

CARIBBEAN DEVELOPMENT BANK



**REPLENISHMENT OF THE RESOURCES OF
THE SPECIAL DEVELOPMENT FUND (SDF 8)**

**RESOLUTION
AND
REPORT OF CONTRIBUTORS ON SDF 8**

MARCH 2013

CARIBBEAN DEVELOPMENT BANK

SPECIAL DEVELOPMENT FUND

RESOLUTION AND REPORT OF CONTRIBUTORS TO SDF 8

WITH

REPORT OF MEETINGS OF CONTRIBUTORS HELD

MARCH 8, 2012; MAY 21 AND 22, 2012; JULY 19 AND 20, 2012;

OCTOBER 25, 2012 AND DECEMBER 13, 2012

AS SCHEDULE 3

ADOPTED MARCH 21, 2013

RESOLUTION OF CONTRIBUTORS
TO THE SPECIAL DEVELOPMENT FUND
OF THE CARIBBEAN DEVELOPMENT BANK
(SDF 8)

WHEREAS:

The Board of Directors of the Caribbean Development Bank (hereafter called "the Bank") has determined that the Bank should carry out negotiations for a replenishment of its Special Development Fund (hereinafter called "the Special Development Fund") to finance the Bank's concessional lending programme for the four-year period commencing January 1, 2013, and, for that purpose, should seek contributions to the Special Development Fund;

The Governments listed in Part A of Schedule 1 to this Resolution (herein called "Contributors") have indicated their intentions to make contributions to the Special Development Fund in the respective amounts set out in the said Part A in accordance with the arrangements set forth in this Resolution and on the basis of the decisions and understandings contained in the Report of Contributors at Schedule 3 to this Resolution.

NOW THEREFORE, the Contributors hereby RESOLVE as follows:

1. Definitions

As used in this Resolution, unless the context otherwise requires, the several terms defined in the Rules for the Special Development Fund (adopted May 1983) have the respective meanings set forth therein, except that the term "Contribution Cycle" means the period of four years commencing January 1, 2013 and ending December 31, 2016, and the following additional terms have the following meanings:

- (i) "cash portion" means that portion of a Contribution which is payable in cash as indicated by the Contributor in its Instrument of Contribution;
- (ii) "currency of obligation" means the applicable currency of obligation indicated in the Third Column of Part A of Schedule 1 to this Resolution in which the relevant Contribution is to be made pursuant to paragraphs 3 (a) and 7 (a) of this Resolution;
- (iii) "instalment" means a cash payment which is part of a cash portion or a deposit of a note which is part of a notes portion;
- (iv) "notes" means non-negotiable non-interest bearing notes payable at their par value on demand;
- (v) "notes portion" means that portion of a Contribution which is payable by the deposit of notes as indicated by the Contributor in its Instrument of Contribution;
- (vi) "qualified contribution" means a contribution as defined in paragraph 3 (d) of this Resolution;
- (vii) "SDF 8" means the replenishment of the Special Development Fund for the Contribution Cycle; and

RESOLUTION OF CONTRIBUTORS TO SDF 8

- (viii) "unqualified contribution" means a contribution as defined in paragraph 3 (c) of this Resolution.

2. Contributions

(a) Pledges by Contributors

The Contributors hereby severally pledge to the Bank contributions to SDF 8 in amounts not less than those indicated for the respective Contributors and in the respective currencies of obligation set out in Part A of Schedule 1 to this Resolution.

(b) Additional Contributions

Notwithstanding the provisions of paragraph 2 (a) above, the Bank may accept from any of the Contributors listed in Part A of Schedule 1 to this Resolution and other Contributors additional contributions to SDF 8 during the Contribution Cycle on terms and conditions similar to those set out and referred to in this Resolution.

3. Contribution Agreement

(a) Agreements resulting from Pledges under this Resolution

By June 30, 2013, or such later date as may be determined by the Board of Directors of the Bank, each Contributor shall deposit with the Bank an Instrument of Contribution, substantially in the form set out in Schedule 2 to this Resolution or in such other form as the Bank may approve, agreeing to contribute to SDF 8 the amount of its contribution in the applicable currency of obligation as set forth in Part A of Schedule 1 to this Resolution and each such Instrument of Contribution shall constitute a Contribution Agreement.

(b) Agreements resulting from additional Contributions

Within three (3) months after the Bank has notified a Contributor that the Bank will accept an additional contribution to SDF 8 in the amount offered or proposed by such Contributor and on terms and conditions similar to those set out and referred to in this Resolution, or by such later date as may be determined by the Bank, such Contributor shall deposit with the Bank an Instrument of Contribution, substantially in the form set out in Schedule 2 to this Resolution or in such other form as the Bank may approve, agreeing to contribute to SDF 8 the amount of its contribution in the applicable currency of obligation and each such Instrument of Contribution shall constitute a Contribution Agreement.

(c) Unqualified Contribution

Subject to the provisions of paragraph 3 (d) below, each Contribution Agreement shall constitute an unqualified commitment by the Contributor to make payment of its contribution in the manner and on the terms set forth in or contemplated by this Resolution.

(d) Qualified Contribution

As an exceptional case, where an unqualified contribution cannot be given by a Contributor due to its legislative practice, the Bank may accept from the Contributor a Contribution under a Contribution Agreement which contains the qualification that payment of all instalments of the Contribution, except the first, is subject to subsequent budgetary appropriations. Such an agreement, however, shall include an undertaking by the Contributor to seek the necessary appropriations in order to make payments of the second and subsequent instalments in accordance with paragraph 6 (a) and (b) below during the Contribution Cycle and to notify the Bank as soon as each such appropriation is obtained. Portions of a Contribution covered by such an agreement shall from time to time become unqualified to the extent that appropriations have been obtained.

4. Entry into Effect

Effectiveness of Contributions

Each Contribution or portion thereof shall become effective on the date of deposit with the Bank of the relevant Contribution Agreement.

5. Mode of Payment

All payments in respect of a Contribution shall be made in cash or by the deposit of notes of the Contributor or in both cash and notes.

6. Instalment Payments

(a) Amounts of Instalments and Payment Dates

Except as otherwise provided in this Resolution,

- (i) each cash portion shall be paid to the Bank in equal instalments, each in an amount of not less than twenty-five percent (25%) of the relevant cash portion, in such manner that at least one (1) payment shall be made prior to July 31, 2013 and subsequent payments by July 31 in each subsequent year of the Contribution Cycle or by such later date or dates as the Bank may determine; and
- (ii) each note portion shall be paid to the Bank in equal instalments, each in an amount of not less than twenty-five percent (25%) of the relevant notes portion, in such manner that at least one (1) payment shall be made prior to July 31, 2013 and subsequent payments by July 31 in each subsequent year of the Contribution Cycle or by such later date or dates as the Bank may determine.

(b) Payment of First Instalments and Drawdowns

Subject to the provisions of paragraph 6 (a) above and paragraphs 6 (d) and (e) below, each first instalment of a cash portion and/or a notes portion shall be made within thirty (30) days after the date of the deposit with the Bank of the relevant Contribution Agreement in the form of an unqualified Instrument of Contribution, and drawdowns by the Bank in respect of notes deposited shall be made semi-annually according to a fixed

RESOLUTION OF CONTRIBUTORS TO SDF 8

encashment schedule based on the Bank's historical disbursement profiles weighted by the expected composition of the SDF 8 programme or such other drawdown arrangements as may be determined by the Board of Directors. The fixed encashment schedule will be communicated to the Bank by each Contributor at the time of the deposit of an Instrument of Contribution.

(c) Payments of a Qualified Contribution

Payments of instalments of a cash portion or a notes portion of a Qualified Contribution shall be made in accordance with paragraphs 6 (a) and (b) above unless such payments cannot be made because of the legislative practice of the Contributor. In such cases, payments shall be made within thirty (30) days after, and to the extent that, each such instalment has become unqualified.

(d) Payments of a delayed Contribution

If any Contributor shall deposit a Contribution Agreement after the date when the first instalment shall be payable pursuant to paragraph 6 (a) above, payment of any instalment due up to the time of the deposit of the Contribution Agreement pursuant to the provisions of paragraph 6 (a) above shall be made within thirty (30) days after the date of the deposit of such agreement.

(e) Optional Arrangements

A Contributor, at its option, may:

- (i) pay its Contribution in fewer instalments or in larger portions or at earlier dates than those specified in paragraph 6 (a) above, or in agreement with the Bank accelerate encashment of the note portion or portions of a Contribution, provided that such payment or accelerated arrangements are no less favourable to the Bank;
- (ii) defer payment of its first instalment until Contribution Agreements for an aggregate amount equivalent to at least fifty percent (50%) of the total sum indicated in Part A of Schedule 1 to this Resolution have been deposited with the Bank; and
- (iii) in the second or a subsequent calendar year of the Contribution Cycle, provided it has paid all instalments for the preceding calendar year, defer payments of further instalments so long as there is in arrears an aggregate amount equivalent to at least fifty percent (50%) of the instalments payable by the other Contributors.

7. Currency of Payment

(a) Currency of Obligation

Each Contributor shall make its Contribution in the applicable currency of obligation specified in Part A of Schedule 1 to this Resolution or, in the case of an additional Contribution, in the currency of obligation agreed to with the Bank.

(b) Acceptance by the Bank of other Currency

If a Contributor wishes to use a currency other than the currency of obligation for payment of any portion of its Contribution, the Bank, at the option of the Bank, may accept such other currency and the amount of such other currency at the time of such payment shall be determined by the Bank applying, as far as practicable, the principles applicable to the valuation of currencies forming part of the Bank's Ordinary Capital Resources.

8. Meetings of Contributors

If, during the Contribution Cycle, delays in the making of any instalments cause or threaten to cause a suspension in the Bank's concessionary lending operations, or otherwise prevent substantial attainment of the goals of SDF 8, the Bank shall convene a meeting of the Contributors to review the situation and consider ways of obtaining the necessary instalments and, based on the recommendation of such a meeting, the Bank shall adopt such measures as considered necessary.

9. Use of SDF 8

Contributions made under this Resolution shall be used and administered in accordance with the Rules for the Special Development Fund (adopted May 1983) and the decisions and understandings contained in the Report of Contributors at Schedule 3 to this Resolution.

**RESOLUTION OF CONTRIBUTORS TO SDF 8
SCHEDULE 1 – CONTRIBUTIONS TO SDF EIGHTH CYCLE**

SCHEDULE 1
CONTRIBUTIONS TO THE SPECIAL DEVELOPMENT FUND EIGHTH CYCLE (SDF 8)

	Relative Share*	Contributions	Unit of Obligation	Amount in Unit of Obligation	Notes
	%	(US\$ '000)		('000)	
Part A					
Regional Members					
Trinidad and Tobago	4.25	10,551	USD	10,551	
Jamaica	4.25	10,551	USD	10,551	
Guyana	2.37	5,876	USD	5,876	
The Bahamas, Commonwealth of	2.37	5,876	USD	5,876	
Barbados	2.37	5,876	USD	5,876	
Antigua and Barbuda	0.25	632	USD	632	
Belize	0.58	1,441	USD	1,441	
Dominica, Commonwealth of	0.58	1,441	USD	1,441	
Grenada	0.25	632	USD	632	
St. Kitts and Nevis	0.58	1,441	USD	1,441	
St. Lucia	0.58	1,441	USD	1,441	
St. Vincent and the Grenadines	0.58	1,441	USD	1,441	
Cayman Islands	0.25	632	USD	[†] 632	
Anguilla	0.25	632	USD	632	
Turks and Caicos Islands	0.25	632	USD	[†] 632	
British Virgin Islands	0.25	632	USD	632	
Montserrat	0.25	632	USD	[†] 632	
Haiti	0.38	945	USD	[†] 945	
Sub-total	20.69	51,302		51,302	
Colombia	1.42	3,524	USD	3,524	
Mexico	1.42	3,524	USD	[†] 3,524 ^{1/}	
Venezuela	1.42	3,524	USD	[†] 3,524	
Sub-total	4.26	10,572		10,572	
Non-Regional Members					
Canada	26.79	66,435	Canadian \$	66,820 ^{2/}	
United Kingdom	19.08	47,319	Pound Sterling	30,000 ^{1/ 3/ 6/}	
Germany	6.44	15,960	Euro	12,300 ^{4/ 5/}	
Italy	1.31	3,244	Euro	2,500 ^{1/ 4/}	
China, People's Republic of	2.82	7,000	USD	7,000	
Sub-total	56.43	139,958			
Prospective New Members Currently Pending					
Brazil	2.02	5,000	USD	[†] 5,000	
Suriname	2.37	5,876		[†] 5,876	
Sub-total	4.39	10,876	Euro		
Agreed Contributions					
Allocation from OCR	7.26	18,000			
Structural Gap ^{6/}	6.97	17,292			
Total	100	248,000			

[†] Approved for Membership, legal formalities being completed.

[†] to be confirmed

^{1/} Contribution is subject to parliamentary approval

^{2/} USD1=CDN\$1.0058. Average daily exchange rate for 6-month period ending June 30, 2012

^{3/} GBP1=USD1.5773. Average daily exchange rate for 6-month period ending June 30, 2012

^{4/} Euro1=USD1.2976. Average daily exchange rate for 6-month period ending June 30, 2012

^{5/} Subject to parliamentary approval and to a maximum burden share of 6.57%

^{6/} The UK has made an additional commitment of £6 mn (\$9.5 mn), conditional on the achievement of certain milestones (items 4, 7, 11) as outlined in Box 5 – SDF 8 Implementation Plan

SCHEDULE 2

INSTRUMENT OF CONTRIBUTION

(Insert)
(Office)
(Address of Signatory)

Date:

The Vice-President (Corporate Services and Bank Secretary)
Caribbean Development Bank
P.O. Box 408
Willey
St. Michael
BARBADOS, W.I.

Dear Madam:

I am pleased to inform you that (name of country), by means of this letter, agrees to contribute to the Special Development Fund (SDF 8) of the Caribbean Development Bank (CDB) an amount of United States dollars^{1/} (USD)^{1/} of which \$^{1/} will be in cash and the remainder in notes,^{2/} pursuant to and in accordance with the conditions contained in the Resolution of the Contributors to SDF 8 adopted at the Meeting of Contributors on

^{3/} Payment of the second and subsequent instalments of the Contribution is subject to budgetary appropriations and (name of country) hereby undertakes to seek the necessary appropriations in order to pay such instalments in accordance with paragraph 6 (a) and (b) of the abovementioned Resolution and to notify CDB as soon as each such appropriation is obtained.

In the name and on behalf of (name of country), I declare that all the necessary legal requirements to assume this Instrument of Contribution have been fulfilled.

Yours sincerely,

4/

^{1/} To be deleted if currency of obligation is other than US dollars. Where there is another currency of obligation, such currency is to be inserted in place of the phrase "United States dollars (USD)".

^{2/} To be altered as appropriate.

^{3/} Applicable only if the Contribution is qualified.

^{4/} To be signed by the Governor of the member country on the Bank's Board of Governors except in the case of Anguilla, the British Virgin Islands, the Cayman Islands, Montserrat and the Turks and Caicos Islands, and non-member contributing countries, when it should be signed by the proper authority of each such country.

SCHEDULE 3

CARIBBEAN DEVELOPMENT BANK



SPECIAL DEVELOPMENT FUND (UNIFIED)

**BUILDING RESILIENCE AND CLOSING THE GAP ON THE
MILLENNIUM DEVELOPMENT GOALS**

REPORT OF CONTRIBUTORS ON SDF 8

MARCH 2013

ABBREVIATIONS

BMCs	-	Borrowing Member Countries
bn	-	billion
BNTF	-	Basic Needs Trust Fund
BOD	-	Board of Directors
CARICOM	-	Caribbean Community
CARILEC	-	Caribbean Electric Utility Service Corporation
CARTAC	-	Caribbean Technical Assistance Centre
CARTFund	-	Caribbean Aid for Trade and Regional Integration Trust Fund
CCCCC	-	Caribbean Community Climate Change Centre
CDB	-	Caribbean Development Bank
CDEMA	-	Caribbean Disaster Emergency Management Agency
CIDA	-	Canadian International Development Agency
CIMH	-	Caribbean Institute for Meteorology and Hydrology
CMDG	-	Caribbean-specific MDG framework
CPAs	-	Country Poverty Assessments
CSME	-	Caribbean Single Market and Economy
CSPs	-	Country Strategy Papers
CTCS	-	Caribbean Technological Consulting Services Network
DFID	-	Department for International Development of the United Kingdom
DRM	-	Disaster Risk Management
DRR	-	Disaster Risk Reduction
ECCU	-	Eastern Caribbean Currency Union
EPA	-	Economic Partnership Agreement
ESRP	-	Environmental and Social Review Procedures
EU	-	European Union
GDP	-	Gross Domestic Product
HLM	-	High-Level Meeting
IDB	-	Inter-American Development Bank
MDBs	-	Multilateral Development Banks
MDGs	-	Millennium Development Goals
MfDR	-	Managing for Development Results
MOPAN	-	Multilateral Organisation Performance Assessment Network
MSMEs	-	Micro, Small and Medium Enterprises
MTE	-	Mid-Term Evaluation
MTR	-	Mid-Term Review
mn	-	million
NPRSs	-	National Poverty Reduction Strategies
OAS	-	Organisation of American States
OCR	-	Ordinary Capital Resources
OECS	-	Organisation of Eastern Caribbean States
PBLs	-	Policy-Based Loans
PRS	-	Poverty Reduction Strategy
RAS	-	Resource Allocation Strategy
RCI	-	Regional Cooperation and Integration
RMF	-	Results Monitoring Framework
RPGs	-	Regional Public Goods

ABBREVIATIONS CONT'D

SDF	-	Special Development Fund (Unified)
SDF 5	-	Special Development Fund (Fifth Cycle)
SDF 6	-	Special Development Fund (Sixth Cycle)
SDF 7	-	Special Development Fund (Seventh Cycle)
SDF 8	-	Special Development Fund (Eighth Cycle)
SIDS	-	Small Island Developing States
TA	-	Technical Assistance
UK	-	United Kingdom
UNDP	-	United Nations Development Programme
UWI	-	University of the West Indies
\$		U.S. dollar (except where otherwise specified)

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EXECUTIVE SUMMARY

1. The Special Development Fund (SDF) remains a strategic element in the aid architecture for the Caribbean and is a strong partnership between borrowing members and partner countries that are both members and non-members of the Bank. SDF resources are an essential complement to the ordinary operations of the Bank. It is a key instrument in addressing poverty and human development and the diverse elements of vulnerability in some of the most highly vulnerable economies in the world and strengthening their resilience. It is also an essential part of the work of the Caribbean Development Bank (CDB) as the most important regional development agency in the Caribbean and a principal partner of other agencies supporting the Region's economic and social development.

2. SDF Contributors have reviewed the operations and effectiveness of the Fund, its resource position, and the capacities of the Bank in relation to its strategic role and the related operational requirements. Contributors and the Bank have agreed on a targeting of objectives for the period ahead and a framework for monitoring and assessment of results. Contributors have also agreed to recommend a replenishment of the resources of the Fund for the Special Development Fund (Eighth Cycle) (SDF 8) period (2013-2016) to allow the Fund to continue its important work and build a strong base for a further response to the challenges beyond SDF 8.

THE DEVELOPMENT CHALLENGES

3. The millennium development goals (MDGs) provide a framework for targeting and monitoring the operations of SDF, particularly in terms of the Caribbean-specific MDG (CMDG) targets. Although progress has been made towards some of the CMDGs, there is a substantial distance to go in critical areas, particularly poverty reduction. This in part reflects the weakening of economic growth as a result of the impact of the recession and the difficulty in identifying new growth sectors. Economic losses and social dislocation from natural disasters have also been an important factor influencing economic performance. Increasing the pace of progress towards the CMDGs, therefore, is a core objective for development efforts in the Caribbean in the countdown to 2015.

4. Poverty, indigence and vulnerability in the Caribbean are now better understood as a result of Country Poverty Assessments (CPAs), for which the Bank has played a key role, and national surveys of living conditions and household income and expenditures. Despite gains in many areas, unacceptable levels of indigence and poverty remain a characteristic of life in the Caribbean. Income poverty is only one aspect of poverty in the Caribbean. Inequality and social exclusion contribute to growing social problems, including high levels of crime and other forms of social dissonance. A high proportion of the population is at risk of falling into poverty in the event of economic shocks or natural hazards.

5. A major characteristic of countries in the Caribbean is their high vulnerability to external shocks. The underlying factors include a small resource base in terms of skills and natural resources, limited institutional capability, small domestic markets, costly international transportation, proneness to natural disasters, environmental fragility, dependence on a small number of exports and a limited number of markets, and high import dependence, including on imported energy. One of the major vulnerabilities is the exposure to natural hazards whose economic effects can last for many years. The replacement cost of infrastructure, crops and other assets is very high, and one of the major economic burdens of these economies. Climate change is expected to exacerbate environmental degradation of fragile small island ecosystems. Increases in the intensity and frequency of extreme rainfall events, drought and hurricanes are expected. Overall, the impact of climate change on Borrowing Member Countries (BMCs) is expected to be devastating to their long-term growth and development.

6. The rate of economic growth is a principal factor underlying the level of poverty and the ability of BMCs to work towards the MDGs. Slow and variable economic growth and unsustainable levels of

public debt have combined with a high degree of vulnerability to external economic shocks and natural hazard events to create major challenges. The global financial crisis and economic recession have had major adverse implications for unemployment and poverty levels. High levels of debt and debt service severely limit the fiscal space of BMCs and their ability to implement growth-enhancing economic and social programmes critical to the empowerment and welfare enhancement of the poor and vulnerable.

7. The Caribbean faces many challenges in regional cooperation and in facilitating regional and global integration. Various studies have found that real per capita economic growth has lagged due to obstacles to regional integration leading to worsening fiscal positions, reduced investment and increased brain drain. Regional and sub-regional approaches are clearly needed to address many of the Region's most pressing problems. The challenge remains to consolidate the many areas of functional cooperation, and further strengthen the implementation of the Caribbean Community (CARICOM) Single Market and Economy (CSME) in order to support the goal of higher and sustainable growth and a more equitable distribution of benefits among participating countries and their citizens.

8. The level of violent crime in the Caribbean has been steadily increasing for more than a decade. Some countries have experienced extraordinarily high rates which significantly exceed the average for Latin America and the Caribbean and are multiples of the global mean. The problem, however, is not limited to high rates of violent crime. Equally troubling are the changing patterns of crime and the threats that new forms of criminality pose for the security of citizens. In most of the countries with high rates of violent crime, gang activity and organised crime networks have been a major factor. All of these challenges need to be addressed in efforts to strengthen economic and social development in the Caribbean, and provide the critical context for SDF in the period ahead.

