

**PUBLIC DISCLOSURE AUTHORISED**

**CARIBBEAN DEVELOPMENT BANK**



**EXECUTIVE SUMMARY WITH MANAGEMENT RESPONSE  
AND  
PROJECT COMPLETION VALIDATION REPORT**

**EIGHTH CONSOLIDATED LINE OF CREDIT  
DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK - DOMINICA**

This Document is being made publicly available in accordance with the Bank's Information Disclosure Policy. The Bank does not accept responsibility for the accuracy or completeness of the Document. This is a redacted Document which excludes information which is subject to exemptions as set forth in the Bank's Information Disclosure Policy.

**OFFICE OF INDEPENDENT EVALUATION**

**SEPTEMBER 2017**

**PUBLIC DISCLOSURE AUTHORISED**

**CARIBBEAN DEVELOPMENT BANK**



**EXECUTIVE SUMMARY**

**PROJECT COMPLETION VALIDATION REPORT**

**EIGHTH CONSOLIDATED LINE OF CREDIT**

**DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK - DOMINICA**

**SEPTEMBER 2017**

## **EXECUTIVE SUMMARY**

### **PROJECT DESCRIPTION**

1. In December 2009, the Caribbean Development Bank (CDB) approved a loan in the amount of USD8 million (mn) to the Dominica Agricultural Industrial Development Bank (DAIDB) [comprising USD7.5 mn from the Bank's Ordinary Capital Resources (OCR), and USD0.5 mn from its Special Funds Resources (SFR)], to assist in the continuation of the lending programme of DAIDB in the productive and housing sectors, and for student loans (the Project).

2. The primary objectives of DAIDB, which was established in 1971, are to promote, influence and mobilise funds for economic development in the Commonwealth of Dominica. CDB has been the primary source of long term funding for DAIDB. The Financial Services Unit (FSU) of the Ministry of Finance, which became effective on January 1, 2009, is responsible for supervising DAIDB's operations but due to capacity constraints, had not yet begun as of the end of 2009.

3. DAIDB had been dogged by financial performance challenges, but by the end of Financial Year (FY) 2009 DAIDB's new strategic focus and ongoing restructuring efforts were yielding improvements in key indicators: non-performing loans (NPLs), growth in assets, profitability, liquidity gap, approvals, debt to equity ratio, provisioning for loan loss, and return on assets.

4. The planned results of the Project were as follows:

*Goal/Impact:* To contribute to the sustainable social and economic development of the economy of Dominica.

*Outcome:* Improvement in human capital, enhanced living conditions and expanded productive capacity and incomes in the country.

*Output:* Sub-loans disbursed to finance agricultural and industrial credit projects, mortgages and postsecondary education and skills enhancement training programmes.

5. In addition, the viability of DAIDB's operations were expected to improve, with growth in lending and achievement of CDB benchmarks for debt to equity ratio, return on assets (ROA) and level of NPLs.

6. The components of the Project were:

- (a) Agricultural and Industrial Credit (AIC): financing technically sound and financially viable sub-loans to small and medium-sized enterprises (SMEs) in the agricultural, industrial, tourism and service sectors.
- (b) Student Loan Scheme (SLS): financing approved higher education and technical/vocational training in accordance with CDB's SLS Guidelines (1997) Revised and GOCD's List of National Priority Training Areas; and assisting eligible students from poor and vulnerable households, using SFR resources
- (c) Mortgage Finance (MF): assisting low and lower middle income groups with home repairs and improvement, and the purchase or construction of new homes.

7. Over the project period 2010-12, DAIDB was expected to commit a total of XCD66.7 mn to AIC, MF and the SLS. The source of funding was a combination of DAIDB's own reflows and loans financed by CDB and other sources. DAIDB was the Executing Agency (EA). A Student Loans Advisory Committee (SLAC) was required to assist DAIDB with the administration of the SLS component.

## **Evaluator's Assessment of Original Design and Results Framework**

8. The Project was designed in 2009 in the early stages of the rollout of initiatives to build the Bank's capacity in managing for development results (MfDR) and gender mainstreaming. The Evaluator found that:

- (a) The Project was consistent with national development priorities, as well as with CDB's strategic focus and priorities and was broadly aligned with sector development priorities.
- (b) The scope of the Project could have been more clearly defined. In some sections of the Appraisal Report (AR), the scope seemed to be limited to DAIDB's lending from CDB resources only, and it is not clear whether performance indicators were based on the total budget or just CDB resources. The AR also did not define "small and medium-sized enterprises", the targeted beneficiaries of the AIC component. In the social analysis, the housing issues discussed seemed to be associated with very low income earners, who were not the targets of the Project. As a result, the baseline housing conditions that the Project sought to address and the likely changes which would result were not clear.
- (c) The AR did not present a comprehensive problem analysis and, as such, may not have identified and responded to core problems which are likely to constrain achievement of the planned project outcome and impact.
- (d) Project design did not benefit from the lessons learned on financial intermediation by other development agencies, nor was it apparently informed by studies on private sector development in Dominica and the wider Caribbean.
- (e) In the Logical Framework (LF), the assumptions informing targets at the output level were not clear, some of the indicators at the outcome level were not measurable and time bound; and outcome and output indicators were not disaggregated to track the level of participation by different categories of beneficiaries.
- (f) There was no analysis of gender barriers to access to finance; and there were no specific activities aimed at promoting equitable access to benefits by the rural poor and Caribs even though they were identified as more economically disadvantaged in the AR.
- (g) The Project included several measures aimed at promoting the mainstreaming of environmental risk assessment into DAIDB's lending operations. In keeping with lessons learned by other development banks, CDB should have required DAIDB to adopt this practice for all relevant projects and not just those financed from CDB's resources
- (h) The implementation and project management arrangements proposed in the AR were adequate but greater collaboration between DAIDB and local (e.g., business support organisations) may have facilitated increased access to support services by AIC component beneficiaries; and strengthening of DAIDB through dialogue between CDB and DAIDB on the latter's progress with implementing the institutional strengthening components in its Strategic Plan 2009-2014.
- (i) There was inadequate provision for monitoring and evaluation. M&E was essentially an opportunity missed as DAIDB was already compiling a very rich set of data, which could have been used to track the developmental impact of the project.
- (j) Indicators of sustainability were limited to financial ratios and other issues likely to influence sustainability were not analysed: capacity of the FSU; ease of doing business generally and sector level risks; variability in the demand for financial services; and diversification of DAIDB's funding sources.

- (k) Major risks were not identified including sector level risks for agriculture, manufacturing and tourism. These sectors accounted for the majority of sub-loans approved under the Project and, in the past, had exhibited a high incidence of NPLs.

### **Evaluator's Assessment of Performance**

It is noted that the DAIDB 8th LOC was implemented during a challenging period for the regional and global economy, and the Dominican agriculture sector (see 2.03, 2.04).

### **Relevance**

9. The Evaluator rated Relevance as *Satisfactory* given:

- (a) the Project's likely positive contribution to GOCD and CDB goals related to poverty reduction, while recognising that this contribution would have been limited by the Project's failure to address other major constraints to accessing finance.
- (b) the likelihood that a gender responsive sector-level initiative that integrated intermediary lending with technical assistance (TA) for business and financial sector reforms might have been a more appropriate solution in the Dominica context.

### **Effectiveness**

10. The Evaluator rated effectiveness as *Marginally Unsatisfactory* based on:

- (a) The fact that while the targeted number of sub-loans for each component were essentially achieved or exceeded, these targets were very modest based on historic performance data.
- (b) Only 70% of the planned value of loans (XCD50 mn versus 65.2 mn) was approved.
- (c) There was no working definition of "small and medium-sized sub-projects" and no evidence was provided that the loan beneficiaries actually fell within the target group.
- (d) The lack of evidence on development outcomes of the sub-loans. Information contained in DAIDB's Annual Reports suggest that the larger AIC sub-loans were contributing to NPLs; and weak demand for labour due to a poorly performing economy may limit positive outcomes from the SLS component in the very short term.
- (e) The gender-blind SLS component, which may have led to the unintended consequence of a continuation of the lower level of male participation, and gender differences in the selection of courses, and could perpetuate occupational segregation and the gender wage gap. The larger AIC sub-loans awarded under the Project may have also produced the unintended result of a reduction in access to credit for smaller and women-owned enterprises.

### **Efficiency**

11. The Evaluator rated Efficiency as *Satisfactory* based on the following:

- (a) Overall Project implementation was only slightly behind schedule, by two months.
- (b) 40 AIC projects were approved and disbursed by 2013, compared to the target of 45 by 2012
- (c) The amount of the loan and allocations among the components were based on, among other things, a reliable DAIDB pipeline, historical trends and macroeconomic projections.

- (d) Funding was reallocated from MF to SLS in a timely manner when GOCD introduced a competing low-income mortgage product.
- (e) The Project design included various criteria to guide the award of sub-loans, which were aimed at promoting efficiency. These criteria were essentially adhered to during implementation.

## **Sustainability**

12. The Evaluator rated Sustainability as *Satisfactory*:

- (a) The Project had strong support at the level of DAIDB and GOCD.
- (b) DAIDB demonstrated some improvement in its financial viability but performance against some financial indicators is still weak. In addition, DAIDB is yet to diversify its source of funding for on-lending; demand for lending is variable; DAIDB's services are not explicitly inclusive; there remain institutional capacity gaps (e.g., credit appraisal, marketing, risk management, monitoring and evaluation, strategic linkages, etc.); and regulation and supervision by the FSU is inadequate. During the validation period, the Financial Services Unit (FSU) still lacked the capacity to supervise DAIDB's operations.

## **Overall Performance**

13. The overall performance of the intervention is *Satisfactory*. This rating is determined by separately evaluating and ranking the four core evaluation criteria. The overall performance score of the intervention is an arithmetic average of the scores assigned by the Office of Independent Evaluation (OIE).

## **Executing Agency Performance**

14. The Evaluator rated EA Performance as *Satisfactory*. The Project was implemented without significant delay and DAIDB complied with the Terms and Conditions of the Loan.

## **Caribbean Development Bank Performance**

15. The Evaluator rated CDB's performance as *Marginally Unsatisfactory*:

- (a) The Project was consistent with national development priorities as well as with CDB's strategic focus and priorities and was aligned with sector development priorities.
- (b) Project design had some weaknesses based on a partial problem analysis that led to a narrower definition of the problem; and a solution that was not gender responsive or socially inclusive, did not clearly define and target beneficiaries, and was not sufficiently attentive to sustainability.
- (c) There was timely corrective action taken when the rate of disbursement under the MF component slowed.
- (d) Supervision by CDB was focused on activities, outputs and compliance with lending terms and conditions, but not on monitoring risks and assumptions or tracking progress towards outcomes.
- (e) The CDB supervision team was limited to staff from CDB's Private Sector Division and did not include an environmental specialist to assess DAIDB's adherence to recommended practices on mainstreaming environment risk assessment into its credit review process.

## Explanation of differences between the Project Completion Report and Validation Report

16. Details of the ratings and justification for differences between those of the PCR and Evaluator are as follows:

Criteria	PCR	OIE Review	Reason if any for Disagreement/Comment
Relevance	Highly Satisfactory (4)	Satisfactory (3)	Problem analysis, consideration of lessons learned, and assessment of cross-cutting themes were inadequate and this may have led to the selection of a less than optimal solution focused on DAIDB only, without complementary assistance to the financial services and business sectors.
Effectiveness	Highly Satisfactory (4)	Marginally Unsatisfactory (2)	There was an absence of data on the achievement of outcomes; and of measures to ensure effective targeting of SMEs under the AIC component or equal access to benefits by males and females under the AIC and SLS components. There are significant risks to the achievement of planned outcomes under the SLS and AIC components including weaker demand for labour due to a poorly performing economy. Early indications are that some sub-loans under the AIC component are underperforming and contributing to a higher level of NPLs.
Efficiency	Highly Satisfactory (4)	Satisfactory (3)	While the planned period for implementation was exceeded by only 2 months; 40 AIC loans were approved and disbursed by 2013 compared to the target of 45 by 2012.
Sustainability	Satisfactory (3)	Satisfactory (3)	
Composite (Aggregate) Performance Rating	Highly Satisfactory (3.75)	Satisfactory (2.75)	Lower ratings by the Evaluator for three of the four core criteria.
Borrower & EA Performance	Satisfactory	Satisfactory	
CDB Performance	Satisfactory	Marginally Unsatisfactory	Project design lacked a systematic approach to M&E and supervision. Inadequate attention was paid to sustainability, including the capacity of DAIDB to provide equitable access to credit to underserved groups. Supervision was not adequately focused on outcomes and too narrowly on approvals, disbursements and DAIDB's financial performance.
Quality of PCR		Marginally Unsatisfactory	The wrong PCR template was used. The criteria and sub-criteria provided in the Performance Assessment System Manual were not used to guide the preparation of the PCR and justify ratings. As a result, the analysis is not comprehensive. There was no attention to gender equality and social inclusion.

