in assessing and monitoring the attainment of the MDGs. In January 2008, CDB financed a meeting of a Technical Working Group of Caribbean Statisticians to review the Proposed Indicators for the Measurement of the Caribbean-specific MDG targets. Based on the recommendations of the Working Group, the Seventeenth Meeting of the CARICOM Council for Human and Social Development (COHSOD), held in November 2008 in Guyana, endorsed the MDG Indicators for production by Member States.

## **Building Capacity in Statistics**

2.08 Capacity building in statistical data collection and analysis continued in 2008. A further 22 persons were trained during the second seven-week residential training programme in Demographic Analysis, and 11 Senior Government Officials attended the introductory course on “Principles of Demography” and were exposed to the basic concepts, definitions and methods of demography. A total of 55 officials from 16 BMCs have now been trained in demography through this programme. Participants are expected to play a significant role in the 2010 census activities in the Region and contribute to the provision of timely and reliable statistical information.

## **PILLAR 2: MANAGING FOR RESULTS AT INSTITUTIONAL OR CORPORATE LEVEL**

2.09 Significant progress has been made in developing and applying some of the key elements of MfDR at the institutional level, including an overall results-based strategic planning and work programme and budget framework.

### **Strengthening the Country Strategy Process**

2.10 The results-based country strategy process is the Bank’s principal means of targeting and focusing all of its country programme lending and non-lending interventions. This process also promotes improved policy dialogue and better coordination of country strategies and financial and non-financial operations among development partners in the Region.

2.11 The results-based Country Strategy Paper (CSP) makes more effective use of the poverty reduction and governance strategies, for which “toolkits” have been developed. It addresses the capacity development needs of BMCs, as well as policy development issues in respect of regional development and the provision of Regional Public Goods (RPGs).

2.12 The CSPs for Jamaica and St. Vincent and the Grenadines, inclusive of results frameworks, were approved by the BOD in December 2008. Work has also commenced on CSPs for Antigua and Barbuda, Barbados, Dominica, Grenada, Haiti, and Turks and Caicos Islands.

### **Resource Allocation System**

2.13 CDB has had experience with a performance-based Resource Allocation Strategy (RAS) since SDF V. The objective of the system is to strengthen the effectiveness and results from the use of SDF resources for individual BMCs, taking into account performance factors as well as need, and reflecting specific considerations relevant to the Bank’s BMCs, particularly vulnerability and ‘smallness’.

2.14 An independent review of RAS was completed early in 2007. The main recommendations of the review were, that country performance scoring as the basis of the allocations should be undertaken with more senior management participation; that the portfolio performance variable in the allocation formula should be reformed; and that reallocations by formula be more frequent to help avoid *ad hoc* adjustments. The implementation of these recommendations will support the adoption of a results-based culture within the Bank and in BMCs.

### **Strategic Planning and Results-Based Management**

2.15 The Bank has implemented a multi-year work programming and budgeting cycle as a complement to the results-based cascade of objectives which is used for planning and managing the work of the Bank and for operationalising the programmes outlined in the Strategic Plan. This initiative now entails the development by work units of work programmes for a two-year period instead of the former

one-year programme document, and allows for better planning, monitoring and managing of the linkages between the work units' expected outcomes and the planned outputs and activities for achieving them.

2.16 The implementation of the Strategic Plan 2005-2009 is reviewed annually. This review suggests that while the current Plan remains largely relevant, consideration must be given in the Bank's planning to the emerging forces of change which are affecting the Region.

2.17 The Bank has commenced preparation for the development of the next Strategic Plan that envisions an even more inclusive process than previously applied in which consultations will be held with regional development partners among others on the way forward.

2.18 Two strategic planning retreats have been held which made use of the outputs from both the BMCs national visioning exercises and the regional development vision adopted by the CARICOM Heads of Government. Additionally, a paper entitled "*New Strategic Plan: Approaches and Issues*" was presented to BOD and BOG in May 2008 to solicit the views of Governors on the development of the new strategic plan.

2.19 The Bank has also commenced work to establish a seamless linkage between the RBM Cascade of Objectives and the Continuous Performance Improvement (CPI) system which is used for assessing staff performance and identifying areas for staff improvement. It is hoped that this measure would contribute to enhancing the Bank's development effectiveness and improve the productivity of its human resource complement.

### **Measuring the Development Effectiveness of CDB's Interventions**

2.20 The responsibility for assessing the effectiveness and continuing relevance of the Bank's programmes lies with the evaluation function. It provides information on the intended and unintended outcomes of the Bank's interventions, as well as the lessons of experience which can be incorporated into decision-making on future strategies and programmes. A number of major evaluations and independent reviews were completed or initiated during 2008. These included:

- (a) The Community Initiated Agricultural Rural Development Project in Belize which was rated as unsatisfactory but provided several important lessons for incorporation in future rural development projects. These included strengthening the capacity of executing agencies and Project Steering Committees (PSC); involving beneficiaries in project supervision; and establishing appropriate baseline data and monitoring and evaluation systems.
- (b) The multi-cycle evaluation of SDF 4 and 5 which found that the Bank had contributed to positive development outcomes in the BMCs. It provided considerations at the policy, management and project levels which could be taken into account in finalising negotiations for SDF 7
- (c) The evaluations of CDB's CTCS Programme and of the effectiveness of CDB's response to Natural Disaster Management for which the draft final reports are being considered by the management;

### **PILLAR 3: MANAGING FOR RESULTS THROUGH PARTNERSHIPS, HARMONISATION AND ALIGNMENT**

2.21 The Bank is giving increasing emphasis to working in *partnerships*, both collaboratively through groups such as the PSSDDG and SPARC or in coordination with other individual donors such as the IDB, CIDA, DFID, EC, WB, UNDP, Food and Agriculture Organisation and other United Nations agencies,

and in appropriate cases through joint support for initiatives such as the Caribbean Catastrophic Risk Insurance Facility and CARTAC. The Bank also supports other joint initiatives such as the Caribbean Climate Change Centre and Caribbean Disaster Emergency Response Agency.

2.22 The Bank has been an active participant in harmonisation activities in areas such as of MDB procurement, environmental guidelines, disaster risk reduction and risk management, and social protection. CDB hosted meetings of the MDB Heads of Procurement Group in January 2008 and March 2009. It also participates in joint field missions, as in IMF Article IV missions, and in various types of joint diagnostic reviews and analytical work with other agencies.

2.23 It is also an active member of the MDB working groups on Performance-Based Resource Allocation (PBRA), Planning and Budgeting and Human Resources Management. The PBRA working group surveys and records changes in performance based allocation systems and associated country performance assessment frameworks, while the planning and budgeting group encourages common approaches to planning and budgeting. It hosted a meeting of the MDB Technical Working Group on Human Resources in September 2008.

### 3. FINANCIAL PERFORMANCE AND PROJECTIONS

#### FINANCIAL PERFORMANCE

3.01 A summary of the SDF (U) financial results over the period 2006 to 2008 is presented in Table 9, with details set out in Appendices VII-1 and VII-2.

**TABLE 9: SUMMARY OF FINANCIAL RESULTS, 2006–2008**  
(\$ mn)

<b>Item</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Loans Outstanding (Net)	363.3	375.8	380.6
Cash and Investments	114.8	173.1	248.3
Loan Income	8.1	8.5	8.7
Investment Income	4.6	8.5	9.4
Administrative Expenses	9.6	10.0	10.7
Net Income	3.1	7.0	7.4
Yield on Av Cash and Investments (%)	4.7	5.9	4.5

3.02 Loans outstanding at the end of December 2008 amounted to \$380.6 mn compared with \$375.8 mn in 2007. This represents an increase of just \$4.8 mn or 1.3% and may be attributed to the relatively high level of undisbursed loan balances of \$100 mn at the end of 2008 compared with \$86.2 mn in 2007.

3.03 Significant growth was realised in the investment portfolio in 2008, up to \$248.3 mn from \$173.1 mn at the end of 2007. This resulted from the significant amount of cash received from contributors as well as the lower level of loan and grant disbursements in 2008.

3.04 In 2008, the Fund generated a net income of \$7.4 mn, a marginal improvement over the previous year, which recorded net income of \$7 mn. Bolstered by the high investment portfolio, investment income increased by \$0.9 mn over 2007. This was despite lower average investment yields which fell from 5.9% in 2007 to 4.5% in 2008. In the review period, there was a marginal increase in loan income of \$0.2 mn while administrative expenses increased by \$0.7 mn.

#### NOTES, ENCASHMENTS AND DRAWDOWNS

3.05 A summary of notes, encashments and drawdowns is presented at Appendix VII-3. At December 31, 2008, notes receivable from Contributors totalled \$54.5 mn, a reduction of \$40.2 mn, compared with the notes receivable figure of \$94.7 mn recorded at the end of 2007.

3.06 Cash received from Contributors in 2008 amounted to a total of \$79.1 mn. The encashment of Demand Notes realised the equivalent of \$69.6 mn, while contributions paid in cash amounted to \$9.5 mn. This brought the cumulative sum received from Contributors at December 31, 2008 to \$694.1 mn.

3.07 The current value of total approved contribution to the SDF (U) at the end of 2008 was \$767.1 mn. Of this figure, \$8.6 mn represented contributions for which demand notes had not yet been issued and \$9.9 mn represented pledged amounts for which instruments of contribution were still outstanding at December 31, 2008.

## FINANCIAL PROJECTIONS 2009–2011

3.08 Table 10 summarises the projected financial results for the period 2009 to 2011, with further details presented in Appendices VII-4 to VII-6.