THE OPERATIONAL FRAMEWORK FOR SDF 8

9. Contributors have agreed that the operational strategy for SDF 8, within the overarching objective of *Poverty Reduction and Human Development*, should be based on four core themes:

- ***Inclusive and Sustainable Growth***, with a focus on a limited number of objectives in education and training, agriculture and rural development, economic and social infrastructure, economic and fiscal adjustment, and private sector development;
- ***Environmental Sustainability and Climate Change***, focusing on specific objectives in disaster risk reduction (DRR) and management and climate change mitigation and adaptation, including renewable energy and energy efficiency;
- ***Citizen Security***, with objectives covering crime and security as well as social protection, and reflecting the complex and varied causes of crime and violence that undermine efforts at development and growth, requiring multi-sectoral approaches to enhancing the security of citizens; and
- ***Regional Cooperation and Integration (RCI)***, with a focus on regional solutions and a limited number of objectives in the area of regional public goods (RPGs).

10. ***Environmental Sustainability and Climate Change*** will be a cross-cutting theme as well as an area for direct programming, and a second important cross-cutting theme will be ***Gender Equality***. ***Capacity building to strengthen Good Governance*** will be an underlying foundation for the programme as a whole.

11. Contributors agreed on the importance, within the programme, of the Basic Needs Trust Fund (BNTF) as SDF's flagship programme for community-level poverty reduction, and of the continuation of the special country programme for Haiti.

12. Particular emphasis will be placed on a limited number of objectives in each core theme and programme area, taking into account the comparative advantages and capacity of the Bank and SDF, as well as the benefits of continued collaboration with development partners. A preference will be placed on regional approaches, where appropriate and feasible.

DEVELOPMENT EFFECTIVENESS AND TARGETING RESULTS

13. The targeting and reporting of results is an essential part of the operational framework for SDF 8. Contributors commended the Bank for progress in strengthening results reporting, with improvement of the Results Monitoring Framework (RMF) adopted for the Special Development Fund (Seventh Cycle) (SDF 7) and its application to all of the Bank's operations under its Strategic Plan. They welcomed the Bank's intention to make further progress in results reporting during SDF 8, including the continuation on an annual basis of a *Development Effectiveness Review*, first presented in 2012.

14. Contributors also welcomed the strong emphasis on evaluation of the effectiveness of programme implementation and results achievement, including an independent assessment of the Bank's performance in Managing for Development Results (MfDR) and the development of an Action Plan to further strengthen performance on MfDR.

15. A major part of SDF resources will continue to be allocated among BMCs according to SDF's needs- and performance-based Resource Allocation Strategy (RAS), in order to ensure value for money and to support development effectiveness in the use of SDF funds. Effective with SDF 8, SDF's effectiveness as a tool for poverty reduction will be further strengthened by the addition to the allocation formula of the number of poor people in each country. The balance of SDF resources will be allocated to specific priorities, including disaster response and mitigation, capacity building, support for RPGs and citizen security.

16. Continued emphasis will be placed on the internationally accepted principles for effective development cooperation, including the new, inclusive Global Partnership for Effective Development Cooperation endorsed by the international development community at the Busan High Level Meeting (HLM) in December 2011, and progress will be monitored as part of the RMF.

FINANCIAL RESOURCES AND PROGRAMME FRAMEWORK

17. Contributors agreed on an overall programme level for SDF 8 of \$348 million (mn), to be financed by internally generated resources estimated at \$100 mn, new contributions from member countries of \$212.7 mn, an allocation¹ of \$18 mn from the Bank's Ordinary Capital Resources (OCR) net income and a structural gap of \$17.3 mn². Internally generated resources represent 28.7% of the total and currently committed new contributions 61%.

18. SDF 8 resources and the agreed allocations for specific priorities will provide for:

- A continued high level of country lending in priority areas, with indicative country allocations to be determined using the SDF performance-based RAS, to assist BMCs in accelerating progress toward the CMDG targets;

¹ The allocation from OCR net income to SDF is subject to the recommendation by the BOD and approval of the Board of Governors, respectively. Such action will be taken during the SDF 8 period and not later than 2016.

² The United Kingdom (UK) has made an additional commitment of £6 mn (\$9.5 mn), conditional on the achievement of certain milestones as outlined in Box 5 – SDF 8 Implementation Plan.

- Continued support for community-level infrastructure, poverty reduction and governance, with additional funding for the BNTF programme from SDF 8 to supplement the funding for BNTF 7 previously allocated from SDF 7 resources;
- Effective implementation of the revised Technical Assistance (TA) Policy and Strategy. Emphasis will be placed on capacity building for strengthened economic management and other selected areas of good governance, as well as support for small and medium-size private enterprise through the Caribbean Technological Consultancy Services (CTCS) programme;
- Strengthening of targeted SDF support for Haiti, to be undertaken in continuing cooperation with development partners, building on SDF experience to date and the increased operational capacity for Haiti being put in place by the Bank;
- Support for RPGs and regional solutions to economic and social constraints;
- Continuing support for disaster response, mitigation and rehabilitation, and for environmental sustainability and adaptation to climate change;
- Support for strengthening citizen security, an increasingly urgent issue and constraint on economic growth and poverty reduction; and
- Provision for support for an expected further expansion in the Bank’s BMC membership.

19. SDF 8 resources will continue to be allocated using the approved performance-based allocation system. A review was conducted of the resource allocation formula and changes were effected to the country needs component of the formula, which now includes a variable for the number of poor people in a country (POOR). Country eligibility for regular SDF lending and the terms of lending will continue to be determined by country groups based on per capita Gross Domestic Product (GDP), as updated to reflect the most recent available data, and with a simplification in the number of country groups.

IMPLEMENTATION OF SDF 8

20. Contributors and the Bank agreed on an Implementation Plan for SDF 8, which provides a basis for monitoring key milestones in the implementation process. The Implementation Plan covers *Strategic Priorities and Programme Focus, Institutional Capacity and Reform* and *Development Results*. Contributors also agreed to closely monitor implementation, including a Mid-Term Review (MTR) during the course of SDF 8.

21. As the outcome document for the SDF 8 Replenishment negotiations, this Report constitutes an Agreement between the Contributors and the Bank, on the basis of which the Contributors will provide new resources for the SDF 8 period and the Bank will undertake the necessary measures to implement the agreed framework and to ensure adequate capacity and monitoring. The undertakings set out in this Report are critical elements of the Agreement and key to the successful implementation of SDF 8.

BUILDING RESILIENCE AND CLOSING THE GAP ON THE MDGs

1. INTRODUCTION

1.01 SDF³ is a strategic element in the aid architecture for the Caribbean. It is a key instrument in addressing deep-seated problems of poverty and human development and in addressing the diverse elements of vulnerability in some of the most highly vulnerable economies in the world and strengthening their resilience. The Fund plays a valuable role in supporting the Bank's BMCs in targeting the MDGs and in strengthening RCI as the base for economic renewal in the Region. It is an essential part of the work of CDB as the most important regional development agency in the Caribbean and a principal partner of other agencies supporting the Region's economic and social development.

1.02 SDF is a partnership between non-regional and regional non-borrowing members and the Bank's BMCs, all of which, including the poorest and most disadvantaged, contribute to the resources of the Fund. Over successive replenishments, the Bank and the Contributors have strengthened the operational focus of SDF on core issues of poverty, human development, the environment and good governance, and supporting broad-based, sustainable economic growth. The focus on development results, operationalisation of key strategies, and the development effectiveness agenda, as represented by the Paris Declaration and reaffirmed in Accra and Busan, has been significantly enhanced, and further measures are being implemented to this end.

1.03 SDF has assumed a significant role in the context of major economic and social challenges faced by Caribbean countries and the expansion of the Bank's membership to include Haiti and prospectively Suriname, two poor countries in the process of integration into CARICOM. The capacity of SDF to work with the poorest communities and the vulnerabilities of the poor and indigent in all of the BMCs has also improved and is in the process of further strengthening.

1.04 SDF and the Bank, together with other development agencies, play an important complementary and catalytic role within the aid architecture for the Caribbean. Maintaining and strengthening the role of the SDF partnership is an objective on which Contributor governments have agreed and to which the Bank has positioned itself to respond.

THE SDF 8 REPLENISHMENT

1.05 Resources currently available to SDF were largely committed by the end of 2012, and continued operations require further commitment authority and replenishment, effective for 2013. Commitment authority available for the SDF 7 cycle (2009-2012) was slightly more than \$350 mn. Internally generated funds, although significant, cannot finance more than a portion of ongoing SDF operations. Contributor governments, therefore, have undertaken a series of discussions on the policy and operational framework and replenishment requirements for a further four-year cycle (2013-2016), which will be SDF 8.

1.06 Representatives of the Contributors, covering all members of the Bank, held a total of six meetings, including a Preparatory Meeting and five Negotiation Meetings, to consider SDF operations to date, progress in implementing the objectives of SDF 7, the economic and social challenges faced by the regional borrowing countries and progress towards the CMDG targets, and the role and work of the Fund, including results to date and the appropriate focus for SDF 8. They reviewed a number of evaluation and operational studies, together with the Bank's proposals for targeting SDF operations for the period ahead.⁴

³ References to the Special Development Fund (SDF) are to the Special Development Fund (Unified) established in 1983.

⁴ See Appendix A: Documents and Presentations Discussed

1.07 *Contributors commended the Bank* for the substantial evaluation work that had been undertaken and submitted to the Contributors, and the range of SDF operations that this had covered. *They welcomed* the reporting on results, to which the Contributors attached special importance, including the Bank’s first report on development effectiveness, an independent assessment of performance in MfDR, and the progress that had been made in strengthening the Bank’s own capacity through its internal reform programme.

1.08 *They agreed* on four themes to provide greater direction for SDF 8 operational programming, which are detailed in paragraph 3.15.

- *Inclusive and Sustainable Growth;*
- *Environmental Sustainability and Climate Change;*
- *Citizen Security; and*
- *Regional Cooperation and Integration.*

Wherever possible, SDF and the Bank will work with other development partners in a coordinated and supportive effort to address the key issues of social and economic development in the Caribbean.

1.09 The strategic and operational framework for the SDF 8 replenishment, and its development effectiveness agenda and results framework are set out in the sections below. Also included in this Report are the financial framework and commitment authority *on which Contributors have agreed*, and an Implementation Plan of specific steps and measures that *the Bank will undertake* to meet the objectives of the Replenishment.

1.10 This Report constitutes *an Agreement between the Contributors and the Bank*, on the basis of which the Contributors will provide additional resources for the SDF 8 period and the Bank will undertake the necessary measures to implement the agreed framework and to ensure adequate capacity and monitoring. The undertakings set out in this Report are critical elements of the Agreement and key to the successful implementation of SDF 8.

2. DEVELOPMENT CHALLENGES IN THE CARIBBEAN

THE MDGS AND BEYOND

The world stands at a critical juncture in global development. Poverty and inequality remain the central challenge. The Millennium Declaration sets out our universal mandate for development and, with the target date for the Millennium Development Goals less than four years [now three years] away, the urgency of achieving strong, shared and sustainable growth and decent work in developing countries is paramount. Moreover, the Declaration identifies that promoting human rights, democracy and good governance are an integral part of our development efforts.

– “Busan Partnership for Effective Development Cooperation”, 4th High Level Forum on Aid Effectiveness, 2011ⁱ

2.01 The MDGs have provided an overall framework for targeting SDF operations and designing appropriate programmes and projects since SDF 5, and will continue to do so for SDF 8 in the countdown to 2015. This framework is based on the CMDG targets which are presented in Appendix B. SDF and the Bank played a significant role in the development of the CMDG targets as part of its support for regional cooperation. Some of the targets are being achieved, but there are substantial challenges with respect to others, and, in particular, significantly higher growth rates will be required if the MDG targets for reducing the proportion of the population below the poverty and indigence lines are to be met.

2.02 CDB monitors progress towards selected CMDG targets in areas in which SDF is making a contribution.⁵ The indicators for income poverty show that between 2006 as a base year and 2011, the average proportion of the population below the poverty line in BMCs has worsened slightly, although there was a small reduction, on average, in the proportion below the indigence line.ⁱⁱ Growth in most BMCs has been negatively impacted by external economic shocks and natural hazard events. Non-income and human development indicators show that primary and secondary school enrolment for both boys and girls has continued to improve, as has access to an improved water source and to improved sanitation, and the targets in these areas are likely to be met for most BMCs, although much work remains to be done in Haiti.

2.03 For GDP per capita, the indicators show only marginal or no change overall between 2009 and 2011, with some decline for two of the three categories of BMCs, reflecting the impact of the recession and the difficulty in identifying new growth sectors. This indicator is well short of the target for 2015.

2.04 With regard to environment sustainability and climate change, natural disaster events and climate change have a significant impact on the costs of social and economic infrastructure development. It is therefore imperative to monitor the results of efforts by BMCs and other development partners to build resilience to natural hazards through actions such as increase re-forestation. Protected land as a percentage of total land area increased from a base year of 2008, as has the percentage of land area covered by forest.

2.05 There is, therefore, a considerable distance to go in a number of critical areas, in particular poverty reduction, if the targets are to be reached by 2015. This sets a core objective for development efforts in the Caribbean, including the SDF partnership.

⁵ The Bank reports on those MDG indicators that are related to SDF and CDB operations, i.e. Goals 1, 2, 3, 7, and 8, and these are covered in Levels 1 and 4 of the RMF in Appendix H.

POVERTY AND VULNERABILITY

Poverty in the Caribbean

2.06 Poverty, indigence and vulnerability in the Caribbean are now better understood as a result of CPAs, for which the Bank has played a key role, and national surveys of living conditions and household income and expenditures. Despite gains in many areas of social life, and some significant progress in some countries, unacceptable levels of indigence and poverty remain a characteristic of life for many in the Caribbean. The growth of urban poverty and the swelling of the working poor, new types of rural poverty arising from the removal of preferences for major agricultural exports and the lowering of trade barriers to agricultural imports, poverty from HIV/AIDS and natural disasters, and aging of the population, all contribute to this. Poverty, inequality and social exclusion remain defining features of the economic and social reality of the Region.

2.07 For the Region as a whole, the incidence of poverty, based on national poverty lines, is estimated at 54.3%, or 23.8% excluding Haiti and Suriname.⁶ The most recent data for Haiti, Suriname and Belize show poverty rates between 40% and 78%, and Grenada, Guyana and Montserrat are not far behind. Six other countries show poverty rates in excess of 20%. The depth and intensity of poverty and the percentage of the population below the indigence line also remain high in several countries, although there has been some progress in reducing indigence. The Gini ratios show significant levels of income disparity. The economic and fiscal crises for many of the BMCs, as well as natural disasters, have exacerbated the challenge of addressing poverty and indigence, and there have been further increases in poverty levels for a number of countries since the data shown in Appendix C.

2.08 But income poverty is only one aspect of poverty. Inequality and social exclusion are sources of growing social problems, including high levels of crime and other forms of social dissonance. A high proportion of the population is at risk of falling into poverty in the event of economic shocks or natural hazards. Poor access to social services, low educational levels of household heads, informal, seasonal and precarious employment, and poor housing and sanitation, together with the erosion of standards and values, add considerably to the population's vulnerability.

2.09 The global financial crisis and economic recession have had adverse implications for unemployment and poverty levels. High levels of debt and debt service severely limit BMCs' fiscal space and their ability to implement growth-enhancing economic and social programmes that are critical to the empowerment and welfare enhancement of the poor and vulnerable.

2.10 The rising numbers of 'working poor' with income levels insufficient to cover living expenses and save for their future, the prevalence of female-headed households among the poor, and the structural dimensions of rural poverty also have the potential to increase inter-generational poverty.

⁶ With differences in available survey dates, as indicated in Table 1.

2.11 SDF impacts poverty in at least three ways: *first*, through the expansion of economic and social infrastructure that creates assets to which the poor have access; *second*, through improved governance, since weak governance affects the poor disproportionately; and *third*, through strengthening BMCs' ability to maintain public services that benefit the poor. During SDF 7, support was provided to BMCs to upgrade their transport and water systems, in some cases for rehabilitation in the aftermath of natural disasters, to enhance education and training facilities, and to increase access to tertiary education by students from poor and vulnerable households. SDF helped to improve public service delivery and beneficiary participation through BNTF operations and loans and grants supporting sector reforms. SDF 7 also strengthened government finances, weakened by the ongoing global financial crisis, and improved their ability to provide support for the poor, through policy-based loans (PBLs) that linked budgetary support to macroeconomic reforms and social reforms.

Vulnerability and Resilience

2.12 A major characteristic of many countries in the Caribbean is their high vulnerability to external shocks. The underlying factors include a small resource base in terms of skills and natural resources, limited institutional capability, small domestic markets, remoteness that makes international transportation costly, proneness to natural disasters, environmental fragility, export dependence on a small number of exports and a limited number of markets, high import dependence, including dependence on imported energy, and limited access to capital markets.

2.13 One of the major vulnerabilities in the Caribbean is the exposure to natural hazards, which are frequent and often devastating. They include hurricanes as well as floods, landslides, volcanic activity and earthquakes. Appendix D lists major natural hazard events in the Region since 1988, with some estimates of their consequent direct costs, although these are partial. Over the period, 20 BMCs have been affected, in some cases multiple times, including severe events such as Hurricanes Gilbert and Hugo,⁷ and the volcanic eruptions on Montserrat. Fourteen BMCs have suffered disasters since 2005, including disastrous floods in Guyana in 2005, the catastrophic earthquake in Haiti and widespread damage from Hurricane Tomas in 2010. In late October 2012, three countries were devastated by Hurricane Sandy which went on to batter the Mid-Atlantic and North-eastern region of the United States. The estimated direct cost of these disasters is in excess of \$18 billion (bn).

2.14 The economic effects of these natural disaster events can last for many years. In the case of Montserrat, the effects will last for decades. The replacement cost of infrastructure, crops and other assets is very high, and one of the major economic burdens of these economies, which have had in some cases to replace the same infrastructure several times.

2.15 Climate change is expected to exacerbate environmental degradation of fragile small island ecosystems. Increases in the intensity and frequency of extreme rainfall events, drought and hurricanes are expected. Overall, the long-term impact of climate change on BMCs is expected to be devastating to their growth and development. Member states of CARICOM have long ago identified climate change as the first of 14 priorities to be addressed under the Barbados Programme of Action on economic, environmental and social development vulnerabilities of Small Island Developing States. In 2009, CARICOM Heads of Government approved a regional strategy for achieving development resilient to climate change and in 2011, the CARICOM Council of Ministers for Trade and Economic Development at its 37th Special Meeting approved an implementation plan for the regional strategy.

⁷ Both these names were retired by the World Meteorological Organisation, a practice that is undertaken for exceptionally destructive storms.

2.16 Under SDF 7, DRR, environment and climate change “set asides” were used towards reducing BMC vulnerabilities. The DRR allocation was used to provide assistance to BMCs for emergency response and rehabilitation efforts in the aftermath of a series of storms and extreme rainfall events that caused significant damage and loss of life in some BMCs. These rehabilitation efforts included TA for quantitatively defining vulnerabilities at appropriate scales and towards building future resilience in areas such as flood and landslide risk reduction, emergency shelter and early warning systems. The emergency response and rehabilitation interventions have been critical in assisting BMCs to reduce the extended periods of socio-economic dislocation associated with these natural hazard events. During the period, the Bank supported several regional training workshops in business continuity planning as well as developing a business continuity toolkit for micro, small and medium enterprises (MSMEs).

2.17 The Environment/Climate Change “set aside” was used to finance national land use plans in three BMCs and for regional TA to increase the capacity of the Caribbean Institute for Meteorology and Hydrology and Caribbean Community Climate Change Centre (CCCCC) and Caribbean Institute for Meteorology and Hydrology (CIMH). These institutions assist BMCs to develop and implement Climate Change Adaptation and DRR initiatives at the national and regional levels. CDB also provided support to CCCCC to assist BMCs to prepare project proposals for priority climate resilient interventions. There were several smaller TA interventions under both the Environment and the Regional Capacity-Building allocation for the support of mainstreaming environment, climate and DRR issues.

2.18 CDB’s interventions have been useful and welcomed by BMCs and the beneficiary regional institutions. Recent assistance to the regional institutions will help to strengthen critical databases and data retrieval systems necessary to support climate risk research and to design responsive policies and programmes, for both regional and national level DRR and climate resilience initiatives.

ECONOMIC GROWTH AND FISCAL MANAGEMENT

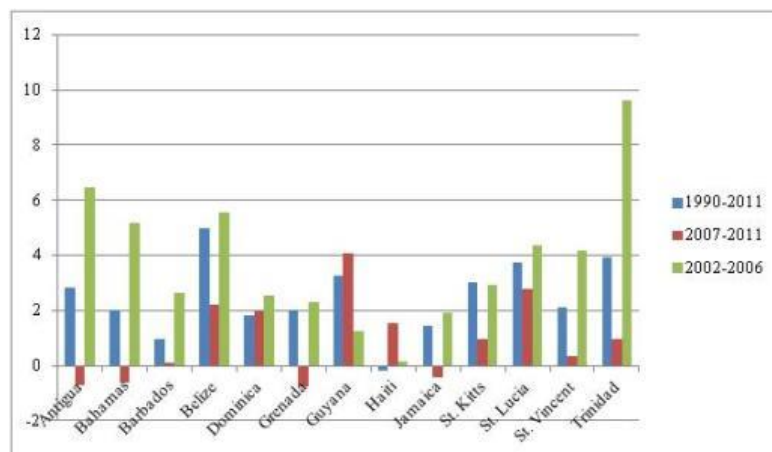
2.19 The rate of economic growth is a principal factor underlying the level of poverty and the ability of BMCs to work towards the MDGs. Slow and variable economic growth and unsustainable levels of public debt, however, have combined with a high degree of vulnerability to external economic shocks and natural hazard events to create major challenges for Caribbean countries. This has been particularly the case since the international financial and economic crisis of 2008/2009.

2.20 Real income growth over the past two decades has averaged around 2.45% for CDB’s BMCs, but there has been considerable volatility from year to year and variability among countries. Growth in the countries of the Eastern Caribbean Currency Union (ECCU), in particular, has been on a downward trend since the 1990s, partly as a result of the gradual reduction of trade preferences for sugar and bananas.

2.21 Figure 1 illustrates the variability between countries and the significantly lower levels of growth in the most recent period 2007-2011. In the years 2008 to 2010, most BMCs showed negative economic growth, particularly in 2009, when growth rates for most BMCs ranged from -3.3% to -16.5%. While there was some recovery in 2010 and 2011, particularly for Belize, Haiti and Guyana, four BMCs, Antigua and Barbuda, The Bahamas, Grenada and Jamaica, recorded negative growth of up to -5.5% in 2011.