## Lessons Learned

17. The following lessons were identified in the PCR:

- (a) The lending agency should be mandated to collect disaggregated data on SME sub loans that speak to the viability of these business enterprises and whether the SMEs are earning foreign exchange, which was originally indicated in the project impact; and
- (b) As part of M&E, a tracer study of the loan recipients should be included as part of the loan. The results of the tracer study and gender analysis can be used to design a more targeted student loans programme.

18. Lessons suggested from the validation are:

- (a) There is scope to incorporate in the design of future LOC interventions: (i) relevant experiences and lessons learned in intermediary lending by other development banks; and

- (ii) relevant analysis of private sector development in the Caribbean as detailed in various publications, to the extent these are likely to influence intervention outcomes.
- (b) The design of the AIC component of an LOC should ideally be preceded by an analysis of the business environment, financial services sector and the priority productive sectors.
- (c) The design of LOCs might be improved if set in the context of a Financial Intermediation Strategy that articulates the intended short, medium and long term results of CDB's support, assumptions and risks in the form of a theory of change. The Strategy should also address sustainability.
- (d) CDB should consider providing intermediary institutions with an appropriate mix of solutions as opposed to a limited focus on increasing the supply of finance for on-lending.
- (e) LOC arrangements could promote greater collaboration among agencies responsible for supporting the development of the priority productive sectors.
- (f) When the objective of an SLS is clearly established during project design, this influences how success of the scheme is measured and how it is administered. The design of an SLS should ideally be preceded by an analysis of the labour market, including the current and specific demand for and supply of tertiary level skills; and gaps in labour force participation.
- (g) It is important to assess the effectiveness of the Priority List and SLAC in managing the alignment between programmes of study and labour market. The administration of the SLS should include measures to promote participation by under-represented groups, and consider gender preferences in the selection of courses.
- (h) Targeting of beneficiaries should ideally be related to the social analysis in the AR, with explicit criteria that are monitored during implementation.
- (i) To the extent that CDB is introducing best practices, for example in environmental and social impact assessment, it should encourage that these measures be employed throughout the target agency's lending programmes, and not just for CDB supplied resources.
- (j) Greater attention should be paid to: (i) monitoring assumptions and risks; (ii) tracking progress towards outcomes and sustainability readiness; and (iii) strengthening the National Development Bank's (NDB) M&E capacity.
- (k) The Project Completion Report (PCR) template and preparation guidelines should be reviewed in the context of the new CDB project portfolio management system; and clarity provided to operations personnel on exactly which templates and guidelines are to be used.

## **Recommendation**

19. It is recommended that OIE conduct an evaluation of CDB's financial intermediation programme, which could: (i) build on relevant findings of similar studies recently concluded by other development banks; and (ii) inform the implementation of CDB's Private Sector Development Policy and Strategy.



**PUBLIC DISCLOSURE AUTHORISED**

**CARIBBEAN DEVELOPMENT BANK**



**MANAGEMENT RESPONSE**

**PROJECT COMPLETION VALIDATION REPORT**

**EIGHTH CONSOLIDATED LINE OF CREDIT  
DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK - DOMINICA**

**SEPTEMBER 2017**

## **MANAGEMENT RESPONSE**

1. The Project Completion Validation Report (PCVR) provides a comprehensive analysis of the performance of the subject loan, along with lessons that can be used to inform future design for similar interventions. We note that this Validation goes somewhat beyond ones we have seen in the past for Line of Credit interventions. The level of detail and analysis is substantial, and some of it draws on documentary sources beyond the PCR itself. As well, the lessons drawn are forward looking, and while based on experience with the DAIDB Eighth Line of Credit, also draw to some extent from the experience of other development partners in this sector.
2. In our view, the Performance Assessment System (PAS) was appropriately applied in arriving at the ratings for Relevance, Effectiveness, Efficiency, and Sustainability. We are in agreement with the summary rating of “Satisfactory” provided by OIE. It reflects the increased DAIDB lending to agriculture and industry; home construction and improvement; and for student loans, that CDB resources have made possible.
3. At the same time, we believe it is important to note that while the PAS dates from 2014, the DAIDB Eighth Line of Credit was approved in 2009. The detailed sub-criteria employed by the PAS represent an evolution in thinking about good project design and implementation. Care must therefore be exercised in the assessment of interventions that predated these improved guidelines. Similarly, new approaches to results management and gender analysis were introduced at the Bank in 2008, and were in their early days of application at the time of DAIDB design.
4. For two areas in particular we would suggest that the newer guidelines have moved beyond what was common practice for design and supervision of intermediary lending in 2009. With respect to sustainability, the approach at that time was to focus primarily on the financial ratios of the intermediary lending institution, with a view to ensuring that these were trending in the right direction. In applying the PAS, the PCVR suggests widening this approach to include examination of business environment issues in the sub-sectors into which loans are being made, as well as social inclusion considerations. Second, activities specifically aimed at addressing gender barriers would not typically be included in a LOC but be treated as a standalone intervention. We note however the PCVR lesson that analysis of gender differences in access to credit would be important for LOC design in future.
5. Two further clarifications are useful. DAIDB’s funding comes from a number of sources, including its own reflows, in addition to CDB support. This complicates the assessment of inputs, outputs and outcomes attributable to CDB funding, since on-lending mingles the funding sources. Second, when suggesting the requirement for greater analysis of credit gaps as part of the design process, the PCVR should more accurately refer to “failed applicants” or “potential beneficiaries” rather than “beneficiaries”.
6. Finally, we note and welcome the single recommendation provided by the PCVR: that OIE consider a sector evaluation of CDB’s intermediary lending. Given that it accounts for about 85% of the Bank’s private sector lending, and in light of some of the issues and suggested lessons raised in this PCVR, we believe that such an evaluation would be opportune.

**PUBLIC DISCLOSURE AUTHORISED**

**CARIBBEAN DEVELOPMENT BANK**



**PROJECT COMPLETION VALIDATION REPORT**

**EIGHTH CONSOLIDATED LINE OF CREDIT  
DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK - DOMINICA**

**OFFICE OF INDEPENDENT EVALUATION (OIE)  
SEPTEMBER 2017**

**Any designation or demarcation of, or reference to, a particular territory or geographic area in this Document is not intended to imply any opinion or judgment on the part of the Bank as to the legal or other status of any territory or area or as to the delimitation of frontiers or boundaries.**

## **ABBREVIATIONS**

*Dollars (\$) throughout refer to United States Dollars (USD) unless otherwise specified.*

AIC	-	Agricultural and Industrial Credit
AR	-	Appraisal Report
BANDES	-	Venezuela Economic and Social Development Bank
BMCs	-	Borrowing Member Countries
CDB	-	Caribbean Development Bank
CPA	-	Country Poverty Assessment
DAIDB	-	Dominica Agricultural Industrial Development Bank
DFIs	-	Development Finance Institutions
DSS	-	Dominica Social Security
EA	-	Executing Agency
EE	-	Energy Efficiency
EIA	-	Environmental Impact Assessment
FI	-	Financial Institution
FSU	-	Financial Services Unit
FY	-	Financial Year
GOCD	-	Government of the Commonwealth of Dominica
GSPS	-	Growth and Social Protection Strategy
HRD	-	Human Resource Development
LF	-	Logical Framework
LOC	-	Line of Credit
M&E	-	Monitoring and Evaluation
MF	-	Mortgage Finance
MFDR	-	Managing for Development Results
mn	-	million
NDBs	-	National Development Banks
NPLs	-	Non-performing Loans
OCR	-	Ordinary Capital Resources
OIE	-	Office of Independent Evaluation
p.a.	-	per annum
PCR	-	Project Completion Report
RE	-	Renewable Energy
ROA	-	Return on Assets
SFR	-	Special Funds Resources
SLAC	-	Student Loans Advisory Committee
SLS	-	Student Loan Scheme
SMART	-	Specific, Measurable, Relevant and Timebound
SMEs	-	Small and Medium-sized Enterprises
TA	-	Technical Assistance
TDD	-	Terminal Disbursement Date
USA	-	United States of America
USD	-	United States dollars
XCD	-	Eastern Caribbean dollar

## **TABLE OF CONTENTS**

EXECUTIVE SUMMARY

MANAGEMENT RESPONSE

1. BASIC PROJECT DATA SHEET
2. PROJECT DESCRIPTION
3. EVALUATION OF PROJECT DESIGN
4. EVALUATION OF IMPLEMENTATION PERFORMANCE
5. PROJECT COMPLETION REPORT REVIEW
6. CONCLUSION

## **APPENDICES**

APPENDIX 1:	LOGICAL FRAMEWORK
APPENDIX 2:	PURPOSE FOR WHICH AGRICULTURAL, INDUSTRIAL AND TOURISMS SUB-LOANS MAY BE MADE
APPENDIX 3:	CDB'S STUDENT LOAN SCHEME GUIDELINES (1997) REVISED
APPENDIX 4:	LIST OF NATIONAL PRIORITY TRAINING AREAS
APPENDIX 5:	DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK CRITERIA FOR AID BANK'S SPECIAL STUDENT LOAN FACILITY (REVISED)
APPENDIX 6:	PARTICULARS OF HOUSING SUB-LOANS
APPENDIX 7:	STANDARD TERMS AND CONDITIONS APPLICABLE TO AIC, MF AND SLS LINES OF CREDIT TO DFIS
APPENDIX 8:	REPORTING REQUIREMENTS AND SPECIMENT REPORTING FORMATS
APPENDIX 9:	DOMINICA POLICY MATRIX, 2005-2010
APPENDIX 10:	PRESS RELEASE IMF – ARTICLE IV CONSULTATION – DOMINICA – MARCH 2017
APPENDIX 11:	ANALYSIS OF DAIDB'S LENDING TRENDS
APPENDIX 12:	EXTRACTS – PRIMARY PERFORMANCE DATED PRIVED BY DAIDB
APPENDIX 13:	ANALYSIS OF PERFORMANCE
APPENDIX 14:	DOMINICA – ECONOMIC PERFORMANCE DATA

## **REFERENCES**

## **1. BASIC PROJECT DATA SHEET**

**Project Title:** Eighth Consolidated Line of Credit  
**Country:** Commonwealth of Dominica  
**Sector:** Financing  
**Loan No.:** 17/SFR-OR-DMI  
**Borrower:** Dominica Agricultural Industrial and Development Bank  
**Implementing/Executing Agency:** Dominica Agricultural Industrial and Development Bank

<b><u>CDB LOAN (USD mn)</u></b>			
<b><u>Approvals and Disbursements (\$mn)</u></b>	<b><u>OCR</u></b>	<b><u>SFR</u></b>	<b><u>Total</u></b>
Original Loan Amount	7.50	0.50	8.00
Total Loan Disbursed	7.50	0.49	7.99
Cancelled	0.00	0.01	0.01
<b><u>Project Milestones</u></b>	<b><u>At Appraisal</u></b>	<b><u>Actual</u></b>	<b><u>Variance (months)</u></b>
Board Approval	2009-12-10	2009-12-10	-
Loan Agreement signed	2010-03-15	2010-01-26	1.63
Loan Effectiveness <sup>1</sup>	2010-03-27	2010-04-19	(0.77)
<b><u>CDB Loan</u></b>	<b><u>At Appraisal</u></b>	<b><u>Actual</u></b>	<b><u>Variance (months)</u></b>
First Disbursement Date	2010-03-31	2010-05-14	(1.47)
Terminal Disbursement Date (TDD)	2013-12-31	2014-02-28	(2.00)
TDD Extensions (number)	-	1	
<b><u>Project Cost &amp; Financing (\$mn)</u></b>	<b><u>At Appraisal</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
CDB Loan	8.00	7.99	0.01
Counterpart (DAIDB)	-	-	-
<b>Total</b>	<b>8.00</b>	<b>7.99</b>	<b>0.01</b>
<b><u>Terms</u></b>	<b><u>Interest Rate</u></b>	<b><u>Repayment</u></b>	<b><u>Grace Period</u></b>
CDB Loan (SFR)	2.5% p.a. (Fixed)	17 years (including grace period)	5 years
CDB Loan (OCR)	5.32% p.a. (variable)	17 years (including grace period)	5 years
<b><u>Implementation</u></b>	<b><u>At Appraisal</u></b>	<b><u>Actual</u></b>	<b><u>Variance (months)</u></b>
Start Date <sup>2</sup>	2010-03-27	2010-04-19	(0.77)
Completion Date	2013-12-31	2014-02-28	(2.00)
Implementation Period	3.75 years	3.86 years	(0.11)
<b><u>Economic Rate of Return (%)</u></b>			
At Appraisal	Not Applicable		

<sup>1</sup> Date conditions to First Disbursement satisfied

<sup>2</sup> Implementation begins with satisfaction of conditions precedent to first disbursement

## **2. PROJECT DESCRIPTION**

### **Background**

2.01 Dominica's population (71,546 at mid-year 2008), was divided almost equally between males (51%) and females (49%). Seventy one percent (71%) resided in rural communities with the remaining 29% living in neighbourhoods in and around the capital, Roseau. Dominica's development strategy at the time of project inception placed emphasis on the development of its tourism product offering, revitalising and diversifying its agricultural sector, building human capital, and reducing poverty on a sustainable basis. Poverty in Dominica was more prevalent in rural areas; among the indigenous Carib population; and in households where the heads had no more than a primary level education. For the latter, the size of the household was above the national average with higher numbers of dependents, and there was over-crowding and no indoor plumbing and cooking facilities. It was estimated that about 50% of children in the country were living in poor households.

