

**CARIBBEAN DEVELOPMENT BANK**



**SPECIAL DEVELOPMENT FUND**

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

**March 2008**

**ABBREVIATIONS**

BMCs	Borrowing Member Countries
BNTF	Basic Needs Trust Fund
CARICOM	Caribbean Community
CCRIF	Caribbean Catastrophic Risk Insurance Facility
CGCED	Caribbean Group for Coordination for Economic Development
CSO	Civil Society Organisation
CIDA	Canadian International Development Agency
CPA	Country Poverty Assessment
CTCS	Caribbean Technological Consulting Services Network
CSME	Caribbean Single Market and Economy
CSPs	Country Strategy Papers
DFID	Department for International Development of the United Kingdom
EC	European Commission
EPA	Economic Partnership Agreement with the European Union
HRD	Human Resource Development
IDB	Inter-American Development Bank
MDB	Multilateral Development Bank
MDGs	Millennium Development Goals
MfDR	Managing for Development Results
MFI	Micro-finance Institutions
NDRM	Natural Disaster Risk Management
NPRS	National Poverty Reduction Strategy
OECS	Organisation of Eastern Caribbean States
PBL	Policy-Based Lending
PPES	Project Performance Evaluation System
PPMS	Project Portfolio Management System
PRODEV	Programme for Development Effectiveness in Managing for Development Results
PRS	Poverty Reduction Strategy
RAS	Resource Allocation Strategy for SDF
RPG	Regional Public Goods
SDF	Special Development Fund (Unified) of the CDB
SDF 5	Special Development Fund (Fifth Cycle)
SDF 6	Special Development Fund (Sixth Cycle)
SDF 7	Special Development Fund (Seventh Cycle)
SMEs	Small and Medium-Size Enterprises
TA	Technical Assistance
WB	World Bank

\$ United States Dollar (unless otherwise specified)

## **STATUS REPORT ON SDF 6**

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## STATUS REPORT ON SDF 6

### 1. INTRODUCTION

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

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

### 2. OVERVIEW OF SDF 6 RESOURCES AND OPERATIONS

#### **SDF 6 Resources and Programme Levels**

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

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

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

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

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

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

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

<sup>1/</sup> Report of Contributors on SDF 6, Section 6, October 2005.

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

	SDF 4 <sup>2/</sup>		SDF 5		SDF 6	
	\$ '000	%	\$ '000	%	\$,000	%
BMCs	19,580	15.7	25,390	27.4	36,149	23.1
Other Regional Members	9,000	7.2	9,600	10.4	10,200	6.5
Non-regional Members	89,780	72.0	57,545	62.2	110,373	70.4
Non-members	6,300	5.1	-	-	-	-
<b>Totals</b>	<b>124,660</b>	<b>100.0</b>	<b>92,535</b>	<b>100.0</b>	<b>156,722</b>	<b>100.0</b>

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

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

(USD '000)

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

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

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

<sup>2/</sup> SDF 4 covered a five-year period, 1996-2000. Other SDF cycles have been for four years.

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discussions. More importantly, measures are being implemented to mitigate and/or resolve these challenges. It is now projected that a total of \$224 mn or 94% of the revised loans and grants programme of \$238.5 mn under SDF 6 will be committed by the end of the cycle in December 2008.

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

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

### Overview of SDF 6 Operations

2.08 An overview of SDF 6 operations to date and as currently projected is shown in Table 4, together with the comparable data for SDF 4 and SDF 5.<sup>3/</sup> Annual average commitments are projected at \$56 mn, as compared to \$32.7 mn during SDF 4 and \$39 mn during SDF 5. The projected increase in 2008 reflects both the initial country commitment of grant funds for BNTF 6 and acceleration in other SDF project commitments.

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

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<sup>3/</sup> Further detail on SDF 6 operations and the programming context was provided in the SDF 6 Mid-Term Review, discussed by Contributors at the Preparatory Meeting on SDF 7 in December, 2007.

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

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

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

<sup>‡</sup> Excludes TA funded from other sources, e.g. other special funds or special fund resources.

<sup>‡</sup> Excludes TA funded from other sources, e.g. OCR, Other Special Funds or Special Fund Resources.

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

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

2.10 Loan and grant approvals are shown separately, as are commitments for BNTF, Haiti, and projected commitments for TA grants and loans (Refer to Table 4 above).

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

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

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

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

<sup>‡</sup> Excludes TA funded from other sources, e.g. other special funds or special fund resources.