2.22 Prior to the crisis, unemployment levels ranged from 4% to 19% in BMCs, and those percentages have almost certainly increased since the onset of the crisis, with those at the bottom of the labour market, including young women and seasonal workers, affected most. Threats to job security and reduced household income have major implications for social development in key areas such as education, health, nutrition, crime and overall wellbeing, and can lead to further marginalisation and long-term unemployment of socially excluded persons.

FIGURE 1: AVERAGE GROWTH RATES OF SELECTED BMCS 1990-2011



2.23 The global financial and economic crisis imposed significant fiscal hardships on many of CDB’s BMCs, exacerbating already large deficits and high debt. As a result of the crisis and the associated reduction in household income, applications for assistance to social welfare and other public assistance programmes have increased at a time when funding for these services is reduced. In many BMCs, government efforts to curtail public expenditure have resulted in reduced funding for the social services needed by the most vulnerable members of the population. The poorest and most vulnerable groups are at further risk of deprivation. This is particularly an issue for women and children, unemployed young people, people with low-level qualifications and skills, and other vulnerable groups such as indigenous people, the elderly and disabled.

REGIONAL AND GLOBAL INTEGRATION

2.24 The Caribbean faces many challenges in regional cooperation and in facilitating regional and global integration. The fragmentation of the Caribbean economies, due to barriers to trade in goods and services and the high transport costs within the Region, is a significant obstacle to economic development and poverty alleviation.

2.25 A number of studies, including those by the World Bank and the Organisation of American States (OAS)ⁱⁱⁱ and Inter-American Development Bank (IDB)^{iv} identified key strategic priorities to strengthen the linkages among trade liberalisation, growth and poverty reduction, which include reducing economic imbalances and investing in infrastructure, accelerating national trade policy reforms, accelerating the implementation of the CSME, and using regional agreements such as the Economic Partnership Agreement (EPA) with the European Union (EU) as a catalyst to trade reforms. The studies find that real per capita economic growth in the Caribbean has lagged in recent decades due to obstacles to regional integration leading to worsening fiscal positions, reduced investment and increased brain drain.

2.26 The CSME calls for deeper macroeconomic policy coordination, increased harmonisation of functional regulatory areas, free movement of goods, services, investment, and labour, and eventually a currency union. This is an ambitious programme and implementation measures have been slow and uneven. Heads of Government have, however, affirmed the importance of the CSME in advancing the development of the Region and attached priority to trade negotiations with Canada and progress in implementation of the CARICOM/Dominican Republic Free Trade Agreement and the EPA with the EU.

2.27 The member countries of the Organisation of Eastern Caribbean States (OECS) have also built on various steps of functional cooperation and integration, including a common currency and central bank, and moved to establishment of an Economic Union and a Single Financial and Economic Space among

themselves in June 2010. The formation of the Economic Union is consistent with the objectives of the CSME and is expected to have a positive impact on the wider CARICOM arrangements.

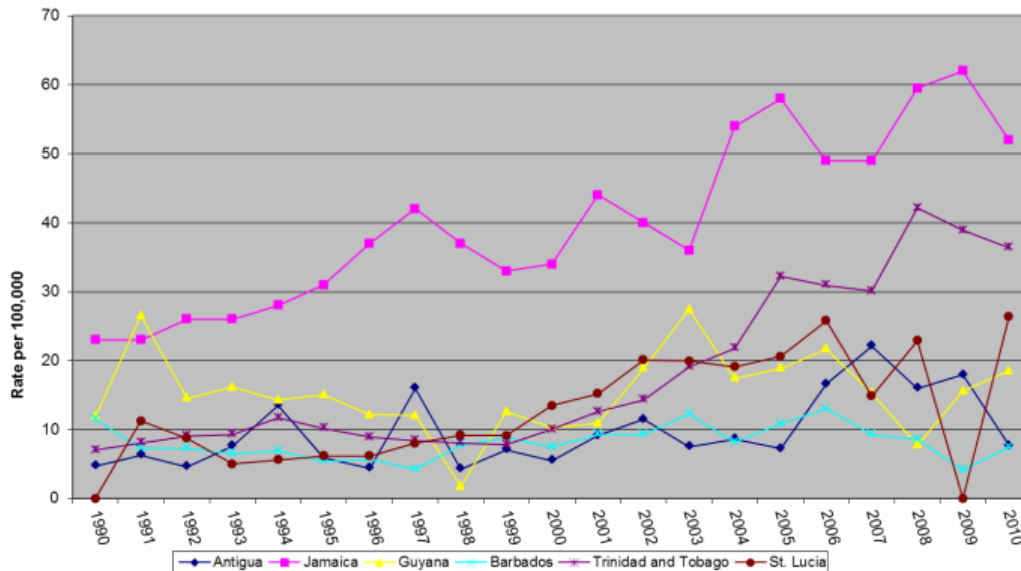
2.28 Regional and sub-regional approaches are clearly needed to address many of the Region’s most pressing problems. The challenge remains to consolidate the many areas of functional cooperation and integration, and further strengthen the implementation of the CSME in order to support the goal of higher and sustainable growth and a more equitable distribution of benefits among participating countries and their citizens. This requires further development of the necessary capacities of both BMCs and OECS and CARICOM institutions.

CITIZEN SECURITY

2.29 The level of violent crime in the Caribbean region has been steadily increasing for more than a decade. In 2002, the homicide rate for the Region was estimated at 30/100,000. Since then, the rate for some countries has declined, but the general trend has continued upward. Some countries have experienced extraordinarily high rates in the range of 30 to 62 incidents per 100,000 citizens. These rates significantly exceed the average for Latin America and the Caribbean (18/100,000 in 2007) and are multiples of the global mean (8/100,000 in 2007). There is considerable variation across the Region, with some countries registering a homicide rate that has remained relatively low and stable.

2.30 The problem, however, is not limited to high rates of violent crime. More troubling are the changing patterns of crime and the threats that new forms of criminality pose for the security of citizens. In most of the countries with high rates of violent crime, gang activity and organised crime networks have been a major factor.

FIGURE 2: HOMICIDE RATES IN SELECTED CARIBBEAN COUNTRIES – 1990-2010



Source: United Nations Development Programme (UNDP), Caribbean Human Development Report (CHDR) on Citizen Security 2012.

2.31 Where violent crime has become a major social problem, it exhibits patterns of geographic concentration. It tends to be urban, particularly concentrated in capital cities. Within these cities, it is further concentrated in communities of the poor. This sub-population tends to be most affected by violent crimes, and within these sub-populations, young males are most at risk. This group is also the greatest supplier of violent offenders.

2.32 Survey data indicate that Caribbean publics regard the crime problem as the most important or second most important social problem facing their countries. Citizen security is a central public policy issue. The traditional response by BMCs has been largely focused on law enforcement. This approach, however, has been largely ineffective. In many jurisdictions, arrest and conviction rates for some categories of serious crime are low. More comprehensive approaches to law enforcement that include social crime prevention are required, and some countries have moved in this direction. A few governments have adopted citizen security and justice programmes that pay greater attention to crime prevention, to reform the criminal justice system, including the police, courts, juvenile justice and corrections, integration of the communities of the poor, and better protection of the rights of citizens. Despite these positive changes, most BMCs are able to allocate only a small proportion of their national budgets to crime and violence prevention.

2.33 Caribbean countries have learned much from their experience with the control, reduction and prevention of serious crimes. Some of these lessons are:

- **Good policy-making and planning is a condition for success.** The capacity of the Ministries of National Security in the development of public policy along with the capacity to evaluate the effectiveness of the related programmes and projects must be enhanced.
- **There is need for a broader coalition of partners.** More comprehensive approaches to crime control and prevention, and better coordination and effective implementation of programmes require governments to work in new ways and in partnership with organisations that are not part of the state structure.
- **Greater investments in crime prevention are required for sustained reduction in serious crimes and greater social stability.** Law enforcement and suppression has its limits. Even advances that may be made by crime suppression are unlikely to be consolidated unless there is greater attention to social crime prevention.
- **Systems of accountability should be strengthened.** Reform and transformation of the justice system also means developing the right relationships between the institutions and the citizens that they are supposed to serve.
- **Early intervention programmes with children at school.** Children are products of their circumstances, and school is very much a large part of these circumstances.
- **The need for accurate information on crime and violence.** Given the multi-dimensional nature of citizen security and the diverse ways in which it can be manifested, solid research and evidence-based analysis must underpin the development of all interventions.

3. OPERATIONAL FRAMEWORK FOR SDF 8

STRATEGIC ROLE OF SDF - COMPARATIVE ADVANTAGE AND THE AID ARCHITECTURE

3.01 *Contributors recognised* the strategic role played by SDF in addressing the challenges faced by Caribbean countries, in allowing the Bank to make a contribution to poverty reduction that it would not otherwise be able to make, and in the aid architecture for the Caribbean. This strategic role is based on the comparative advantages of SDF and the Bank, which are a function of the institution's experience and capacities.

3.02 An important comparative advantage of the Bank and SDF is the close relationship with BMCs and an understanding of the problems and dynamics of the Region, easy access of Bank personnel to policymakers and administrators as well as the institutions of civil society, the ownership and confidence that BMC governments have in their own regional institution, and the Bank's physical location in the Region and proximity to most of the BMCs. The challenge has been to extend this comparative advantage to an expanded membership with different traditions, language and institutional experience. The Bank has made substantial progress in strengthening its capacity to meet the new circumstances of Haiti as a member, and further efforts will be made during SDF 8, including with respect to the further expansion of the membership to include Suriname.

3.03 CDB and SDF also have a recognised comparative advantage in substantially lower costs for the appraisal and supervision of projects of the size that characterise the economies of the Caribbean.^v They also undertake grant and loan TA, public sector lending and private sector operations within a single organisation, and can take advantage of valuable synergies. The exclusive focus on the Caribbean and closeness to BMCs give SDF and the Bank a special role in relation to RCI and to the strengthening of governance and the institutions of civil society, as well as acceptability as a partner in poverty reduction and economic reform.

3.04 The multinational nature of CDB's partnerships, together with its regional and non-regional non-borrowing shareholders, has allowed the Bank to develop relationships and networks through which it can mobilise external expertise and complementary funding to deliver assistance.

3.05 The Bank has gained substantial experience over 30 years in the design and delivery of community-based programmes targeted to the poor, as well as in a range of programming of direct relevance to the poor, including agriculture and rural development, basic housing, early childhood and basic education, environmental planning, strengthening of MSMEs, and small-scale credit. Considerable work has been done by the Bank on the policy and institutional elements that are essential for strengthening governance, including support for the preparation of CPAs and National Poverty Reduction Strategies (NPRSs).

3.06 The Bank's experience extends to strengthening of development finance institutions, the operational and technical capacities of public utilities, and economic and fiscal management, programme delivery and institutional strengthening, as well as economic infrastructure projects. It has played a partner and work-sharing role in various coordination, harmonisation and alignment efforts, including in the social sectors, where a large number of donors are active.

3.07 The Bank has longstanding and mutually supportive relationships with other Caribbean institutions and agencies, including those of CARICOM and the OECS. It played a major role in facilitating the establishment of the Caribbean Court of Justice and the CARICOM Development Fund, which are important elements of the single market and economy (CSME). CDB is also a partner of

agencies such as the Caribbean Centre for Technical Assistance and the Office of Trade Negotiations (formerly Caribbean Regional Negotiating Machinery), CCCCC, CIMH, Caribbean Disaster Emergency Management Agency (CDEMA), University of the West Indies (UWI), Caribbean Electric Utility Service Corporation (CARILEC) and the Caribbean Water and Sewerage Association Inc.

3.08 Although a partnership of countries from within and outside the Region, the Bank is an important instrument of South-South cooperation, and the work of the Bank and SDF includes “triangular cooperation,”^{vi} particularly in TA operations financed by SDF, and in managing additional contributions from other donors to programmes such as BNTF and the Department for International Development of the UK (DfID) Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFund). The recent Busan HLM laid particular emphasis on the importance of South-South cooperation and triangular cooperation.^{vii}

3.09 *Contributors encouraged* the Bank to extend its role as a participant on behalf of BMCs and CARICOM in the international dialogue on aid effectiveness, and noted that it had participated in the recent Busan HLM as well as in the previous HLM in Accra. *Contributors also welcomed* the role that CDB was playing, jointly with the IDB, in assisting BMCs to engage in and apply MfDR, which is a key element in addressing both the MDGs and the implementation of the Paris Declaration on Aid Effectiveness.

3.10 Development partners in the Region tend to cluster their support around a small number of themes such as education, social development, HIV/AIDS, financial management and public sector management and modernisation. While development partners may be operating under the same broad themes, however, this does not necessarily mean there is duplication, as they often focus on different countries or different aspects of the problem. There needs to be a high degree of collaboration to exploit the synergies and build integrated activity frameworks.

3.11 *Contributors also encouraged* the Bank to renew its role in aid coordination and collaboration as an instrument of alignment and harmonisation and reducing the transaction costs in the development assistance relationship. More broadly, *Contributors agreed* that regional and sub-regional institutions such as the Bank had a comparative advantage in establishing strong partnerships, reflecting regional, cultural, linguistic and historical ties.⁸ In this way, the Bank, with the essential support of SDF, has a special role to play in overcoming some of the complexities in the aid architecture for the Caribbean, and the transaction costs of a large number of aid channels and the fragmentation of donor-funded activities.^{viii}

3.12 Within these various areas of comparative advantage, however, SDF and the Bank have developed particular areas for focus and concentration, taking advantage of staff capabilities and sectoral experience and reflecting also the work of other financing agencies. *Contributors encouraged* the Bank to continue to emphasise selectivity and focus in the context of SDF 8, while addressing specific priorities and opportunities in individual BMCs.

THEMATIC STRATEGY FOR SDF 8

3.13 *Contributors agreed* on four core themes for SDF 8, within which selected programme areas and specific objectives would be identified, consistent with individual country strategies and the Bank’s experience and capacities. The themes build on those of previous replenishments, with a sharper focus on key current priorities. They are consistent with the Bank’s overall Strategic Plan for 2010-2014, but

⁸ This is consistent with the analysis undertaken for the Accra HLM on “The Changing Aid Architecture: Implications on Aid Effectiveness” (*Issues Paper* for Roundtable 9), and with the conclusions of the recent Busan HLM.

recognise the particular character and contribution of SDF in relation to the challenges faced by the BMCs for the period ahead.

3.14 Poverty reduction and human development, which were an area of focus in the Special Development Fund (Sixth Cycle) (SDF 6) and SDF 7, are reflected as the overarching objective for SDF 8, as they are for the Bank's operations as a whole. All of SDF operations, therefore, are expected to contribute to this primary objective. It is an objective that will assist BMCs to address the CMDG targets, as will all elements of the programme. The Bank's Poverty Reduction Strategy (PRS) will continue to apply, and in this respect, *Contributors welcomed* the recent evaluation of the effectiveness of the strategy and the identification of lessons learned and recommendations that would help to strengthen the strategy for SDF 8, and urged the Bank to act on these.

3.15 The four core themes for SDF 8 will be:

- ***Inclusive and sustainable growth***, with a focus on a limited number of objectives in education and training, agriculture and rural development, economic and social infrastructure, economic and fiscal adjustment, and private sector development. The emphasis on inclusive growth will support activities that create and expand economic opportunities as well as broadening access to these opportunities to ensure that all BMC citizens can benefit.
- ***Environmental Sustainability and Climate Change***, focusing on specific objectives in DRR and management, climate change mitigation and adaptation, including renewable energy and energy efficiency.
- ***Citizen Security***, with objectives covering both crime and security as well as social protection, and reflecting the complex and varied causes of crime and violence that undermine efforts at development and growth, requiring multi-sectoral approaches to enhancing the security of citizens.
- ***Regional Cooperation and Integration***, with a focus on regional solutions and a limited number of objectives in the areas of RPGs.

3.16 *Contributors emphasised* the need not only to identify specific areas of focus within these overall themes, but to identify expected results as a guide to programme development and project design, and further strengthen collaboration with other agencies. *Contributors recognised*, however, the need for SDF and the Bank to be responsive to the needs of individual BMCs and the analysis and priorities in country strategies, a consideration on which BMC Contributors laid particular emphasis.

3.17 *Contributors welcomed* the addition of citizen security as a new area for SDF, reflecting the broad concerns of most BMCs, in which SDF and the Bank will work closely with other development partners and seek to integrate this priority in SDF supported projects in areas such as BNTF and education.

3.18 *Contributors also welcomed*, among other areas, the inclusion of agriculture and food security as well as financial stability issues as key elements for inclusive economic growth, and renewable energy as an important part of reducing vulnerability.

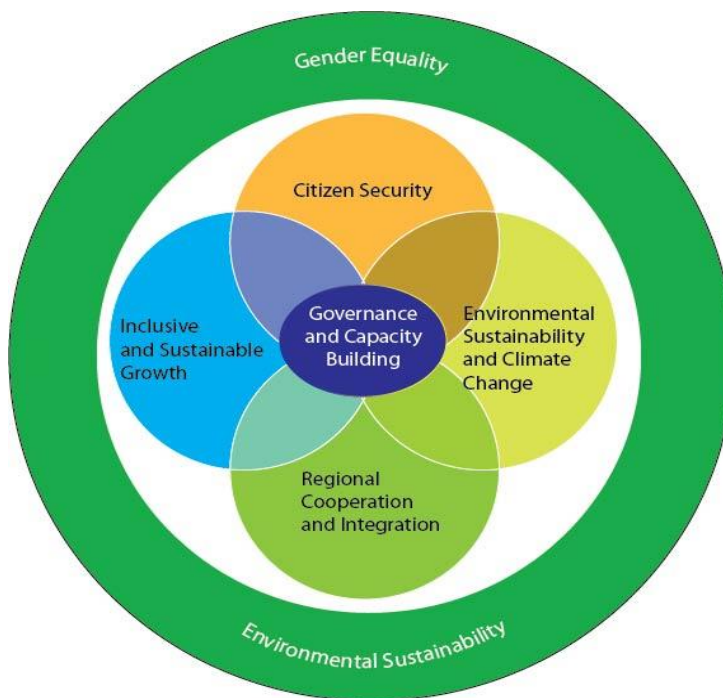
3.19 An underlying foundation for the work of SDF 8 will be *governance and capacity development*, to which the Bank's revised TA policy is expected to make a significant operational contribution. In addition to environment and climate change as an operational area, *environmental sustainability* will remain an important cross-cutting theme for all SDF operations.

3.20 *Gender equality* will be the other cross-cutting theme for SDF 8, and *Contributors underlined* the importance of this aspect of the Bank’s operations and the importance of further accelerating implementation for the Bank’s gender policy and operational strategy.

3.21 The four themes of the overall strategy for SDF 8 are shown in Figure 3, together with the foundation of governance and capacity building and the two cross-cutting issues. The overarching objective is poverty reduction and human development.

FIGURE 3: SDF 8 STRATEGIC FRAMEWORK

Poverty Reduction and Human Development



OPERATIONAL STRATEGY

3.22 *Contributors endorsed* an operational framework for SDF 8 that would be guided by the core themes for the Replenishment and reflect the comparative advantages, experience and capacity of SDF and the Bank. Application of the framework will be guided by country strategies and cooperative partnerships with BMCs and other development agencies. *Contributors stressed* that strong emphasis should be placed on identifying expected outcomes and on monitoring and reporting on results.

3.23 *Contributors agreed* that the thematic strategy would be reflected in different ways, with linkages between areas of intervention and, where appropriate, objectives spanning more than one theme or element of the strategy. Both RCI and citizen security, for example, will be reflected as appropriate throughout the programme. Similarly, environmental sustainability and climate change mitigation and adaptation will be viewed as both a programme area and, together with gender equality, as cross-cutting issues to be mainstreamed across the SDF 8 programme. Good governance and capacity building will be the underlying foundation of the programme, to be reflected as appropriate in different programme areas.

3.24 In the course of their consideration of operational issues, Contributors reviewed a number of papers in various areas, as presented in Appendix A.

3.25 *Contributors agreed with the Bank's proposal* that there be a further degree of focus within the Bank's approved sectors of intervention. As in SDF 7, there would continue to be a distinction between programme areas or sectors where SDF and the Bank would take the lead and sectors where SDF would normally be used only in collaboration with partner agencies to support common objectives. The core sectors were identified as Education and Training, Transportation, Water and Sanitation, Solid Waste, Renewable Energy/Energy Efficiency, Agriculture/Rural Development and Shelter, where the Bank retains a strong capacity and comparative advantage, while the collaborative sectors will be Public Finance/Economic Management, Agricultural Production and Marketing, Information and Communication Technologies for Development and the Financial Sector. There will also be a continuation of the exit sectors agreed in SDF 7 of Forestry, Fisheries, Health, Communications and Tourism. *Contributors also took into account* an assessment of the Bank's capacities and core competencies in the sectors of intervention and the expected further strengthening in this regard.

3.26 The focus and selectivity in SDF 8 will also be reflected in:

- the expected outcomes in each thematic/programme area;
- greater consistency between the types of interventions and the capabilities of the Bank;
- strengthening partnerships for better coverage of BMC development; and
- a preference for regional approaches, where appropriate and feasible, in the interest of greater efficiency and sharing of lessons.

3.27 The programme areas for each of the four SDF 8 themes are shown in Table 1, together with expected outcomes, which will provide a high degree of selectivity and targeting in SDF operations. These reflect a selected and manageable set of objectives consistent with the Bank's experience and capacities.

3.28 *Contributors laid emphasis* on continued collaboration with development partners. *They reviewed* the Bank's *extensive network of partners* in various programming areas *and supported* continued use and development of this network in SDF 8. Further building of appropriate partnerships would help to widen the role and strengthen results of SDF operations, as well as reduce fragmentation in development assistance for the Caribbean. It would strengthen the implementation of the Paris Declaration Principles and support the *Partnership for Effective Development Co-operation* launched by the recent Busan HLM on aid effectiveness, in which the Bank is a participant.