2.02 The agriculture sector was the major contributor to the Dominican economy, accounting for an estimated 30% of total employment, and was a major source of income, particularly for persons in rural areas. The decline in the performance of the sector was due largely to the erosion of the European Union's preferential trading arrangement for bananas. Attempts by Dominican authorities to diversify the agricultural base had thus far seen limited success. In 2009, output in the agricultural and tourism sectors was somewhat increased but both manufacturing and construction continued to be depressed. There were signs of recovery in the financial sector in terms of domestic credit, money supply, net domestic assets and net foreign assets; and the ratio of unsatisfactory loans to total loans was decreasing. In keeping with its emphasis on building human capital and its policy goal of "one graduate per household", the Government of the Commonwealth of Dominica (GOCD) was consistently investing in tertiary education. Despite government subsidies, tertiary education was still not affordable for the extremely poor and vulnerable groups.

2.03 Dominica had been struck by two hurricanes in 2007 and 2008, causing cumulative damage that was estimated at close to 35% of GDP. The agricultural sector, one of the major sources of foreign exchange earnings had taken the brunt of the damage in 2007 from Hurricane Dean, while the tourism, fishing and coastal infrastructure were affected by Hurricane Omar in 2008. The damage to agriculture was particularly heavy, exacerbating the slower growth as a result of the Global Banking and Financial Crisis and the loss in export earnings estimated at close to 3% of GDP. It also coincided with a recently concluded Poverty Reduction and Growth Facility (PRGF) supported programme with the IMF, including structural reforms to improve fiscal policies, debt sustainability and creating the fiscal space for countercyclical policies, as well as vulnerabilities in the financial system.

2.04 The agricultural sector was also in a period of transitional reform, as the Dominican Government sought to diversify its agricultural sector and reduce the dependence on bananas for a large share of its agricultural export earnings. The erosion of the preferential access that the Windward Islands of the Caribbean had traditionally been able to secure to EU markets under the trade preferences between EU and ACP countries, contributed to a stark collapse in banana exports from Dominica in intervening years. The banana export to GDP ratio collapsed from a peak of close to 22% in 1990, to almost 1.5% in 2008.

2.05 Dominica's financial sector was relatively unsophisticated as the mix of financial institutions (FIs) and instruments geared toward the mobilisation of savings was somewhat undiversified. Four commercial banks (three foreign and one indigenous) dominated the sector and controlled more than 60% of total assets. Personal lending and loans to the distributive trades sector absorbed an average of almost 65% of total commercial bank credit over the five-year period to 2008. The productive sectors of the economy (e.g., agriculture, manufacturing and tourism) attracted less than 10% on average of total credit.



2.06 DAIDB was established by an Act of Parliament on July 28, 1971. The primary objectives of the AID Bank, as per its legal mandate, are to promote and influence economic development in the Commonwealth of Dominica and to mobilise funds for such development. The bank has two shareholders, namely: GOCD, the majority shareholder and the Dominica Social Security (DSS), the minority shareholder. Given the risk averse stance of commercial banks, DAIDB has assumed an intermediary role providing financial resources to critical sectors of the Dominican economy.

2.07 DAIDB is regulated, in accordance with the Financial Services Act No. 18 of 2008, by the FSU of the Ministry of Finance. The FSU's primary role, regarding DAIDB, is to supervise its operations from a risk assessment perspective to ensure compliance with the Financial Services Unit Act. Due to capacity constraints, the FSU (in 2009) had not yet begun its supervision of DAIDB. DAIDB's sources of funding were sovereign loans through GOCD and advances from its shareholders, DSS and GOCD. CDB is the primary source of long term funding for DAIDB (Table 1).

**TABLE 1: LINES OF CREDIT PROVIDED BY CDB TO DAIDB 1982-2009**

<b>LOC #</b>	<b>Year</b>	<b>Amount of Funds (USD, mn)</b>
1	1982	1.0
2	1985	1.9
3	1988	3.0
4	1990	5.5
5	1992	4.0
6	1997	5.6
7	2000	7.0
8	2009	8.0

2.08 By the end of FY 2009, DAIDB's new strategic focus and ongoing restructuring efforts, including the upgrading of operating policies and systems, had resulted in the reduction of NPLs. NPLs had been reduced to 18.7%, from 34% in 2006, with the highest incidence of NPLs occurring in the tourism, education and industrial sectors (Table 2). In the five-year period preceding project appraisal, DAIDB experienced moderate growth in assets; its profitability improved and it enjoyed a positive liquidity gap in each year; and approvals averaged USD17.6 mn per financial year (61% of approvals were to the education and housing sectors). DAIDB's debt to equity ratio in the three FYs prior to appraisal was within the benchmark of 4:1 recommended by CDB; its provisioning for loan loss was adequate; and ROA, though below the recommended 1%, improved from 0.6% in FY 2008 to 0.9% in FY 2009.

**TABLE 2: DISTRIBUTION OF LOAN PORTFOLIO ARREARS  
BY SECTOR AS AT JUNE 30, 2009  
XCD (\$'000)**

<b>Sector</b>	<b>Gross Loans</b>	<b>Amount of NPL</b>	<b>NPL as a % of Gross Loan</b>	<b>Principal and Interest Arrears</b>	<b>Arrears as % of Total Arrears</b>	<b>Arrears as % of Sector Level Gross Loans</b>	<b>Arrears as % Total Gross Loans</b>
Agriculture	6,076	2,565	42.2	4,174	14.91	68.70	3.63
Industry	15,623	3,934	25.2	3,901	13.94	24.97	3.39
Tourism	21,080	6,464	30.7	11,387	40.68	54.02	9.90
Education	36,199	4,704	13.0	4,292	15.33	11.86	3.73
Housing/Mortgage Finance	29,917	3,068	10.3	3,005	10.74	10.04	2.61
Personal and Other	6,183	734	11.9	1,231	4.40	19.91	1.07
<b>Total</b>	<b>115,077</b>	<b>21,469</b>	<b>18.7</b>	<b>27,990</b>			

2.09 At the Two Hundred and Thirty Ninth Meeting of its Board of Directors, CDB approved a loan to DAIDB of an amount not exceeding the equivalent USD 8 mn [comprising USD7.5 mn from the Bank's OCR, and USD0.5 mn from its SFR, to assist in the continuation of the lending programme of DAIDB in the productive and housing sectors, and for student loans (the Project).

### Planned Results

2.10 The planned results were articulated in various sections of the AR including the LF (Appendix 1)<sup>3</sup>.

### Goal/Impact

2.11 The expected impacts were an improvement in: (a) income and employment; and (b) poverty and related socioeconomic indices.

<sup>3</sup> The results were also articulated under the sections "Loan and Project Summary" as Project Impacts and Project Benefits; and under "The Project" (at paragraph 3.02):

Project Impacts	(i) increased investments, employment creation and economic growth through the provision of long term credit to enterprises in agriculture, industry, tourism and services sectors; (ii) promotion of home ownership and improving existing housing stock among low and lower middle income earners in Dominica; and (iii) development of human capital through student loans for skills upgrading at the technical, vocational and professional levels.
Project Benefits	... to contribute to increased economic activity and output in the agricultural, industrial, tourism and services sectors leading to employment creation and foreign exchange earnings. In addition, the project will contribute to an improvement in the housing stock, especially for low and lower middle income earners, and enhance human resource development (HRD) which will facilitate economic growth, improve competitiveness and contribute to poverty alleviation in Dominica.
The Project (para 3.02)	(i) increase the availability of medium and long term credit for technically and economically viable projects in the agricultural, industrial, tourism and service sectors; (ii) promote and increase home ownership and improvement in the standard of low and lower middle income housing through the provision of mortgage financing; and (iii) strengthen Dominica's human resource capacity, through the provision of SLS financing for tertiary level training and skills upgrade at the technical, vocational and professional levels.

## Outcome

2.12 The expected outcome was an improvement in human capital, enhanced living conditions and expanded productive capacity and incomes in the country.

## Output

2.13 The expected output was sub-loans disbursed to finance AIC projects, mortgages and post-secondary education and skills enhancement training programmes. It was also expected that the funds would be fully committed by June 30, 2011; and fully disbursed by December 31, 2013.

## Financial Performance of DAIDB

2.14 In addition to the above results, DAIDB's operations were expected to exhibit viability and sustainability in terms of growth in lending, in particular, long-term lending; and achieving the CDB benchmarks for debt-to-equity ratio, ROA and NPLs (Table 3). It was a condition of the loan that DAIDB would (a) maintain a debt to equity ratio of 4:1; (b) reduce its NPLs to 5% of its loan portfolio by June 30, 2012; (c) achieve a collections ratio of at least 60%<sup>4</sup>; (d) achieve a ROA of 1%; and (e) achieve a debt service coverage ratio of 1:25 times.

**TABLE 3: ACTUAL 2009 AND PROJECTED FINANCIAL DATA, 2010-12**  
*XCD (\$'000)*

Item	CDB's Targets	Actual 2009	Projected		
			2010	2011	2012
Total Assets		130,652	138,663	144,701	151,631
Gross Loans		121,806	130,437	137,794	145,894
Long term Borrowings		84,094	91,040	95,496	100,023
Shareholders' Equity		31,639	32,704	34,261	36,089
Net Income		1,220	1,065	1,557	1,828
Interest Coverage Ratio (x)		1.3	1.23	1.31	1.36
Debt Service Coverage Ratio (x)	1.25	1.5	1.0	1.17	1.28
Debt to Equity Ratio (x)	4.1	3.1	3.08	3.06	3.03
ROA (%)	1.0	0.9	0.79	1.1	1.23
ROE (%)	-	3.9	3.31	4.65	5.2

## Project Components

2.15 The loan was provided to DAIDB for on-lending to the various sectors (Table 4). The loan resources were intended to be used to:

- (d) finance technically sound and financially viable small and medium-sized<sup>5</sup> sub-projects in the agricultural, industrial, tourism and services sectors within the guidelines at Appendix 2. The minimum sub-loan to be financed for AIC sub-projects using CDB's resources was \$25,000 and the maximum sub-loan limit was 70% of the total project cost, up to a maximum of the equivalent of USD1 mn (XCD2.7 mn). All projects costing in excess of USD500,000

<sup>4</sup> Collections had averaged 49.2% p.a. in the five years prior to the appraisal.

<sup>5</sup> Small and medium sized was not defined in the AR.

(XCD 1.3 mn) were required to demonstrate a financial rate of return exceeding the weighted average cost of capital as determined by DAIDB from time to time. Sub-loans in excess of USD500,000 (XCD1.3 mn) from CDB's resources, were subject to CDB's prior review and approval.

- (e) assist eligible students, using OCR resources, for approved higher education and technical/vocational training in accordance with CDB's SLS Guidelines (1997) Revised (Appendix 3), and the national priority training areas (Appendix 4).
- (f) assist eligible students from poor and vulnerable households, using SFR resources, to acquire student loans in accordance with the guidelines set out at Appendices 2 and 3 and the eligibility criteria for accessing sub-loans from the SFR portion provided by DAIDB and set out at Appendix 5. The maximum SLS sub-loan was the equivalent of USD55,000 (XCD148,220) for studies in law, medicine and architecture and the equivalent of USD45,000 (XCD121,271) for all other programmes. The total disbursements for programmes of study at extra-regional and non-eligible countries could not exceed 40% of the commitments for student loans.
- (g) assist low and lower middle income groups<sup>6</sup> with home repairs and improvement, including retrofitting and for the purchase or construction of new homes under the particulars of the MF sub-loans set out at Appendix 6 and the terms and conditions of set out at Appendix 7. The maximum income limit under the MF component was \$54,000 (XCD145,525) for single borrowers and \$67,500 (XCD181,906) for joint borrowers. The maximum sub-loan limit under the MF component was \$250,000 (XCD673, 725) or 90% of the estimated market value of a newly constructed house or for major home improvement<sup>7</sup>, whichever was less. Where home improvement was not major, the maximum sub-loan was set at 100% of the cost of improvement.

**Table 4: PLANNED ALLOCATION OF LOAN RESOURCES**  
*USD (\$'000)*

Sector	OCR	SFR	Total
AIC	5,000	0	5,000
SLS	1,500	500	2,000
MF	1,000	0	1,000
<b>Total</b>	<b>7,500</b>	<b>500</b>	<b>8,000</b>

### Provision of Inputs/Project Financing Plan

2.16 Over the project period 2010-12, DAIDB was expected to commit a total of XCD66.7 mn in loans allocated across AIC, MF and SLS as shown in Table 5. The source of funding to support these projected commitments were a combination of loans and reflows, including the CDB loan.