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

<b>Item</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Long-term Loans	393.3	413.1	439.3
Cash and Investments	272.3	288.5	298.7
Loan Income	9.7	10.1	10.7
Investment Income	5.2	5.6	5.8
Administrative Expenses	11.2	11.7	12.1
Net Income	3.7	4.0	4.4

3.09 The loan portfolio is expected to grow from \$393.3 mn in 2009 to \$439.3 mn in 2011. It is also forecasted to yield loan income of \$9.7 mn, \$10.1 mn and \$10.7 mn in 2009, 2010 and 2011, respectively.

3.10 The investment portfolio is estimated to average \$286 mn over the three-year period boosted by the significant level of cash received from Contributors in 2008. The investment portfolio will also be augmented by reflows of principal repayments on earlier SDF loans that are projected at \$15.3 mn in 2009, and \$16.8 mn in 2010 and 2011.

3.11 Despite this high level of liquidity, modest investment income is anticipated, given the difficult global financial environment. Investment income in 2009, 2010 and 2011 is projected at \$5.2 mn, \$5.6 mn and \$5.8 mn, respectively while net income is predicted at \$3.7 mn, \$4 mn and \$4.4 mn, respectively.

3.12 The assumptions supporting these estimates are listed below.

- (a) Loan commitments are projected at \$30 mn, \$35 mn and \$38 mn for 2009, 2010 and 2011, respectively.
- (b) The average lending interest rate is estimated at 2.5% per annum (p.a.).
- (c) Over the projected disbursement period, the disbursement pattern for the combination of old and new commitments is assumed to be 10%, 26%, 17%, 13% and 7%.
- (d) The yield from investment in liquid resources is estimated at 2% p.a.
- (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 6.

## APPENDICES

**APPENDIX I**

**CONTRIBUTIONS TO THE UNIFIED SPECIAL DEVELOPMENT FUND**  
(after transfers from earlier SDF and other adjustments)  
(\$'000)

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
<b>Regional Members: BMCs</b>						
Trinidad and Tobago	2,500	2,500	3,850	3,850	5,000	7,500
Jamaica	1,400	1,400	3,870	3,850	5,000	7,500
Guyana	1,400	1,400	2,160	2,160	2,810	4,215
Bahamas	1,400	1,400	2,160	2,160	2,810	4,214
Barbados	1,400	1,400	2,160	2,160	2,810	4,210
Antigua and Barbuda	250	250	162	250	320	420
Belize	250	250	650	650	840	1100
Dominica	250	250	650	650	840	840
Grenada	250	250	650	650	840	100
St. Kitts and Nevis	250	250	650	650	840	1100
St. Lucia	250	250	650	650	840	1100
St. Vincent and the Grenadines	250	263	650	650	840	1100
Cayman Islands	100	100	150	250	320	420
Anguilla	100	100	250	250	320	420
Turks and Caicos Islands	100	100	250	250	320	420
British Virgin Islands	100	100	250	250	320	420
Montserrat	100	100	250	250	320	420
Haiti	---	---	---	---	---	650
<b>Sub-total</b>	<b>10,350</b>	<b>10,363</b>	<b>19,412</b>	<b>19,580</b>	<b>25,390</b>	<b>36,149</b>
<b>Regional Members: non-BMCs</b>						
Colombia	5,000	3,333	5,000	3,000	3,600	3,600
Mexico <sup>c/</sup>	---	---	5,000	3,000	3,000	3,000
Venezuela	5,000	3,333	5,000	3,000	3,000	3,600
<b>Sub-total</b>	<b>10,000</b>	<b>6,666</b>	<b>15,000</b>	<b>9,000</b>	<b>9,600</b>	<b>10,200</b>
<b>Non-Regional Members</b>						
Canada <sup>d/</sup>	60,865	15,000	20,000	16,800	25,200	44,000
United Kingdom <sup>d/</sup>	42,823	15,000	20,000	16,800	25,200	44,000
France <sup>e/</sup>	21,000	10,000	14,000	11,760	---	---
Italy	21,000	10,000	14,000	8,660	3,145	5,003
Germany	---	26,000	14,000	11,760	--	12170
China <sup>f/</sup>	---	---	---	24,000	4,000	5,200
<b>Sub-total</b>	<b>145,689</b>	<b>76,000</b>	<b>82,000</b>	<b>89,780</b>	<b>57,545</b>	<b>110,373</b>
<b>Non-Members</b>						
Netherlands	5,000	5,000	7,000	6,300	---	---
Suriname <sup>g/</sup>	---	---	---	---	---	---
<b>Sub-total</b>	<b>5,000</b>	<b>5,000</b>	<b>7,000</b>	<b>6,300</b>	<b>--</b>	<b>---</b>
<b>TOTALS</b>	<b>171,039<sup>d/</sup></b>	<b>98,029</b>	<b>123,412</b>	<b>124,660</b>	<b>92,535</b>	<b>156,722</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.

<sup>g/</sup> Contribution of \$2.16 mn for Suriname was negotiated as part of their membership arrangements, but no pledge was received.

## APPENDIX II

### SDF 6 PROGRAMME LEVEL, COUNTRY GROUPS AND TERMS OF LENDING

#### PROGRAMME LEVEL

The Contributors approved an overall programme level for SDF 6 totalling \$257.5 mn, comprising \$121.5 mn in country loans, \$45 mn in loans for natural disaster mitigation and rehabilitation and assistance for BMCs in fiscal distress, and \$91 mn in grant allocations (See Box – Approved Programme Level for SDF 6).

#### APPROVED PROGRAMME LEVEL FOR SDF 6

<b>Item</b>	<b>\$'000</b>
<b>Country Loans (based on RAS)</b>	121,500 <sup>1/</sup>
<b>Loans for Natural Disaster Mitigation/Rehabilitation and Assistance for BMCs in Fiscal Distress</b>	45,000
<b>Grant Allocations:</b>	
BNTF – current beneficiaries	32,000
BNTF – Haiti	19,000 <sup>2/</sup>
TA consisting of:	18,000 <sup>3/</sup>
<i>Project Training</i>	2,000
<i>BMC Capacity-Building, including MfDR Programme</i>	12,000
<i>CTCS</i>	4,000
Regional Integration and RPGs (Environment)	10,000
MDGs	4,000
Disaster Response and BMCs in Fiscal Distress	8,000
<b>Sub-Total – Grant Allocations</b>	<b>91,000</b>
<b>TOTAL PROGRAMME LEVEL</b>	<b>257,500</b>

<sup>1/</sup> Includes \$6 mn for Financial Intermediary Lending in Haiti

<sup>2/</sup> Includes \$4 mn for meeting Administrative Expenses for Haiti programming

<sup>3/</sup> Includes \$2 mn for Capacity Building/TA in Haiti

#### COUNTRY GROUPS

Country groups are used to determine the terms and conditions for SDF lending. The country groupings to be used for SDF 6 are as follows:

#### COUNTRY GROUPS FOR SDF 6

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

<sup>a/</sup> The same terms as for Group 1 will continue to apply, as in the past.

<sup>b/</sup> The same terms as for Group 4 will apply for SDF 6 because of the devastation from Hurricane Ivan.

<sup>c/</sup> Retained in Group 3 in recognition of the impact of natural disasters.

**TERMS OF LENDING**

SDF lending terms vary according to country grouping. The lending terms to be applied in SDF 6 are shown in the box below (Lending Terms for SDF 6). It should be noted that an adjustment has been made for Grenada, which has suffered devastating losses from hurricanes. In this special circumstance, Grenada will receive the terms and conditions applicable to a Group 4 country.

**LENDING TERMS FOR SDF 6**

<b>Country Group</b>	<b>Interest Rate (%)</b>	<b>Maximum Grace Period (years)</b>	<b>Maximum Overall Maturity (years)</b>	<b>Maximum Grant Element (%)</b>
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

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

(as of December 31, 2008)

(\$'000)

Item	SDF 5	SDF 6				Total SDF 6
	2001–2004	2005	2006	2007	2008	
<b>Commitment authority at beginning of period</b>	<b>16.3</b>	<b>41.4<sup>b/</sup></b>	<b>35.4</b>	<b>62.6</b>	<b>90.5</b>	<b>41.4</b>
<i>Plus: Net Income</i>	4.6	0.0	3.1	5.0	7.4	15.5
<i>Less: Allocation from accumulated Net income</i>	(5.4)					
Exchange rate adjustments	(8.9)	0.7	(0.7)	2.0	0	2.0
<b>Net increase(decrease) to reserves</b>	<b>(8.4)</b>	<b>0.7</b>	<b>2.4</b>	<b>7.0</b>	<b>7.4</b>	<b>17.5</b>
<i>Plus:</i>						
Repayments	59.3	14.2	15.8	15.4	16.0	61.4
Exchange rate adjustments	4.4	-	-	-	-	-
Commitment authority from new contributions <sup>a/</sup>	92.5	11.0	45.4	55.6	44.7	156.7
Exchange rate adjustments	35.6	-	-	-	-	-
<i>Less:</i>						
Net Approvals for SDF Loans	113.3	26.3	29.7	25.3	88.7	170.0
Approvals for SDF Grants (Excl BNTF and Haiti)	13.0	5.6	6.7	10.8	7.3	30.4
Approvals for BNTF	32.0	-	-	-	32.0	32.0
Approvals for Haiti	-	-	-	14.0	11.1	25.1
<b>Commitment authority at end of period</b>	<b>41.4</b>	<b>35.4</b>	<b>62.6</b>	<b>90.5</b>	<b>19.5</b>	<b>19.5</b>

<sup>a/</sup> New contributions in SDF 6 exclude the structural gap and Suriname<sup>b/</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 6 COMMITMENTS, 2005–2008***(Classified by Themes)*

(\$'000)