TABLE 1: STRATEGIC THEMES, PROGRAMME AREAS AND EXPECTED OUTCOMES FOR SDF 8

Strategic Theme	Programme Area	Expected Outcomes
Inclusive and Sustainable Growth	<ul style="list-style-type: none"> Education and Training 	<ul style="list-style-type: none"> Increased and equitable access to high quality education and training Improved efficiency and effectiveness of education services
	<ul style="list-style-type: none"> Agriculture and Rural Development 	<ul style="list-style-type: none"> Improved production, distribution and risk transfer systems to reduce vulnerability of rural populations
	<ul style="list-style-type: none"> Economic and Social Infrastructure 	<ul style="list-style-type: none"> Improved water and sanitation in high poverty areas, especially rural areas Improved access and transport infrastructure, including rural roads
	<ul style="list-style-type: none"> Private Sector Development 	<ul style="list-style-type: none"> Improved business climate, including regulatory and policy environment Enhanced viability of MSMEs
	<ul style="list-style-type: none"> Economic Stabilisation and Fiscal Adjustment 	<ul style="list-style-type: none"> Improved macroeconomic management Improved capacity for project preparation, management and implementation Improved capacity for strategic policy making and coordination including evidenced-based decision-making
Environmental Sustainability and Climate Change	<ul style="list-style-type: none"> Disaster Risk Reduction and Management 	<ul style="list-style-type: none"> Reduced risk and improved resilience focusing primarily on poor and vulnerable communities as a result of strengthened regional, national and community capacity for mitigation, management and response to hazards
	<ul style="list-style-type: none"> Climate Change Mitigation and Adaptation 	<ul style="list-style-type: none"> Improved climate risk management in BMCs Enhanced community resilience to climate change
	<ul style="list-style-type: none"> Renewable Energy and Energy Efficiency 	<ul style="list-style-type: none"> Increased the use of energy efficiency and renewable energy technologies in key sectors such as agriculture, water, education and housing, especially by MSMEs
Citizen Security	<ul style="list-style-type: none"> Crime and Security 	<ul style="list-style-type: none"> Enhanced resilience of at-risk youth Enhanced community cohesiveness Enhanced policy framework for citizen security
	<ul style="list-style-type: none"> Social Protection 	<ul style="list-style-type: none"> Improved efficiency and effectiveness of social protection intervention Enhanced capacity and strengthened governance arrangements for social development ministries
Regional Cooperation and Integration	<ul style="list-style-type: none"> RPGs and Coordination and Cooperation in Promoting Regional Development 	<ul style="list-style-type: none"> Strengthened statistical capabilities for improved decision-making and impact evaluation Improved legal and regulatory systems in BMCs Improved efficiency of regional transportation

3.29 *Contributors also reviewed* a more detailed matrix setting out the intended priorities, expected outcomes and results indicators, as well as modalities and prospective partnerships, and other factors.⁹ This matrix was intended to assist staff in focusing on key intended outcomes and monitoring progress towards objectives. Further adjustment of the matrix will be undertaken to reflect the development of country strategies and any restatement of the Region’s overall development objectives for the period beyond 2015.

⁹ See Appendix E.

SELECTED STRATEGIC ISSUES

3.30 *Contributors considered* a number of strategic issues that would have a bearing on the SDF 8 Programme *and agreed* that these should form part of the SDF 8 operational framework. In most cases, these are covered by papers considered and agreed, in some cases after revisions to reflect the views of Contributors. Particular mention, however, can be made of five issues. The first issue, addressing the MDGs, is part of the strategic context for the Replenishment, and others such as BNTF, Haiti, TA, including Governance and RCI, and the cross-cutting issues, represent particular operational issues.

Addressing the MDGs

3.31 Contributors have endorsed the MDGs, in particular the Caribbean-specific MDG framework which was subsequently developed, as an integral part of the policy framework for SDF through three replenishment cycles. For SDF 8, *Contributors again endorsed* the MDGs and the CMDG targets and indicators as a framework for targeting SDF operations in selected areas and monitoring results in the countdown to the target year of 2015.

3.32 *Contributors welcomed* the contribution that SDF was making, particularly in relation to Goal 1 (Poverty), Goal 2 (Education), Goal 3 (Gender Equality), Goal 7 (Environmental Sustainability) and Goal 8 (Partnership for Development),¹⁰ *but recognised* that while the Region had made progress on some indicators, there was still considerable distance to go in a number of critical areas addressing poverty reduction if targets were to be met.

3.33 *Contributors urged* the Bank to give high priority to supporting the acceleration of efforts directed to the CMDG targets in the areas in which SDF 8 would be focusing. *They pointed* to the recognition by the Busan HLM that accelerating such efforts was essential if the renewed approach to partnership was to have the maximum impact on the realisation of the MDGs by 2015 as well as on development results over the longer term.^{ix} *Contributors agreed* that the Bank should work with Caribbean partners to strengthen the monitoring of results under the MDGs as part of the Bank's results framework for the SDF 8 period.

BNTF

3.34 BNTF is the Bank's principal programme for direct poverty reduction, targeted at poor communities to improve basic infrastructure and services and increase the potential for economic activity through skills training and capacity building. The programme provides resources for sub-projects, project management and technical services, as well as for capacity building for community organisations in participatory approaches for planning and monitoring of sub-projects. There is also a regional component that provides programme support, coordination and administration.

3.35 BNTF addresses all three of the core elements of the Bank's PRS: *capability enhancement, reduction of vulnerability and good governance*. The programme makes a significant contribution to CMDG targets, particularly for MDG 1, but also MDG 3 and MDG 7.

3.36 BNTF provides grant financing from SDF for ten recipient BMCs¹¹ under country agreements covering individual phases of BNTF, similar to SDF cycles, but not directly aligned. SDF funds are provided to the programme as a set aside from each SDF cycle, most recently \$32 mn in SDF 6 and

¹⁰ See targets set out in Appendix B: Caribbean MDG Framework, and *Development Effectiveness Review 2011*.

¹¹ Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Turks and Caicos Islands.

\$46 mn in SDF 7. Current phases are BNTF 5, for which sub-project commitments have been completed and disbursements are now drawing to a close, and BNTF 6, for which sub-project commitments are expected to be completed by or before the end of 2012, with disbursements completed by the end of 2013. Planning for BNTF 7, for which funding was provided under SDF 7, has been completed and is ready for launching.

3.37 *Contributors considered* a number of papers related to the programme, including a programme completion report for BNTF 5, a status report on implementation and an independent mid-term evaluation (MTE) for BNTF 6, together with the Management response to the evaluation, and an outline of the proposed design of BNTF 7.

3.38 *Contributors noted* the key findings of the BNTF 6 MTE, including that BNTF was increasingly relevant in light of the poor fiscal situation in BMCs, the economic slowdown, and the greater demand for social programmes that governments were unable to meet. There were, however, issues with respect to ensuring satisfactory maintenance of infrastructure and inefficiencies in programme administration, although efforts were being made to address these, and to the increased emphasis on community participation, which was not easily adaptable to all BMCs.

3.39 *Contributors also noted* the recommendations of the MTE, including that BNTF needed to be “mainstreamed” in the Bank, and that there should be a stronger focus on sub-project effectiveness, including installation of a results-based sub-project monitoring system. They also noted that steps would be taken to reduce the time required for sub-project approval, to raise the limit on the size of sub-projects, and to improve the sustainability of programme outcomes. This would include developing a plan to address maintenance of infrastructure and strengthening co-ordination and partnerships with relevant Ministries and stakeholders responsible for achieving outcomes.

3.40 *Contributors welcomed* the range of issues and frankness in the documentation, and the demonstration of the continued relevance and importance of the programme in relation to the Bank’s core mandate of poverty reduction and the CMDG targets, as well as the concept of shared responsibility with the communities concerned. *They underlined*, however, the importance of strengthening the results focus of the programme and addressing the efficiency issues that had been identified. *Some Contributors also stressed* the value of focusing on core outcomes rather than overly broad objectives. Annual reporting on implementation of recommendations from the BNTF 5 and BNTF 6 MTEs was *requested by Contributors*.

3.41 In going forward, *the Bank proposed* to limit the areas of intervention and to work primarily in three sectors rather than nine. The three priority areas are education and human resource development, water and sanitation systems development, and community access and drainage systems enhancement. In each area, there will be targeted expected outcomes (see Table 2).¹²

TABLE 2: BNTF – PROGRAMME AREAS AND EXPECTED OUTCOMES

Education and Human Resource Development	Water and Sanitation Systems	Community Access and Drainage Systems
<ul style="list-style-type: none"> Increased and equitable access to high quality education and training. 	<ul style="list-style-type: none"> Improved water and sanitation in high poverty areas, especially rural areas. 	<ul style="list-style-type: none"> Improved access and transport infrastructure, including rural roads.

3.42 An increase in the BNTF contribution to sub-projects and in the upper limit on sub-project costs was approved. Steps to improve efficiency will include measures to expedite approval times and implementation of a BNTF Action Plan covering strategic management, the approval process, supervision, quality control and capacity building. Steps to improve effectiveness include a focus on quality at entry for sub-projects, use of specialist staff

¹² Tables 2 and 3 are a sub-set of the programme-level - Table 1.

or consultants to support sector work, introduction of a comprehensive results monitoring system, and installation of a new BNTF management information system to support the results focus. Steps to improve sustainability include strengthened community and stakeholder participation and institutional development, mainstreaming of cross-cutting issues with attention to monitoring indicators, and a comprehensive approach to maintenance, including upgrading of quality standards for construction.

3.43 *Contributors and the Bank agreed* that BNTF 7 and BNTF 8 be consolidated and implemented concurrently with SDF 8. The funds available for BNTF 7 would be applied, and an additional contribution to the combined BNTF cycle would be made from SDF 8. The combined BNTF cycle will be programmed for commitments to cover the full four-year period to coincide with the SDF 8 cycle 2013-2016.

Role and Strategy in Haiti

3.44 SDF support for Haiti has been provided for in set-aside grant allocations in SDF 6 and SDF 7. Operations to date have reflected the challenges for the Bank in working in a country with different institutions, a different language, and major issues of governance and development to address, complicated further by major problems of recovery from the disaster in January 2010. The emphasis has been on selected interventions in sectors where the Bank has significant experience to draw on and has been able to work collaboratively with other donor agencies with ongoing programmes and capacity in Haiti. Concurrently, relations with the Government and relevant Haitian institutions have been developed and the Bank's own experience and capacity for working in the country have been built up.

3.45 *Contributors endorsed* the work of SDF in Haiti and looked ahead to the role and scope that would be appropriate for SDF 8, with further strengthening of the Bank's capacities in relation to the challenges of working in Haiti. *Contributors reviewed* the programme to date, its scope and achievements and the collaboration with other donors that had been a principal characteristic of the programme, including in terms of project supervision and monitoring, and *welcomed* the Bank's analysis of the issues.

3.46 *Haiti welcomed* the Bank's efforts to align its interventions with Haiti's plans for national recovery and development, and supported partnering with other development institutions as a reasonable strategy, but at the same time suggested that the Bank now had the experience to intervene on its own in some areas where it had a comparative advantage; that was demonstrated in the rural community development project which is currently under implementation, and another example was the successful and important TA provided to ENAF, the National School for Fiscal Administration.

3.47 *Contributors and the Bank agreed* on a programme that would be focused on two sectors, education and training, and community-driven development and agriculture, with more limited interventions to support capacity building and the strengthening of the country's resilience to future natural hazards. These are areas where CDB has strong sector experience, and which would build directly on SDF interventions since 2007.

3.48 *Contributors welcomed* the extent to which the programme would have a limited number of targeted objectives, and continue to be undertaken in cooperation with existing partners, while at the same time drawing on strong staff capacities. *Contributors also requested* the Bank to emphasise close monitoring and evaluation of experience and outcomes.

3.49 The programme areas and the specific objectives and expected outcomes are shown in Table 3¹². Interventions in education will centre on early childhood and primary education and vocational training, following up on existing SDF projects in the sector, with interventions to continue to be undertaken in collaboration with development partners. It is expected that a significant portion of SDF resources available for Haiti in SDF 8 will be directed to the education sector.

3.50 Community-driven development interventions will draw on CDB’s long experience with community development through BNTF and will build on successful community-driven development projects to date in both rural and urban communities. These will also be undertaken in collaboration with major development partners operating in Haiti.

3.51 Resources will also be directed to smaller initiatives in capacity building and building resilience, including support for Haiti’s integration into CARICOM, building institutional capacity in the public sector such as through ENAF, and small-scale TA to MSMEs through the Bank’s long-established and successful CTCS programme. SDF would also continue to provide assistance to meet Haiti’s Caribbean Catastrophe Risk Insurance Facility premiums, where necessary, and support efforts related to emergency disaster response and recovery.

3.52 *Contributors agreed* that there should be a further set-aside allocation for Haiti in SDF 8, for which programme details will be developed in a new Country Strategy Paper.

Good Governance and Capacity Building

3.53 Capacity building and good governance have long been a focus of SDF. For SDF 8, *Contributors agreed* that good governance would provide the underlying foundation for the operational strategy, with important elements in each of the core themes and priority sectors.

3.54 TA is one of the principal functions of the Bank under its Charter and in supporting many of the objectives of SDF and the Bank. *Contributors welcomed* the Bank’s intention to strengthen SDF-financed TA operations, with greater focus on selected objectives, more coherent programming, and better project supervision and monitoring of results. This includes SDF support for good governance and capacity building as the underlying foundation of SDF 8 operations, and support for RCI, one of the core themes for SDF 8, as well as support for the Bank’s lending operations, and mainstreaming of gender equality.

3.55 The Bank will seek to achieve greater strategic coherence in SDF 8 by:

- ensuring that Country Strategy Papers (CSPs) identify critical capacity and governance weaknesses. In this context, the Bank will re-institute a training programme for staff to strengthen the operationalisation of the Governance Strategy and application of the toolkits;
- review of the Governance Strategy to take into account the Bank’s experience and that of other multilateral development banks (MDBs) since the Bank’s current strategy was

TABLE 3: HAITI – PROGRAMME AREAS AND EXPECTED OUTCOMES

Education and Training	Community-Driven Development and Agriculture	Capacity Building and Resilience
Increased and equitable access to high quality education and training.	Increased access to public infrastructure facilities and services.	Enhanced effectiveness of the public sector. Enhanced viability of small and medium enterprises.
Improved efficiency and effectiveness of education services.	Enhanced capacity of rural/ urban communities to contribute to economic development.	Improved capacity for DRR.

developed, as well as the Bank’s Strategic Plan and the policy and operational framework for SDF;

- strengthening civil society participation by building capacity in non-governmental organisations at the national and regional levels and, where feasible, expanding stakeholder participation in CDB-financed projects;
- supporting interventions that take a regional approach to addressing development problems or seek to remove constraints to effective RCI;
- considering the integration of appropriate information and communication technologies into the design and implementation of interventions, especially where such integration will improve service delivery; and
- developing tools to measure the effectiveness of support for good governance.

3.56 *Contributors welcomed* the steps to strengthen TA for governance and capacity building *and underlined* its continuing importance.

TA Policy and Strategy

3.57 *Contributors noted* that the new policy and strategy responded to the recommendations of a major evaluation of TA operations.^x *They also noted* that some 85% of the Bank’s TA was financed by SDF, and TA would, therefore, be an important element of SDF 8. The new TA policy focuses on four objectives: (i) alignment of the TA programme with the Bank’s strategic objectives, PRS, and SDF and OCR commitments; (ii) strengthening the operational focus for TA programming, monitoring, reporting and control; (iii) application of best practice at each stage of the project management cycle; and (iv) adherence to the principles of development effectiveness. The link between CSPs and the TA programme will be reinforced, with CSPs to identify opportunities for TA.

3.58 *Contributors noted* the importance of synergy between TA and other aspects of the Bank’s work, including both investment and policy-based lending, as well as of greater integration and coherence in TA for good governance and capacity building and for RCI. *They also welcomed* the concrete steps to address organisational and implementation issues that had been identified, *and requested* further reporting on the strategic use of TA.

RCI

3.59 Support for RCI is part of CDB’s core mandate under its Charter, and the Bank has supported regional programmes for capacity development and institutional strengthening, regional and sub-regional approaches to national programmes to improve policy development and implementation, research and analysis on regional issues such as sectoral policies and economic adjustment, and functional cooperation of various types. It has also been a partner in regional policy and programme development and in the delivery of regional programmes financed by other agencies.

3.60 A Focal Point for regional programming has been established in the new Technical Cooperation Division (TCD). Direct support for regional cooperation in SDF 8 will focus on three areas with expected outcomes as indicated in Table 1. These will be:

- strengthening statistical capacity for improved decision-making and results reporting, including in terms of the CMDG targets, an area specifically targeted for support by the 4th HLM at Busan;¹³
- strengthening legal and regulatory systems in BMCs including support for resolution of the financial sector crisis in the ECCU; and
- support for efforts to improve intra-regional transportation for better movement of goods and persons.

In each of these areas, SDF and the Bank will work with development partners, as in the case of the financial sector in the ECCU, where the Bank is working with the International Monetary Fund (IMF), World Bank and Eastern Caribbean Central Bank, and in strengthening statistical capacities, where development partners include UWI, CARICOM Secretariat, Canadian International Development Agency (CIDA), United Nations Children’s Fund (UNICEF), Caribbean Technical Assistance Centre (CARTAC), DFID, UNDP and the World Bank.

3.61 In addition, the Bank will seek to encourage regional, sub-regional or transnational approaches to other types of interventions under other SDF 8 priorities. The overall strategy involves less priority for regional institution building, except where it also supports other SDF 8 objectives.

3.62 The TCD will also have responsibility for administering funds that might be provided by development partners in priority areas of RCI, such as the CARTFund, for which funding is provided by DFID, and EU standby facilities for CSME and the EPA.

3.63 *Contributors recognised* that RCI was critical to the advancement of the development of the Region, and was therefore appropriately one of the core themes for SDF 8. *They supported*, however, the sharpened focus on specific objectives and outcomes for direct SDF interventions, which was consistent with the overall operational strategy for SDF 8. In particular, *they endorsed* the intended focal areas and their relative priority. *They also supported* the objective of harmonising national interventions to gain the benefits of RPGs.

Cross-cutting Issues

Gender Equality

3.64 Strengthening the implementation of the Bank’s Gender Equality Policy and Operational Strategy (GEPOS) will make an important contribution to the objectives of SDF 8, including the targeting of the PRS and strengthening of individual country strategies.

3.65 *Contributors agreed* that the Bank’s gender strategy represented a good example of best practice, and that progress had been made in implementing some elements of the strategy, including integrating gender analysis in country strategies and project appraisals and in initiating a series of Country Gender Assessments. *They noted*, however, that there had been delays in other elements of the strategy, *and welcomed* Management’s intention to give priority to implementation of recommendations from an independent assessment of the effectiveness of the strategy. *Contributors urged* the Bank to give a high

¹³ Governments and development agencies agreed at Busan to implement a global Action Plan to enhance capacity for statistics to monitor progress, evaluate impact, ensure sound results-focused public sector management, and highlight strategic issues for policy decisions (Outcome document of the 4th HLM, para. 18 c).

priority to the recommendations of the Assessment, including as part of the Implementation Plan for SDF 8.

3.66 *Management indicated* that priority will be given to:

- Allocation of key human resources to GEPOS;
- Display of buy-in, ownership and championing of gender mainstreaming by senior management;
- Implementation of a Communications Strategy; and
- Clear guidelines to ensure that gender integration enhances gender mainstreaming across the Bank as well as corresponding interventions in BMCs.

3.67 The Gender Equality Adviser to join the Bank's staff early in 2013 will be mandated as the Bank's Gender Equality Champion and will be responsible for leading the implementation of GEPOS. The Adviser will report to the Vice-President (Operations) and will be supported by a Gender Mainstreaming Network with representation from all of the core disciplines of the Bank.

3.68 The planned ten Country Gender Assessments begun in 2011 and 2012 will be completed in 2013 and will provide a valuable input in the targeting of country strategies and the mainstreaming of gender equality in sector and other strategies as well as in the design, implementation and monitoring of individual projects.

3.69 As part of the strengthening of gender analysis, gender equality mainstreaming, PRSs and monitoring and evaluation, additional disaggregated gender-specific data will be developed and complemented by explicit results indicators for project level outputs and outcomes.

3.70 Among other measures will be the development and implementation of a communications strategy, review of existing toolkits and guidelines to enhance gender mainstreaming throughout the project cycle, further steps in gender training for Bank staff and capacity enhancement for BMCs, and the establishment of a community of practice as a network of Bank staff and knowledge sharing and peer support with BMCs.

3.71 *Contributors welcomed* these specific steps *and requested* the Bank to report further on their implementation at the time of the SDF 8 MTR.

Environmental Sustainability

3.72 Environmental sustainability and the climate change agenda are core themes for SDF 8, as they were for SDF 7. They are also important elements in the Caribbean MDG Framework, and a strategic objective in CDB's Strategic Plan. They will, therefore, receive substantial attention in SDF 8. As both a programming area and a cross-cutting issue for all SDF operations, the focus is on disaster risk reduction and management, climate change mitigation and adaptation, and renewable energy and energy efficiency.

3.73 As part of the input to development of the SDF 8 framework, the Bank commissioned an independent assessment of the extent and effectiveness of the mainstreaming of environment, disaster risk management (DRM) and climate change in the Bank's strategies, programmes and operations. The assessment gave a high rating to the Bank's policies and strategies, but directed attention to the need for strengthening of the monitoring of mainstreaming, and to the desirability of further strengthening of the

**RESOLUTION OF CONTRIBUTORS TO SDF 8
SCHEDULE 3 – REPORT AND CONCLUSIONS OF NEGOTIATIONS FOR SDF 8**

Bank's institutional capacity, review of the Bank's Environmental and Social Review Procedures (ESRP) and further training for CDB staff.

3.74 Steps to be taken include development of an action plan to build capacity for monitoring and assessment of environmental, DRM and climate change aspects of the project portfolio, additional training for CDB staff on natural hazard and climate change risk assessment, an additional DRM Specialist on the Bank's staff, the use of strategic environmental assessments and country environmental assessment, to support the policy dialogue with BMCs and the development of the Bank's overall CSPs, and inclusion of DRM and climate change parameters in the new portfolio performance management information system currently under development.

3.75 *Contributors underlined* the importance of environmental sustainability and climate change as a strategic priority for SDF 8, *and requested* that both programme operations and mainstreaming in this area be assessed further for the Mid-Term Review on SDF 8.

4. DEVELOPMENT EFFECTIVENESS AND TARGETING RESULTS

CONTRIBUTING TO DEVELOPMENT RESULTS

4.01 The targeting and reporting of results is an essential part of the operational framework for SDF 8, as it has been for SDF 7. This responds to the continuing emphasis of the international development community on strengthening the results focus of development policies, programmes and projects, consistent with the commitment to the MDGs and the MDG targets. This in turn is reflected in the outcomes of four HLMs on Development Effectiveness, most recently at Busan, and in the increasing emphasis on MfDR since the first HLM in Rome. *Contributors welcomed* the Bank’s efforts to strengthen MfDR in its strategic planning and operational management, *but noted* that further strengthening would be needed during SDF 8.