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

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

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

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

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

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

3.03 There were 33 planned milestones, each associated with a target date, the responsible organisational unit in the Bank, and the source of financial resources. Implementation of each milestone was to be monitored as an indicator, and progress was to be assessed as part of the Mid-Term Review. The Mid-Term Review did undertake such an assessment,<sup>4/</sup> and this was discussed at the December meeting. As indicated in the Management Response to the Mid-Term Review, further progress has been achieved since the Mid-Term Review work was done in mid-2007, and an updated report was promised for the next meeting of Contributors. This is provided in the matrix below. In most cases, action has been completed or is underway, and further key milestones will be reached during 2008.

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<sup>4/</sup> See Mid-Term Review of SDF 6 (SDF 7/1-PM-2), Table 1, pages 6ff.



**SDF 6 ACTION PLAN: CURRENT STATUS AS OF MARCH 1, 2008**

MILESTONE	Original Target Date	Status as of March 1, 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	Development of Caribbean-specific MDG targets and indicators was completed in 2005 on CDB's initiative and with the United Nations Development Programme support. CDB and collaborating agencies are in the process of obtaining endorsement by the Council on Human and Social Development (COHSOD) on behalf of the Caribbean Community (CARICOM). Development of country-specific targets and indicators is a follow-on task for individual BMCs – with CDB's assistance when necessary.
2. Capacity-building in BMCs for measuring, monitoring and assessing progress towards MDG targets.	2005-2008	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. CDB has also sponsored a three-year programme of six-week courses in Demographic Analysis, following up on an initial course under the Canadian International Development Agency-supported CARICOM Capacity Development Programme.
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	Progress has been made on updating CPAs. The current programme to complete ten CPAs by the end of 2008 is on schedule for the most part but some implementation delays may result in the completion of two CPAs being extended to 2009. Completion of CPA updates remains a key priority, as does providing support for BMCs to follow CPAs with development of a full NPRS. Use of "Poverty Reduction Action Plans" for BNTF was envisaged as an interim step to full NPRSs, which will now receive accelerated attention in cases where CDB can take the lead in providing such support. NPRSs are scheduled to be prepared with CDB's support in six of the countries that have completed CPAs. Arrangements are being made to undertake at least two of

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<b>MILESTONE</b>	<b>Original Target Date</b>	<b>Status as of March 1, 2008</b>
		these in 2008 and TA will be provided to assist.
4. Launch of restructured and strengthened project formulation and project management training for CDB's BMCs.	mid-2005	New project cycle and management training was successfully launched, and one full year has been completed. This included two core courses and five specialised courses. Two cohorts of the second year of the core course in the first module have been completed. To date, 114 persons have attended the core courses and 110 persons have attended the specialised courses, for a total of 624 person-weeks. Participants came from 14 countries. The number of persons trained and person-weeks completed is above the levels estimated at appraisal. Courses in project cycle and risk management, to be delivered in French, are also being provided for Haiti, beginning in early 2008.
5. Identification through CSPs of capacity building requirements to strengthen the CARICOM Single Market and Economy (CSME) implementation, economic management, policy development on Regional Public Goods (RPGs), and public sector reform.	2005-2008	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 target for completed CSPs is behind schedule. This remains a high priority, and a major restructuring of the Economics Department has been designed to focus available resources on priority issues, i.e. CSPs and major thematic issues such as RPGs.
6. Identification of carefully selected priority programme for supporting regional and sub-regional integration.	2005	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. CDB's overall operational approach to support for regional integration will be developed in a paper for submission to SDF Contributors during 2008. See also Milestone 19.
<b>INSTITUTIONAL AND CORPORATE LEVEL</b>		

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MILESTONE	Original Target Date	Status as of March 1, 2008
<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	Strategic Plan completed on schedule, incorporating improvements in RBM. Implementation is underway. Development of a longer-term Strategic Plan is also underway and an outline paper will be submitted to the Board in mid-2008.
9. Operationalisation of CDB's Poverty Reduction Strategy (PRS).	2005	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 as new staff is recruited and to provide an opportunity for the exchange of lessons learned. The Mid-Term Evaluation of BNTF 5, has now been completed, and the design of BNTF 6 are key elements in the targeted poverty reduction element of poverty reduction programming and will help to further strengthen the operationalisation of PRS, as will completion of NPRSs for BMCs.
10. Operationalisation of CDB's Governance Strategy.	2005	Toolkits for operationalisation of the strategy were completed in 2005 and training workshops were held successfully. Replacement of CDB's governance specialist has, however, taken longer than expected and delayed the required follow-up. TA support for good governance has continued, e.g. in targeted capacity-building in support of PBL programmes in St. Kitts-Nevis and Belize. A Technical Officer on governance is now being recruited and will provide a focal point on governance within the Project Services Division. A Progress Report on the governance strategy will be submitted to SDF Contributors in 2008.