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved from SDF (U)</b>	<b>Total CDB Financing</b>
<b>CAPACITY ENHANCEMENT</b>			
<b>LOANS:</b>			
<b>Anguilla</b>			
Student Loan Program To finance technical, vocational and professional education.	Dec-05	300	1,300
Feasibility Study, Est. of a Hospitality Training Institute - TA To assist in financing consultancy services required for the preparation of a project to provide hospitality education and training through a Hospitality Training Institute.	Oct-08	270	270
<b>Belize</b>			
Feasibility Study, Expansion of Water and Sewerage Facilities To finance the services of consultants to study the feasibility of expanding the Ambergis Caye Water and Sewerage systems. (Contingent Loan)	Dec-07	250	250
NDM Bridge Rehabilitation - Tropical Storm Arthur To reconstruct the Kendal and Mullins River Bridges.	Jul-08	4,300	8,800
<b>Dominica</b>			
Road Improvement and Maintenance (Valley Roads) To finance road works, institutional Strengthening, engineering services and physical and price contingencies.	Oct-05	550	5,550
Carib Territory Community Capacity Building Project To finance roads, community resource centres, training in house retrofit, institutional strengthening and an Enterprise and Cultural Development facility in the territory.	Dec-07	2,486	2,486
Road Improvement and Maintenance (Valley Roads) - Add Loan to finance increased cost of the project which was approved in October 2005.	May-08	3,100	3,100
NDM - Rehabilitation of Sea Defences, Hurricane Omar To rehabilitate sea defences and associated roadwork.	Dec-08	5,100	9,160
<b>Grenada</b>			
Second Bridge and Road Improvement To restore approximately 2.1 km of main urban roads and the replacement of bridges on the Western Main Road.	Dec-05	5,939	11,939

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
Grenville Market Square Development Project To redevelop Grenville Town as the regional urban centre servicing the northern and eastern coasts of Grenada.	Dec-06	7,501	11,031
Schools Rehabilitation and Reconstruction Project To rehabilitate and reconstruct one primary school and three secondary schools and expansion of technical/vocational and science laboratories in some of the schools.	May-07	2,000	7,476
<b>Guyana</b>			
Community Services Enhancement Project To provide social and economic infrastructure and TA in policy reform and institutional strengthening to allow the communities of Bartica, Charity, Parika and Supernaam to improve and sustain themselves.	Jul-05	10,000	13,580
<b>Jamaica</b>			
Development Planning Framework (TA Loan) To prepare a comprehensive national development plan to 2030 and to facilitate the development of a planning model which will be used as a quantitative tool for the preparation of the plan.	May-06	1,160	1,160
Road Project 5th (Washington Boulevard Improvement) To finance the reconstruction and widening of approximately 2.75 km of Washington Boulevard and Dunrobin Avenue.	May-07	237	14,777
University of Technology Enhancement Project To provide for the construction of classrooms, lecture theatres, labs, staff training and the development of an institutional framework to allow for the diversification of UTech's income.	May-07	5,000	25,868
Agricultural Support To make loans to approved financial institutions for on-lending to small-scale farmers and entrepreneurs to increase agricultural production.	Dec-08	7,800	7,800
NDM - Kingston Metropolitan Area Drainage Rehabilitation Work To rehabilitate the Kingston Metropolitan Drainage Network affected by Tropical Storm, Gustav.	Dec-08	20,000	30,000
<b>St. Vincent and the Grenadines</b>			
Port Rationalisation and Development Study - TA To assist the government in meeting the cost of consultancy services to conduct a Port Rationalisation and Development Study.	Dec-08	431	431
<b>SUB-TOTAL - LOANS</b>		<b>76,424</b>	<b>154,978</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-05	41	41
CTCS Projects	Dec-06	57	57
CTCS Projects	Dec-07	56	56
Feasibility Study for the Establishment of a Hospitality Training Institute	Oct-08	120	120
CTCS Projects	Dec-08	82	82
<b>Antigua and Barbuda</b>			
CTCS Projects	Dec-05	21	21
CTCS Projects	Dec-06	44	44
CTCS Projects	Dec-07	1	1
CTCS Projects	Dec-08	12	12
<b>Bahamas</b>			
CTCS Projects	Dec-05	27	27
CTCS Projects	Dec-06	22	22
CTCS Projects	Dec-07	22	22
CTCS Projects	Dec-08	3	3
<b>Barbados</b>			
CTCS Projects	Dec-05	38	38
CTCS Projects	Dec-06	55	55
CTCS Projects	Dec-07	37	37
CTCS Projects	Dec-08	41	41
<b>Cayman Islands</b>			
CTCS Projects	Dec-07	12	12
CTCS Projects	Dec-08	52	52
<b>Dominica</b>			
CTCS Projects	Dec-05	44	44
Social Impact Analysis of the Introduction of Value-Added Tax	Oct-05	31	31
CTCS Projects	Dec-06	54	54
CTCS Projects	Dec-07	32	32
Civics Workshop for Teachers	Oct-08	27	27
Operationalisation of National Parks Service – Dominica	Oct-08	150	150
CTCS Projects	Dec-08	28	28
<b>Grenada</b>			
CTCS Projects	Dec-05	49	49
CTCS Projects	Dec-06	76	76
CTCS Projects	Dec-07	56	56
CTCS Projects	Dec-08	19	19

<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-05	35	35
Community Services Enhancement Project, Institutional Strengthening	Jul-05	200	200
CTCS Projects	Dec-06	76	76
CTCS Projects	Dec-07	28	28
CTCS Projects	Dec-08	20	20
<b>Haiti</b>			
Education for All Project	May-07	10,000	10,000
Project Cycle Training for Public Sector Officials in Haiti	Mar-08	1,171	1,717
Technical and Vocational Education and Training Project	May-08	5,000	5,000
Enhancing management Capacity in Small and Medium Enterprises	Jul-08	398	398
Urban Community-Driven Project	Jul-08	4,000	4,000
<b>Jamaica</b>			
CTCS Projects	Dec-05	124	124
CTCS Projects	Dec-06	139	139
CTCS Projects	Dec-07	93	93
Agricultural Support - TA	Dec-08	50	50
CTCS Projects	Dec-08	41	41
<b>Montserrat</b>			
CTCS Projects	Dec-05	9	9
CTCS Projects	Dec-06	7	7
CTCS Projects	Dec-07	55	55
CTCS Projects	Dec-08	22	22
<b>St. Kitts and Nevis</b>			
CTCS Projects	Dec-05	40	40
TA for Nevis Water Resource Management Study	Jul-05	42	42
CTCS Projects	Dec-06	118	118
CTCS Projects	Dec-07	22	22
CTCS Projects	Dec-08	47	47
<b>St. Lucia</b>			
CTCS Projects	Dec-05	12	12
CTCS Projects	Dec-06	32	32
CTCS Projects	Dec-07	8	8
CTCS Projects	Dec-08	6	6
<b>St. Vincent and the Grenadines</b>			
CTCS Projects	Dec-05	28	28
CTCS Projects	Dec-07	12	12
CTCS Projects	Dec-08	12	12

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved from SDF (U)</b>	<b>Total CDB Financing</b>
<b>Trinidad and Tobago</b>			
CTCS Projects	Dec-05	7	7
CTCS Projects	Dec-06	46	46
CTCS Projects	Dec-07	26	26
CTCS Projects	Dec-08	18	18
<b>Turks and Caicos Islands</b>			
CTCS Projects	Dec-05	8	8
<b>Regional</b>			
Training Programme for Organic Fertiliser Production	Mar-05	15	44
CDB/IDB - Civil Society Meeting	Mar-05	37	37
Support for the Presentation of the 2 <sup>nd</sup> Training Course on Creating an Enabling Environment for Small Enterprise Development	May-05	124	124
Research Project, Cost and Financing Tertiary Education	Oct-05	40	40
Financing of Tertiary Education Symposium	Oct-05	150	150
The Re-Introduction of Project Management Training for the BMCs	Oct-05	3,150	3,150
Establishment of Caribbean Regional Technical Assistance Centre	Dec-05	375	375
Workshop on the Water and Waste Water Sectors	Dec-05	15	15
CTCS Projects	Dec-05	12	12
Third CDB/IDB and Civil Society Organisational Dialogue	Mar-06	47	47
Financing Meetings of Regional Experts in the Health Sector	Mar-06	36	36
Seventh Annual SALISES Meeting.	May-06	10	10
Establishment of a UWI Consultancy Firm	Jul-06	150	150
Fifth Microfinance Roundtable	Jul-06	8	8
Workshop to Launch Caribbean Trade and Investment Report 2005	Jul-06	23	23
Study Attachments to Selected International Trade Agencies	Jul-06	12	12
Participants of BMCs at CHA Industry Conference 2006	Jul-06	32	32
Feasibility Study on the Establishment of a Regional Health Insurance Mechanism	Dec-06	270	270
Workshop Entitled "Works Tender and Contract Management"	Dec-06	28	28
Caribbean Studies Association 31st Annual Conference	Dec-06	8	8
Caribbean Anthurium Industry Development Workshop	Dec-06	13	13
Fourth CDB/IDB and Civil Society Organisational Dialogue	Feb-07	41	41
Conference on Development Banking in the Caribbean	Feb-07	92	92
Support for the Presentation of a Training Course on Improving Small and Medium Sized Enterprise Financing in the Caribbean	May-07	69	69
Participation of BMCs in the Development of a Caribbean Agricultural Monitoring and Evaluation Information System - IICA	May-07	50	50
Support for the Transformation Process - LIAT (1974) Limited	Jul-07	500	500
Evaluation of Greenhouse Technology in Crop Production	Jul-07	50	50
Literacy and Numeracy in the Caribbean	Oct-07	16	16
Operationalisation of the CARICOM Development Fund	Oct-07	44	44
Workshop Entitled " II Sub-Regional Workshop in the Caribbean"	Oct-07	20	20
Consultancy for Promoting the Use of Sovereign Ratings	Oct-07	149	149
Feasibility Study and Detailed Designs for River Valley Water Supply Systems	Oct-07	149	149