<sup>6</sup> Under GOCD's squatter regularisation programme, government owned lands are used to provide serviceable lots; and the Housing Development Corporation provides housing solutions for very low income earners.

<sup>7</sup> Home improvement is considered to be major where the estimated cost of improvement exceeds 66⅔% of the estimated market value of the house. For major home improvement each sub-loan is, therefore, treated as a new construction.

**TABLE 5: PROJECT FINANCING PLAN**  
**XCD (\$'000)**

<b>Item</b>	<b>2010</b>	<b>2011</b>	<b>2012-13</b>	<b>Total</b>
<b>Approvals</b>				
AIC	15,600	7,875	8,269	31,744
MF	4,200	5,750	5,922	15,872
SLS	4,200	6,600	6,798	17,598
Personal and Others	650	400	412	1,462
<b>Total Approvals</b>	<b>24,650</b>	<b>20,625</b>	<b>21,401</b>	<b>66,676</b>
<b>Disbursements</b>				
AIC and Others	13,000	9,545	8,434	30,979
MF	3,780	5,554	5,847	15,181
SLS	1,470	3,780	5,949	11,199
<b>Total Disbursements</b>	<b>18,250</b>	<b>18,879</b>	<b>20,230</b>	<b>57,359</b>
Net Reflows	1,017	3,010	3,903	7,930
Financing Gap	17,233	15,869	16,327	49,429
<b>Financed By:</b>				
CDB	8,775	8,910	3,915	21,600
Other	8458	6,959	12,412	27,829
<b>Total Financing</b>	<b>17,233</b>	<b>15,869</b>	<b>16,327</b>	<b>49,429</b>

### Implementation Arrangements

2.17 DAIDB was the EA and was expected to manage the project in keeping with its normal financial and operating policies and procedures<sup>8</sup> and according to the following which were set out in the AR: (a) Reporting Requirements and Specimen Formats (Appendix 8); (b) Eligibility Criteria for CDB's Support of DFIs; and (c) Standard Terms and Conditions Applicable to AIC, MF and SLS Lines of Credit to DFIs. In addition, a SLAC was required to assist DAIDB with the administration of the SLS component.

2.18 At appraisal, DAIDB was charging interest rates on loans within the range of 9-10.5% depending on the sector and the risk profile of the applicant. DAIDB was expected to on-lend the resources of the proposed loan at interest rates consistent with market conditions. It was a condition of the loan that sub-loan contracts include conditions which would permit DAIDB to vary the interest rates to clients as deemed fit, upon giving reasonable notice of its intention.

2.19 CDB's Supervision Plan for the project included one annual supervision visit along with desk-based activities such as authorising disbursement claims; and monitoring compliance with Loan Conditions, loan advances, portfolio quality and financial performance.

<sup>8</sup> According to which, supervision of sub-projects is undertaken every six months (more frequently during construction), to monitor ongoing compliance of projects with conditions of approval. DAIDB also relies on the relevant Government authorities for technical guidance and to review EIA documents submitted to the Bank by borrowers.

## Identification of Risks and Mitigation Measures

2.20 The major risks identified at appraisal and associated mitigation measures were:

<b>Risk</b>	<b>Mitigation Measure</b>
A negative macroeconomic environment which would lead to an increase in NPLs	GOCD to pursue appropriate macroeconomic policies which facilitate an enabling business environment. DAIDB to institute rigorous appraisal, and ensure adequate security and ongoing monitoring and supervision of sub-loans.
Variations in interest rate for the OCR portion of the CDB loan	DAIDB to maintain a variable interest rate policy to address the likely effect of any changes in the interest rates charged by its creditors due to market conditions.

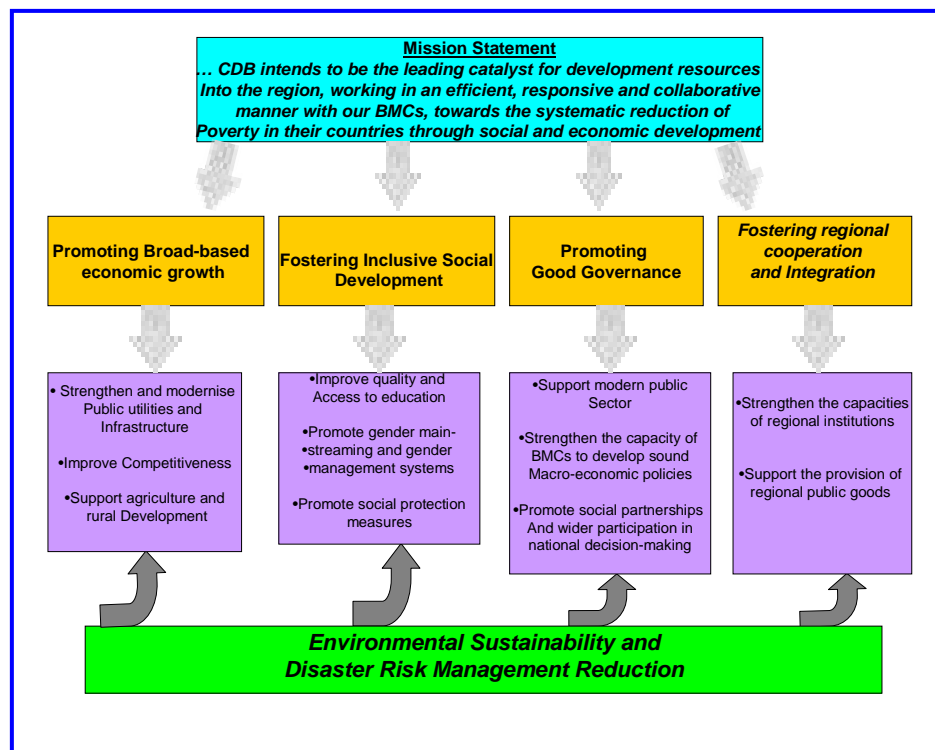
### 3. EVALUATION OF PROJECT DESIGN

#### Relevance of Design and Formulation

3.01 The Project was designed in 2009 in the early stages of the rollout of initiatives to build the Bank's capacity in MfDR and gender mainstreaming. Project design may therefore have reflected the Bank's fledgling capacity at that time.

3.02 ***The Project was consistent with national development priorities, as well as with CDB's strategic focus and priorities.*** GOCD's Growth and Social Protection Strategy 2006-2010 (GSPS) identified the lack of competitiveness and dynamism in the economy as major development constraints and developed an action plan for addressing same (Appendix 9). The Project is aligned to the planned outcomes of the GSPS and to CDB's strategic focus and priorities as detailed in its Strategic Plan 2005-09 and summarised at Figure 1.

**FIGURE 1: CDB'S STRATEGIC FOCUS AND PRIORITIES 2005-09**



3.03 ***The Project was broadly aligned with sector development priorities.*** The GSPS discusses the following related priorities: (a) enhancing efficiency and improving accountability within DAIDB in the context of strengthening financial intermediation; (b) DAIDB's role in establishing a micro and small business development centre to address constraints other than access to credit; (c) building the strategic position of indigenous banks; (d) improving and establishing a micro credit scheme for agriculture; (e) improving micro credit for agro-processing; (f) improving credit for housing; and (g) improving Caribbean peoples' access to financial services. The Project provided resources for on-lending to SMEs in agriculture and other productive sectors; students completing tertiary level courses; low and lower middle income groups for improving housing conditions. The Project did not provide micro-credit; nor address wider constraints to private sector growth or undertake measures to increase the Caribbean people's access to credit.

## Rationale and Design Elements

3.04 ***The scope of the Project should have been more clearly defined.*** The Project was essentially co-financing DAIDB's lending under specific sub-components. In some sections of the AR, the scope of the Project seemed to be limited to DAIDB's lending from CDB resources only, and it is not clear whether performance indicators were based on the total budget or CDB resources. The Project was intended to finance technically sound and financially viable small and medium-sized sub-projects in the agricultural, industrial, tourism and services sectors but the AR did not define "small and medium-sized"<sup>9</sup>, the targeted beneficiaries of the AIC component. In the social analysis, the housing issues discussed seemed to be associated with very low income earners, who were not the targets of the Project. As a result, the baseline housing conditions that the Project sought to address and the likely changes which would result from the Project were not clear.

3.05 ***The AR did not present a comprehensive problem analysis and, as such, may not have identified and responded to core problems which were likely to constrain achievement of the planned project outcome and impact.*** The problem analysis did not address:

- (a) the enabling business environment at the national<sup>10</sup> and sector<sup>11</sup> levels and its impact on private sector competitiveness; and the capacity of the government and other actors to implement the GSPS and other plans related to creating a more enabling business environment;
- (b) the major demand and supply issues that influenced access to credit, particularly among enterprises, some of which were discussed in the GSPS<sup>12</sup>;
- (c) the specifics of observed market failure and how demand for, and access to, credit varies according to the profile of the potential borrower [e.g., size of enterprise; location (rural/urban); sector; gender<sup>13</sup>, age and/or ethnicity; asset base (e.g., industry specific nature of assets; movable assets versus land and real estate; etc.); age/stage of development

---

<sup>9</sup> There is the argument that all enterprises in Dominica are either small or medium sized. While there is a high probability that beneficiaries are either small or medium sized, there is also the possibility that a beneficiary is large. The 2010 World Bank (WB) Enterprise Survey of 150 enterprises found that 2.1% of enterprises were large, 28.7% medium-sized, and 68.7% small.

<sup>10</sup> Weaknesses in Dominica's financial sector, access to credit, and the importance of creating a more enabling business environment in Dominica were highlighted in the March 22, 2017 press release on the IMF Article IV Consultation in Dominica. The full text of the press release is presented at Appendix 10. The 2016 IADB Engine of Growth Study (pg. 158) also notes that for commodity-dependent countries, the top areas that require attention from highest to lowest are gender, crime, electricity, and trade. For tourism-dependent countries, the four top areas are electricity, crime, trade, and finance.

<sup>11</sup> Critical sector level enabling environment issues may include the cost of energy and destination marketing for the tourism sector; and policies and strategies for the agricultural sector to deal with extreme weather events, pests and diseases.

<sup>12</sup> GSPS (page 46): "While the banks are liquid, common complaint of emerging businesses is that they are credit constrained. Banks point to inadequate collateral and financial information supporting loan proposals, and large number of over-leveraged businesses". It has also been established that information asymmetry also affects demand in that "SMEs may not fully understand the potential benefits to their business of raising finance or their likely chance of success in gaining finance, which ultimately means they do not apply". Source: BIS Economics Paper No. 16. SME Access to External Finance, January 2012

<sup>13</sup> Findings of a 2016 report by the United Nations Women Multi-Country Office - Caribbean titled "From the Field - Survey and Status Report on Farming Families in Dominica" suggests, from feedback provided by women farmers, that "none of the [women] farmers met had attempted to access the newly established \$10 mn entrepreneurial credit scheme of the DAIDB, as the eligibility requirements are too high for small farmers".



of enterprises (start-up, young, mature, etc.)). The AR did not clearly identify the beneficiaries that were not able to access credit and the reasons for poor access. It is, therefore, not clear how the minimum ( $\geq$ USD 25,000) and maximum ( $\leq$  USD1 mn) limits, and other terms and conditions for AIC sub-loans were established, or whether the limits were effectively targeting or excluding enterprises experiencing market failure;

- (d) the range of financial products required by the various market segments (long term corporate credit, working capital, size of loans, repayment terms that match seasonality of earnings, etc.);
- (e) trends in job creation within Dominica; the availability of jobs for tertiary level graduates; the capacity of those who are unemployed to take advantage of jobs created as a result of the Project<sup>14</sup>; and, therefore, the likely social impact of the Project<sup>15</sup>;
- (f) labour force participation rates, vertical and horizontal occupational segregation, and the range of education and training courses pursued by men and women;
- (g) the profile of enterprises that are likely to generate quality jobs in Dominica (i.e., "Dominican gazelles" which could be targeted for support);
- (h) the major constraints to productivity and competitiveness for the agricultural, industrial and tourism sectors at the level of the firm;
- (i) DAIDB's capacity to effectively deliver inclusive financial services to underserved groups, monitor and evaluate its development results, and meet financial sustainability expectations;
- (j) the effectiveness of the comprehensive list of priority higher and technical/vocational programmes of study (or the Priority List) in matching the supply of tertiary graduates to the needs of the productive sectors. (This approach would be consistent with lessons from the recent TVET evaluation.)
- (k) capacity of SLAC to execute its mandate, namely (i) monitoring the establishment, publication and updating of the Priority List; (ii) monitoring the non-credit performance of the SLS Programme; and (iii) making recommendations to the EA and to the Government as necessary.
- (l) roles of other financial services providers in increasing access to credit in a manner that is sustainable.
- (m) FSU's incapacity to supervise DAIDB's operations from a risk assessment perspective to ensure compliance with the FSU Act and the implications for DAIDB's sustainability.