4.02 *Contributors recalled* their endorsement of a RMF for SDF 7 *and commended* the Bank for progress that had been made to strengthen results reporting, with improvement of the RMF and its application to all of the Bank’s operations under its Strategic Plan.¹⁴ *They welcomed* the Bank’s intention to make further progress in development results reporting during SDF 8. Some examples of the contribution of SDF 7 to selected development results are provided at Box 1.

BOX 1: CONTRIBUTION TO SELECTED DEVELOPMENT RESULTS IN SDF 7

Programme Area	Achievements 2009-2012
Education and Training	<ul style="list-style-type: none"> • More than 700 classrooms were built or upgraded in 10 BMCs thereby providing improved educational facilities for in excess of 163,000 students. • The training of approximately 4,000 <i>additional teachers</i> is likely to improve the quality of educational delivery.
Social and Economic Infrastructure	<ul style="list-style-type: none"> • In excess of 259,000 persons benefitted from approximately 2,000 km of new or upgraded primary and secondary roads in 10 BMCs. • 522 community infrastructure facilities were built or upgraded for the benefit of more than 158,000 persons in ten BMCs. • 247 km of water lines were installed or upgraded providing in excess of 23,000 households with access to sanitation and potable water in ten BMCs.
Agriculture and Rural Development	<ul style="list-style-type: none"> • 4,750 hectares of land was irrigated or improved in 2 BMCs through drainage, flood and irrigation works • More than 700 stakeholders were trained in improved production technology and 500 benefitted from rural enterprise credit programmes
Environmental sustainability, DRM and climate change	<ul style="list-style-type: none"> • 34 projects in 7 BMCs had components which contributed to improved environmental management, climate change adaptation and mitigation and improved community resilience. • 2 Regional projects and interventions in 3 BMCs contained components supporting renewable energy/energy efficiency.

¹⁴ See *Development Effectiveness Review 2011* (BD 61/12), May 2012 for a fuller exposition of the results reported for the period 2010-2011. These are drawn from the revised RMF as approved in May 2011 for reporting on the Bank’s operations as a whole, which is based on the RMF approved by SDF Contributors for SDF 7, with some refinement of the indicators and adjustments for monitoring implementation of the Strategic Plan 2010-2014.

DEVELOPMENT EFFECTIVENESS AGENDA

Operational and Organisational Effectiveness

4.03 The Bank's internal reform agenda is an important part of the effort to increase development effectiveness through a reassessment and strengthening of policies, strategies, processes and programmes. The SDF 7 MTR assessed progress on a range of steps to strengthen operational effectiveness. The MTR and management's positive response were reviewed by Contributors as a major input to their consideration of SDF 8, as was a detailed report on the status of the Bank's Reform Agenda 2008-2012.

4.04 The Bank's *Reform Agenda* is focused on four principal areas:

- Enhancing corporate governance and oversight;
- Improving policies, strategies and guidelines;
- Aligning organisational structure and processes; and
- Mainstreaming of MfDR.

4.05 The expected outcomes are enhanced oversight and effectiveness of the Board of Directors (BOD); improved policies, strategies and guidelines; strengthened results-oriented approaches, with improved project results; stronger country focus and client orientation; improved risk mitigation, transparency and accountability; and skilled and engaged staff.

4.06 Among the steps completed are establishing the independence of the evaluation function, development of key operational strategies, realigning the structures of departments of the Bank, adopting a new results framework for CSPs, introducing new information technology systems and establishing a Results Committee to strengthen the RMF and adjust it for monitoring implementation of the Bank's Strategic Plan.

4.07 Ongoing elements of the reform programme include:

- Review of the governance and oversight mechanisms of the BOD;
- Development of a Risk Management Framework;
- Review of the Internal Audit and Compliance functions;
- Reorganisation of the Corporate Services Area;
- A comprehensive review of the performance management system;
- Re-engineering of the business processes for investment lending;
- Initiatives to support the strengthening of MfDR;
- Replacement of management information systems (PPMS, BNTF MIS, HRIS);
- A Bank-wide Business Continuity Plan;

- Revised strategies for private sector support, TA operations, governance and institutional development, and environmental and social risk; and
- A review of policy-based lending and its relationship to the operational programme of the Bank and SDF.

4.08 *Contributors welcomed* the work that had been done and was underway in many areas, and the progress that had been made, *and endorsed* the importance of the Reform Agenda as well as continued monitoring of the operational and organisational effectiveness indicators. *They supported* the Bank’s view that the effort to strengthen organisational capacity and effectiveness should be a continuing process. *They suggested*, however, that it would be useful to set priorities in the Reform Agenda and identify substantive changes that were expected, as well as provide for assessing the effectiveness and results of the initiatives. *They also* noted the priority that has been placed on the filling of the vacant positions to support the delivery of the SDF 8 programme and supported Management’s plan for continued action on staffing. They further *requested* the Bank to develop indicators that would track appropriate aspects of the reform agenda, particularly on human resource capacities. *Contributors also suggested* that, as part of the decision process on new policies and initiatives, it was important to identify the resource implications and whether the required resources were already available and where they would need to be strengthened or supplemented.

Managing for Development Results

4.09 Beginning with SDF 6, the Bank has worked with an MfDR or Results Agenda as a framework for responding to the internationally agreed objective of MfDR.^{xix} This has been structured in terms of three “pillars” — MfDR at *the country or regional level*, MfDR at *the institutional or corporate level*, and *MfDR through partnerships, harmonisation and alignment*.

4.10 Performance indicators for each of these three pillars are incorporated in the RMF for SDF 7 and in the RMF as adjusted for monitoring implementation of the Bank’s Strategic Plan, which will be used for SDF 8.

4.11 An *independent assessment of the Bank’s performance in MfDR* has been undertaken as an input to the development of an Action Plan to further strengthen MfDR in the operations and management of the Bank and SDF.^{xx} Both the performance assessment and the Bank’s MfDR Action Plan for 2012-2014 were reviewed by Contributors.

4.12 The performance assessment, undertaken at the Bank’s initiative, was based on methodology developed by the Multilateral Organisation Performance Assessment Network (MOPAN) to assess the organisational effectiveness of multilateral organisations.^{xxi} The performance indicators are designed to provide insight on organisational effectiveness and do not assess results on the ground. The assessment included a benchmarking of CDB’s MfDR performance against performance of the Asian Development Bank and IDB.

4.13 The assessment examined four dimensions of organisational effectiveness:

- Developing strategies and plans that reflect good practices in MfDR (*strategic management*);
- Managing operations to support accountability for results and the use of information on performance (*operational management*);

- Relationships with direct partners and donors at the country level in ways that contribute to aid effectiveness and are aligned with the principles of the Paris Declaration (*relationship management*); and
- Developing reporting mechanisms and learning strategies that facilitate the sharing of knowledge and information (*knowledge management*).

4.14 The MfDR assessment identified areas of strength, areas where performance was adequate and areas that were inadequate and needed attention. These are summarised in Appendix F. It also identified several success factors, drawn from the experience of other agencies. These included the importance of strong leadership, an organisational culture that increasingly used evidence on results as a basis for decision making, an effective change management process, and support for MfDR in the governance of the institution.

4.15 *Contributors noted* that the structure of the Bank’s Results Agenda had worked well, and that the MfDR Action Plan for 2012-2014 builds on this framework in addressing areas of weakness and areas for further strengthening.

4.16 The objectives of the MfDR Action Plan are to:

- Strengthen CDB’s results orientation for enhanced efficiency and effectiveness;
- Support BMCs in adopting MfDR; and
- Expand collaboration on MfDR with other development partners.

4.17 The Action Plan focuses on further strengthening and correcting weaknesses in all four areas of the Performance Assessment, and includes identification of expected outcomes, specific time-bound steps and planned outputs, as well as outcome indicators.¹⁵ The expected outcomes are:

- **Strategic Management** –
 - Greater accessibility to CDB documents, increased transparency and better provision of direction for results;
 - Improvement in stakeholder perceptions of CDB in terms of openness, accountability and partnering;
 - An enhanced link between staff performance and compensation and incentives;
- **Operational Management** –
 - Strengthened results focus in operational management;
 - Improved linkage between budgeting and results targeting;
 - Improved financial accountability and effective risk management;
 - Improved awareness, knowledge and skills of BMC officials in MfDR;
 - Improved staff awareness and skills in MfDR;
- **Relationship Management** –
 - Greater awareness of capacity-building activities;

¹⁵ Details are provided in the matrix in Appendix E.

- **Knowledge Management –**
 - Strengthened project monitoring and evaluation;
 - Ensuring lessons learned are effectively disseminated at the Bank and in BMCs.

4.18 *Contributors commended* the Bank’s initiative on assessing and strengthening MfDR and noted that the Action Plan would be subject to further discussion and adjustment. This was a major and challenging process for any institution. A key objective was to work on identifying outputs and outcomes and strengthening, monitoring and follow-up. *Contributors welcomed* the Bank’s commitment to putting in place a strong focus on results.

4.19 *Contributors recognised* that there were resource implications to the planned initiatives, but believed that strengthening of areas such as evaluation would have significant benefits. *The Bank similarly underlined* that there were resource implications in a number of areas such as risk management, and that the support of Contributors and the BOD would be needed in going forward.

4.20 *Contributors also recognised* the importance of involving BMCs, including at the most senior levels, and assisting BMCs in implementing MfDR.

Allocating Resources for Development Effectiveness

4.21 SDF resources available for each replenishment cycle are allocated in two specific ways to ensure development effectiveness across a range of objectives.¹⁶ There are specific set-aside allocations to target particular development priorities, including provision of grant financing, as distinct from concessional lending. Secondly, the largest part of country allocations is determined by a needs and performance-based RAS similar to that used for other MDB concessional funds, but with particular characteristics to address the specific circumstances of the Bank’s BMCs and provisions in the CDB Charter. In addition, the set-aside allocation for BNTF is also allocated among the participating countries according to the RAS formula. The RAS formula has been subject to periodic review, with appropriate adjustments in the method of determining the formula.

4.22 A review of the resource allocation formula was undertaken for SDF 8, and the results were *approved by Contributors*. The objective was to strengthen the poverty focus of SDF and make it a more effective tool for poverty reduction. The changes affect the country needs component of the formula, while the performance component remains unchanged.

4.23 In addition to population size and per capita income, the allocation formula will now also include the variable “POOR” (number of poor people in the country), with an appropriate weight. With the addition of the POOR variable, the poverty relevance of the allocation formula is greatly improved because “need” is now measured more directly. There is also an improvement in equity in the sense that a poor person will receive a greater benefit from the SDF wherever he or she lives in the BMCs if POOR is included in the allocation formula. The allocation formula for SDF 8, revised to reflect the POOR variable, would therefore be:

¹⁶ Overall access to SDF resources and the terms of SDF lending are also governed by a country classification system that broadly reflects differences in economic circumstances.

$$\text{Allocation score} = (\text{country need}) \times (\text{country performance}) \\ = (\log\text{POP} \times \text{POOR}^{0.1} \times \text{GNPpc}^{-0.9} \times \text{VUL}^{2.0}) \times (0.7\text{PRES} + 0.3\text{PORT})^{2.0}$$

Where:

logPOP = the logarithm of population

POOR = the number of poor people in the country

GNPpc = gross national product per capita (Current Prices)

VUL = country vulnerability (according to CDB's index of member country vulnerability)

PRES = country performance on policy and institutions (similar to the World Bank CPIA)

PORT = performance of the country's portfolio of CDB loans as measured by the Project Performance Index (PPI)

4.24 Access to SDF resources and the financial terms for SDF lending have also been governed by a classification of countries into different groups according to income levels. A parallel review was undertaken of the country classification system for SDF 8, as discussed further in Chapter 5, with a simplification to reduce the previous four categories to three categories, with Group 3 being the lowest income level, and Group 2 and Group 1 with relatively higher income levels.

4.25 *Contributors agreed* that the revised resource allocation formula would be used for planning allocations for core country lending in SDF 8, and that there would continue to be set-aside allocations for specific development purposes, taking into account the need to ensure an adequate share of SDF resources for regular country lending. The resource allocation formula will also be used for the allocation of BNTF resources among countries participating in BNTF, all of which are in Group 2.

Partnership for Effective Development Co-operation

4.26 Governments and development agencies agreed at Busan to form a new, inclusive Global Partnership for Effective Development Cooperation based on shared principles, common goals, and commitments to effective international development.^{xxii} They agreed on common principles as the foundation for effective development cooperation:

- *Ownership of development priorities by developing countries*, with partnerships for development of approaches tailored to country-specific situation and needs;
- *Focus on results*, to ensure that investments and efforts have a lasting impact on eradicating poverty and reducing inequality, on sustainable development and on enhancing developing countries' capacities;
- *Inclusive development partnerships*, recognising the different and complementary roles of all actors; and
- *Transparency and accountability to each other*, which was critical to delivering results.

4.27 *Contributors recognised* that the Bank has made significant efforts to implement the Paris principles, *and noted* that several of the key areas highlighted for action at Busan were targeted in the operational framework for SDF 8.

4.28 *Contributors supported* the Bank's intention to strengthen its performance in the areas of partnership, harmonisation and alignment, *and underlined* the importance of further reviewing current procedures and targets in light of the goals of the new Global Partnership established at Busan.

RESULTS FRAMEWORK FOR SDF 8

4.29 *Contributors commended* the Bank for its use and further development of the RMF that had been agreed for SDF 7. The SDF 7 RMF had been used in reporting to the Annual Meetings of SDF Contributors. It had also been further developed through the work of the Bank’s Results Committee and a comprehensive RMF was approved by the BOD, as a monitoring framework for implementation of the Bank’s Strategic Plan 2010-2014. This comprehensive monitoring framework has been used in the Bank’s first *Development Effectiveness Review*, which covered the first two years of the Strategic Plan and was submitted in May 2012.

4.30 *Contributors noted* that the BOD welcomed the Development Effectiveness Review 2011 and the reporting of results based on the four levels of the RMF, and had discussed some of the difficulties and constraints, including data availability from BMCs that would require further work and improvement. The RMF had provided a valuable framework for monitoring and reporting, as well as a basis for further development.

4.31 The comprehensive Bank-wide RMF met several key objectives:

- Retaining the setting of results specific to the Bank in the context of the CMDG targets most relevant to the operations of SDF and the Bank;
- Ensuring alignment between results reporting for SDF and results reporting for the Strategic Plan;
- Allowing the strategic framework for SDF to be set in the context of the Bank’s overall strategic framework;
- Providing a practical corporate-level management tool, with a selection of indicators relevant to corporate decision-making, and a basis for strengthening the results focus within the Bank;
- Providing sufficient data comparability to gauge progress over time, although further improvement was still needed in this respect; and
- Providing a basis for more detailed analysis and qualitative assessments in an annual Development Effectiveness Review.

4.32 *Contributors agreed* that the comprehensive RMF would provide the overall basis for results reporting in SDF 8, supplemented as appropriate by additional information on SDF and Bank-specific development outcomes, particularly in terms of immediate and intermediate outcomes.¹⁷

4.33 *Contributors encouraged* the Bank to work with BMCs to develop a stronger statistical base for assessing progress towards the CMDGs, as this would be necessary for an assessment of progress in the target year of 2015. *Contributors recalled* that CDB had taken the initiative, supported by the UNDP, in working with BMCs to develop the CMDG targets. *They indicated the expectation* that CDB would work with BMCs and development partners in ensuring that an adequate assessment of progress as of 2015 was undertaken.

¹⁷ The distinction is from ultimate outcomes or impacts, which are more distant from SDF interventions and more difficult to make direct attributions for.

RESOLUTION OF CONTRIBUTORS TO SDF 8
SCHEDULE 3 – REPORT AND CONCLUSIONS OF NEGOTIATIONS FOR SDF 8

4.34 The RMF would continue to have the four levels agreed for SDF 7 and the disaggregation of indicators by category, as shown in Appendix H. Regular reports will be provided to Contributors on progress, drawing on the relevant indicators in the RMF, as well as in the Matrix of SDF 8 Priority Programme Areas and Results. *Contributors also requested* the Bank to review the indicators in Level 2 and Level 3 to ensure that they included indicators in relation to all four of the core themes of SDF 8, including citizen security, and the Bank’s internal reform agenda.

5. FINANCIAL RESOURCES AND PROGRAMME FRAMEWORK

PROGRAMME LEVELS AND FUNDING

5.01 *Contributors agreed* on an overall programme level for SDF 8 of \$348.0 mn (See Box 2), to be financed from internally generated resources within SDF of \$100 mn, agreed contributions of \$212.7 mn, and an allocation from the Bank’s OCR net income of \$18 mn,¹⁸ with an unallocated structural gap of \$17.3 mn.¹⁹ Contributions to the latter are expected from prospective new members and Contributors and, to the extent possible, by income from adjustments in encashment of demand notes or payment schedules.

5.02 The maintenance of SDF programme levels is essential to enable SDF and the Bank to address a number of critical issues such as rising levels of poverty and indigence, increasing crime and violence and anaemic economic growth in a difficult economic context. These resources will also enable SDF and the Bank to assist BMCs to make further progress towards the MDGs, and to provide leadership on behalf of the Region in selected priority areas.

5.03 *Contributors agreed* that the factors which justify a stronger role for SDF include:

- The need to accelerate progress in achieving the CMDG targets, including the alleviation of unacceptable levels of poverty and the reversal of an increase in poverty levels in some BMCs;
- Critical issues and constraints associated with environmental vulnerabilities, including climate change and natural hazard events, as well as citizen security, and adjustment and development in the agriculture and rural sector, all of which present major challenges to the countries of the Region;
- The importance of maintaining support for other development priorities in BMCs given their significantly reduced ability to borrow on other than concessional terms in the current debt and fiscal situation;
- Assisting the Region to strengthen RCI as a necessary response to issues of adjustment and changes in the international and regional economic environment;
- Continuing SDF’s role in support of Haiti, one of the poorest and most vulnerable fragile states on the planet;
- Support for essential capacity building and strengthening economic management as a critical aspect of good governance; and

BOX 2: SDF 8 PROGRAMME LEVEL AND FUNDING	
(‘000)	
Commitment authority carry over	7,000
Expected net income	18,000
Loan repayments	75,000
<i>Sub-total internally generated SDF resources</i>	<i>100,000</i>
Pledged new contributions as of December 2012	212,708
Allocation from OCR Net Income	18,000
<i>Sub-total available and committed resources</i>	<i>330,708</i>
Unallocated structural gap/New contributions	17,292
TARGET PROGRAMME LEVEL	348,000

¹⁸ The allocation from OCR net income to SDF is subject to the recommendation by the BOD and approval of the Board of Governors, respectively. Such action will be taken during the SDF 8 period and not later than 2016.

¹⁹ The UK has made an additional commitment of £6 mn (\$9.5 mn), conditional on the achievement of certain milestones as outlined in Box 5 – SDF 8 Implementation Plan.

- Support for the extension of the role of SDF and the Bank to a new BMC among the poorest in the Region.

PROGRAMME ALLOCATIONS

5.04 Contributors agreed that the SDF 8 programme should consist of the allocations in Box 3, subject to the outcome of the MTR, which provide for:

- A high level of country lending in priority areas, with indicative country allocations to be determined using the SDF needs and performance-based RAS, to assist BMCs in accelerating progress toward the CMDG targets;
- Continued support for community level infrastructure, poverty reduction and governance, through additional funding for the BNTF programme from SDF 8 to supplement the funding for BNTF 7, previously allocated from SDF 7 resources;
- Effective implementation of the revised TA Policy and Strategy, with emphasis on capacity building for strengthened economic management and other selected areas of good governance, as well as support for agriculture and rural development, and for small and medium-size private enterprise through the CTCS programme;
- Continuing targeted SDF support for Haiti, to be undertaken in continuing cooperation with development partners, building on SDF experience to date and the increased operational capacity for Haiti being put in place by the Bank;
- Support for RPGs and regional solutions to economic and social constraints;
- Continuing support for disaster response, mitigation and rehabilitation, and for environmental sustainability and adaptation to climate change;
- Support for strengthening citizen security, an increasingly urgent issue and constraint on economic growth and poverty reduction; and
- Provision for support for an expected expansion in the Bank’s BMC membership.

BOX 3: PROGRAMME ALLOCATIONS		
	SDF 7²⁰	SDF 8
	('000)	
Core Country Lending		
Country loans using performance-based Resource Allocation System among all eligible BMCs	175,000	208,000
Country loans for BMCs in Fiscal Distress	47,000	-
Grant Funding		
BNTF 7	46,000	10,000
TA	17,500	20,000
<i>of which: BMC Capacity Building</i>	8,000	15,000
<i>CTCS (small scale private sector)</i>	4,500	5,000
<i>Project Management Training²¹</i>	5,000	-
Haiti	46,000	46,000
Regional Cooperation/Integration and RPGs	10,000	10,000
Immediate Disaster Response	6,100	5,000
Development effectiveness, including MfDR ²¹	5,000	-
Gender Equality ²¹	4,000	-
Environmental Sustainability and Climate Change	4,000	5,000
Citizen Security	-	4,000
Other Lending		
Natural Disaster Mitigation and Rehabilitation	30,000	30,000
Provision for new BMC	-	10,000
TOTAL PROGRAMME LEVEL	390,600	348,000

5.05 The levels proposed for the individual set asides are determined by the current CSPs as well as the Bank’s experience and expectations. The set asides, other than those for BNTF and Haiti, are not allocated to countries but to specific purposes according to identified opportunities and the potential

²⁰ The programme level was adjusted in light of resource availability.

²¹ SDF 7 allocations for Project Management Training, Development Effectiveness and Gender Equality are dealt with differently for SDF 8. In the case of development effectiveness and gender equality, some of the grants set aside from SDF 7 remains available for use during SDF 8, and the Bank’s mainstreaming approaching to gender equality will involve integrating attention as part of normal project design.

impact of the use of such resources. Opportunities for the use of the set asides for capacity building, environmental sustainability and climate change, CTCS and citizen security are identified in CSPs or in the course of other operations, while those relating to immediate disaster response and natural disaster mitigation and rehabilitation are governed by the impact of natural hazard events on particular BMCs. Set asides are also used to support RPGs which can benefit more than one BMC.

5.06 Programme allocations will be reviewed by Contributors at the MTR of SDF 8 to ensure effective use of available resources to achieve the objectives of the Replenishment and to maximise positive outcomes to SDF operations.

PLANNING FRAMEWORK FOR SDF 8

5.07 SDF 8 operations for each of the themes of the Replenishment will necessarily reflect country needs and capacity as well as the SDF 8 planning framework. This is particularly the case with country lending operations. *Contributors requested*, however, indicative programming projections, and these are shown in Box 4. They provide an overall planning framework for SDF 8, and will be reviewed as appropriate by the BOD as well as at the SDF 8 MTR.