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved from SDF (U)</b>	<b>Total CDB Financing</b>
Development of Distance Learning Course in Tourism	Oct-07	100	100
Caribbean Microfinance Capacity Building Programme CARIB-CAP	Dec-07	276	276
IDB/CDB Housing Conference 2007	Dec-07	20	20
Standing Committee of Caribbean Statisticians	Dec-07	22	22
CTCS Projects	Dec-07	155	155
The Re-Introduction of Project Management Training for the BMCs	Mar-08	909	909
Presentation of a Training Course on SME Cluster and Network Dev.	Mar-08	49	49
Operationalisation of the CARICOM Development Fund	May-08	85	85
Operationalisation of Regional Development Agency	May-08	64	64
Management Training Workshop for Microfinance Institutions	May-08	31	31
Workshop on Enhancing Safety and Soundness in the Cooperative Sector	Jul-08	50	50
Seventh Microfinance Roundtable - Sponsorship	Jul-08	32	32
Attendance at the Youth Business Forum in Halifax on May 2008	Jul-08	12	12
Additional Grant to the Caribbean Regional Technical Assistance Centre	Oct-08	600	600
Harmonisation and Articulation of Associate Degree Programmes to be offered by Regional, National/Community Colleges - Association of Caribbean Tertiary Institutions	Oct-08	250	250
Regional Information and Communications Technology Workshop	Oct-08	90	90
Training Programme For Development Finance Institutions	Oct-08	129	129
Increasing Income Generation - Iwokrama International Centre for Rain Forest Conservation and Development	Dec-08	150	150
CARICOM-Canada Private Sector Forum - Sponsorship	Dec-08	21	21
Donor Coordination in the Caribbean A Regional Development Perspective	Dec-08	45	45
Caribbean Road Maintenance Workshop	Dec-08	123	123
International Congress on Overcoming Challenges to Sustainable Agriculture in the Tropics	Dec-08	50	50
CTCS Network	Dec-08	320	320
Reorganisation of National Youth Councils and the Caribbean Federation of Youths	Dec-08	144	144
<b>SUB-TOTAL GRANTS</b>		<b>32,723</b>	<b>33,278</b>
<b>CAPACITY ENHANCEMENT - LOANS AND GRANTS</b>		<b>109,147</b>	<b>188,256</b>
<b>VULNERABILITY</b>			
<b>LOANS:</b>			
<b>Barbados</b>			
Natural Disaster Management - Immediate Response Loan To finance cleaning of debris, shoring-up of damaged structures, and construction of near-shore protective structures (Worthing Beach).	Dec-06	500	500
<b>British Virgin Islands</b>			
Student Loans 6th Loan To provide funding to the Scholarship Fund Board for on-lending to eligible persons for vocational, technical and professional education.	Oct-07	300	5,000

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
<b>Belize</b>			
NDM Immediate Response, Tropical Storm Arthur To finance the clearing and cleaning of affected areas and the emergency restoration of essential services.	Oct-08	500	500
<b>Dominica</b>			
NDM, Immediate Response Consultancy Services - Hurricane Omar To finance the clearing and cleaning of affected areas and the emergency restoration of essential services.	Dec-08	500	500
<b>Grenada</b>			
Natural Disaster Management, Immediate Response Loan To finance the clearing and cleaning of affected areas and the emergency restoration of essential services.	Oct-05	500	675
Hurricane Reconstruction Support Loan To assist the government in meeting its financial obligations, in order to sustain an economic recovery programme - 2 <sup>nd</sup> loan	Dec-05	5,413	5,413
Disaster Mitigation and Restoration - Rockfall and Landslip To reduce the risk associated with rockfall and landslip events, and the restoration of damaged roads.	Dec-05	2,500	5,200
Disaster Mitigation and Restoration - Rockfall and Landslip (Add Loan) To finance cost overruns and additional works to the Dec 2005 project	May-08	3,700	3,700
<b>Guyana</b>			
NDM Immediate Response, Severe Floods To finance the clearing and cleaning of affected areas and the emergency restoration of essential services.	Mar-05	500	500
Enhancement of Technical & Vocational Education and Training To construct two Technical Institutes, provide equipment, learning materials, teacher training as well as the establishment of an institutional framework for the further development of TVET in Guyana.	Oct-08	7,500	7,500
<b>Jamaica</b>			
Natural Disaster Management, Hurricane Dean Rehab. Works To construct sea defences, repair main roads including rehabilitation of pavement, drainage works and river training.	Dec-07	12,500	20,500
Natural Disaster Management, Immediate Response - Dean To remedy breaches in the sea defence at critical sections along the Norman Manley Highway.	Mar-08	500	500
Community Investment Project To invest in social and economic infrastructure and social services in poor rural communities throughout Jamaica.	Oct-08	12,085	12,085

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
Natural Disaster Management, Immediate Response - Gustav To clear and clean debris in the affected areas, and to restore essential services in the aftermath of Tropical Storm Gustav.	Oct-08	500	500
<b>St. Lucia</b>			
Basic Education Enhancement Project To rehabilitate and upgrade eight primary and secondary schools.	Dec-08	12,000	12,000
<b>St. Vincent and the Grenadines</b>			
Student Loan Scheme - 7 <sup>th</sup> Loan To provide NCB with resources to continue providing loans to students under the CDB's Student Loan Scheme.	Oct-08	2,000	10,000
<b>Turks and Caicos Islands</b>			
Special Mortgage Facility (Fifth Consolidated Line of Credit) To provide mortgage loans to individuals whose annual income is less than \$18,000.	May-06	2,000	2,000
Student Loan Scheme (Fifth Consolidated Line of Credit) To assist students who are unable to provide the required collateral to pursue courses of study at the TCICC.	May-06	500	1,500
Natural Disaster Management, Immediate Response Loan To clear and clean debris in the affected areas, and to restore essential services following Hurricane Ike and Hanna.	Oct-08	500	500
<b>TOTAL LOANS</b>		<b>64,498</b>	<b>89,073</b>
<b>GRANTS:</b>			
<b>Antigua and Barbuda</b>			
Preparation of Second Basic Education Project	Dec-08	400	400
<b>Barbados</b>			
Natural Disaster Management - Immediate Response	Dec-06	20	20
<b>Belize</b>			
Natural Disaster Management - Emergency Relief	Dec-07	100	100
Basic Needs Trust Fund - 6 <sup>th</sup> Programme	Jul-08	3,005	3,005
NDM Emergency Relief - Tropical Storm Arthur	Oct-08	20	20
<b>Dominica</b>			
Natural Disaster Management - Emergency Relief	Dec-07	100	100
Basic Needs Trust Fund - 6 <sup>th</sup> Programme	Jul-08	2,283	2,283
NDM, Immediate Response Consultancy Services- Hurricane Omar	Dec-08	20	20

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved from SDF (U)</b>	<b>Total CDB Financing</b>
<b>Grenada</b>			
Consultancy Services NDM - Hurricane Emily	Oct-05	20	20
Basic Needs Trust Fund - 6 <sup>th</sup> Programme	Jul-08	1,770	1,770
<b>Guyana</b>			
Natural Disaster Emergency Relief - Severe Floods	Mar-05	100	100
Consultancy Services - Severe Floods	Mar-05	20	20
Basic Needs Trust Fund - 6 <sup>th</sup> Programme	Jul-08	6,710	6,710
<b>Haiti</b>			
Emergency Relief: Tropical Storm Fay, Hurricane Gustav Tropical Storm Hanna and Hurricane Ike	Oct-08	400	400
<b>Jamaica</b>			
Natural Hazard Impact Assessment Training Programme	Dec-06	7	7
Natural Disaster Management - Emergency Relief	Dec-07	100	100
Consultancy Services NDM - Hurricane Dean	Mar-08	20	20
Basic Needs Trust Fund - 6 <sup>th</sup> Programme	Jul-08	4,778	4,778
NDM Emergency Relief - Tropical Storm Gustav	Oct-08	20	20
NDM Emergency Relief following Tropical Storm Gustav	Oct-08	100	100
<b>Montserrat</b>			
Basic Needs Trust Fund - 6 <sup>th</sup> Programme	Jul-08	1,086	1,086
<b>St. Kitts and Nevis</b>			
Short-Term Advisor, Transition Management Team - Sugar Industry	Jul-05	70	70
Counselling for Employees of Sugar Manufacturing Corporation	Dec-05	30	30
Basic Needs Trust Fund - 6 <sup>th</sup> Programme	Jul-08	864	864
<b>St. Lucia</b>			
Basic Needs Trust Fund - 6 <sup>th</sup> Programme	Jul-08	2,732	2,732
<b>St. Vincent and the Grenadines</b>			
Basic Needs Trust Fund - 6 <sup>th</sup> Programme	Jul-08	1,780	1,780
<b>Turks and Caicos Islands</b>			
Basic Needs Trust Fund - 6 <sup>th</sup> Programme	Jul-08	317	317
NDM Emergency Relief - Hurricane Ike	Oct-08	20	20
NDM Emergency Relief following Hurricane Ike	Oct-08	100	100
<b>Regional</b>			
Child Focus III: Strengthening Early Childhood Education	Mar-05	150	150
Seventh Biennial Conference of Association of Caribbean Social Work Educators	Oct-05	10	10
Caribbean Community Early Childhood Policy Forum	May-06	14	14
Country Poverty Assessments and Poverty Reduction Strategies	May-06	3,126	3,715