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<b>MILESTONE</b>	<b>Original Target Date</b>	<b>Status as of March 1, 2008</b>
11. Programme development and delivery capacity for Haiti.	2005	A senior staff committee headed by the President has been established to monitor and provide focus for operations in Haiti. A familiarisation programme for staff on Haiti's economy and society has been started, as has French language training for staff involved in the Haiti programming effort. The Country Economist for Haiti has been appointed and a Civil Law Legal Counsel will be added to Legal Department's staff. An office base in Haiti for visiting CDB staff has been provided by CARICOM Secretariat.
12. Agreement with Haiti on an initial operational programme.	2005	Strategy for CDB's operations in Haiti was developed jointly with the Government and presented to the Board in October 2007, and provides strategic focus. CDB is collaborating 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. CDB is also undertaking a Business Forum for Haiti in collaboration with CARICOM and the Caribbean Association for Industry and Commerce. Overall, it is expected that all SDF grant resources allocated for Haiti will be fully committed by the end of 2008.
13. Programme development and delivery capacity for Suriname.	2006	CDB stands ready to establish such capacity when Suriname indicates it is ready to move forward on CDB's membership.
14. Agreement with Suriname on an initial operational programme.	2006	CDB has indicated its intention to work with Suriname in developing an initial operational programme as soon as implementation steps for membership are commenced.
15. Review of environmental policy and strategy.	2005-2006	An evaluation of the application of CDB's environmental guidelines was completed in 2006 and a full review and revision of the environmental policy is underway and will be completed by mid-2008. The revised policy will include more explicit consideration of the priorities of climate change and adaptation and of disaster risk management in CDB's operational work programme. A strategy paper on environmental sustainability and the climate change agenda

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<b>MILESTONE</b>	<b>Original Target Date</b>	<b>Status as of March 1, 2008</b>
		will also be submitted to SDF Contributors in 2008.
16. Strengthening of environmental programming and integration of natural hazard risk reduction into project design.	2005-2008	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 Environmental and Social Review Procedures, which is expected to be submitted with the revised environmental policy in mid-2008. CDB has continued with its support of the work programme of the Caribbean Disaster Emergency Response Agency (CDERA), and has started to work more closely with the Caribbean Climate Change Centre in Belize, of which CDB is currently a member of the BOD. 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).
17. Integration of disaster mitigation function into CDB's permanent establishment.	2006	This has been done, and a specialist in natural hazard risk reduction was engaged as of November 2007.

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<b>MILESTONE</b>	<b>Original Target Date</b>	<b>Status as of March 1, 2008</b>
18. Comprehensive gender assessment for ten BMCs and integration of gender into CDB social and operational guidelines.	2007	Recruitment of gender assessment consultants is underway. The target remains - assessments for ten countries, with a minimum of five assessments to be completed in 2008. An overall CDB Gender Strategy is being prepared for submission to SDF Contributors by mid-2008.
19. Establishment of an operational policy and programme planning capability for regional programming and RPGs.	2005	CDB has continued to support important regional initiatives (see Milestone 6), and the planned reorganisation of the Economics Department will strengthen work on RPGs. Regional cooperation and integration has also been proposed as a major theme for SDF 7. Staffing constraints, however, have delayed establishment of the planned operational capability and operationalisation of the overall regional policy paper approved by SDF Contributors. Options are under consideration, and it is planned that, as indicated under Milestone 6, an operational strategy on support for regional integration will be prepared for submission to SDF Contributors later in 2008.
20. Proposal on Policy-based lending products.	Oct. 2005	A policy on Policy-Based Lending was approved in December 2005. Policy-Based Loans (PBLs) have since been provided to St. Kitts-Nevis and Belize. 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. PBLs are currently under consideration for St. Lucia and Antigua and Barbuda.
21. Strengthened operational policy capability for poverty reduction, governance, environmental and natural hazard protection.	2005-2007	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.
22. Review of lending policies and project modalities.	2007	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.
23. Mid-term Evaluation of BNTF 5 and preparation of BNTF 6.	2007	The BNTF 5 Mid-Term Evaluation is completed. Findings