---

<sup>14</sup> Section 5, para 5.02 does not present data on the employable skills held by the unemployed but assumes " Apart from agriculture, tourism and other service sectors, including SMEs, are the main areas in which large numbers of men and women from low income households are either employed or create employment for themselves. In this regard, the project will support employment generation and income earning opportunities in these sectors and as a consequence will also contribute to reducing social and economic vulnerability of low income households in both the rural and urban parts of the country".

<sup>15</sup> For more details on improving access to finance, private sector led growth, job creation and poverty reduction: (i) International Finance Corporation. "Assessing Private Sector Contributions to Job Creation and Poverty Reduction". January 2013; and (ii) Poverty Literature Review: SME Finance and Poverty Reduction, 2012

3.06 An analysis of DAIDB's lending trends and, by extension, likely capacity to meet the needs of the various market segments is presented at Appendix 11. The analysis suggests that for all sectors – agriculture, industry, education and housing – the number of loans are declining while the average loan size is increasing. For agriculture, the drop in the number of loans is the most pronounced. This trend may signal a movement away from serving a larger number of micro and small clients to serving a smaller number of medium-sized and large clients. Also, a movement away from agriculture to manufacturing, tourism, and other services.

3.07 The analysis also suggests that access to DAIDB's services varies with gender. Females have been accessing agriculture, industry and tourism sub-loans significantly less than males. For education sub-loans, the reverse occurs and the disparity is widening. For housing, there is essentially equal access by males and females.

3.08 With respect to rural beneficiaries, the overall supply of credit by DAIDB is declining marginally. The most rapid decline is occurring in the agricultural sector. This decline is countered by a significant increase in the supply of credit for industry sub-loans. The supply of credit for tourism and housing has remained fairly constant and there is a marginal increase in education sub-loans.

3.09 As DAIDB's primary source of long-term funding, CDB is best positioned to influence a sustainable increase in access to credit by the productive sectors and their contribution to economic growth. Given the level of funding provided by CDB via successive LOCs, an investment in sector studies to understand the influence of the above issues and inform the design of LOCs seems readily justifiable.

#### Incorporation of Relevant Lessons and Experiences

3.10 ***Project design did not benefit from the lessons learned on financial intermediation by other development agencies.*** The lessons learned section in the AR limited itself to those from "the experience of CDB dealing with DAIDB". The design of the Project would have benefitted from a review of lessons learned by other development agencies, available at the time of appraisal<sup>16</sup>. For example, *Support for Financial Intermediation in Developing Member Countries* (Asian Development Bank, 2008) identified emerging best practices in financial intermediation. These included:

- (a) *Easing the Constraints on SME Finance: Creating a Conducive Policy, Institutional and Regulatory Framework* - the importance of addressing the root constraints to increasing access to credit such as limited range of financial services, limited competition in the banking sector, and absence of credit information registries.
- (b) *Increasing access to business development services* - efforts to promote financial intermediation should be accompanied by programmes to expand enterprises access to technological extension/business development services<sup>17</sup>.

---

<sup>16</sup> Other, post-appraisal reports, provide similar and additional lessons. These include World Bank Lending for Financial Inclusion: Lessons from Reviews of Select Projects <https://openknowledge.worldbank.org/bitstream/handle/10986/21796/949720NWP00PUB0cial0Inclusion.final.pdf?sequence=1>

<sup>17</sup> It is noteworthy that in July 2014, CDB approved an LOC of USD568,000 to DAID to assist with: (a) enhancing savings in energy consumption and fossil fuel usage derived from the implementation and use of Energy Efficiency (EE) / Renewable Energy (RE) technologies deployed by micro, small and medium-sized enterprises (MSMEs) in Dominica; (b) enhancing capacity of DAIDB to identify, appraise and supervise EE and RE projects; and (c) enhancing awareness of the use of EE/RE technologies that contribute to a reduction in energy usage.

3.11 The extent to which project design in general was informed by studies on private sector development in Dominica and the wider Caribbean is also unclear, as data sources are not cited.

#### Planned Results, Components, Activities and Cross-Cutting Issues

3.12 In the LF (Appendix 1) the assumptions informing targets at the output level were not clear, and the targets appear understated based on the average size of sub-loans, prior to project appraisal. Some of the indicators at the outcome level were not measurable and time bound, the units of measurement for indicators were not clear and there are no baselines.

3.13 The linkages between Inputs, Outputs, Outcomes, and Impacts were not sufficiently detailed. A more comprehensive results chain may have been possible if there was greater clarity on CDB's financial intermediation strategy in Dominica and GOCD's strategies for the expansion of the productive sectors, tertiary education and housing. For example, an SLS may have objectives related to income generation, facilitating higher education expansion, increasing tertiary education access for the poor, addressing national HRD priorities, and/or easing student financial burdens<sup>18</sup>. The AR does not explicitly state the objectives of the Dominica SLS but from the problem analysis it may be inferred that the objectives were a combination of increasing tertiary education access for the poor and addressing national HRD priorities. Such objectives influence the design and operation of the SLS and how success is measured, particularly at the outcome and impact levels.

3.14 The Project provided USD0.5 mn from the Bank's SFR to assist eligible students from poor and vulnerable households to acquire student loans. Funding for mortgages was also explicitly targeted to assist low and lower middle income groups. Outcome and output indicators were, however, not disaggregated to track the level of participation by these beneficiaries. There was no analysis of gender barriers to accessing finance. There were also no specific activities aimed at promoting equitable access to benefits by rural residents and the indigenous Carib population though they were identified as more economically disadvantaged groups in the AR; and there was no apparent intent to monitor these groups' participation in the Project through appropriately structured indicators.

3.15 In keeping with CDB's environmental sustainability and disaster risk management policies and recognising Dominica's vulnerability to natural disasters, the Project included the following:

- (a) As a condition of the loan, DAIDB was required to complete the CDB Environmental Screening Checklist for FI Sub-projects for each sub-project to be financed under the loan.
- (b) CDB, as part of the project launch workshop, was expected to make a presentation on screening and scoping to relevant DAIDB staff to enable them to competently apply the Environmental Screening Checklist to assist FIs in integrating environmental assessment into their project appraisals.
- (c) DAIDB was required to provide CDB with a copy of the Environmental Impact Assessment (EIA) for all sub-projects classified as requiring a full EIA.
- (d) Consistent with its Strategic Plan (2009-2014), DAIDB was expected to:
  - (i) formulate an environmental policy;
  - (ii) update its investment policies and procedures to include guidelines for environmental screening, review, management, and monitoring of sub-projects as

---

<sup>18</sup> Ziderman, Adrian. Policy options for student loan schemes. Bangkok: UNESCO Bangkok/ IIEP, 2004.

well as describing roles and responsibilities in carrying out the environmental work during project implementation;

- (iii) conduct training programmes for DAIDB's staff on the potential environmental issues related to relevant sub-projects and sectors; and
- (iv) strengthen DAIDB's internal capacity to mainstream environmental risk assessment into its credit review process for sub-projects.

3.16 The above actions aimed at promoting the mainstreaming of environment into DAIDB's lending operations were steps in the right direction. However, in keeping with lessons learned by other development banks<sup>19</sup>, CDB should have required DAIDB to demonstrate adherence to recommended practices for all relevant projects and not just those financed from CDB's resources. This is particularly relevant given that DAIDB's lending programme comprises a blend of CDB and other resources and CDB resources are not identifiable.

### Viability

3.17 ***The appraisal should have been more comprehensive, particularly on business environment issues, and this would have contributed to a more viable project.*** More in-depth analysis was required of the business environment, the financial sector, the productive sectors, and firm level competitiveness. The lack of it led to a project design that was based on several conceptual leaps. This is evident in the Socio Economic Impact at Section 5 of the AR which envisaged various change processes without identifying and analysing the underlying assumptions. Some of the implicit assumptions made were:

- (a) the availability of quality jobs for tertiary level graduates;
- (b) sustained access to post-secondary education for students from low-income households;
- (c) profitable agriculture production and marketing systems can be readily accessed and adopted;
- (d) an enabling environment exists to support the success of tourism sector SMEs in terms of air, sea and inland transportation; effective destination marketing; supply of trained personnel; energy costs; etc.

### Proposed Implementation and Project Management

3.18 ***The implementation and project management arrangements proposed in the AR were adequate.*** DAIDB, having implemented several CDB LOCs and having strengthened capacity through a recent restructuring, had adequate capacity to perform its EA responsibilities, as defined in the AR. In addition, a SLAC was required to assist DAIDB in the execution of the SLS component. The timeline for disbursement was also suitable, particularly given that DAIDB had already approved loans, for which retroactive financing was requested, along with an application pipeline.

3.19 The implementation strategy seems to have been focused on ensuring that DAIDB adhered to its documented business procedures; exercised due diligence in its operations; and maintained financial viability during the project period. The terms and conditions of the loan allowed DAIDB to provide the sub-loans at rates that were variable to match CDB's variable lending rates and able to cover its expenses.

---

<sup>19</sup> Refer to the Inter-American Development Bank's "Thematic Evaluation. Evaluation of IDB Group's Work through Financial Intermediaries". March 2016

The AR also stipulated measures which seemed to be aimed at: (a) reducing risks associated with defaults on large sub-loans; (b) maximising the number of potential beneficiaries; (c) targeting the less financially endowed who may not easily access mortgage financing from the commercial banks; and (d) minimising processing costs associated with a large number of very small AIC sub-loans.

3.20 In keeping with the lessons learned by other development banks, the planned implementation arrangements could have been more effective with:

- (a) close collaboration between DAIDB and other local, regional and international agencies and programmes (including the CDB-funded and/or administered Caribbean Technological Consultancy Services and Caribbean Aid for Trade and Regional Integration Trust Fund). Such collaboration would have provided benefitting enterprises with critical technological extension/business development services.
- (b) increased focus on institutional strengthening of DAIDB, and dialogue between CDB and DAIDB on the latter's progress with implementing institutional strengthening components in its Strategic Plan 2009-2014.

#### Monitoring and Evaluation Framework

3.21 ***Provisions for M&E were inadequate.*** In addition to the fact that the LF was not sufficiently detailed, reports requested by CDB to facilitate supervision of the Project did not require DAIDB to focus and report on the planned results, but rather more on the financial performance of the portfolio.

3.22 There were no provisions for monitoring loan covenants (including sub-loans' compliance with environmental management standards), risks and assumptions, and sustainability readiness. M&E of the project was essentially an opportunity missed as DAIDB was already compiling a very rich set of data, which could have been used to track the developmental impact of the project. For example, DAIDB's progress with increasing access to credit could have been tracked by monitoring the total number of applications received, rejected and approved. The outcome level indicators, which were not SMART, were also not modified during project implementation. Some modification was done during preparation of the PCR but this only resulted in the reporting of essentially the same achievements at the outcome and output levels.

#### Sustainability and Risk

3.23 ***The AR was not clear on the conditions necessary for sustainability readiness and did not present a plan for sustaining access to credit on project completion.*** This may, in part, result from a failure of the AR to articulate the Bank's financial intermediation strategy in Dominica. The Project seems to be more heavily focused on filling an existing credit gap due to market failure, along with some attention to the financial health of DAIDB. Possible strategies, each representing a different level of sustainability, include:

- (a) filling credit supply gaps through lending to NDBs with limited or no attention to the sustainability of the NDBs and other local FIs;
- (b) strengthening NDBs only;
- (c) strengthening the local financial sector to increase its capacity to provide credit to the productive sectors, including establishing credit bureaus and collateral registries; and defining the roles of and relationships between the various local FIs; and

- (d) strengthening the financial sector and priority productive sectors by creating a more enabling business environment, including the supply of technological extension/value-adding business support services.

3.24 Sustainability is multi-dimensional but the AR's discussion of sustainability seems to be limited to the financial sustainability of DAIDB. As such, indicators of sustainability were limited to financial ratios (i.e., debt to equity ratio, level of NPLs, collections ratio, and debt service coverage ratio). Absent are indicators on a more enabling business environment, level of diversification of DAIDB's sources of funding and its service offerings; equity in the provision of credit services (i.e., financial inclusion<sup>20</sup>); institutional capacity (e.g., credit appraisal, marketing, risk management, M&E, strategic linkages, etc.); governance arrangements; regulation and supervision; and environmental sustainability of financed projects.