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
Conference on Youth, Crime and Violence: Prevention and intervention in the OECS.	Dec-06	10	10
Caribbean Catastrophic Risk Insurance Facility: Contribution to IDA	May-07	5,000	5,000
Consultancy Services for Natural Disaster Risk Management Assessment	Oct-07	250	250
Development of a Gender Policy	Dec-07	146	146
Capacity Strengthening of Caribbean Community Foundations and Development of a Regional Youth Development Plan	Dec-07	47	47
Strengthening the Disaster Mitigation Efforts of Microfinance Institutions in the Caribbean	Dec-07	250	250
Youth Business Trusts - Strategic Planning Workshop	Dec-07	26	26
Basic Needs Trust Fund - 6 <sup>th</sup> Programme	Jul-08	6,675	6,675
Food Price Shock and the Caribbean: Analysis and Response	Jul-08	40	40
Chronic Disease Prevention Conference	Oct-08	145	145
Global Financial Crisis & the Caribbean, Impact & Response Seminar	Dec-08	50	50
<b>SUB-TOTAL - GRANTS</b>		<b>42,931</b>	<b>43,520</b>
<b>VULNERABILITY - LOANS AND GRANTS</b>		<b>107,429</b>	<b>132,593</b>
<b>GOOD GOVERNANCE</b>			
<b>LOANS:</b>			
<b>Belize</b>			
<b>Policy-based Loan</b>			
To support policy and institutional reforms while helping the government to improve its debt dynamics by using the proceeds of the loan to replace some of its high-cost debt.	Dec-06	10,000	25,000
Modernisation of the Customs and Excise Department To automate customs data systems, procure information technology conduct a post-implementation audit of the new system in 12 months.	May-07	2,516	2,516
<b>St. Kitts and Nevis</b>			
Corporatisation of the Electricity Department - TA To reform the power sector by facilitating the corporatisation of the electricity department and providing scope for liberalisation of the power generating department.	Dec-05	600	600
<b>Policy-based Loan</b>			
To support policy and institutional reforms while helping the government to improve its debt dynamics by using the proceeds of the loan to replace some of its high-cost debt.	Dec-06	8,000	20,000

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
<b>St. Lucia</b>			
<b>Policy-based Loan</b>			
To assist the government to implement policy reforms and institution-building initiatives that will improve its ability to withstand exogenous shocks and to advance its macroeconomic and social development programme.	Jul-08	8,000	30,000
<b>SUB-TOTAL - LOANS</b>		<b>29,116</b>	<b>78,116</b>
<b>GRANTS:</b>			
<b>Antigua and Barbuda</b>			
Undertaking Strategic Business Planning and Organisational Strengthening for Public Utilities Authority	Oct-07	119	119
Institutional Strengthening Programme of the Statistics Division	Dec-07	263	263
Design of a Policy-Based Loan	Oct-08	71	71
<b>Belize</b>			
Institutional Framework for Conducting Macro-Economic Management	Oct-07	101	101
Modernisation and Revision of Financial Regulations	Oct-07	101	101
<b>Dominica</b>			
Local Govt Reform, National Policy on Local Government	Dec-05	148	148
Institutional Strengthening of the Ministry of Finance, Industry and Planning	Oct-07	14	49
<b>Grenada</b>			
Institutional Strengthening of Ministry of Communications	Mar-08	466	466
<b>Haiti</b>			
Country Strategy Paper, CDB's Operations in Haiti	Jul-08	86	86
Administrative Fund, CDB's Operations in Haiti	Dec-05	4,000	4,000
<b>Jamaica</b>			
Development Planning Framework	May-06	506	606
Institutional Strengthening of National Environmental Planning Agency	Jul-06	60	60
<b>St. Lucia</b>			
Design of a Policy-Based Loan	May-08	65	65
<b>St. Kitts and Nevis</b>			
Corporatisation of the Electricity Department	Dec-05	60	60
<b>Regional</b>			
Preparation of a Strategy and Plan for CDB's Operations in Haiti	Jul-05	30	30
Strategic Planning Workshop for the National Development Foundations in the Eastern Caribbean	Oct-05	13	13

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
Evaluation of the Technical Assistance Programmes of CDB	Oct-05	191	191
Creating a Sustainable Framework for Monitoring the Achievement of the Millennium Development Goals in the Caribbean	Dec-05	60	60
Launching of Guidelines for Procurement January 2006	May-06	96	96
Institutional Strengthening, Caribbean Community Climate Change Centre	May-06	35	35
Preparation of Caribbean Building Standards	Oct-06	1,393	1,393
Review of CDB's Unified Special Development Fund - Resource Allocation System	Dec-06	40	40
Update of CDB's Environmental Policy and Review Guidelines.	Dec-06	148	148
Strengthening Capacity in Demographic Analysis in CARICOM	Feb-07	921	921
Caribbean Knowledge and Learning Network Project - Improvement of Student Records Management Systems.	May-07	431	431
Mid-Term review of the Sixth Cycle of the Unified SDF	Jul-07	106	106
Support Presentation of a Workshop for Credit Union Regulators	Dec-07	25	25
Carib Territory Community Capacity Building Project - Institutional Strengthening.	Dec-07	259	259
Carib Territory Community Project - Supervision and Mid-Term Review.	Dec-07	54	54
SDF 4 and V Multi-cycle Evaluation	Dec-07	142	142
Meeting of Statisticians to Review the proposed Indicators for the Measurement of the Caribbean-specific MDGs.	Mar-08	20	20
Advisory Services to Support the Negotiations for the Replenishment of SDF (U) Seventh Cycle.	Mar-08	148	148
Improving Environmental Governance	Mar-08	86	86
Pension Reform in Eastern Caribbean Currency Union	Mar-08	82	20
Core Business Process Review and Transformation	May-08	149	149
Consultancy for Promoting the Use of Sovereign Ratings for DO & AN	May-08	65	65
Establishment of a Trust Fund - Caribbean Community Climate Change Centre (CCCCC)	May-08	42	42
Establishment of an Information Clearing House for CCCCC	Jul-08	476	476
Managing for Development Results in OECS Countries	Jul-08	250	500
Strategy for Supporting Regional Cooperation and Integration	Jul-08	41	41
Meeting of the Standing Committee of Caribbean Statisticians and the Regional Census Coordinating Committee	Jul-08	22	22
Update of CDB's NDM Strategy and Operational Guidelines	Oct-08	118	118
First Negotiation Meeting for the Replenishment of SDFU 7 <sup>th</sup> Cycle	Oct-08	130	130
Performance and Results Analysis of the SDF	Dec-08	30	30
<b>SUB-TOTAL - GRANTS</b>		<b>11,663</b>	<b>11,986</b>
<b>GOOD GOVERNANCE - LOANS AND GRANTS</b>		<b>40,779</b>	<b>90,102</b>
<b>GRAND TOTAL</b>		<b>257,355</b>	<b>410,951</b>

**SDF PORTFOLIO ANALYSIS**

The performance and quality of the SDF portfolio is measured by a *PPI*, using a composite score derived from the application of 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***

In 2007 the performance of 66 projects with a SDF financing component, or 84% of projects under implementation, were evaluated. The comparative number was 78 for 2006. As shown in the box below, the performance of the projects in 2007 was generally consistent with the performance of the previous year. 62 of the 66 projects (94%) were rated as highly satisfactory or satisfactory, compared with 74 out of 78 (95%) in 2006. The status of the three projects (2 in the financial sector and 1 in the social and personal services sector) rated marginally unsatisfactory in 2006 remained unchanged. The portfolio was given an overall PPI of 6.1 compared the rating at the end of 2006 of 6.2.

**SDF PORTFOLIO – PROJECT PERFORMANCE RATING**  
**Years ending December 31, 2006 and 2007**

<b>Composite Score</b>	<b>2007</b>			<b>2006</b>		
	<b>No. of Projects</b>	<b>% of Portfolio by No. of Projects</b>	<b>% of Portfolio by Value of Projects</b>	<b>No. of Projects</b>	<b>% of Portfolio by No. of Projects</b>	<b>% of Portfolio by Value of Projects (Revised)</b>
8.0–10.0	1	1.5	2.5	1	1.3	2.4
6.0–7.9	39	59.1	64.7	48	61.5	63.0
4.0–5.9	23	34.9	30.4	26	33.3	32.3
2.0–3.9	3	4.5	2.4	3	3.8	2.3
0.0–1.9	0	0.0	0.0	0	0.0	0.0
<b>Totals</b>	<b>66</b>	<b>100</b>	<b>100</b>	<b>78</b>	<b>100</b>	<b>100</b>

***Country Portfolio Performance***

There were some changes in the country portfolio rating for 2007 (see box overleaf), compared with 2006. A total of six countries were rated highly satisfactory and six were satisfactory in 2007, compared with 10 and 3 in 2006. Similar to 2006, there were no countries with performance scores of marginally unsatisfactory or unsatisfactory in 2007. Belize improved to highly satisfactory from satisfactory in 2006 while Dominica, St. Kitts & Nevis and St. Lucia fell from highly satisfactory in 2006 to satisfactory in 2007 due to implementation delays and cost overruns in some case.