BOX 4: INDICATIVE PROGRAMMING OF SDF 8				
SDF 8 CORE THEME	Grants	Loans	Total	%
	(\$ '000)			
Inclusive and Sustainable Growth				
BNTF 7	*10,000 ²²	-	10,000	2.9
Haiti	*46,000	-	46,000	13.2
CTCS (small scale private sector)	*5,000	-	5,000	1.4
Education and training	-	75,000	75,000	21.6
Agriculture and rural development	*3,000 ²³	16,000	19,000	5.5
Social and economic infrastructure	-	65,000	65,000	18.7
Sub-total	64,000	156,000	220,000	63.2
Environmental Sustainability and Climate Change				
Water and sanitation	-	27,000	27,000	7.8
Climate change and environment	*5,000	20,000	25,000	7.2
Disaster response	*5,000	-	5,000	1.4
Natural Disaster Mitigation and Rehabilitation	-	*30,000	30,000	8.6
Sub-total	10,000	77,000	87,000	25.0
Citizen Security²⁴				
	*4,000	-	4,000	1.1
Sub-total	4,000	-	4,000	1.1
RCI and Good Governance				
RPGs and regional solutions	*10,000	5,000	15,000	4.3
Capacity Building	*12,000 ²³	-	12,000	3.4
Sub-total	22,000	5,000	27,000	7.2
Provision for new BMC	-	10,000	10,000	2.9
TOTAL PROGRAMME LEVEL	100,000	248,000	348,000	100.0
<i>Percentage of grants</i>	-	-	28.7%	-

* Set-aside allocations

²² In addition to \$46 mn provided for BNTF 7 from SDF 7 to be implemented during the SDF 8 cycle 2013-2016.

²³ The set-aside allocation of \$15 mn for capacity building includes \$3 mn for agriculture and rural development.

²⁴ Citizen security will be integrated as part of project design and any additional funding requirements may be provided as part of project financing as appropriate.

5.08 Box 4 shows both set-aside allocations, marked with an asterisk (*), and planning projections for expected use of funds available for country lending under the SDF RAS. Adjustments will necessarily be made in the light of country strategies and absorptive capacities, as well as any change in resource availability during the Replenishment period.

CONTRIBUTIONS AND COMMITMENT AUTHORITY

5.09 SDF commitment authority for new financing, as in the case of other MDB concessional funds, is derived from new contributions and internally generated resources, including any carryover into the period, and any exchange rate changes or other adjustments. *Contributors agreed to recommend* to their respective governments the contributions set out in Table 6. Estimates of expected internally generated resources are provided in Box 2 above.

5.10 In addition, *the Bank has agreed, with the support of Contributors*, to recommend to the BOD and the Board of Governors an allocation of \$18 mn to SDF 8 from OCR Net Income that would otherwise be transferred to the Bank’s reserves in support of OCR lending. *Contributors recognised*, however, that there was a limit on how much should be allocated in this way, because of the implications for the Bank’s capital adequacy.

5.11 The projected commitment authority for SDF 8 is shown in Table 4 as a phased series of annual levels consistent with the flow of internally generated resources and the equal instalments in which contributions are normally made. The use of specific allocations or ‘set-aside’ provisions for specific purposes such as BNTF provides an assurance of resources for such purposes without the need for a separate charge against commitment authority at the beginning of the cycle.

TABLE 4: INDICATIVE COMMITMENT AUTHORITY FOR SDF 8
(\$ '000)

	2013	2014	2015	2016	2013-16
Commitment authority at beginning of the period	7,000	32,927	37,854	13,781	7,000
Plus: Net Income	4,500	4,500	4,500	4,500	18,000
Plus: Repayments	18,750	18,750	18,750	18,750	75,000
Commitment authority from new contributions	53,177	53,177	53,177	53,177	212,708
Allocation from OCR	4,500	4,500	4,500	4,500	18,000
Less: Approvals for SDF loans	45,000	56,400	70,000	59,798	230,708
Less: Approvals for SDF grant financing ²⁵	10,000	20,000	35,000	35,000	100,000
Commitment authority at end of the period	32,927	37,854	13,781	-	-

5.12 *Contributors welcomed* this presentation of SDF commitment authority as consistent with the practice of other concessional funds. *They also, however, supported* the advance payment of instalments on new contributions where individual Contributors are able to make such payments, as a contribution to increasing SDF income and thereby financing a part of the structural gap for SDF 8. *Contributors indicated their intention* that the Replenishment should become effective early in 2013, but *they noted* that in some cases Instruments of Contribution, and therefore initial instalments, might take somewhat longer. *They urged* that every effort be made to complete the steps necessary for Instruments of Contribution to be deposited at as early a date as possible.

5.13 To ensure that the momentum of SDF operations can be maintained pending the deposit of Instruments of Contribution, *Contributors authorised* the Bank to use Instruments of Contribution as these are deposited, as well as any advance instalments, as commitment authority during 2013, unless otherwise indicated by the Contributor concerned.

²⁵ Including commitment to BNTF country programmes.

COUNTRY GROUPS AND FINANCING TERMS

5.14 A country classification mechanism using income per capita has traditionally been used to determine eligibility for access to the SDF as well as the terms and conditions of lending. At the request of Contributors, a review of this mechanism was undertaken for SDF 8. *Contributors considered* the results of the review *and agreed* that changes would be made, effective with SDF 8. The changes will simplify the classification system and the terms of lending, and will be complementary to changes in the resource allocation system discussed in Chapter 4.

5.15 The number of country groups will be reduced from four to three, and the number of bands with differential terms will also be reduced, from four to two. *Group 3* BMCs will be eligible mainly for SDF funding. *Group 2* will be eligible for funding from both SDF and the Bank’s OCR. *Group 1* will be eligible mainly for OCR, but with the possibility of participating in regional integration or RPG initiatives. The per capita income bands used to determine country classification are:

- Group 3 - below \$2,000
- Group 2 - \$2,001 to \$10,000
- Group 1 - above \$10,000.

5.16 UN per capita GDP at constant 2005 prices has been used to classify BMCs into the respective country groups for purposes of SDF 8. Additional countries have been placed in Group 1, and only one country, Haiti, remains in Group 3. The country groups and the corresponding terms of SDF lending are shown in Table 5.

TABLE 5: COUNTRY GROUPS AND TERMS OF LENDING FOR SDF 8

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

^a A set-aside allocation will be used instead of the resource allocation formula

5.17 Contributors *agreed* that the need for the application of Group 3 terms and conditions to beneficiary countries be examined on a case by case basis and, noting the possibility of delays in obtaining the concurrence of all Contributors to requests for such application, further agreed that the application of Group 3 terms and conditions to beneficiary countries may be approved by CDB’s Board of Directors should the circumstances so warrant, without seeking the concurrence of Contributors.

5.18 *Contributors requested* that a review of experience with the revised country groups be undertaken at the end of SDF 8 for consideration by Contributors.

GRANT FINANCING

5.19 *Contributors noted* that grants reduce SDF income and future reflows and, therefore, the contribution of internally generated resources to future replenishments. *They also noted* that SDF has traditionally included grant financing, as particularly appropriate for certain types of activity, such as BNTF, TA and immediate disaster response, and was as well the appropriate form of financing for Haiti as a fragile state. *They agreed* that grants continued to be important for these purposes and for support to some development areas, as reflected in the programme allocations. *They underlined*, however, the need to maintain an appropriate balance between non-reimbursable grants and reimbursable funding. *They noted* that the share of grant funding in the overall programme level for SDF 8 was expected to be less than the 35% approved for SDF 7.

CONTRIBUTION FRAMEWORK AND PROCEDURES

5.20 *Contributors agreed* to continue past practice with respect to contribution procedures, as set out further in the Replenishment Resolution. Each Contributor is expected to deposit with the Bank an Instrument of Contribution in respect of that Contributor's agreed contribution as set out in Table 6, with the final date for such deposit set as June 30, 2013, or such later date as the Bank and the Contributors may agree. Each Instrument of Contribution will become effective on the date of deposit with the Bank.

5.21 Where a Contributor has indicated that its obligation will be denominated in a currency other than the US dollar, the exchange rate used to determine the amount in the unit of obligation is the average daily exchange rate for the six-month period ending June 30, 2012.

5.22 *Contributors underlined the importance* of continuing efforts to ensure additional contributions to SDF from new members and others. Such funding would make it possible to increase the resources and programme levels for SDF 8 and contribute to the funding of subsequent replenishments. *Contributors welcomed* the prospective completion of membership procedures for Brazil and Suriname, which will then become Contributors to SDF, and also the interest expressed in possible membership by India as well as St. Maarten and Curacao, among others. *They expressed the hope* that where feasible, these efforts could be concluded successfully in the early part of SDF 8.

5.23 *Contributors noted* that the *Rules for the Special Development Fund* provided that procurement of goods and services for projects financed from SDF resources should be open to Member Countries and Substantial Contributors. This provides for the possibility of additional Contributors who may not at the time be members. *Contributors recommended* that the past practice in this regard of also inviting a Contributor to participate in discussion on the use of SDF resources as an Observer at Meetings of the BOD and other meetings dealing with these matters be continued in the event of such contributions.

FINANCING OF THE STRUCTURAL GAP

5.24 *Contributors agreed* to invite potential new or additional Contributors to assist in bridging the structural gap, which consists of contributions from prospective contributors, such as Brazil and India, and the UK's additional commitment of £6.0mn (\$9.5 mn), which is conditional on the achievement of certain milestones as outlined in Box 5 – SDF 8 Implementation Plan.

**RESOLUTION OF CONTRIBUTORS TO SDF 8
SCHEDULE 3 – REPORT AND CONCLUSIONS OF NEGOTIATIONS FOR SDF 8**

5.25 *Contributors expressed* the hope that some Contributors might be in a position to agree to the early encashment of Notes, and thereby contribute to increased income by the investment of such funds for the period before they are needed to meet disbursements on outstanding commitments. *Contributors also agreed* that, where possible, they would endeavour to accelerate payments under SDF 8 and to make payments in cash rather than Notes.

5.26 *Contributors requested* the Bank to report to the BOD on progress with respect to closing the structural gap.

RESOLUTION OF CONTRIBUTORS TO SDF 8
SCHEDULE 3 – REPORT AND CONCLUSIONS OF NEGOTIATIONS FOR SDF 8

TABLE 6: CONTRIBUTIONS TO SDF 8

	Relative Share*	Contributions	Unit of Obligation	Amount in Unit of Obligation	Notes
	%	(US\$ '000)		('000)	
Part A					
Regional Members					
Trinidad and Tobago	4.25	10,551	USD	10,551	
Jamaica	4.25	10,551	USD	10,551	
Guyana	2.37	5,876	USD	5,876	
The Bahamas, Commonwealth of	2.37	5,876	USD	5,876	
Barbados	2.37	5,876	USD	5,876	
Antigua and Barbuda	0.25	632	USD	632	
Belize	0.58	1,441	USD	1,441	
Dominica, Commonwealth of	0.58	1,441	USD	1,441	
Grenada	0.25	632	USD	632	
St. Kitts and Nevis	0.58	1,441	USD	1,441	
St. Lucia	0.58	1,441	USD	1,441	
St. Vincent and the Grenadines	0.58	1,441	USD	1,441	
Cayman Islands	0.25	632	USD	†632	
Anguilla	0.25	632	USD	632	
Turks and Caicos Islands	0.25	632	USD	†632	
British Virgin Islands	0.25	632	USD	632	
Montserrat	0.25	632	USD	†632	
Haiti	0.38	945	USD	†945	
Sub-total	20.69	51,302		51,302	
Colombia	1.42	3,524	USD	3,524	
Mexico	1.42	3,524	USD	†3,524 ²⁶	
Venezuela	1.42	3,524	USD	†3,524	
Sub-total	4.26	10,572		10,572	
Non-Regional Members					
Canada	26.79	66,435	Canadian \$	66,820 ²⁷	
United Kingdom	19.08	47,319	Pound Sterling	30,000 ^{26 28 31}	
Germany	6.44	15,960	Euro	12,300 ^{29 30}	
Italy	1.31	3,244	Euro	2,500 ^{29 26}	
China, People's Republic of	2.82	7,000	USD	7,000	
Sub-total	56.43	139,958			
Prospective New Members Currently Pending					
Brazil	2.02	5,000	USD	†5,000	
Suriname	2.37	5,876		†5,876	
Sub-total	4.39	10,876	Euro		
Agreed Contributions	85.77	212,708			
Allocation from OCR	7.26	18,000			
Structural Gap ⁹	6.97	17,292			
Total	100	248,000			

† Subject to confirmation.

‡ Approved for Membership, legal formalities being completed.

²⁶ Contribution is subject to parliamentary approval

²⁷ USD1=CDN\$1.0058. Average daily exchange rate for 6-month period ending June 30, 2012

²⁸ GBP1=USD1.5773. Average daily exchange rate for 6-month period ending June 30, 2012

²⁹ Euro1=USD1.2976. Average daily exchange rate for 6-month period ending June 30, 2012

³⁰ Subject to parliamentary approval and to a maximum burden share of 6.57%

³¹ The UK has made an additional commitment of £6 mn (\$9.5 mn), conditional on the achievement of certain milestones (items 4, 7, 8, 11) as outlined in Box 5 – SDF 8 Implementation Plan.

6. IMPLEMENTATION OF SDF 8

IMPLEMENTING THE REPLENISHMENT

6.01 *Contributors and the Bank* have placed strong emphasis on the objective of assisting BMCs to accelerate progress towards the MDGs and the CMDG targets, and on the successful implementation of well-focused SDF operations for each of the major themes and objectives for SDF 8.

6.02 The challenges, however, are considerable, and will require careful and well-managed implementation, including establishment of priorities for the use of limited resources, and an emphasis on identifying, targeting and reporting on intended results and expected outcomes. *The Contributors are committed* to monitoring and assisting with implementation of this Agreement, and *the Bank is committed* to a scaled-up level of effort and full implementation of the agreed priorities.

6.03 The agreed Implementation Plan for SDF 8 is a first step. It will need to be implemented with a strong commitment, but also with some flexibility to meet changing circumstances and apply lessons learned, consistent with the priorities for the Replenishment.

IMPLEMENTATION PLAN

6.04 The Implementation Plan for SDF 8 is structured in terms of three sets of actions, in each case with monitoring parameters and a target date:

- A. Strategic Priorities and Programme Focus;**
- B. Development Results; and**
- C. Institutional Capacity and Reform.**

6.05 Under *Strategic Priorities and Programme Focus*, the Implementation Plan targets a small number of key issues: aligning the operational programme with strategic themes and objectives, basing country programme planning on structured assessments of needs and performance, implementation of a strengthened TA strategy, and strengthening implementation and the results focus for SDF's flagship community-focused poverty reduction programme (BNTF).

6.06 *Institutional Capacity and Reform* has received much attention by both the Bank and Contributors. The SDF 8 focus needs to be on implementation of the Bank's internal reform agenda, reinforcing capacity in areas critical for the success of the Replenishment, and development of the Bank's next Strategic Plan.

6.07 *Development Results* is a primary focus of the Replenishment. The milestones cover implementation of an MfDR Action Plan, further development and use of the Bank's RMF, working with BMCs and other development partners on tracking and reporting on progress towards the MDGs, tracking performance and outcomes on SDF 8 priorities, and increased results orientation throughout the project cycle.

6.08 The implementation steps and milestones in the SDF 8 Implementation Plan are shown in Box 5.

BOX 5: SDF 8 IMPLEMENTATION PLAN

OBJECTIVE/OUTCOME	PROPOSED ACTIONS	MONITORING PARAMETERS/ INDICATORS	TARGET DATE
A. STRATEGIC PRIORITIES AND PROGRAMME FOCUS			
1. SDF 8 operational programme aligned with strategic themes and objectives within available resources and capacity.	1.1 SDF 8 programme to target core operational themes of <i>inclusive and sustainable growth, environmental sustainability and climate change, citizen security, and RCI</i> .	<ul style="list-style-type: none"> • Appraisal Reports and TA papers • SDF Annual Reports • SDF 8 MTR 	<ul style="list-style-type: none"> • Ongoing • Annually • 2014/2015
	1.2 Governance Strategy to be revised in light of experience as well as the Bank's Strategic Plan and the policy and operational framework of SDF 8.	<ul style="list-style-type: none"> • Revised Governance Strategy approved 	<ul style="list-style-type: none"> • 2013
	1.3 Revision of the PRS taking into account recommendations of the assessment of the strategy.	<ul style="list-style-type: none"> • Revised PRS approved 	<ul style="list-style-type: none"> • 2013
2. Country programme planning (other than set-aside allocations) based on SDF RAS, taking into account both needs and performance, and on country partnership strategies.	2.1 Revised RAS to be applied at start of SDF 8, with planning allocations reviewed at mid-term.	<ul style="list-style-type: none"> • SDF Annual Reports • SDF 8 MTR 	<ul style="list-style-type: none"> • Annually • 2014/2015
	2.2. CSPs with enhanced results frameworks to be prepared according to timetable, with all BMCs to be covered by CSPs.	<ul style="list-style-type: none"> • Submission of CSPs to BOD 	<ul style="list-style-type: none"> • Per CSP timetable
3. Implementation of new TA policy and strategy.	3.1 Full operationalisation of new TCD, including focal points for Regional Cooperation/Integration and for Governance.	<ul style="list-style-type: none"> • CDB Annual Reports • Chairman's Report to BOD 	<ul style="list-style-type: none"> • Annually • Annually
	3.2 Development of TA operational framework and work programme with identification of objectives and expected results and revision of the TA manual.	<ul style="list-style-type: none"> • BOD • SDF 8 MTR 	<ul style="list-style-type: none"> • Annually • 2014/2015
	3.3 Increased focus on TA quality-at-entry and on supervision, monitoring and results assessment, and improved management of TA information systems.	<ul style="list-style-type: none"> • Annual Work Programme and Budget • SDF Annual Reports • SDF 8 MTR 	<ul style="list-style-type: none"> • Annually • Annually • 2014/2015
	3.4 Strengthen CDB and BMC capacity to design and implement TAs through provision of training for CDB staff and in-country TA management by BMCs.	<ul style="list-style-type: none"> • Initial Training Programme • Further training for new staff • SDF 8 MTR 	<ul style="list-style-type: none"> • 2013 • Annually • 2014/15

BOX 5: SDF 8 IMPLEMENTATION PLAN

OBJECTIVE/OUTCOME	PROPOSED ACTIONS	MONITORING PARAMETERS/ INDICATORS	TARGET DATE
4. Strengthening of capacity and performance on gender equality ³²	4.1 Appointment of the Gender Equality Adviser.	<ul style="list-style-type: none"> • Report to AMT and BOD on progress in the implementation of the GEPOS. • SDF 8 MTR 	<ul style="list-style-type: none"> • Annually • 2014/15
	4.2 Implementation of staff training module to support gender equality programme.		
	4.3 Inclusion of explicit results indicators for men, women, boys and girls for project level outputs and outcomes.		
	4.4 Increased assistance to BMCs for gender equality work, including gender analysis, capacity-building, advocacy, and the collection and dissemination of data and information on gender equality.		
5. Strengthening of capacity and performance on environmental sustainability	5.1 Enhance institutional capacity for the mainstreaming of environment, DRM and climate change through recruitment of an additional DRM Specialist.	<ul style="list-style-type: none"> • SDF 8 MTR 	<ul style="list-style-type: none"> • 2014/15
	5.2 Review and update of the ESRP and make them available on CDB's website.		
	5.3 Training for CDB staff on ESRP requirements and on natural hazard and climate change risk assessments; and sensitisation sessions for BMC public sector officers on ESRP.		
6. Implementation of BNTF 7 with additional resources provided under SDF 8.	6.1 Report on implementation of BNTF 7.	<ul style="list-style-type: none"> • SDF Annual Report • BNTF Report to BOD and Contributors • Report to SDF Annual Meeting • SDF 8 MTR • BNTF 7 Evaluation report 	<ul style="list-style-type: none"> • Annually • Annually • Annually • 2014/2015 • 2015
	Report on implementation of recommendations of MTEs for BNTF 5 and BNTF 6.		
	6.2 Strengthening focus on results and results reporting, and on addressing efficiency issues identified in BNTF 6 MTE.		
	6.3 MTE of BNTF 7.		
B. DEVELOPMENT RESULTS			
7. Strengthened focus on results and further implementation of the MfDR	7.1 Build awareness of and commitment to CDB's MfDR agenda to facilitate its implementation.	<ul style="list-style-type: none"> • Report to BOD on Status of Implementation of MfDR 	<ul style="list-style-type: none"> • Annually

³² Progress on these outcomes will be used as triggers for accessing the performance-related UK contribution of £6 mn. A MOPAN rating in 2014 of “adequate” is also expected for the following categories: (1) providing direction for results; (2) country focus on results; (6) linking aid management to performance; and (9) management of human resources - gender issues.