3.25 ***The risk analysis was not adequately in-depth.*** A more comprehensive risk analysis would have comprised a wider and/or more in-depth institutional assessment, analysis of the enabling environment, and sector analysis. The major risks and mitigation identified in the AR are detailed at paragraph 2.18. Other major risks to achieving planned outcomes and impacts might have included:

- (a) Absence of an enabling business environment, including access to technological extension/business development services<sup>21</sup>.
- (b) Sector level risks for agriculture, manufacturing and tourism, particularly given the concentration of lending to, and incidence of NPLs associated with, these sectors. Agriculture is inherently risky and requires a combination of risk mitigation strategies ranging from on-farm measures to national policies<sup>22</sup>.
- (c) A mismatch between educational qualifications obtained and the needs of the labour market, as well as the risk of educated individuals emigrating abroad and therefore loss to the national economy of the investment in their human capital.
- (d) Underserved groups (youth, women, rural poor, Caribs, etc.) who are not aware of the availability of credit or are discouraged from applying.
- (e) Major increases in tuition costs for beneficiaries of the SLS.
- (f) A significant percentage of SMEs are not "credit ready" (i.e., they are constrained by indebtedness, and the lack of immovable collateral, a strong credit history, well developed business plans, financial records, etc.)<sup>23</sup>.

---

<sup>20</sup> For more details on financial inclusion and the perils of a limited focus on filling "credit supply gaps" see "World Bank Lending for Financial Inclusion: Lessons from Reviews of Select Projects". IEG Working Paper Series No 2015/1

<sup>21</sup> According to WB Doing Business Survey the overall business environment has deteriorated over the period 2010-17; there has been marginal improvements for 4 indicators; starting a Business, Trading Across DTF, Enforcing Contracts and Resolving Insolvency. There were declines in 6 indicators: Dealing with Construction Permits, Registering Property, Getting Credit, Protecting Minority Investors, and Paying Taxed. There was no significant change in one indicator – Registering Property.

<sup>22</sup> For details on risks in the agricultural and tourism sectors and possible mitigation measures see: (a) Managing Risk in Agriculture: a Holistic Approach (Extracts). OECD 2009; (b) WB "Weather Index Insurance for Agriculture: Guidance for Development Practitioners"; (c) Agriculture and Rural Development Discussion Paper 5 0. 66274. November 2011; (d) SME Financing Data Initiative. "SME's in Tourism Industries". December 2011; (e) International Labour Organisation. "Developments and Challenges in the Hospitality and Tourism Sector" November 2010; and (f) Food and Agriculture Organisation of the United Nations. "Risk Mitigation and Management for Agricultural Investment: Investment and Resource Mobilisation". January 2008

<sup>23</sup> These observations are consistent with analysis presented at page 46 of the GSPS.

3.26 Regarding the risks identified in the AR, one mitigation measure was the expectation that "GOCD would continue to pursue appropriate macroeconomic policies which would facilitate an enabling environment, and which allows for the expansion of economic activity and output". The capacity of GOCD to facilitate an enabling environment should have been analysed based on, among other things, progress made in implementing the planned reforms detailed in the GSPS. Failing to do so meant that the AR failed to present an effective mitigation measure to the absence of an enabling business environment – possibly the most significant risk to achieving planned outcomes and impacts.

#### 4. EVALUATION OF IMPLEMENTATION PERFORMANCE

4.01 The PCR provided a limited analysis of the project's implementation performance. The registry contained a significant volume of project performance data in hard-copy files. This evaluation of implementation performance was conducted using electronic copies of the performance data contained in the registry files, which was provided by DAIDB; and data contained in DAIDB's Annual Reports and other non-DAIDB publications.

4.02 It was projected that the Project would be implemented over the period December 2009 to December 2013 and sub-loans would be approved as detailed at Table 3. The funds were substantially fully committed and the final disbursement by CDB to DAIDB was made on February 28, 2014. This represents a small variance in the TDD of two months. The sum of USD565.22 in SLS SFR resources was not committed and was subsequently cancelled. In keeping with actual demand for mortgage financing, the sum of USD229,000 was re-allocated from the MF component to the SLS (Table 6). It was intended that CDB resources (XCD21.6 mn)<sup>24</sup> would be blended with other DAIDB funds, particularly for the AIC component. As such, total approvals was projected at XCD 65.2 mn or 302% of the CDB resources. Actual approvals totalled XCD50 mn or 232% of the sum approved by CDB (Table 7).

**TABLE 6: PLANNED ALLOCATION OF LOAN RESOURCES**  
(USD)

Sector	Planned			Actual		
	OCR	SFR	Total	OCR	SFR	Total
AIC	5,000,000		5,000,000	5,000,000	0	<b>5,000,000</b>
SLS	1,500,000	500,000	2,000,000	1,729,000	499,435	<b>2,228,435</b>
MF	1,000,000		1,000,000	771,000	0	<b>771,000</b>
<b>Total</b>	<b>7,500,000</b>	<b>500,000</b>	<b>8,000,000</b>	<b>7,500,000</b>	<b>499,435</b>	<b>7,999,435</b>

4.03 The XCD50 m awarded as sub-loans was distributed as follows:

- (i) AIC 77%, SLS SFR 3%, SLS OCR 16%, and MF 5%
- (ii) 57% and 43 % to urban and rural beneficiaries, respectively;
- (iii) 15% to female sole proprietors, students and householders;
- (iv) 12% male sole proprietors, students and householders;
- (v) 71% via 18 loans to 16 limited liability companies engaged in tourism (10), services (2), manufacturing (3), and agriculture (1)); and
- (vi) 2% to joint applicants (male and female heads of household) under the MF component.

<sup>24</sup> USD 8 mn at exchange rate of XCD 2.6949 to 1 USD.



**TABLE 7: PROJECTED VS ACTUAL APPROVALS**

Item	Projected Approvals (XCD'000)				Actual Approvals for Period of Project (XCD'000)						
	2010	2011	2012	Total	Total	Urban	Rural	Female	Male	Joint (2 heads of household)	Limited Liability Co.
<b>AIC</b>	15,600	7,875	8,269	31,744	<b>38,380</b>	23,930	14,450.37	1,001	1,766		35,614
<b>MF</b>	4,200	5,750	5,922	15,872	<b>2,510</b>	1,053	1,457.69	700	862	948	
<b>SLS</b>	4,200	6,600	6,798	17,598	<b>9,115</b>	3,414	5,700.71	5,830	3,285		
<b>Total</b>	<b>24,000</b>	<b>20,225</b>	<b>20,989</b>	<b>65,214</b>	<b>50,005</b>	<b>28,397</b>	<b>21,608.78</b>	<b>7,531</b>	<b>5,913</b>	<b>948</b>	<b>35,614</b>
						<b>57%</b>	<b>43%</b>	<b>15%</b>	<b>12%</b>	<b>2%</b>	<b>71%</b>

\* Application submitted jointly by male and female head of household

4.04 At the time of validation, 102 of the 374 sub-loans approved had arrears, and of these 14 were non-performing. The AIC component accounted for 86% and 94% of the principal in arrears, and principal associated with NPLs, respectively. For the MF component, arrears were minimal and there were no NPLs. Arrears under the education component were substantially less than the AIC with the SFR sub-loans demonstrating a relatively higher proportion of arrears and NPLs than the OCR sub-loans. The six NPLs under the education sub-component, for the OCR and SFR sub-loans, were all associated with extra-regional studies.

4.05 A summary of the implementation performance of the project, prepared by the evaluator using lending portfolio data provided by DAIDB, is presented at Tables 8, 9 and 10. Extracts of the primary data on the performance of the Project, as supplied by DAIDB is provided at Appendix 12 and a more detailed analysis is presented at Appendix 13.

**TABLE 8: ANALYSIS OF PERFORMANCE – OUTPUTS AND OUTCOMES**

Planned Results (LF/AR)		Reported Achievements (PCR)			Evaluator's Analysis of Achievements
Result Statement	Indicator	Result Statement	Indicator	Actual Achievement	
<b>Outcome:</b>					
Improvement in human capital, enhanced living conditions and expanded productive capacity and incomes in the country.	An increase in the number of tertiary level graduates and skilled professionals by 2017.	Improved and more highly skilled human capital (resources)	Increased number of trained persons at the technical, vocational and professional levels, through access to tertiary education in conformity with the priority areas of study identified by GOCD	Students participated in several approved and priority designated programmes provided by tertiary educational institutions. Programmes offered varied in qualification and certification; and the main areas of study were business studies at 50%, information technology 12.8% and engineering at 11.7%. Other areas of study/discipline accounted for the remaining 25.5% of student majors.	<p>The project did not make adequate provision for collection of monitoring data. As such, there is no reliable data (by gender, rural, urban, SFR-funded, OCR-funded, regional study, extra-regional study) on:</p> <ul style="list-style-type: none"> <li>• % of beneficiaries successfully completing the planned courses</li> <li>• the extent to which graduates completed their courses within the planned period</li> <li>• % of beneficiaries employed within Dominica and the field of work;</li> <li>• % of graduates who no longer reside in Dominica</li> </ul> <p>Raw data supplied by DAIDB provide a limited insight to the outcome of the SLS. The data indicate that of the 253 beneficiaries, 55 had completed their studies; 57 were completed and employed; 4 were completed and unemployed; 10 were still engaged in their studies; and the status of 127 was unknown. The location of beneficiaries and fields of employment were not provided.</p>
	Overall improvement in housing quality among low and lower middle income households.	Enhanced living conditions	Overall improvement in housing quality and increased stock of quality houses for low and lower middle-income household	32 families from low and lower middle-income households benefitted from improved living conditions and housing and 9 new houses were constructed	No data presented on actual changes in housing quality/the beneficiaries' living conditions. The PCR seems to equate the award of an MF sub-loan to an improvement in housing conditions.
	An increase in value added in the agricultural, industrial and tourism and service sectors.	Expanded productive capacity	Increased value-added (investments) in AIC projects including agriculture, industry, tourism and services	Total investment in AIC projects totalled XCD14.3m of which CDB provided USD5.0m (XCD 13.5m) or 94%. Forty businesses were funded – agriculture 14, industry 14 and tourism 12 <sup>25</sup> .	<p>No data is presented on the actual changes in productive capacity because of sub-loans (e.g., additional hotel rooms in use, additional visitor attractions in operation, new products/services introduced and traded, increased acreage under cultivation, increased output per unit of labour employed, increase in output or sales, number of jobs created, etc.).</p> <p>The PCR seems to equate the award of an AIC sub-loan to an improvement in productive capacity.</p>

<sup>25</sup> Currency and conversion error in PCR was corrected. The PCR states “Total investment in AIC projects totalled \$14.3 mn of which CDB provided \$5 mn or 35% forty (40) businesses were funded - agriculture 14, industry 14 and tourism 12”. The PCR should have recognised that CDB's contribution was in USD and not XCD.

Planned Results (LF/AR)		Reported Achievements (PCR)			Evaluator's Analysis of Achievements
Result Statement	Indicator	Result Statement	Indicator	Actual Achievement	
Outputs:					
Sub-loans disbursed to finance AIC projects, mortgages and post-secondary education and skills enhancement training programmes	At least 45 projects benefit from AIC loans by 2012.	A total of USD8 mn contributed to funding long-term loans in agriculture, industrial, tourism, education.	At least 45 productive sector loans in agriculture, manufacturing, services and tourism disbursed by 2012.	40 projects were approved and disbursed by 2013 (the original TDD). SME beneficiaries included 17 companies, 23 sole traders (19 males and 4 females) <sup>26</sup> .	<p>By 2012, 43 productive sector sub-loans, valued at XCD38.4 mn, were awarded to enterprises in agriculture, manufacturing, services, tourism and transport. The average sub-loan size was XCD893,023. 4 sub-loans were awarded to female-led enterprises, 21 to male-led enterprises and 18 to limited liability companies. 93% of the resources were awarded to the private limited liability companies (18 sub-loans, 16 companies).</p> <p>62% of the resources to urban enterprises as opposed 38% to those in the rural areas. Tourism attracted 67.4% of the resources, services 19.9%, manufacturing 9.8%, agriculture attracted 2.6%, and transportation 0.3%.</p> <p>7 sub-loans valued at XCD20.5 mn were approved over the period Sep – Oct 2009, prior to the approval of the LOC, and were financed retroactively. 29 sub-loans valued at XCD13.4 mn were approved in 2010; 6 sub-loans valued at XCD1 mn was approved in 2011; and 1 sub-loan valued at XCD3.4 mn was approved in 2012.</p> <p>For five loans, the amount approved was more than USD1 mn (XCD2.69 mn) although the CDB component of the loan was less than USD1 mn (XCD2.69 mn) (the maximum stipulated by the AR. For 19 loans, the total and CDB amount approved was less than USD25,000 (XCD 67,365) (the minimum stipulated by the AR).</p> <p>CDB staff reviewed application details for projects costing ≥USD500,000 to determine compliance with the terms and condition of the Loan re: rate of return, eligibility of items of expenditure, adequacy of environmental assessment, maximum lending limit, and risks.</p> <p>In the absence of the assumptions informing the target, the latter seems grossly understated. The planned value of approvals for the period of the project was XCD31.74 mn with XCD13.5 mn financed from CDB resources (Tables 3 and 4). Based on the average AIC sub-loan at the time of appraisal, approximately XCD45,009, the planned number of sub-loans should have been approximately 706 with 299 financed from CDB resources. It is unclear whether DAIDB employed a different targeting strategy during the period of the Project that involved a movement away from a larger number of small loans to a smaller number of much larger loans. (Appendix 13, page 1 refers).</p>
	At least 27 housing solutions developed by 2012.		At least 27 housing solutions developed by 2012	32 families from low and lower middle-income households benefitted from improved living conditions and housing and	By 2012, 63 MF sub-loans valued in total at XCD2.51 mn, were provided. Of these, 8 loans were intended to construct new dwellings; 1 loan was intended to purchase an existing dwelling; and 1 loan to acquire land. Most (53), were aimed at improving existing dwellings. 78% of the loan beneficiaries earned less than XCD40,000. 35% of the loans were provided to females, 52% to males, and 13% to joint applicants (couples).