**SDF PORTFOLIO – COUNTRY PERFORMANCE RATING**

**Year ending December 31, 2006 and 2007**

<b>Composite Score</b>	<b>2007</b>	<b>2006</b>
8.0 –10.0	None	None
6.0 –7.9	Anguilla, Belize, Grenada, Guyana, Jamaica, St. Vincent and the Grenadines	Anguilla, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Turks and Caicos
4.0 –5.9	Antigua and Barbuda, British Virgin Islands, Dominica, St. Kitts and Nevis, St. Lucia, Turks and Caicos	Antigua and Barbuda, Belize, British Virgin Islands
2.0 –3.9	None	None
0.0 –1.9	None	None

***Sector Portfolio Performance***

The distribution of average composite performance scores by sector are shown in the box below. In 2007, the financial, multi-sector and social and personal services sectors accounted for approximately 71% of the portfolio compared with 78% in 2006. All sectors maintained their performance ratings of satisfactory or highly satisfactory with the exception of the social and personal services sector which reflected a decline from highly satisfactory to satisfactory. The performance score for the financing sector recorded a marginal improvement while those for power, energy and water and multi-sector recorded marginal declines.

**SDF PORTFOLIO – AVERAGE PERFORMANCE SCORES BY SECTOR**

**Years ending December 31, 2006 and 2007**

<b>Sector</b>	<b>2007</b>		<b>2006</b>	
	<b>No. of Projects</b>	<b>PPI</b>	<b>No. of Projects</b>	<b>PPI (Revised)</b>
Agriculture	6	6.3	7	6.3
Financing	17	6.0	18	5.9
Multi-sector and Other	17	6.0	23	6.1
Power, Energy and Water	4	5.8	4	5.9
Social and Personal Services	13	5.9	20	6.2
Tourism	1	5.6	1	5.6
Transport and Communications	8	6.8	5	6.8
<b>Total No. of Projects</b>	<b>66</b>		<b>78</b>	
<b>Overall Average</b>		<b>6.1</b>		<b>6.2</b>

***Projects at Risk***

PPES includes criteria relating to scoring 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, such as implementation delays, low levels of disbursements or where the full benefit of the project would be impaired due to external factors. As at the end of 2007, nine projects were classified as “at risk” (about

11.4% of the SDF capital portfolio under implementation) compared with three projects (1.2% of the portfolio) at the end of 2006.

**SDF 6 ACTION PLAN**  
**SDF 6 ACTION PLAN: IMPLEMENTATION STATUS AS OF DECEMBER 2008**

Milestone	Original Target Date	Status as of December 31, 2008
<b>COUNTRY AND REGIONAL LEVEL</b>		
<i>Objective: To support targeted capacity building at Country and Regional Level</i>		
1. Support for development of Caribbean-specific Millennium Development Goal (MDG) targets and indicators.	2004-2005	<ul style="list-style-type: none"> <li>• Development of Caribbean-specific MDG targets and indicators was completed in 2005 on CDB's initiative and with the United Nations Development Programme support. CMDGs were endorsed by the Council on Human and Social Development (COHSOD) on behalf of the Caribbean Community (CARICOM) in November 2008.</li> <li>• Development of country-specific targets and indicators is a follow-on task for individual BMCs – with CDB's assistance when necessary.</li> </ul>
2. Capacity-building in BMCs for measuring, monitoring and assessing progress towards MDG targets.	2005-2008	<ul style="list-style-type: none"> <li>• CDB has undertaken support for statistical capacity-building to measure and monitor progress towards the MDGs, particularly for Organisation of Eastern Caribbean States (OECS) countries. Such assistance has so far been provided to the OECS.</li> <li>• Two annual 6-week courses of the CDB sponsored 3-year programme in Demographic Analysis and the introductory course on "Principles of Demography" were held. Fifty-five persons from 16 BMCs have been trained.</li> </ul>
3. Strengthening results-based poverty reduction programming by:  (a) updating of CPAs for all BMCs; and  (b) developing of National Poverty Reduction Strategies (NPRSs), according to timetable.	2005-2008	<ul style="list-style-type: none"> <li>• Completion of CPA updates remains a key priority. Progress has been made on updating CPAs but the current programme to complete ten CPAs by the end of 2008 has experienced some implementation delays. CPAs have been completed for St. Lucia, Antigua and Barbuda. CPAs for Cayman Islands and St. Kitts/Nevis are nearing completion while those for Anguilla, Dominica, Grenada and Montserrat are in progress. The CPAs for Barbados, Belize, British Virgin Islands and Turks and Caicos Islands are scheduled for 2009.</li> <li>• NPRSs are scheduled to be prepared with CDB's support in six of the countries that have completed CPAs. Work has commenced to support the preparation of NPRSs in two BMCs - Antigua and Barbuda and St. Lucia.</li> </ul>
4. Launch of restructured and strengthened project formulation and project management training for CDB's BMCs.	mid-2005	<ul style="list-style-type: none"> <li>• Two full years of the project cycle and management training have been completed. This included 4 core courses and 12 specialised courses. To date, 110 persons have attended the core courses and 260 persons have attended the specialised courses, for a total of 1,188 person-weeks. Participants came from 15 countries. The number of persons trained and person-weeks completed is above the levels estimated at appraisal.</li> <li>• Courses in project cycle and risk management, to be delivered in French, are also being provided for Haiti. Eight officials participated in trainer of trainers programme at Queens University and courses in Haiti are due to commence in 2009.</li> </ul>
5. Identification through CSPs of capacity building requirements to strengthen the CARICOM Single	2005-2008	<ul style="list-style-type: none"> <li>• Preparation of CSPs has continued, with efforts to strengthen results orientation and deepen coverage. This has not yet adequately covered capacity development needs, and the overall</li> </ul>

Milestone	Original Target Date	Status as of December 31, 2008
Market and Economy (CSME) implementation, economic management, policy development on Regional Public Goods (RPGs), and public sector reform.		<p>target for completed CSPs is behind schedule.</p> <ul style="list-style-type: none"> <li>• CSPs have been completed/ updated for Belize, St. Kitts and Nevis and St. Lucia, St Vincent and the Grenadines and Jamaica. Those for Antigua and Barbuda, Barbados, Dominica, Grenada, Haiti and Turks and Caicos Islands are currently in progress.</li> </ul>
6. Identification of carefully selected priority programme for supporting regional and sub-regional integration.	2005	<ul style="list-style-type: none"> <li>• CDB has taken the lead on issues of institutional structure in support of CSME such as work on the design of a Regional Development Fund and a regional development agency, and for the air transport sector as a key element of regional integration and a major RPG. The latter has included support for a more viable and sustainable regional air transport carrier and a planned study on the policy environment for air transportation.</li> <li>• A paper on CDB's strategy for supporting regional cooperation and integration was considered during the SDF 7 Negotiations. See also Milestone 19.</li> </ul>
<b>INSTITUTIONAL AND CORPORATE LEVEL</b>		
<i>Objective: To implement targeted SDF 6 operational strategy and strengthen results-orientation of CDB programmes and management</i>		
7. Implementation of strengthened country strategy process according to timetable, including development of increased results-orientation.	2005-2006	See status report under Milestone 5.
8. (a) Completion of CDB Strategic Plan 2005-2009; and  (b) further development of Results-Based Management (RBM) in CDB's operations.	2005 2006-08	<ul style="list-style-type: none"> <li>• Strategic Plan for 2005-2009 incorporating improvements in RBM is being implemented.</li> <li>• Development of the next Strategic Plan is also underway, two strategy planning workshops for staff were held and a paper entitled "<i>New Strategic Plan: Approaches and Issues</i>" was presented to BOD and BOG in May 2008 to solicit the views of Governors on the development of the new strategic plan.</li> </ul>
9. Operationalisation of CDB's Poverty Reduction Strategy (PRS).	2005	<ul style="list-style-type: none"> <li>• Toolkits for operationalisation of CDB's PRS were completed in 2005 and are in use by Operations staff. Progress has been made on mainstreaming and use of the "poverty prism" for all CDB operations. Lessons learned from BNTF have helped in operationalising PRS more generally. Further training is envisaged for new staff and to provide an opportunity for the exchange of lessons learned.</li> <li>• A progress report on the implementation of the Bank's Poverty Reduction Strategy was prepared for the SDF 7 Negotiations which demonstrated that the PRS is now an integral part of the Bank's activities.</li> </ul>
10. Operationalisation of CDB's Governance Strategy.	2005	<ul style="list-style-type: none"> <li>• Toolkits for operationalisation of the strategy were completed in 2005 and training workshops were held successfully. A Technical Officer on governance is now being recruited and will provide a focal point on governance within the Project Services Division.</li> </ul>

Milestone	Original Target Date	Status as of December 31, 2008
		<ul style="list-style-type: none"> <li>TA support for good governance has continued, e.g. in targeted capacity-building in support of PBL programmes in St. Kitts-Nevis, Belize and St. Lucia.</li> </ul>
11. Programme development and delivery capacity for Haiti.	2005	<ul style="list-style-type: none"> <li>A senior staff committee headed by the President has been established to monitor and provide focus for operations in Haiti.</li> <li>A familiarisation programme for staff on Haiti's economy and society and French language training for staff involved in the Haiti programming effort were undertaken.</li> </ul>
12. Agreement with Haiti on an initial operational programme.	2005	<ul style="list-style-type: none"> <li>Strategy for CDB's operations in Haiti was developed jointly with the Government and presented to the Board in October 2007.</li> <li>\$25.1 mn of the \$27 mn allocated for Haiti has been committed. CDB has collaborated with both the World Bank (WB) and the Inter-American Development Bank (IDB) in support of the education sector. A training needs assessment for the public service has been completed and a TA has been approved by the Board of Directors. The CSP for Haiti is in progress.</li> <li>A revised operational strategy for the Bank's operations in Haiti for the period 2009-2012 was presented to the SDF 7 Negotiations and \$46 mn was been set aside for the Haiti programme.</li> </ul>
13. Programme development and delivery capacity for Suriname.	2006	<ul style="list-style-type: none"> <li>CDB stands ready to establish such capacity when Suriname indicates it is ready to move forward on CDB's membership.</li> </ul>
14. Agreement with Suriname on an initial operational programme.	2006	<ul style="list-style-type: none"> <li>CDB has indicated its intention to work with Suriname in developing an initial operational programme as soon as implementation steps for membership are commenced.</li> </ul>
15. Review of environmental policy and strategy.	2005-2006	<ul style="list-style-type: none"> <li>An evaluation of the application of CDB's environmental guidelines was completed in 2006 and CDB's Environmental and Social Review Procedures (ESRP) was approved by the BOD in May 2008. The ESRP reflects international best practice approaches and will place greater emphasis on the cross-cutting priorities of DRM and climate change adaptation.</li> <li>The paper '<i>Environmental sustainability and the climate change agenda</i>' which was presented to the BOD and SDF Contributors in July 2008 outlines the Bank's plans to support this thematic area during SDF 7.</li> </ul>
16. Strengthening of environmental programming and integration of natural hazard risk reduction into project design.	2005-2008	<ul style="list-style-type: none"> <li>This important area of programming has been strengthened with additional staff and will be strengthened further with the environmental policy revision. Natural hazard concerns have been integrated into CDB's new ESRP, approved in May 2008.</li> <li>CDB has continued with its support of the work programme of the Caribbean Disaster Emergency Response Agency (CDERA).</li> <li>It has also supported the Caribbean Climate Change Centre in Belize, of which CDB is currently a member of the BOD through TA grants to create the legal and administrative framework for a trust fund and to establish an information clearing house.</li> </ul>