BOX 5: SDF 8 IMPLEMENTATION PLAN

OBJECTIVE/OUTCOME	PROPOSED ACTIONS	MONITORING PARAMETERS/ INDICATORS	TARGET DATE
Agenda. ³²	7.2 Ensure availability of evaluation reports and other key documents (e.g. CSPs, project appraisals) on website.	Action Plan • SDF 8 MTR	• 2014/2015
	7.3 Development Effectiveness Review findings and recommendations reflected in CDB's Work Programme and Budget 2014/15.		
	7.4 Develop and maintain Scorecard and Results Dashboard, and accessible to management and staff.		
	7.5 Independent MOPAN assessment of CDB's Agenda for MfDR.	• Report to BOD and Contributors on MOPAN Assessment • improved rating in 2014 MOPAN assessment to at least adequate (scoring 4 out of 6)	• 2015
8. Development and use of RMF.	8.1 Further development as appropriate of the RMF, with annual reporting of results, and preparation of an annual Development Effectiveness Report.	• Development Effectiveness Review Report presented to BOD • SDF 8 MTR	• Annually • 2014/2015
9. Report on progress in the Caribbean on CMDG targets.	9.1 Work with BMCs and development partners to develop a stronger statistical base for assessing overall progress towards the CMDGs and to ensure that an adequate assessment of progress as of 2015 is undertaken.	• Annual Meeting of SDF Contributors • SDF 8 MTR	• 2015/ 2016 • 2014/2015
	9.2 Work with development partners to assist Caribbean countries to develop an appropriate framework for development goals beyond 2015.	• SDF 8 MTR	• 2014/2015
10. Implementation of the Bank's Evaluation Policy.	10.1 Incorporation of evaluation results into the Development Effectiveness Review.	• Development Effectiveness Review • SDF 8 MTR	• Annually • 2014/2015
11. Increased results orientation in project and programme design, implementation and reporting. ³²	11.1 Design and implementation of staff training programmes in results framework techniques and enhancement of output and outcome indicators for CSP, project appraisals and completion reports.	• SDF 8 MTR	• 2014/2015
	11.2 Implement a redesigned Project Performance Monitoring System by 2nd Quarter 2014.	• SDF 8 MTR	• 2014/2015

BOX 5: SDF 8 IMPLEMENTATION PLAN

OBJECTIVE/OUTCOME	PROPOSED ACTIONS	MONITORING PARAMETERS/ INDICATORS	TARGET DATE
C. INSTITUTIONAL CAPACITY AND REFORM			
12. Implementation of the Bank's Reform Agenda to further enhance capacity and development effectiveness.	12.1 Review of the governance and oversight mechanisms of the BOD.	• Report on Review and recommendations to BOD	• 2013
	12.2 Development of a Risk Management Framework.	• Risk Management Reports to BOD	• 2013
	12.3 Review of the Internal Audit and Compliance functions.	• Report on Review and recommendations to APEC/BOD	• 2013
	12.4 Reorganisation of the Corporate Services Area.	• Human Resource Annual Report to BOD	• 2013
	12.5 A comprehensive review of the Performance Management System.	• SDF 8 MTR	• 2014/2015
	12.6 Re-engineering of the business processes for investment lending.	• SDF 8 MTR	• 2014/2015
	12.7 Revised strategy for private sector support.		
	12.8 A review of policy-based lending and its relationship to the operational programme of the Bank and SDF.		
	12.9 Replacement of management information systems (PPMS, HRIS and BNTF MIS).		
	12.10 Implementation of a Bank-wide Business Continuity Plan.		
13. Strengthen performance in the areas of partnership, harmonisation and alignment.	13.1 Review of procedures and targets in the light of goals of the new Global Partnership established at the Busan HLM.	• SDF 8 MTR.	• 2014/2015
14. New Strategic Plan effective 2015	14.1 Preparation, consultation and approval for Strategic Plan beginning in 2015.	• Strategic Plan Approved	• 2014/2015

MID-TERM REVIEW

6.09 *Contributors agreed* that there would be a MTR of SDF 8, and that this should take place in early 2015. The objective of the MTR will be to assess progress on implementation of the Replenishment and on results achieved. *Contributors also agreed* that Annual Meetings of SDF Contributors should be used for an interim review of progress and to provide an opportunity for Contributors to maintain a close relationship with SDF 8 implementation and for any necessary mid-course adjustments.

6.10 *Contributors requested the Bank to report* to the MTR on progress with respect to the SDF 8 Implementation Plan and strategic priorities on which Contributors and the Bank have agreed, including:

- (a) supporting BMCs in accelerating progress toward the MDGs and CMDG targets, including poverty reduction and human development, environmental sustainability and the climate change agenda, and gender equality;
- (b) progress in terms of the performance measures in the Bank's RMF and the SDF 8 matrix of priorities, expected outcomes and results indicators;
- (c) progress with respect to BNTF 7, as the flagship programme for community-based poverty reduction and inclusive social and economic development;
- (d) progress and challenges in implementing a more structured and focused approach to support RCI;
- (e) progress in operationalising a more strategic approach to TA operations, including in support of good governance and institutional strengthening;
- (f) progress and challenges in strengthening and scaling up the operational programme for Haiti, with its special needs as a fragile state;
- (g) stocktaking of the Bank's internal reform agenda, as an essential element in strengthening institutional and development effectiveness;
- (h) resource availability and commitment authority for SDF 8 at mid-term, and the application of the revised SDF RAS;
- (i) progress on implementation of the Bank's MfDR Action Plan; and
- (j) such other relevant issues as may arise or be requested by Contributors.

6.11 Scheduling of the MTR will be done by the BOD as representatives of the Contributors.

DOCUMENTS AND PRESENTATIONS DISCUSSED

Preparatory Meeting

- Management's Response to the Conclusions and Recommendations of the Mid-Term Review of SDF 7 (SDF 8/1-PM-2) [**Paper Approved**]
- SDF 8 Replenishment Negotiations: Themes, Issues and Timeline (SDF 8/1-PM-3) [**Paper Approved**]
- Implementation of the Revised Country Classification System and Terms of Lending for Country Groups of the Special Development Fund (Unified) (SDF 8/1-PM-4) [**Paper Approved**]
- BNTF 6 Status Report (SDF 8/1-PM-5) [**Paper Approved**]

First Negotiation Meeting – March 2012

- Status Report on the Implementation of SDF 7 (SDF 8/1-NM-2) [**Paper Approved**]
- Status Report on the Implementation of the Gender Equality Policy and Operational Strategy (SDF8/-NM-3)
- The Strategic Focus of SDF 8: Building Our Resilience (SDF 8/1-NM-4)
- Haiti – Charting A Way Forward (SDF 8/1-NM-5)
- Action on Climate Change - Draft Climate Resilience Strategy - 2012-17 (SDF 8/1-NM-6) [**Paper Approved**]

Second Negotiation Meeting – May 2012

- Revised Paper: Focus on SDF 8: Building Our Resilience (SDF 8/2-NM-2)
- **Presentation** - Final Report on the Assessment of the Effectiveness of the Implementation of the Poverty Reduction Strategy of the Caribbean Development Bank over the Period 2004-2009 (SDF 8/2-NM-3)
- Revised Paper: Status Report on the Implementation of the Gender Policy and Operational Strategy (SDF 8/2-NM-4) [**Paper Approved**]
- Revised Paper: Haiti – Charting A Way Forward - (SDF 8/2-NM-5)
- CDB Draft Private Sector Policy and Strategy (SDF 8/2-NM-6) [**Paper Approved**]
- BNTF 5 Programme Completion Report (SDF 8/2-NM-7) [**Paper Approved**]
- BNTF 6 Mid-Term Evaluation Final Report and Management Response (SDF 8/2-NM-8) [**Paper Approved**]
- Review of CDB's Technical Assistance Policy and Strategy (SDF 8/2-NM-9)
- A Framework for the Continuation of Resources to Address Fiscal Distress (SDF 8/2-NM-10)
- Review of CDB's Lending Products – Final Report (SDF 8/2-NM-11)

Third Negotiation Meeting – July 2012

- Revised Paper: A Framework for the Continuation of Resources to Address Fiscal Distress (SDF 8/3-NM-2)
- Paper: Status Report on Caribbean Development Bank's Reform Agenda 2008-2012 (SDF 8/3-NM-3) [**Paper Approved**]
- Discussion Paper on the Role of the Caribbean Development Bank in Enhancing Citizen Security in the Region (SDF 8/3-NM-4)
- Revised Paper: Haiti – Charting A Way Forward (SDF 8/3-NM-5)
- Paper: Review of the Caribbean Development Bank's Agenda for Managing for Development Results Agenda (SDF 8/3-NM-6) [**Paper Approved**]
- Paper: Regional Cooperation and Integration – Continuing Support (SDF 8/3-NM-7) [**Paper Approved**]
- Paper: Level of Resources and Commitment Authority (SDF 8/3-NM-8)
- **Presentation** - Assessment of the Effectiveness of Implementation of the Gender Equality Policy and Operational Strategy
- **Presentation** - Assessment of the Extent and Effectiveness of Mainstreaming Environment, Disaster Risk Management and Climate Change

Fourth Negotiation Meeting – October 2012

- Revised Paper: Focus of SDF 8: Building Our Resilience (SDF 8/4-NM-2) [**Paper Approved**]
- **Presentation:** Assessment of the Effectiveness of the Policy-Based Instrument of the Caribbean Development Bank (SDF 8/4-NM-3)
- Revised Paper: Review of CDB's Technical Assistance Policy and Strategy (SDF 8/4-NM-5) [**Paper Approved**]
- Revised Paper on the Role of the Caribbean Development Bank in Enhancing Citizen Security in the Region (SDF 8/4-NM-6) [**Paper Approved**]
- Revised Paper: Haiti – Charting A Way Forward (SDF 8/4-NM-7) [**Paper Approved**]
- Revised Paper: Level of Resources and Commitment Authority (SDF 8/4-NM-9) [**Paper Approved**]
- Draft Report of Contributors to the Special Development Fund (SDF 8) - Building Resilience and Closing the Gap on the MDGs (SDF 8/4-NM-10)

Fifth Negotiation Meeting – December 2012

- Revision of Selected Aspects of the Caribbean Development Bank's Resource Allocation System – 2012 (SDF 8/5-NM-2)
- Revised Draft Report of Contributors to the Special Development Fund (SDF 8) - Building Resilience and Closing the Gap on the MDGs (SDF 8/5-NM-3)

Round Robin Consideration – February 2013

- Revision of Aspects of the Caribbean Development Bank's Resource Allocation System – 2012 (SDF 8/5-NM-2-Rev.)
- Revision of Aspects of the Caribbean Development Bank's Resource Allocation System – 2012 (SDF 8/5-NM-2-Rev 2.) [**Paper Approved**]

THE CARIBBEAN MDG FRAMEWORK[†]

GOAL 1	ERADICATE EXTREME POVERTY AND HUNGER
Target 1	Halve, between 1990 and 2015, the proportion of people who fall below the poverty line.
Target 2	Halve, between 1990 and 2015, the proportion of people who suffer from hunger.
Target 3	Halve, between 1990 and 2015, the proportion of persons without access to basic services.
Target 4	Halve, between 1990 and 2015, the proportion of persons living in inadequate housing.
GOAL 2	ACHIEVE UNIVERSAL PRIMARY EDUCATION
Target 5	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary and secondary schooling, up to Grade 12. [‡]
GOAL 3	PROMOTE GENDER EQUALITY AND EMPOWER WOMEN
Target 6	Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015.
Target 7	Eliminate gender disparities in income and occupational opportunities at all levels and sectors, no later than 2015.
Target 8	Reduce by 60% the incidence of physical acts of gender-based violence.
Target 9	Reduce, by 2015, all forms of gender-based violence.
GOAL 4	REDUCE CHILD MORTALITY
Target 10	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.
GOAL 5	IMPROVE MATERNAL HEALTH
Target 11	Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.
Target 12	Universal access to reproductive and sexual health services through the primary health care system by 2015.
GOAL 6	COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES
Target 13	Have halted by 2015 and begun to reverse the spread of HIV/AIDS.
Target 14	Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.
GOAL 7	ENSURE ENVIRONMENTAL SUSTAINABILITY
Target 15	Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.
Target 16	Halve, by 2015, the proportion of people without sustainable access to safe drinking water and proper sanitation.
Target 17	Achieve by 2020, a significant improvement in the lives of at least 70% of persons living in poor communities.
Target 18	Construct and implement a vulnerability index for the Caribbean within the next five years, which is sensitive to economic, social and environmental threats.
GOAL 8	DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT
Target 19	Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.
Target 20	Address the special needs of the least developed countries (LDCs).
Target 21	Address the special needs of landlocked countries and small island developing states (SIDS).
Target 22	Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.
Target 23	Develop and implement strategies for decent and productive work for youth, women and especially vulnerable groups.
Target 24	In cooperation with pharmaceutical companies, provide access to affordable, internationally approved essential drugs in developing countries.
Target 25	In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

[†] As reviewed and adjusted at the MDGs Regional Workshop held at CDB Headquarters, November 2005. Progress in respect of those particular MDGs to which the Bank and SDF are expected to make a contribution will be reported on in Levels 1 and 4 of the Bank's RMF (see Appendix F).

[‡] In the Caribbean context, the reduction of high levels of poverty and high vulnerability to poverty requires a basic education that extends from primary through at least secondary education.

APPENDIX C

MAJOR POVERTY INDICATORS

Country (in descending order of % below poverty line in latest available data)	Survey Year	Below the Poverty Line ¹	Below the Indigence Line	Additional Vulnerable	Poverty Gap ²	Poverty Severity ³	Gini Coefficient
		(% of Population)					
Haiti	1997	65.0	n.a	n.a.	n.a.	n.a.	n.a.
	2001	78.0	54.0	n.a.	n.a.	n.a.	n.a.
Suriname	2000	63.1	20.0	n.a	n.a.	n.a.	n.a.
Belize	2002	33.5	10.8	n.a.	11.2	6.1	0.40
	2009	41.3	15.8	n.a.	10.8	5.0	0.42
Grenada	1999	32.1	12.9	n.a.	15.3	9.9	0.45
	2008	37.7	2.4	14.6	10.1	4.0	0.37
Guyana	1993	43.0	29.0	n.a.	n.a.	n.a.	n.a.
	1999	35.0	19.0	n.a.	12.4	n.a.	n.a.
	2006	36.1	18.6	n.a.	n.a.	n.a.	0.35
Montserrat	2009	36.0	3.0	20.0	10.2	4.8	0.39
St. Vincent and the Grenadines	1996	37.5	25.7	n.a.	12.6	6.9	0.56
	2008	30.2	2.9	18.0	7.5	3.0	0.40
St. Lucia	1996	25.1	7.1	n.a.	8.6	4.4	0.50
	2006	29.0	1.6	11.5	n.a.	n.a.	0.42
Dominica	2002	39.0	10.0	n.a.	10.2	4.8	0.35
	2009	28.8	3.1	11.5	8.9	4.0	0.44
Turks and Caicos Islands⁴	1999	26.0	3.2	n.a.	5.7	2.6	0.37
British Virgin Islands	2002	22.0	0.5	n.a.	4.1	1.7	0.23
St. Kitts and Nevis	2008	21.8	1.0	13.8	2.7	0.8	0.40
St. Kitts	2000	30.5	11.0	n.a.	2.5	0.9	0.39
	2008	23.7	1.4	n.a.	6.4	2.6	0.38
Nevis	2000	32.0	17.0	n.a.	2.8	1.0	0.37
	2008	15.9	0.0	n.a.	2.7	0.8	0.38
Barbados	1997	13.9	n.a.	n.a.	2.3	n.a.	0.39
	2010	19.3	9.1	10.4	6.4	3.2	0.47
Antigua and Barbuda	2006	18.0	3.7	10.0	6.6	3.8	0.48
Trinidad and Tobago	1997	24.0	8.3	n.a.	n.a.	n.a.	0.39
	2007	17.0	n.a.	n.a.	n.a.	n.a.	n.a.
Jamaica	2002	19.7	n.a.	n.a.	n.a.	n.a.	0.40
	2009	16.3	n.a.	n.a.	n.a.	n.a.	0.59
	2010	17.6	n.a.	n.a.	n.a.	n.a.	n.a.
Bahamas, The	2001	9.3	n.a.	n.a.	n.a.	n.a.	n.a.
Anguilla	2002	23.0	2.0	n.a.	6.9	3.2	0.31
	2009	5.8	0.0	17.7	1.1	0.2	0.39
Cayman Islands	2008	1.9	0.0	1.8	0.4	0.2	0.40

Sources (most recent data): Country Poverty Assessments; Bahamas Survey of Living Conditions; Guyana Household Income and Expenditure Survey; Haiti Household Income and Expenditure Survey; Jamaica Survey of Living Conditions; Trinidad and Tobago Household Budget Survey. Comparable sources for earlier data.

¹ Based on national poverty lines, except for Haiti, which is on the basis of the international poverty lines of USD2 and USD1/person/day. Survey dates are as shown in the table.

² The poverty gap is based on the aggregate poverty deficit of the poor relative to the poverty line. It indicates the depth of poverty, which is the extent to which the incomes of poor households fall below the poverty line.

³ Poverty severity or intensity of poverty is provided by the Foster-Greer-Thorbecke P2, which assesses aggregate poverty. The measure is usually considered as the sum of an amount due to the poverty gap, and an amount due to inequality among the poor. It is similar to the poverty gap but gives greater emphasis to the poorest households.

⁴ CPA is currently being conducted.

APPENDIX D

NATURAL HAZARDS IMPACTING BMCs, 1988-2012

Hazard	Year	Magnitude	Estimated Cost	Countries Affected
Hurricane Gilbert	1988	Category 5	US\$ 1.1 bn, 65% of GDP	Jamaica
Hurricane Hugo	1989	Category 5	US\$ \$3.6 bn, 200% of GDP for Montserrat	Antigua and Barbuda, St. Kitts and Nevis, Montserrat, British Virgin Islands
Tropical Storm Debby	1994	n.a.	US\$ 79 mn, 18% of GDP	St. Lucia
Hurricanes Iris/ Marilyn/Luis	1995	Iris (cat. 3/4) Marilyn (cat. 1) Luis (cat. 3)	US\$ 700 mn	Anguilla, Antigua and Barbuda, Dominica, Montserrat, St. Kitts and Nevis
Hurricane Georges	1998	Category 3	US\$ 450 mn (not including Dominica)	Antigua and Barbuda, Dominica, St. Kitts and Nevis
Hurricane Floyd	1999	Category 4	n.a.	The Bahamas
Hurricane Lenny	1999	Category 4/5	US\$ 274 mn	Anguilla, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines
Tropical Storm Lili	2002	n.a.	US\$ 7.8 mn/XCD 21 mn US\$ 9.6 mn/XCD 26 mn	Grenada St. Vincent and the Grenadines
Tropical Storm Earl	2004	n.a.	n.a.	St. Vincent and the Grenadines, Grenada
Hurricanes Charley/ Frances/ Ivan/ Jeanne	2004	Charley/ Frances (cat. 4) Ivan (cat. 5) Jeanne (cat. 4)	US\$ 150 mn	The Bahamas, Cayman Islands, Grenada, Jamaica, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago
Hurricane Emily	2005	Category 5	US\$ 75.5 mn	Grenada
Hurricane Dean	2007	Category 5	US\$ 90 mn (infrastructure for Dominica and Belize)	Belize, Dominica, Grenada, Jamaica, St. Lucia, St. Vincent and the Grenadines
Tropical Storm Alma/Arthur	2008	n.a.	US\$ 26.12 mn	Belize
Tropical Storm Fay, Tropical Storm/Hurricane Gustav, Tropical Storm/Hurricane Hanna, Hurricane Ike	2008	Gustav (cat. 1) Hanna (cat. 1) Ike (cat. 4)	US\$ 211 mn (estimate for Jamaica only)	The Bahamas, Cayman Islands, Haiti, Jamaica, Turks and Caicos Islands
Hurricane Otto	2010	Category 1	US\$ 25.5mn (52% for road/transport sector)	British Virgin Islands
Hurricane Tomas	2010	Category 2	US\$ 336 mn , 43% of GDP US\$ 49.2, 10.5% of GDP; or 119.8% of Agricultural GDP	St. Lucia St. Vincent and the Grenadines
Hurricane Irene	2011	Category 3	US\$ 40mn	The Bahamas
Hurricane Ophelia	2011	Category 1	XCD 39 mn (public infrastructure damage)	Dominica
Tropical Storm Helene	2012	n.a.	US\$17 ¹ mn	Trinidad and Tobago
Tropical Storm/Hurricane Isaac	2012	Category 1	n.a. – Jamaica, Dominica US\$250mn ¹ (Haiti)	Trinidad and Tobago (impacted by feeder bands), Dominica, Haiti
Hurricane Sandy ¹	2012	Category 1/2	US\$55mn (Jamaica) >US\$100mn (Haiti) US\$300mn (Bahamas)	Jamaica, Haiti, The Bahamas
OTHER EVENTS				
Volcano	1995 to present	-	1995 negative growth -7.61%, 1996 negative growth -20.15%	Montserrat
Landslides	2002	-	US\$ 116 mn	Jamaica
Floods	2005	-	US\$ 2.6 bn	Guyana
Drought	1997	-	US\$ 29 mn	Guyana
Drought	2010	-	US\$ 14.7 mn	Guyana
Earthquake	2010	7.3 (Richter scale)	US\$ 8 bn	Haiti

Sources: Caribbean Disaster Emergency Management Agency (CDEMA); International Disaster Database (EMDAT); CDB; United Nations Economic Commission for Latin America and the Caribbean (UNECLAC);

¹ Estimated costs of landslide and flood damage in Trinidad, Haiti and The Bahamas from public media reports.

**SDF 8: MATRIX OF PRIORITIES AND RESULTS WITH INTERVENTION
MODALITIES AND PARTNERSHIPS**

Programme Areas	Expected Outcomes	Result Indicators¹	Modalities	Partnerships
Inclusive and Sustainable Growth				
Education and Training	Increased and equitable access to high quality education and training.	Primary and secondary classrooms built or upgraded according to minimum standards (no.) (RMF L2-1)	Investment Loans, TA, partnerships	UNICEF, UWI, CXC, CANTA, OECS and CARICOM Secretariats
		Students benefiting from improved physical classroom conditions, enhanced teacher competence, and access to student loan financing (no.) (RMF L2-3)		
Improved efficiency and effectiveness of education services.	Teachers trained/certified in primary and secondary education (no.) (RMF L2-2)	MDBs: WB and IDB		
Agriculture and Rural Development	Improved production, distribution and risk transfer systems to reduce vulnerability of rural populations.	Stakeholders trained in improved production technology (no.) (RMF L2-8)	TA, capital grants, and investment loans	CARDI, FAO/IFAD/IICA, OECS Secretariat, UWI, CCCCC, WB
		Land irrigated or improved through drainage, flood and irrigation work (RMF L2-7)		
		Beneficiaries of rural enterprise credit programmes (RMF L2-9)		
Economic and Social Infrastructure	Improved water and sanitation in high poverty areas, especially rural areas.	Water supply lines installed or upgraded (km) - Rural and Urban (RMF L2-21)	TA, Investment Loans	Partners are at national level and are particular to each BMC
		Households with access to sanitation and water supply (no.) - Rural and Urban (RMF L2-22)		
	Improved access and transport infrastructure, including rural roads.	Primary, secondary and other roads built or upgraded (km) (RMF L2-10)		
		Beneficiaries of road projects (no.) (RMF L2-11)		

¹ These are reflected as appropriate in a selected set of the indicators in Level 2 of the Bank's RMF (see Appendix H).