<sup>26</sup> Indicator was restated for greater clarity. The original wording was as follows "Forty (40) projects were approved and disbursed by 2013, the original TDD. SMEs beneficiaries included 17 companies, 19 male-headed and 4 female-headed enterprises".

Planned Results (LF/AR)		Reported Achievements (PCR)			Evaluator's Analysis of Achievements
Result Statement	Indicator	Result Statement	Indicator	Actual Achievement	
				9 new houses were constructed.	<p>46% and 52% of the housing solutions were to rural and urban beneficiaries respectively. The average loan size was XCD39,841. All approved loans complied with the income and maximum lending limits set out in the AR.</p> <p>In the absence of the assumptions that informed the target, the latter seems understated given that the average MF sub-loan at the time of appraisal was approximately XCD60,622. The planned value of approvals for the period of the project was XCD15.9 mn with XCD2.7 mn financed from CDB resources (Tables 3 and 4). Based on past loan size, the targeted number of sub-loans should have been approximately 261 sub-loans, with 44 from CDB resources. <b>(Appendix 13, page 2 refers).</b></p> <p>Targets were not disaggregated by income status (i.e., number of low income and lower middle income beneficiaries)</p>
	At least 54 persons trained by 2013.		At least 54 students trained by 2013	94 students (40 males and 54 females) completed their university, college and polytechnic programmes.	<p>253 persons (165 females, 88 males) were beneficiaries of 268 loans (177 females, 91 males) valued at XCD9.1 mn. 170 sub-loans were awarded to 161 beneficiaries from rural areas. XCD4.1 mn of the XCD9.1 mn (or 45%) was awarded for study in extra-regional institutions exceeding the limit of 40% of the commitments for student loans. The average loan size was XCD33,955.</p> <p>Females were more likely to pursue Business Studies (e.g., general business management, human resource management, and marketing), health (e.g., nursing, midwifery and medicine), tourism, and education.</p> <p>Males were more likely to pursue engineering, business studies, and health (e.g., medicine, bio-engineering, and medical technology).</p> <p>26 persons from poor and vulnerable households benefitted from the SFR resources. 49 sub-loans were approved in 2009, 96 in 2010, 92 in 2011, 24 in 2012, 3 in 2013, and 3 in 2014. All sub-loans approved complied with the limit set in the AR.</p> <p>The target (i.e., 54 persons trained) seems understated given that the average SLS sub-loan at the time of appraisal was approximately XCD29,000. The planned value of approvals for the period of the project was XCD17.6 mn with XCD5.4 mn from CDB resources (Tables 3 and 4). Based on past performance, the targeted number of sub-loans should have been approximately 606 sub-loans, with 186 from CDB resources. (Appendix 13, pages 3 -4 refers)</p>

**TABLE 9: ANALYSIS OF PERFORMANCE – ARREARS AND NON-PERFORMING LOANS**

Component	Number of Loans Approved	Value of Loan Approved	Number of Loans with Arrears		Principal in Arrears		Principal & Interest in Arrears		Number of NPLs		Principal Amount - NPLS		Principal & Interest - NPLs	
1	2	3	4	5= 4/2	6	7=6/3	8	9=6/3	10	11=10/2	12	13=12/3	14	15=14/3
AIC	43	38,380,298	19	44%	1,356,198	4%	2,384,631	6%	8	19%	911,596	2%	1,551,444	4%
MF	63	2,510,254	6	10%	638	0.03%	823	0.03%	0	0%	0	0%	0	0%
Student Loan (OCR)	239	7,768,052	61	26%	113,247	1%	148,490	2%	4	2%	44,036	1%	70,225	1%
Student Loan (SFR)	29	1,346,885	16	55%	57,187	4%	78,863	6%	2	7%	24,509	2%	40,696	3%
<b>TOTAL</b>	<b>374</b>	<b>50,005,489</b>	<b>102</b>	<b>27%</b>	<b>1,527,270</b>	<b>3%</b>	<b>2,612,808</b>	<b>5%</b>	<b>14</b>	<b>4%</b>	<b>980,140</b>	<b>2%</b>	<b>1,662,365</b>	<b>3%</b>

**TABLE 10: DAIDB'S FINANCIAL PERFORMANCE – KEY FINANCIAL RATIOS**

Item	CDB's Targets	2009	2010	2011	2012	2013	2014	2015	2016
Debt Service Coverage Ratio (x) - by June 2012	1.25	1.4	1.6	1.1	1.4	1.2	1.1	1.6	1.1
Debt to Equity Ratio (x)	4.1	3.1	3.1	2.0	2.2	2.2	2.1	2.0	2.1
ROA (%) - by June 2012	1	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
NPL/Total Loans - by June 2012	5%	18.7	15.9	14.6	15.4	13.3	10.4	13.3	15.6
Collections Ratio - by June 2012	≥ 60%				92%	56%	118%	121%	78%

Source: CDB's Private Sector Development Unit

Target Not Achieved

Target Achieved

## Compliance with Lending Conditions

4.06 DAIDB was expected to achieve the financial ratios detailed at paragraph 2.14. As detailed at Table 9, DAIDB has maintained an ROA  $\geq 1$  and the collections ratio was achieved except for 2014. Significant gaps, however, persist with respect to the targets and achievements for the debt to equity ratio and NPLs. The fluctuations in Debt Service Coverage Ratio, observed prior to project approval, continued during the implementation and post-implementation phases.

## PROJECT COST, DISBURSEMENTS, AND CONFORMANCE TO SCHEDULE

### Project Cost

4.07 The PCR provides a matrix of project costs and financing plan that shows differences between the appraised and actual costs of the project component that is being financed by the CDB loan. The estimated cost of the project at appraisal was \$49.43 mn (USD18.31 mn). The project was to be financed by a CDB loan of USD8 mn and co-financed by approximately USD9.94 mn from the Venezuela Economic and Social Development Bank (BANDES) and USD0.37 mn from DSS. The PCR estimates actual project costs as USD7.995 mn for the CDB component. The matrix of project costs and financing plan is shown at Table 11.

**TABLE 11: MATRIX OF PROJECT COSTS AND FINANCING PLAN**

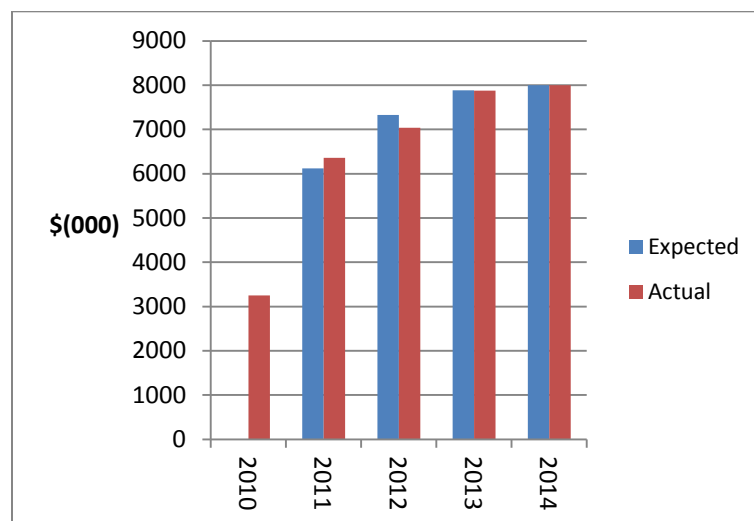
Item	CDB OCR		CDB SFR		CDB (%) Difference	CDB (%) Difference
	Planned	Actual	Planned	Actual	OCR	SFR
1. AIC	5,000	5,000	0	0	0	0
2. SLS	1,500	1,729	500	495	(15.3)	1.0
3. MF	1,000	771	0	0	22.9	0
<b>Total Project Cost</b>	<b>7,500</b>	<b>7,500</b>	<b>500</b>	<b>495</b>	<b>0</b>	<b>1.0</b>

The PCR identifies the main reasons for the project cost overrun in the case of the SLS component and the undisbursed portion under the MF component. It states that the MF component had strong competition from a GOCD mortgage initiative, catering to civil servants that provided much better terms than DAIDB could offer. Confronted by the competition and a slow-moving mortgage component on one hand and a SLS component that was starved for funding on the other hand, DAIDB requested and obtained approval for the transfer of \$229,000 from the MF to the SLS component. The SLS component of \$1.5 mn was therefore supplemented by \$229,000 or approximately 15.3% of the funding that was originally allocated to this component because of the approved transfer from the MS component.

## Disbursements

According to CDB's records in respect of Loan No. 17/SFR-OR-DMI, after the Closing Date of December 31, 2014, the entire amount of the SFR portion (USD500,000) was withdrawn from the SFR Loan Account; and an amount of approximately USD7,499,384 was withdrawn from the OCR Portion, leaving an unwithdrawn balance of approximately USD616. Total loan funds disbursed therefore amounted to USD7,999,384. The small undisbursed amount was cancelled in August 2014. A comparison of expected disbursements of CDB loan funds with actual disbursements is shown in Chart 1.

**CHART 1: EXPECTED CDB DISBURSEMENTS VERSUS ACTUAL DISBURSEMENTS**



## Conditions and Covenants

The PCR considers the financial performance of DAIDB as commendable. This is based on recorded profits of DAIDB in each financial year over the five-year period, FY 2011-15, with an average ROA of 0.8%, an average debt-to-equity of 2.1:1, and a 1.3 average debt service coverage ratio. The Evaluator notes that while the PCR includes Loan Agreement compliance in the PCR checklist of key success factors influencing output delivery, the PCR does not address or provide any information on compliance with the following specific conditions of the Loan Agreement:

- (a) Reduction of NPLs to 5% of DAIDB's portfolio by June 30, 2012;
- (b) Achievement of a collections ratio of at least 60% by June 30, 2012; and
- (c) Achievement of a ROA assets of at least 1% by June 30, 2012.

The compliance of the Borrower/EA with conditions of the Loan Agreement is discussed in the Assessment of the performance of the Borrower and EA (paragraphs 5.26 and 5.27).

## 5. PROJECT COMPLETION REPORT REVIEW

### Relevance

5.01 **PCR Assessment:** The PCR provides an assessment of Relevance at completion at three different points in the Report. In the *Summary of PAS Core Criteria Ratings*, Relevance is rated as *Highly Satisfactory*; at page 13 it is rated as *Satisfactory*. The justification for the ratings was primarily that there was low risk to the full realisation of the project benefits due to:

- (a) improvements in DAIDB's financial performance<sup>27</sup> and its creditworthiness, reaffirmed by the favorable rating of DAIDB's debt issued by Caribbean Information and Credit Rating Services Limited (CariCRIS) on June 30, 2015.
- (b) The level of support provided to DAIDB by its shareholders, the GOCD and DSS.
- (c) The project maintained its relevance throughout implementation to completion, and contributed to the socioeconomic development of Dominica by providing access to finance that enabled: (i) SMEs to increase their investment and to expand their enterprises; (ii) many students to access tertiary education and increase their competencies and skills; and (iii) improvement in housing.

5.02 **Evaluator's Assessment:** Access to credit by SMEs; and the more economically disadvantaged groups for housing and education is critical to achieving inclusive growth goals. The Project is likely to contribute to GOCD and CDB goals related to poverty reduction given the inclusion of the SFR-funded component to address the needs of students from poor and vulnerable households; and the income limits for the MF component. The Project was broadly consistent with the BMC's development priorities and CDB's strategic focus and had strong stakeholder ownership.

5.03 The root cause of enterprises' access to finance constraints is, however, not always limited to market failure due to risk averse commercial banks or a limited supply of long term financing. Root causes may include poor quality business plans; absence of financial records; inability to provide collateral; lack of credit history; and/or high levels of sector risks that are not mitigated by appropriate policies and strategies. Projects seeking to address access to finance constraints must therefore be based on sound problem analysis.

5.04 The quality of analysis, consideration of lessons learned, and assessment of cross-cutting themes are discussed in the Section 3. The discussion suggests that a gender responsive sector level initiative that integrated intermediary lending with TA for business climate and financial sector reforms may have been a more appropriate solution in the Dominica context. The Evaluator rates Relevance as *Satisfactory*.