Milestone	Original Target Date	Status as of December 31, 2008
		<ul style="list-style-type: none"> <li>CDB is also collaborating with IDB under that institution's Sustainable Energy and Climate Change Initiative (SECCI) and its Caribbean Renewable Energy, Energy Efficiency and Bio-energy Action Programme (CREBAP).</li> </ul>
17. Integration of disaster mitigation function into CDB's permanent establishment.	2006	<ul style="list-style-type: none"> <li>This has been done, and a specialist in natural hazard risk reduction was engaged as of November 2007.</li> </ul>
18. Comprehensive gender assessment for ten BMCs and integration of gender into CDB social and operational guidelines.	2007	<ul style="list-style-type: none"> <li>Recruitment of an Operations Officer for gender has not yet been effected. The target of assessments for ten countries was therefore not achieved.</li> <li>A Gender Equality Policy and Operational Strategy for the Bank was considered during the SDF Negotiations.</li> </ul>
19. Establishment of an operational policy and programme planning capability for regional programming and RPGs.	2005	<ul style="list-style-type: none"> <li>CDB has continued to support important regional initiatives (see Milestone 6) but staffing constraints have delayed establishment of the planned operational capability.</li> <li>Regional cooperation and integration was proposed as a major theme for SDF 7 and a strategy for supporting for regional Cooperation and integration was considered by Contributors.</li> <li>a paper entitled "Regional Public Goods: Theory and Application to Regional Development Banks" was presented at a session of the President's Discussion Series by a CDB/UWI intern.</li> </ul>
20. Proposal on Policy-based lending products.	Oct. 2005	<ul style="list-style-type: none"> <li>A policy on Policy-Based Lending was approved in December 2005.</li> <li>Policy-Based Loans (PBLs) have since been provided to St. Kitts-Nevis, Belize St Lucia and Jamaica. A policy-based guarantee was also provided to St. Kitts and Nevis which facilitated a successful capital market placement. These have provided a focus for targeted "good governance" capacity-building to address challenges in meeting policy-based lending conditions.</li> <li>PBL's are currently under consideration for Antigua and Barbuda, St. Vincent and the Grenadines and Grenada.</li> </ul>
21. Strengthened operational policy capability for poverty reduction, governance, environmental and natural hazard protection.	2005-2007	<ul style="list-style-type: none"> <li>Capacity has been strengthened in environmental and natural hazard protection and recruitment is underway on governance. External support is being sought for strengthened policy capabilities in respect of poverty reduction.</li> </ul>
22. Review of lending policies and project modalities.	2007	<ul style="list-style-type: none"> <li>A general review of lending policies has been replaced for 2008, by a review of sectoral policy frameworks. This is intended to adjust and update all sector policies.</li> </ul>
23. Mid-term Evaluation of BNTF 5 and preparation of BNTF 6.	2007	<ul style="list-style-type: none"> <li>The BNTF 5 Mid-Term Evaluation is completed. Findings and lessons learned was an important input into the design of BNTF 6</li> <li>The BNTF 6 programme was approved by the BOD in July 2008.</li> </ul>
24. Monitoring and evaluation. Key milestones: (a) evaluation of Environmental Impact	2005	<ul style="list-style-type: none"> <li>Evaluation of environmental review guidelines completed in 2006. CDB has since revised its</li> </ul>

Milestone	Original Target Date	Status as of December 31, 2008
<p>Assessment (EIA) requirements and procedures;</p> <p>(b) evaluation of TA programme;</p> <p>(c) extension of a Project Performance Evaluation System to BNTF and selected TAs; and</p> <p>(d) integration of MDGs and Caribbean-specific targets as a framework for monitoring and assessment of SDF 6.</p>	<p>2006</p> <p>2005</p> <p>2005-2006</p>	<p>review guidelines in a new Environmental and Social Review Procedures approved in May 2008.</p> <ul style="list-style-type: none"> <li>• The evaluation of the Bank's TA programme was completed and reviewed by Contributors at the December 2008 Preparatory Meeting.</li> <li>• Work has commenced in the development of new procedures to be applied to BNTF sub-projects and TA projects.</li> <li>• Work underway. The MDGs and the Caribbean-specific targets and indicators have been used in the development of CPAs and these will form part of the monitoring framework applied to SDF.</li> </ul>
<p>25. Undertaking of an assessment of progress at mid-term, for submission to an SDF 6 mid-term review.</p>	<p>2007</p>	<ul style="list-style-type: none"> <li>• Undertaken in 2007. Draft and Final Reports reviewed by SDF Contributors in October and December 2007, respectively. CDB response to recommendations submitted to Contributors.</li> </ul>
<b>PARTNERSHIPS AND HARMONISATION</b>		
<i>Objective: To strengthen CDB's participation and, as appropriate, leadership in partnerships, harmonisation and alignment</i>		
<p>26. Development with other donors of joint approaches to social protection in CDB's BMCs.</p>	<p>2006</p>	<ul style="list-style-type: none"> <li>• CDB, with the Department for International Development (DFID) and European Commission (EC) funding, sponsored a study in 2004 to examine social protection in several BMCs. This was followed by a conference to develop a regional approach, and a meeting in 2005 of CDB, DFID, EC, UNDP and WB agreed on the importance of harmonising donor-funded initiatives. WB and DFID have prepared social protection strategy papers.</li> <li>• CDB's policy paper on social protection is under preparation and has been circulated internally for comment.</li> </ul>
<p>27. Implementation of cooperative approaches to CPA updates and NPRS development.</p>	<p>2005-2008</p>	<ul style="list-style-type: none"> <li>• CPA updates continue to be undertaken with joint donor support, involvement of an inter-agency committee, and collaboration facilitated by a Poverty and Social Sector Development Donors Group as a model of collaboration. A similar approach is envisaged on NPRSs. CDB will, however, require additional funding for further work on CPAs and NPRSs.</li> </ul>
<p>28. Further development of joint approaches to disaster mitigation and disaster risk management.</p>	<p>2005-2008</p>	<ul style="list-style-type: none"> <li>• The Caribbean Catastrophic Risk Insurance Facility has been supported jointly by several donors, with the International Development Association as Trustee. CDB approved a \$5 mn grant contribution in May 2007 and is now represented on CCRIF's BOD.</li> </ul>
<p>29. Development of joint approaches to support for economic adjustment under CSME and Doha Round.</p>	<p>2006</p>	<ul style="list-style-type: none"> <li>• As noted under Milestone 6, CDB has taken the lead on the design of a Regional Development Fund and a regional development agency to support economic adjustment. A request from Prime Minister Bruce Golding of Jamaica as Chairman of a Prime Ministerial</li> </ul>

Milestone	Original Target Date	Status as of December 31, 2008
		Sub-Committee of CARICOM for CDB to explore mechanisms to support adjustment and implementation under the recently concluded (December 2007) Economic Partnership Agreement with the European Union through support for improving international competitiveness of Caribbean firms is under consideration.
30. Development of joint approaches to MfDR in selected BMCs.	2006	<ul style="list-style-type: none"> <li>• CDB and IDB jointly sponsored the Programme to Implement the External Pillar of the Medium-Term Action Plan for Development Effectiveness (PRODEV) Caribbean regional workshop on Development Effectiveness and MfDR for BMC Ministries of Finance and Economic Planning in July 2007. CDB and IDB have also agreed under the PRODEV initiative to jointly provide assistance through CDB to OECS countries for diagnostic studies, plans of action and training.</li> </ul>
31. First major meetings of Caribbean Forum for Development as successor to previous consultative group for aid coordination (CGCED) to be held under CDB coordination and management.	2005	<ul style="list-style-type: none"> <li>• Meetings of the Caribbean Forum were held as scheduled. A consultant is currently undertaking an assignment to review donor coordination in the region and recommend alternative approaches to policy and aid and donor coordination,</li> <li>• A matrix of the programme of the development agencies operating in the Region was considered by Contributors during the SDF 7 Negotiations.</li> </ul>
32. Progress on harmonisation and alignment agenda, e.g., in environmental protection or other RPGs, Multilateral Development Bank (MDB) procurement policies, and country harmonisation pilot projects.	2005-2008	<ul style="list-style-type: none"> <li>• A Common Framework for Environmental Assessment was developed by the Multilateral Financial Institutions Working Group on the Environment and has been approved by the Development Assistance Committee of the OECD. CDB's new Environmental and Social Review Procedures are aligned with this harmonised framework.</li> <li>• CDB has been an active participant in the MDB Heads of Procurement group and is using the harmonised procurement guidelines. CDB hosted meetings of the MDB Technical Working Group in January 2008 and March 2009. CDB's versions of the harmonised bidding and prequalification documents have been prepared and released for use.</li> </ul>
33. Paris Declaration Indicators modified and adopted.	2006	<ul style="list-style-type: none"> <li>• Further work is underway and will be reported on to Contributors during the mid-term review of SDF 7.</li> </ul>