Programme Areas	Expected Outcomes	Result Indicators ¹	Modalities	Partnerships
Private Sector Development	Improved business climate, including regulatory and policy environment.	Number of Private Sector development frameworks developed and implemented and Business climate regulatory or policy reforms adopted (<i>RMF L2-16,17</i>)	TA, CTCS	Compete Caribbean, CARTFund, CDE, IFC
	Enhanced viability of MSMEs	Number of beneficiaries of interventions targeted at MSMEs through CTCS and other TA modalities by sex (<i>RMF L2-19</i>)		
Economic Stabilisation and Fiscal Adjustment	Improved macroeconomic management	Public financial management reforms adopted (Number) (<i>RMF L2-28</i>) Increased capacity to undertake public sector investment programmes (<i>RMF L2-,29</i>)	TA, Policy-Based Loans	IFIs: IMF, WB, IDB, ECCB, CARTAC
	Improved capacity for project preparation, management and implementation			
	Improved capacity for strategic policy making and coordination including evidenced-based decision-making			
Environmental Sustainability and Climate Change				
Disaster Risk Reduction and Management	Reduced risk and improved resilience focusing primarily on poor and vulnerable communities as a result of strengthened regional, national and community capacity for mitigation, management and response to hazards	Communities with improved capacity to address climate change and DRM (number) (Number.) (<i>RMF L2-22</i>) National/sector policies/strategies/legal frameworks developed or implemented to improve capacity for climate resilient conservation, rehabilitation, or sustainable management (number) (<i>RMF L2-23</i>)	Investment Loans, CCRIF, IRLs and IRGs, TA	CDEMA, CIDA, IDB, OECS and CARICOM Secretariats
Climate Change Mitigation and Adaptation	Improved climate risk management in BMCs	National/sector policies/strategies/legal frameworks developed or implemented to improve capacity for climate resilient conservation, rehabilitation, or sustainable management (number) (<i>RMF L2-23</i>)	Investment Loans, TA, partnerships	CCCCC, CARICOM, DFID, CDEMA, EU, MDBs: WB, EIB
	Enhanced community resilience to climate change			

Programme Areas	Expected Outcomes	Result Indicators ¹	Modalities	Partnerships
Renewable Energy and Energy Efficiency	Increased use of energy efficiency and renewable energy technologies in key sectors such as agriculture, water, education and housing, especially by MSMEs.	Energy efficiency reforms adopted (number) <i>(RMF L2-24)</i> Energy produced through renewable energy technologies (Kw) <i>(RMF L2-25)</i>	TA, Investment loans, BNTF, CTCS, Credit programmes to enable SMEs to adopt energy efficiency and renewable energy systems	German Government through GIZ, OAS, MDBs [IDB, EIB, WB], UNDP, UNECLAC, SIDS Dock, DFID, CARICOM and OECS Secretariats, CARILEC, CEIS OOCUR, UWI
Citizen Security				
Crime and Security	Enhanced resilience of at-risk youth	Beneficiaries receiving support from citizen security interventions by sex (number) <i>(RMF L2-31)</i>	Investment Loans- Education, Social Investments Funds, BNTF	UNDP, UWI, UNICEF
	Enhanced community cohesiveness			
	Enhanced Policy Framework for Citizen Security	No. of national security policies and strategies developed and implemented <i>(RMF L2-30)</i>	TA	
Social Protection	Improved efficiency and effectiveness of social protection intervention	No. social assistance programmes with improved targeting developed and successfully implemented <i>(RMF L2-32)</i>	TA to develop social protection frameworks Targeted support for social protection in economic adjustment frameworks	IFIs: IMF, WB, IDB, UNICEF, DFID
	Enhanced capacity and strengthened governance arrangements of social development ministries	No of social protection policy frameworks developed and successfully implemented <i>(RMF L2-33)</i>	Emergency Line of Credit - Provision of counter cyclical support directed at the poor	

Programme Areas	Expected Outcomes	Result Indicators ¹	Modalities	Partnerships
Regional Cooperation and Integration				
Regional Public Goods	Strengthened statistical capabilities for improved decision making and impact evaluation	Legal, regulatory and policy reforms adopted to improve regional cooperation and integration (number) (<i>RMF L2-26</i>)	TA	UNECLAC, CARICOM
	Improved legal and regulatory systems in BMCs			
	Improved efficiency of regional transportation	Reduced cost for regional transportation (freight cost per ton) (<i>RMF L2-27</i>)	TA especially in relation to PPPs	WB, IDB, IFC
Special Programmes				
Haiti				
Education and Training	Increased and equitable access to high quality education and training	Increased access to early childhood development (ECD) and primary education by poor children	EFA project	Haiti Education Donor Group (WB, IDB, UNICEF etc.)
		Number of youth accessing TVET training programmes by sex	TVET Project	
	Improved efficiency and effectiveness of education services	Increased participation, increased number of trained teachers, higher levels of literacy	EFA project	
Community-Driven Development and Agriculture	Increased access to public infrastructure facilities and services	Community infrastructure built/upgraded (no.).	Community Driven Development Projects – Urban and Rural	
		Beneficiaries of community infrastructure interventions by sex (no.).		
	Enhanced capacity of rural/urban communities to contribute to economic development	Stakeholders trained in improved production technology by sex (no.).		

Programme Areas	Expected Outcomes	Result Indicators ¹	Modalities	Partnerships
Capacity Building and Resilience	Enhanced effectiveness of the public sector	Public financial management reforms adopted (Number) (<i>RMF L2-28</i>) Increased capacity to undertake public sector investment programmes (<i>RMF L2-,29</i>)	CTCS, TA	Haiti Education Donor Group (WB, IDB, UNICEF etc.)
	Enhanced viability of SMEs	Number of of interventions targeted at MSMEs through CTCS and other TA modalities by sex		
	Improved capacity for disaster risk reduction	Communities with improved capacity to address Climate change and DRM (number) (<i>RMF L2-22</i>)		
BNTF				
Education and Human Resource Development	Increased and equitable access to high quality education and training	Primary and secondary classrooms built or upgraded according to minimum standards (no.) Students benefiting from improved physical classroom conditions, and enhanced teacher competence by sex (no.)	BNTF Grants	
Water and Sanitation Systems Enhancement	Improved water and sanitation in high poverty areas, especially rural areas	Households with access to sanitation and water supply-rural (no.)		
Community Access and Drainage Systems Enhancement	Improved access and transport infrastructure, including rural roads	Secondary and other roads built or upgraded (km).		
		Beneficiaries of road projects (no.) Beneficiaries of community infrastructure interventions (no).		

APPENDIX F

FINDINGS OF THE ASSESSMENT OF CDB'S PERFORMANCE IN MfDR

	Strong or above (5, 6)	Adequate (4)	Inadequate or below (1, 2, 3)			
Average Score of Key Performance Indicators	1	2	3	4	5	6
Strategic Management						
1. Providing direction for results						
2. Corporate focus on results						
3. Focus on thematic priorities						
4. Country focus on results						
Operational Management						
5. Aid allocation decisions						
6. Linking aid management to performance						
7. Financial accountability						
8. Using performance information						
9. Managing human resources						
10. Performance-oriented programming						
Relationship Management						
11. Supporting national plans						
12. Using country systems						
13. Harmonising procedures						
Knowledge Management						
14. Monitoring external results						
15. Presenting performance information						
16. Disseminating lessons learned						

MfDR ACTION PLAN 2012-2014 MATRIX

Key Results Areas and Outcomes	Outcome Indicators (2014 Target)	Outputs	Timeframe	Responsible
I. Strategic Management				
A. Greater accessibility to CDB Board approved documents, increased transparency, and better provision of direction for results	All stakeholder and public requests for Board approved documents responded to within 20 days. Communication Strategy developed Communication specialists hired	Disclosure regulation approved/Communication Strategy and Action Plan fully developed and implemented User-friendly and Informative external web-site enhanced and maintained Web Content Specialist and other communication professional recruited	1 st Qtr 2013 and ongoing Launched in 2 nd Qtr 2012 and ongoing	Bank Secretary's Unit IT Same as above HRAD and Bank Secretary's Unit
B. Stakeholders ability to interact/engage with CDB greatly enhanced	Improvement in stakeholder perceptions of CDB in terms of openness, accountability and partnering. (Baseline and target TBD from stakeholder surveys.) Improvement in MARs and MOPAN score for Transparency and Accountability which was scored by MARs as weak in 2011.	User-friendly and Informative external web-site maintained. High quality publications on development issues produced and disseminated.	Launched in 2 nd Qtr 2012 and ongoing. Ongoing	IT and Bank Secretary's Unit
C. Improved results focus in CSPs	Percentage of CSPs rated satisfactory or better by OIE. (Baseline and target TBD.)	All operations staff trained to develop results-based CSPs.	4 th Qtr 2013	ED
D. Enhanced link between staff performance and compensation/incentives	Enhanced staff satisfaction with staff assessment model. (Baseline and target TBD from staff satisfaction surveys.)	Revised CPI developed and implemented Staff performance metrics aligned with corporate RMF	1 st Qtr 2014	HRAD

Key Results Areas and Outcomes	Outcome Indicators (2014 Target)	Outputs	Timeframe	Responsible
II. Operational Management				
E. Strengthened results focus in operational management	Improved rating in 2014 by MOPAN assessment Development Effectiveness Review findings used as inputs to the Work Programme and Budget Framework	Recruitment of results specialists with mandate to build awareness of and commitment to CDB's MfDR agenda; to facilitate its implementation; and report regularly and on a timely basis to AMT and BOD. DEFIR findings and recommendations reflected in CDB's Work Programme and Budget 2014/15 Scorecard and Results Dashboard developed and maintained, and accessible to management and staff. Access to evaluation reports on website.	3rd Qtr. 2013 3 rd and 4 th Qtrs 2013 Internally by Dec. 2012; externally by Dec. 2013.	HRAD CPD OIE
F. Improved financial accountability and effective risk management	Improved Risk rating from at least one international credit rating agency	Roadmap for Risk Management Framework developed and approved. New Risk Management structure approved. Staff recruitment commenced and being implemented.	4 th Qtr. 2012 1st Qtr. 2013	CPD CPD/BOD/HRAD
G. Improved staff awareness and skills in managing for development results	Improved perception rating on awareness of staff about MfDR. (Baseline and target TBD based on staff surveys.)	Communications Plan for MfDR developed and implemented. MfDR curriculum developed and approved. All MPS and Admin. Support staff trained in MfDR principles and approaches, and to develop results monitoring frameworks and indicators.	2013 2012 2013	CPD All Departments All Departments
H. Improved staff awareness, knowledge of, and acceptance of performance assessment system and linkage with rewards	Baseline and target TBD from staff surveys.	Reinforced results orientation of CPI and linkage to Departmental results completed. Individual professional development plans completed for all staff.	4 th Qtr 2013	HRAD and Departments
I. Improved BMCs officials awareness, knowledge and skills in managing for development results	Baseline and target TBD from stakeholder surveys.	Training in BMCs. Informational seminars and annual orientation programmes for Board members.		PD/TCD HRAD

Key Results Areas and Outcomes	Outcome Indicators (2014 Target)	Outputs	Timeframe	Responsible
J. More targeted and effectively delivered support for country capacity development on MfDR	Increased number of BMCs with monitorable results framework in national development plans. (Baseline and target TBD.)	A more strategic, coordinated approach to capacity development in BMCs designed, designed and implemented with adequate financial resources available to sustain CDB's programme in BMCs.	1 st Qtr 2013	ED, PD/TCD
III. Operational Management/Knowledge Management				
K. Strengthened project monitoring and evaluation	Improved quality of Project Results Monitoring Frameworks. Overall quality at entry rating of CSPs results framework and performance indicators improved. (Baseline and target TBD.)	Project Performance Management System redesigned and implemented for 100% of projects under implementation. Develop and roll out staff guidelines for preparing country and sector results framework for monitoring outcomes. All PD professionals fully trained in results framework techniques. Relevant output indicators in CDB's RMF systematically integrated into country and sector results frameworks.	2 nd Qtr. 2014 4 th Qtr 2013 2 nd Qtr 2013	IT and Operations Area VPO Office Director Project Department, Director Economics Department
IV. Operational Management/Relationship Management/Knowledge Management				
L. Greater effectiveness of capacity-building activities	Implementation of key measures contained in the TA strategy.	Increased assistance to BMCs for strengthening of their statistics infrastructure. DevInfo successfully implemented in five pilot countries.	Ongoing to 2014	Operations CPD
V. Knowledge Management				
M. Lessons learned are effectively disseminated at the Bank and BMCs	Strategic plans, policies and programmes are evidenced-based and incorporate lessons of experience.	Knowledge Management Strategy developed and rolled out across the Bank. Project reporting officers who are impacting MfDR trained in conducting performance assessment/evaluation. OIE evaluation reports uploaded on OIE website.	4 th Qtr 2013 4 th Qtr 2013 Internally by December 2012 Externally by December 2013	VPO Office HRD Directors OIE, Bank Secretary's Unit

CDB's RESULTS FRAMEWORK FOR SDF 8

RMF LEVEL 1: REGIONAL PROGRESS TOWARDS SELECTED CARIBBEAN-SPECIFIC MDG TARGETS AND DEVELOPMENT OUTCOMES

Indicators	Baseline Year	Baseline Value	Target (2015) ¹
Poverty and Human Development			
1. Proportion of population below the poverty line (%):			
- excluding Haiti	2006	54.0	27.0
- including Haiti	2006	na	na
2. Proportion of population below the indigence line (%):			
- excluding Haiti	2006	35.0	17.5
- including Haiti	2006	na	na
3. Net enrolment in primary education (%):			
- Female	2006	94.0	95.0
- Male	2006	94.0	95.0
4. Net enrolment in secondary education (%):			
- Female	2006	73.0	80.0
- Male	2006	68.0	77.0
5. Proportion of population with access to an improved water source (%):			
- Urban	2009	96.0	94.0
- Rural	2009	86.0	92.5
6. Proportion of population with access to improved sanitation (%):			
- Urban	2009	86.0	88.0
- Rural	2009	84.0	86.5
GDP per capita			
7. <i>GDP per capita (constant prices):</i>			
Group 1 BMCs	2009	24,307	26,120
Group 2 BMCs	2009	5,554	6,123
Group 3 BMCs	2009	423	530
Environmental Sustainability and Climate Change			
8. Reported environmental damage and loss from natural hazard events (% of GDP)	2005-2007	Tbd*	Tbd*
9. Ratio of area protected to maintain biological diversity to surface area (%)	2009	11.5	Tbd*
10. Proportion of land area covered by forest to total land area (%)	2009	36.0	Tbd*
Regional Cooperation and Integration			
11. Intra-regional trade as a percentage of total regional trade (%)	2006	14.0	20.0
12. Direct Investment of MDCs in LDCs (\$mn)	Avg. 1999-2003	20.0	30.0

* To be determined

¹ These are based on the MDG targets established internationally and accepted by the Region (see Appendix B). They will be reviewed further as more information becomes available on the MDG baseline year. The targets shown are based on currently available baseline data.

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

Indicators	Achievements 2009-2012	Target 2013-2016
Education and Training (at all levels)		
1. Primary and secondary classrooms built or upgraded according to minimum standards (number)	730	765
2. Teachers trained/certified in primary and secondary education (number)	3,990	8,500
3. Students benefiting from improved physical classroom conditions, enhanced teacher competence and access to student loan financing (number)	163,600	237,635
4. Percentage of secondary school graduates achieving five CXC General Proficiency passes excluding Mathematics and English by sex: - Male - Female	28.4 30.9	32 34
5. Proportion of students starting from Form 1 who reach Form 5 (Survival Rate) by sex: - Male - Female	76.5 80.4	82 88
6. Percentage of students completing at least one Level 1 course in Technical and Vocational Education and Training by sex: - Male - Female	45.3 40.0	52 48
Agriculture and Rural Development		
7. Land irrigated or improved through drainage, flood and irrigation works (hectares)	4,750	4,800
8. Stakeholders trained in improved production technology (number)	702	5,390
9. Beneficiaries of rural enterprise credit programmes (number) - Male - Female	500 n.a n.a	600 Tbd Tbd
Social and Economic Infrastructure		
10. Primary, secondary and other roads built or upgraded (km)	2,020	196.2
11. Beneficiaries of road projects (number) - Male - Female	259,000 n.a n.a	569,980 Tbd Tbd
12. Sea Defences/ Landslip Protection/ Urban Drainage (km)	18.1	24.6
13. Community infrastructure built/upgraded (number)	522	14
14. Beneficiaries of community infrastructure interventions (number) - Male - Female	158,000 n.a n.a	22,550 Tbd Tbd
15. Installed energy generation capacity (megawatts)	0	3
Private Sector Development		
16. Private Sector development frameworks developed and implemented (number);	Tbd*	Tbd*
17. Business climate regulatory or policy reforms adopted (Number)	Tbd*	Tbd*
18. Beneficiaries of MSME credit and mortgage programmes by sex (number) - Male - Female	246 n.a n.a	260 n.a n.a
19. Beneficiaries of interventions targeted at MSMEs through CTCS and other TA modalities by sex (Number) - Male - Female	3,516 4,395	3,840 4,800

Water and Sanitation		
20. Water supply lines installed or upgraded (km)	247	89
- Urban	Tbd*	Tbd*
- Rural	Tbd*	Tbd*
21. Households with access to sanitation and water supply (number)	23,500	20,280
- Urban	Tbd*	Tbd*
- Rural	Tbd*	Tbd*
Environmental Sustainability, Disaster Risk Management and Climate Change		
22. Communities with improved capacity to address Climate change and DRM (number)	22	25
23. National/sector policies/strategies/legal frameworks developed or implemented to improve capacity for climate resilient conservation, rehabilitation, or sustainable management (number)	Tbd*	Tbd*
24. Energy efficiency reforms adopted (number)	Tbd*	Tbd*
25. Energy produced through renewable energy technologies(Kw)	Tbd*	Tbd*
Regional Public Goods		
26. Legal, regulatory and policy reforms adopted to improve regional cooperation and integration (number)	Tbd*	Tbd*
27. Reduced cost for regional transportation (freight cost per ton)	Tbd*	Tbd*
Capacity Development		
28. Public financial management reforms adopted (Number)	Tbd*	Tbd*
29. BMCs with increased capacity to undertake public sector investment programmes (Number)	Tbd*	Tbd*
Citizen Security		
30. National security policies and strategies developed or implemented (Number)	0	Tbd*
31. Beneficiaries receiving support from citizen security interventions (number)		
- Male	0	Tbd*
- Female	0	Tbd*
Social Protection		
32. Social assistance programmes with improved targeting developed and successfully implemented (Number)	0	4
33. Social protection policy frameworks developed and successfully implemented (Number)	0	4

* To be determined

RMF LEVEL 3: OPERATIONAL AND ORGANISATIONAL EFFECTIVENESS

Indicators	Baseline Year	Baseline Value	Target (2016)
Operational Quality and Portfolio Performance			
1. Portfolio performance rating for implementation (% satisfactory)	2009	98	98
2. Percentage of projects completed in past two years with Project Completion Reports	2010	25	100
3. Percentage of projects with supervision reports on Project Portfolio Management System	2009	89	100
Resource Allocation and Utilisation			
4. Percentage of concessional resources allocated according to performance-based allocation system	2009	40	60.9
5. Disbursement efficiency rate (without PBLs) ²	2009	89	89
Strategic Focus			
6. Proportion of financing directed to less developed BMCs (%) 3 year average	2009-11	73	60
7. Approved country strategies in use with results framework (Number)	2009	6	18
8. New or updated NPRSs for BMCs in past five years (Number)	2009	2	13
9. Proportion of financing supporting environmental sustainability and climate change (%).	2009	1.1	10-15
10. Proportion of financing supporting regional cooperation and development (%).	2009	5.2	6-8
Capacity Utilisation and Gender Equality			
11. Percentage of budgeted Bank professional staff in operations departments.	2009	51.3	60
12. Ratio of professional staff to support staff	2009	1.26:1	1.35:1
13. Representation of women in management positions. ³	2009	45	50
14. Vacancy Rate at Management and Professional Level	2009	14	4
15. Client Satisfaction Survey Index	2009	n.a	n.a
Use of Administrative Budget Resources			
16. Administrative expenses per \$mn of project approvals (3 year average) \$000's.	2007-2009	92	Reduction
17. Administrative expenses per \$mn of project disbursements (3 year average)\$000's	2007-2009	127	Reduction
Business Processes and Practices			
18. Average time from loan approval to first disbursement in public sector operations (months).	2009	17	12
19. Average loan processing time (months from appraisal mission to project approval) in public sector operations.	2009	5	4

² Disbursements for the year expressed as a percentage of planned disbursements for the year for projects under implementation.

³ The indicator (Representation of women in professional staff) has been discontinued.

RMF LEVEL 4: OWNERSHIP, ALIGNMENT AND PARTNERSHIPS

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

ⁱ Outcome document of the 4th HLM on Aid Effectiveness, Busan, 29 November - 1 December 2011, para. 3.

ⁱⁱ CDB/SDF Results Monitoring Framework Level 1. See also *Development Effectiveness Review 2011* (BD 61/12).

ⁱⁱⁱ *CARIBBEAN: Accelerating Trade Integration: Policy Options for Sustained Growth, Job Creation, and Poverty Reduction*, April 2009, World Bank and Organisation of American States.

^{iv} *IDB Support to Competitive Global and Regional Integration*, 2010, IDB.

^v This cost advantage has been demonstrated in studies of comparative indicators for CDB and comparator MDBs such as the World Bank, IDB and the AsDB. See for, example, the *Performance Review* of SDF 4, Section 8: “Corporate Performance Measures” (International Development Management Advisory Group, August 2000).

^{vi} Triangular Cooperation refers to cooperation between a financing partner such as a DAC member and a provider of technical assistance or training in a middle-income or low-income country in support of a recipient third country (*Issues Paper* for Roundtable 9 of the Accra HLM), but the term can also be used to apply to “third country” assistance such as that channeled through a regional agency such as CDB.

^{vii} Outcome document of the 4th HLM, paras. 30-31.

^{viii} A paper on aid architecture prepared for the Accra HLM associated “proliferation” with the number of aid channels providing assistance to a given country, and “fragmentation” with the number of donor-funded activities, as well as their average value (*Aid Architecture: An Overview of the Main Trends in Official Development Assistance Flows*, May 2008).

^{ix} Outcome document of the 4th HLM on Aid Effectiveness, para. 13.

^x *An Evaluation Study of the Technical Assistance Operations of the Caribbean Development Bank 2000 to 2004, Final Report*, July 2007, International Development Management Advisory Group, Inc. in association with Rideau Strategy Consultants Ltd.

^{xix} Managing for Development Results (MfDR) is “a management strategy focused on development performance and on sustainable improvements in country outcomes. It provides a coherent framework for development effectiveness in which performance information is used for improved decision making, and it includes practical tools for strategy planning, risk management, progress monitoring, and outcome evaluation.” (Second Results Roundtable, Marrakesh, 2004).

^{xi} *Assessing the CDB’s Performance in Managing for Development Results, Final Report*, June 2012, Universalia Management Group Ltd.

^{xx} *Assessing the CDB’s Performance in Managing for Development Results, Final Report*, June 2012, Universalia Management Group Ltd.

^{xxi} MOPAN was established in 2002 to share information and experience among 16 donor countries in assessing the performance of multilateral organisations.

^{xxii} Outcome document of the 4th HLM, paras. 1 and 13.