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MILESTONE	Original Target Date	Status as of March 1, 2008
		and lessons learned will be an important input into the design of BNTF 6, which will be launched in 2008.
<p>24. Monitoring and evaluation. Key milestones:</p> <p>(a) evaluation of Environmental Impact Assessment (EIA) requirements and procedures;</p> <p>(b) evaluation of TA programme;</p> <p>(c) extension of 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>2005</p> <p>2006</p> <p>2005</p> <p>2005-2006</p>	<p>An evaluation of Environmental Review Guidelines was completed in 2006. CDB has since revised its guidelines in new Environmental and Social Review Procedures document, now in draft form.</p> <p>Undertaken in 2006/2007.</p> <p>Planned and under consideration.</p> <p>Work underway. Paper to be prepared for SDF Contributors.</p>
<p>25. Undertaking of an assessment of progress at mid-term, for submission to an SDF 6 mid-term review.</p>	<p>2007</p>	<p>Undertaken in 2007. Draft and Final Reports reviewed by SDF Contributors in October and December 2007. CDB response to recommendations submitted to Contributors.</p>
<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>	<p>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. CDB's policy paper on social protection is under preparation and will be completed in 2008.</p>
<p>27. Implementation of cooperative approaches to CPA updates and NPRS development.</p>	<p>2005-2008</p>	<p>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,</p>

**STATUS REPORT ON SDF 6**

<b>MILESTONE</b>	<b>Original Target Date</b>	<b>Status as of March 1, 2008</b>
		however, require additional funding for further work on CPAs and NPRSs.
28. Further development of joint approaches to disaster mitigation and disaster risk management.	2005-2008	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.
29. Development of joint approaches to support for economic adjustment under CSME and Doha Round.	2006	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 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	CDB and IDB jointly sponsored the Programme for Development Effectiveness in Managing for Development Results (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.
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	Meetings of the Caribbean Forum were held as scheduled. More selective approaches to policy and aid and donor coordination, however, may now be more timely, and the role of CDB needs to be considered further.



**STATUS REPORT ON SDF 6**

<b>MILESTONE</b>	<b>Original Target Date</b>	<b>Status as of March 1, 2008</b>
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	<p>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.</p> <p>CDB has been an active participant in the MDB Heads of Procurement group and is using the harmonised procurement guidelines. CDB also hosted a meeting of the MDB Technical Working Group in January 2008. CDB versions of the harmonised bidding and prequalification documents have been prepared and are expected to be released for use by mid-2008.</p>
33. Paris Declaration Indicators modified and adopted.	2006	Further work is underway and will be reported on to Contributors.

#### 4. PLANNED MILESTONES FOR 2008

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

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

**TABLE 6: MILESTONES FOR 2008<sup>5/</sup>**

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

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

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

<sup>5/</sup> Including issues discussed in the SDF 6 Mid-Term Review and at the December 2007 Preparatory Meeting on SDF 7.

<sup>6/</sup> Completed as of February 2008.

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

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

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

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

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

## 6. PROJECT OBJECTIVES AND INTENDED OUTCOMES<sup>7/</sup>

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

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

6.03 All SDF operations are expected to make a contribution to the overall objective of poverty reduction and broad-based socio-economic development, and to contribute to achievement of the MDGs and the Caribbean-specific targets and indicators. Within this, however, there are particular programmes

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<sup>7/</sup> The following section draws on the objectives and expected outcomes and results for individual projects undertaken during SDF 6 to date, as well as related available information.

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and individual interventions that are *directly and primarily targeted to poor communities or less privileged groups*. The best known of these is BNTF, with the approval and implementation of individual sub-projects under BNTF 5 being an important element of SDF operations during the SDF 6 cycle, and with the country commitment of funds for BNTF 6 expected in 2008. BNTF has been commented on in the previous section, and is the subject of a separate agenda item for the April meeting of Contributors.

6.04 There are also other SDF interventions that are primarily targeted at the poor and vulnerable groups. During SDF 6 to date, this has included use of TA funds for the development of a strategy and medium-term action plan for CDB operations in Haiti, which began in 2005, in preparation for Haiti's subsequent accession to membership. This has been followed by the \$10 mn "Education for All" project in 2007, which is intended to provide increased access to primary education for poor children, strengthen public and non-public sector partnership, and enhance school management capabilities to increase access, improve equity and monitor learning outcomes, with the objective of a better educated population with the knowledge and competencies to contribute more effectively to social and economic development in Haiti.