## **APPENDIX VII**

### **SDF FINANCIAL STATEMENTS**

- VII-1: Summary Balance Sheets as at December 31, 2006–2008
- VII-2: Summary Income Statements for the years ending December 31, 2006–2008
- VII-3: Summary of Notes, Encashments and Drawdowns, 2008
- VII-4: Projected Balance Sheets as at December 31, 2009–2011
- VII-5: Projected Income Statements for the years ending December 31, 2009–2011
- VII-6: Projected Cash Flow Statements as at December 31, 2009–2011

**APPENDIX VII-1**

**SUMMARY BALANCE SHEETS,**  
**AS AT DECEMBER 31, 2006–2008**  
(\$ mn)

<b>Item</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Assets:</b>			
Cash and Investments	114.8	173.1	248.9
Contributions in Arrears	0.5	10.4	5.6
Non-neg. Demand Instruments	129.2	94.7	54.5
Loans Outstanding (Net)	363.3	375.8	380.6
Other Receivables	0.2	0.5	1.0
<b>Total Assets</b>	<b>608.0</b>	<b>654.5</b>	<b>690.6</b>
<b>Liabilities:</b>			
Contributions in Advance	-		
Payables	63.9	60.2	60.0
Contributions	445.2	497.5	531.6
Accumulated Net Income	21.1	28.1	35.5
TA Allocation	77.8	68.7	63.5
<b>Total Liabilities and Funds</b>	<b>608.0</b>	<b>654.5</b>	<b>690.6</b>

**APPENDIX VII-2**

**SUMMARY INCOME STATEMENTS,**  
**FOR THE YEARS ENDING DECEMBER 31, 2006–2008**  
(\$ mn)

<b>Item</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Revenue:</b>			
Investment Income	4.6	8.5	9.4
Loan Income	8.1	8.5	8.7
Exchange	-		
<b>Total Revenue</b>	<b>12.7</b>	<b>17.0</b>	<b>18.1</b>
<b>Expenses:</b>			
Administrative Expenses	9.6	10.0	10.7
<b>Total Expenses</b>	<b>9.6</b>	<b>10.0</b>	<b>10.7</b>
<b>Net Income</b>	<b>3.1</b>	<b>7.0</b>	<b>7.4</b>

**SUMMARY OF NOTES, ENCASHMENTS AND DRAWDOWNS 2008**  
('000)

Country	Notes Receivable 1/1/2008	Notes Issued Loc Cur.	Curr. Loc Cur.	Encashments		Notes Receivable 12/31/08	Cash Received in 2008	Not Yet Made in 2008	Approved But Not Yet Effective	Cumulative Drawdowns	Approved Contribution (Curr Value)
	USD			USD	USD	USD	USD	USD	USD	USD	USD
Trinidad & Tobago	4,875	-	US\$	-	-	4,875				20,325	25,200
Bahamas	7,876	-	( <sup>1</sup> )	787	787	7,089				7,055	14,144
Barbados	2,078	350	( <sup>1</sup> )	338	338	2,090	1,053			12,050	14,140
Jamaica	3,587	3,750	( <sup>1</sup> )	-	-	7,337	1,875			15,683	23,020
Guyana	2,796	-	( <sup>1</sup> )	459	459	2,337			4,215	7,593	14,145
Antigua	32	-	( <sup>1</sup> )	-	-	32				1,620	1,652
Belize	1,269	275	( <sup>1</sup> )	267	267	1,277				2,463	3,740
Dominica	803	600	( <sup>1</sup> )	402	402	1,001	280			2,739	3,740
St. Kitts & Nevis	1,624	-	( <sup>1</sup> )	-	-	1,624				1,856	3,480
St. Lucia	550	550	( <sup>1</sup> )	-	-	1,100				2,640	3,740
St. Vincent & Grenadines	1,643	550	( <sup>1</sup> )	546	546	1,647				2,105	3,752
Grenada	1,167	940	( <sup>1</sup> )	-	-	2,107				633	2,740
Montserrat	112	-	( <sup>1</sup> )	84	84	28				1,412	1,440
British Virgin Islands	298	-	( <sup>1</sup> )	193	193	169	105			1,271	1,440
Turks & Caicos	-	-	( <sup>1</sup> )	-	-	-	210			1,440	1,440
Cayman Islands	442	-	( <sup>1</sup> )	331	331	111	210			1,229	1,340
Anguilla	160	-	( <sup>1</sup> )	-	-	160			740	540	1,440
Haiti	-	-	-	-	-	-				650	650
<b>TOTAL - BMCs</b>	<b>29,312</b>	<b>7,015</b>		<b>3,407</b>	<b>3,407</b>	<b>32,984</b>	<b>3,733</b>	<b>-</b>	<b>4,955</b>	<b>83,304</b>	<b>121,243</b>
Colombia	-	-	( <sup>1</sup> )	-	-	-	900			23,533	23,533
Mexico	-	-	( <sup>1</sup> )	-	-	-	-			14,000	14,000
Venezuela	2,192	-	( <sup>1</sup> )	2,192	2,192	-	3,600			18,382	18,382
<b>TOTAL - Other Regional</b>	<b>2,192</b>	<b>-</b>		<b>2,192</b>	<b>2,192</b>	<b>-</b>	<b>4,500</b>	<b>-</b>	<b>-</b>	<b>55,915</b>	<b>55,915</b>
Canada <sup>1/</sup>	-	13,585	Cdn\$	13,585	13,785	-	-			196,518	196,518
China	-	-	US\$	-	-	-	1,300			33,200	33,200
United Kingdom <sup>2/</sup>	48,718	5,873	Str	21,406	41,086	12,756	-	8,564		132,490	153,810
Germany <sup>3/</sup>	14,496	2,369	EUR	5,905	9,090	8,808	-	-		58,041	66,849
Italy <sup>3/</sup>	-	-	EUR	-	-	-	-	-	4,946	51,444	56,390
France	-	-	FF*	-	-	-	-	-	-	58,254	58,254
Netherlands	-	-	NG	-	-	-	-	-	-	24,902	24,902
<b>TOTAL</b>	<b>63,214</b>	<b>-</b>		<b>63,961</b>	<b>21,564</b>	<b>1,300</b>	<b>8,564</b>	<b>4,946</b>	<b>554,849</b>	<b>589,923</b>	
<b>GRAND TOTAL</b>	<b>94,718</b>	<b>-</b>		<b>69,560</b>	<b>54,548</b>	<b>9,533</b>	<b>8,564</b>	<b>9,901</b>	<b>694,068</b>	<b>767,081</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 VII-4

**PROJECTED BALANCE SHEETS**  
**AS AT DECEMBER 31, 2009-2011**  
(\$ mn)

<b>Item</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Assets:</b>			
Cash	3.7	4.0	4.4
Securities – Prime	268.6	284.5	294.3
Long-term Loans	393.3	413.1	439.3
Other Assets	95.1	129.1	163.1
<b>Total Assets</b>	<b>760.7</b>	<b>830.7</b>	<b>901.1</b>
<b>Liabilities:</b>			
Current Liabilities	62.0	64.0	66.0
Contributions	595.6	659.6	723.6
Accumulated Net Income	103.1	107.1	111.5
<b>Total Liabilities and Capital</b>	<b>760.7</b>	<b>830.7</b>	<b>901.1</b>

APPENDIX VII-5

**PROJECTED INCOME STATEMENTS**  
**FOR THE YEARS ENDING DECEMBER 31, 2009-2011**  
(\$ mn)

<b>Item</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Revenues:</b>			
Investment income	5.2	5.6	5.8
Loan Income	9.7	10.1	10.7
<b>Total Revenues</b>	<b>14.9</b>	<b>15.7</b>	<b>16.5</b>
<b>Expenses:</b>			
Administrative Expenses	11.2	11.7	12.1
<b>Total Expenses</b>	<b>11.2</b>	<b>11.7</b>	<b>12.1</b>
<b>Net Income</b>	<b>3.7</b>	<b>4.0</b>	<b>4.4</b>

**PROJECTED CASH FLOW STATEMENTS**  
**AS AT DECEMBER 31, 2009-2011**  
(\$ mn)

<b>Item</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Cash	-	3.7	4.0
Securities – Prime	248.3	268.6	284.5
<b>Beginning Balance</b>	<b>248.3</b>	<b>272.3</b>	<b>288.5</b>
Cash (Net Operating Income)	3.7	4.0	4.4
New current Liabilities	3.0	2.0	2.0
Long-term Loans (Repayments)	15.3	16.8	16.8
Draws on Subscriptions	30.0	30.0	30.0
<b>Sub-total</b>	<b>52.0</b>	<b>52.8</b>	<b>53.2</b>
Long-term Loan (Disbursements)	28.0	36.6	43.0
<b>Sub-total</b>	<b>28.0</b>	<b>36.6</b>	<b>43.0</b>
<b>Ending Balance</b>	<b>272.3</b>	<b>288.5</b>	<b>298.7</b>
Cash	3.7	4.0	4.4
Securities – Prime	268.6	284.5	294.3