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

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

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

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

6.09 Of very direct importance to the Bank's poverty reduction work, and that of both the BMCs and other donors, is the support for CPAs and PRSS, which as noted above continues to be undertaken as a collaborative partnership, and for which \$3.1 mn was approved in 2006. This work has demonstrated its value in providing information for BMCs to better understand and address poverty and in enhancing the capacity of BMCs to undertake poverty assessments, monitor poverty incidence, and formulate and

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implement national strategies and action plans. It remains a continuing priority for SDF support, although support from other donors also continues to be needed.

6.10 *Capacity enhancement* interventions include a number of human resource development (HRD) and infrastructure projects, as well as the Caribbean Technological Consultancy Services (CTCS) Programme for micro, small and medium enterprises. HRD projects undertaken under SDF 6 include \$2 mn for a Schools Rehabilitation and Reconstruction project in Grenada in 2007 to improve performance of selected schools and increase the number of graduates capable of contributing more significantly to the country's social and economic development, and \$5 mn for the University of Technology Enhancement project in Jamaica.<sup>8/</sup>

6.11 The UTech project is a key element in Jamaica's plans to develop a skilled and professional workforce capable of adapting to the demands of a competitive world economy. In terms of CDB's PRS, the project addresses both capability enhancement by promoting access to affordable tertiary education, and vulnerability reduction as a tool of social equity. UTech's expansion and upgrading promotes affordable and equitable access to post-secondary education and training needed to reduce the knowledge and income gaps between socio-economic groups.

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

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

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

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

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<sup>8/</sup> Here and in other paragraphs the dollar figures quoted refer to the SDF funds utilised. In many instances, these funds are blended with OCR funds so that the project tends to be significantly larger than implied by the SDF component alone.

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

6.17 The \$7.5 mn which was committed to Grenville Market Square Development Project in Grenada in 2006 is developing Grenville Town as a regional urban centre servicing the northern and eastern coasts of the country, and will contribute to socio-economic development through improvements in the quality of urban infrastructure, including facilities that can sustain agricultural output in rural areas and support retention of a population that would otherwise be subject to rural/urban drift.

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

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

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

6.21 In SDF 6 to date, the CTCS programme has supported a large number of training workshops, attachments and individual interventions for 2,234 micro- and small- entrepreneurs in 15 BMCs. These interventions are, *inter alia*, intended to increase opportunities for lower-income persons to earn or sustain their livelihoods and encourage new business start-ups and improvements in existing businesses. Other supporting interventions have included training programmes in 2005 on creating an enabling environment for small enterprise development, and in 2007, on improving financing for SMEs.

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

6.23 ***Reduction of vulnerabilities*** was supported by a number of programmes and projects referred to above, including BNTF, the Carib Territory Capacity Enhancement Project in Dominica and various HRD initiatives. This core objective was also supported by a considerable number of disaster mitigation

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and disaster response projects and initiatives. These included a \$5 mn contribution for the Caribbean Catastrophe Risk Insurance Facility (CCRIF) in 2007. CDB joined with other development partners in the WB-led initiative to address the high vulnerability of Caribbean countries to natural disasters. This risk insurance facility (CCRIF), will allow governments to purchase insurance coverage to provide short-term liquidity after a major earthquake or hurricane, when a BMC generally has a significant decline in revenue generation, sharp increases in expenditures and a decline in access to credit.

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

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

6.26 Projects in support of *good governance* included BNTF sub-projects and capacity enhancement and natural disaster mitigation initiatives. In addition, they included loans of \$600,000 in 2005 for the Electricity Department of St. Kitts and Nevis to reform the power sector by facilitating corporatisation and providing scope for liberalisation of the power generation market, with the objective of increasing the efficiency of the power sector and ensuring adequate future supply, and of \$2.5 mn in 2007 for modernisation of the Customs and Excise Department of Belize to strengthen the department's capacity in the clearance of goods, collection of revenue and provision of timely and accurate trade data.

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

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

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

6.30 A number of SDF TAs supported good governance initiatives at the *regional level*, including support for *Pillar 1* of the SDF 6 Action Plan (see Section 3 above) and CDB's policy framework for

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support of regional cooperation and integration. These included \$375,000 in 2005 for further support of the Caribbean Regional Technical Assistance Centre, which provides a range of institutional strengthening TA for economic management in the BMCs; and a TA in 2007 to develop a framework for operationalising the proposed CARICOM Development Fund which is a major element in the implementation of CSME.

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

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

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

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

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

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



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