### Effectiveness

#### Achievement of Outputs

5.05 **PCR Assessment:** The PCR presented two ratings on the achievement of outputs. "Rating of Implementation Progress" was *Highly Satisfactory* while the "Summary Rating of Implementation Progress/Summary Rating of Outputs" was rated as *Satisfactory*. The PCR has assessed that the Project achieved planned outputs noting that the AIC component had financed 40 sub-loans by 2013, compared to

---

<sup>27</sup> The PCR noted that DAIDB recorded profits in each financial year over the five-year period, FY 2011 to 2015, with an average ROA of 0.8%, average debt-to-equity of 2.1:1, and a 1.3 average debt service coverage ratio.



the target of 45 by 2012; the SLS facilitated 94 students compared to the target of 54; and the MF component financed 32 sub-loans compared to the target of 27. USD229,000 of the sum allocated to the MF component was reassigned to the SLS component; and a small sum of USD565.22 was also not disbursed from the SLS component and was subsequently cancelled.

**5.06 Evaluator's Assessment:** The targeted number of sub-loans for each component as stated in the AR, were essentially achieved or exceeded. The PCR, like the AR, is not clear on whether the targets and achievements are based on lending from CDB resources only or the blended resources. The targets also appear very modest (Table 8). Only 70% of the planned value of loans was approved but the PCR also does not discuss the variance between the planned (XCD 65.2 mn) and actual (XCD50 mn) values (Table 7). For the AIC component (accounting for 77% of resources disbursed), the AR, as well as the PCR, does not provide a working definition of "small and medium-sized sub-projects"; any evidence that the beneficiaries were within the target group; and if they were within the target group, the number of beneficiaries that are small compared to those that are medium sized. The absence of a definition and the significant increase in loan size raises questions about the size of enterprises financed under the Project and whether the Project is increasing access to those enterprises that are the victims of market failure. Output indicators for the student loan component were not disaggregated by sex in the AR and the PCR did not analyse the actual performance data to determine whether there was equitable access to credit by males and females. A similar situation exists for the MF component. There are no separate targets for low and lower middle-income beneficiaries and actual performance data for this component is also not disaggregated. Data related to the achievement of Outputs is summarised at Table 8. The Evaluator rates achievement of Outputs as *Satisfactory*.

**TABLE 11: SUMMARY OF ACHIEVEMENT OF OUTPUTS**

Sector	Total Planned Resources	Total Actual Resources	Target as stated in AR	Actual No. of Sub-loans Achieved	Average Loan Size for Project Period	Pre-project Average Loan Size	Reworked Targets based on pre-project averages & Total Planned Resources
AIC	31,744	38,380	45 sub-projects	43 sub-projects	893,023	45,009	706
SLS	17,598	9,115	54 persons	253 persons 268 loans	33,955	29,000	606
MF	15,872	2,510	27 housing solutions	63 housing solutions	39,841	60,622	261
<b>Total</b>	<b>65,214</b>	<b>50,005</b>					

#### Achievement of Outcomes

**5.07 PCR Assessment:** The PCR rated Effectiveness as *Highly Satisfactory*. The PCR has assessed that the Project had made a significant contribution to increasing investments in SMEs; created a multiplier effect by attracting an additional USD 14.3 m; facilitated training and skill building in priority areas; and contributed to improved quality housing stock.

**5.08 Evaluator's Assessment:** The PCR does not offer any evidence of the changes that resulted from the award of the sub-loans. The data presented as evidence of achievement of the outcome is a restatement of achievements at the output level (except that the number of sub-loans approved was replaced by the value of the sub-loans). There was no provision for the collection and analysis of performance data during

implementation and no apparent attempt was made, at PCR preparation, to determine the benefits derived, by collecting information on a sample of beneficiaries.

5.09 The likelihood that the targeted beneficiaries were reached, and that outputs would lead to the achievement of outcomes, is probably highest for the MF component. The use of the MF sub-loans for other purposes, and a significant increase in building costs are risks to the realisation of improved quality of housing among the loan recipients but these risks are not highly probable.

5.10 The performance of the AIC beneficiaries should directly reflect the performance of the overall economy and Dominica's tourism, services<sup>28</sup> and manufacturing sectors which accounted for 67.4%, 19.9%, and 9.8% of the AIC sub-loans approved. Data on the performance of the Dominica economy and the various sectors is presented at Appendix 15 and Charts 1-4 below.

5.11 The Dominican economy is now slowly rebounding after the contraction and sluggish growth experienced from 2009 to 2012, or the period over which the AIC sub-loans were approved. The absence of an enabling business environment, a binding constraint not addressed by the Project, persisted during project implementation and continues today. It would also appear, from DAIDB Annual Reports that the large AIC sub-loans have not performed as well as expected and have contributed to an increase in NPLs (Chart 5 refers). The 2016<sup>29</sup> DAIDB Report notes that:

*"Notwithstanding the economic climate between 2009 and 2012, the bank invested heavily in large projects which have negatively impacted the bank. To this end, the bank has had to put in place the necessary framework to deal with delinquent borrowers. I therefore, urge these borrowers to make good on their promise, to pay the bank and as a consequence, fundamental changes are being made in the approval process of loans. We can no longer operate business as usual".*

*"industry loans accounted for the largest value or 28.06% of the loans portfolio, and the sector was also responsible for the largest value or 49.55% of NP loans. This was followed by the tourism sector which made up 24.78% of the portfolio and contributed 18.83% of NP loans..."*

5.12 It is also very probable that some of the AIC beneficiaries are not small or medium sized and an unintended result of the award of much larger sub-loans may have been the reduction in access to credit for smaller enterprises (see comment at footnote 13). The 2011 DAIDB Annual Report suggests that DAIDB's move towards providing larger sub-loans may have been a deliberate strategy. The Report states that:

*"The achievements recorded by the Bank for the year would not have been possible without the strong support of the Government of the Commonwealth of Dominica ....regional and international funding agencies .... Allowing the Bank to provide larger loans while maintaining prudential guidelines in terms of exposure ...."*

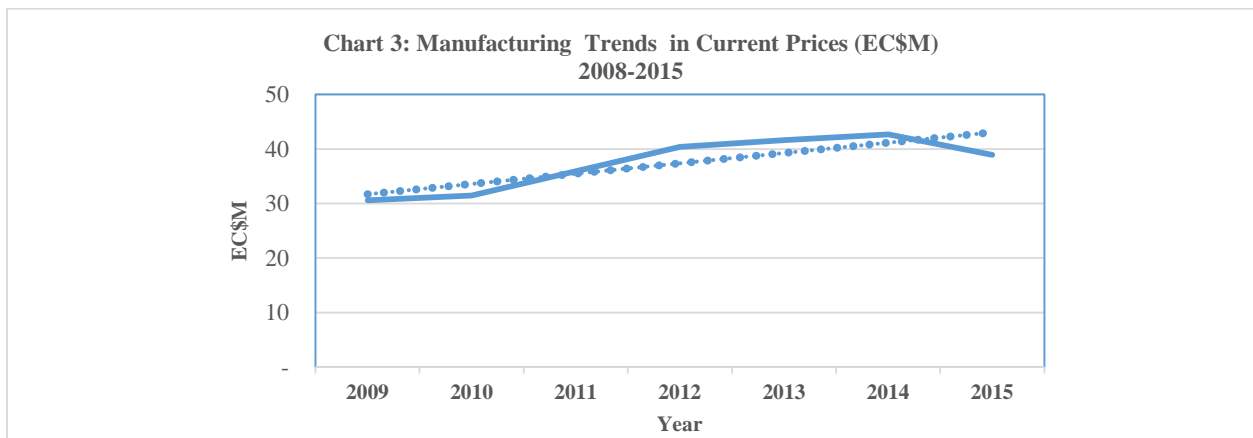
5.13 The apparent focus on larger loans and the absence of measures to encourage participation by female entrepreneurs may have also led to the unintended result of a very low level of female participation. As discussed above, the AIC component, as in past LOCs, attracted a small number of female participants

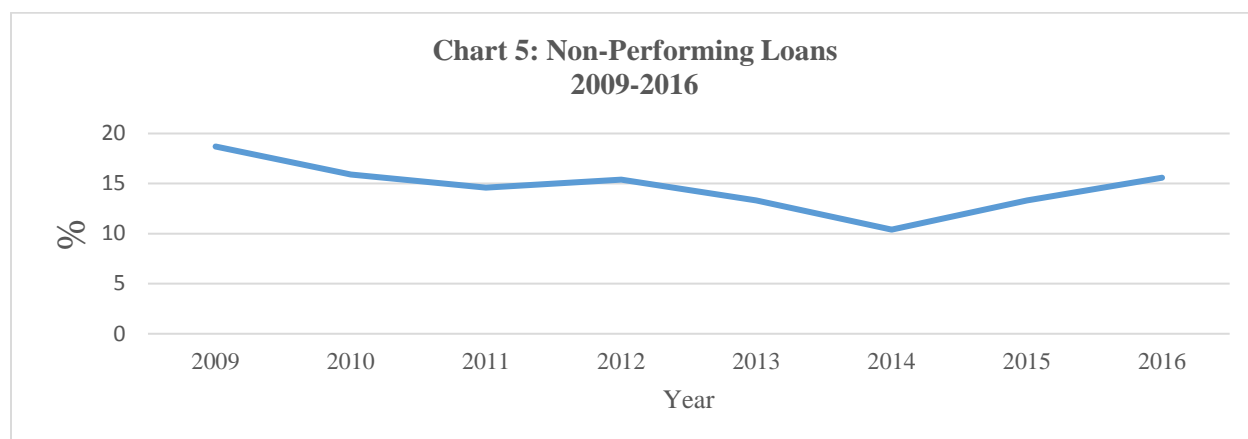
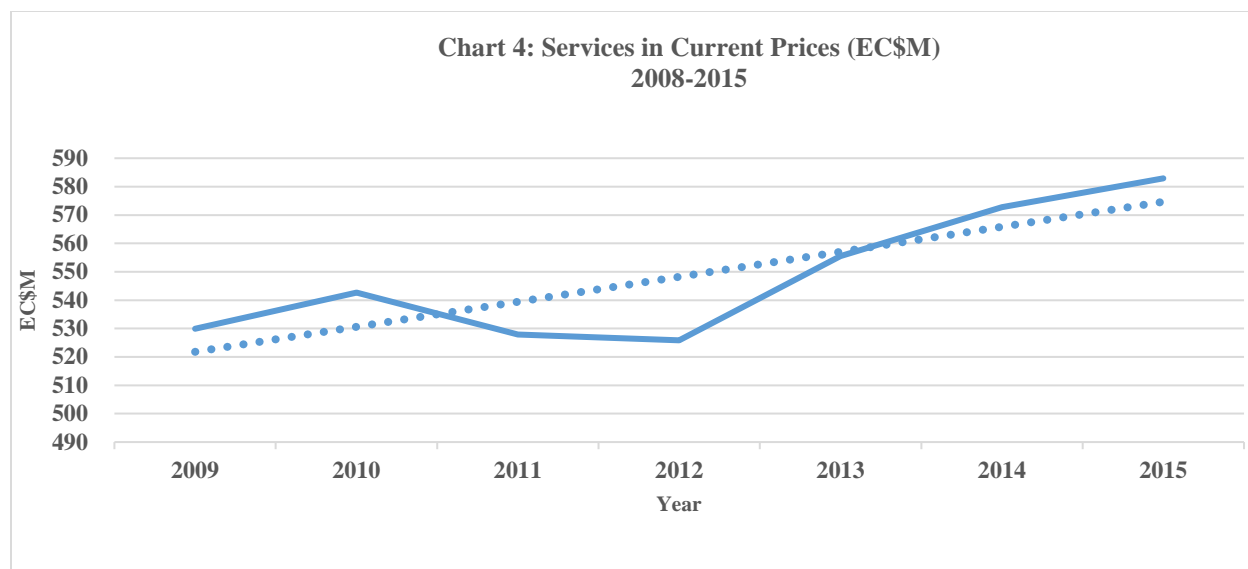
---

<sup>28</sup> Services here include: Transport, Storage and Communications; Real Estate, Renting and Business Activities; Public Administration, Defence & Compulsory Social Security; Education; Health and Social Work; and Other Community, Social & Personal Services

<sup>29</sup> The majority of the AIC sub-loans were awarded between 2009 and 2012 with grace periods for repayment ranging from 0 to 24 months. As such, it is likely that challenges associated with these large loans become more evident in 2014.

who are more likely to own micro or small businesses that are structured as sole proprietorships as opposed to limited liability companies.





5.14 The beneficiaries of the AIC component were 4 females, 21 males and 18 limited liability companies (Table 8). There was therefore limited opportunity for expanded productive capacity within women-owned enterprises.

5.15 The SLS component, and in particular the sub-loans financed from SFR resources, should have reached the targeted beneficiaries. There is, however, some risk that outputs may not translate into planned outcomes as planned. These risks, the least probable listed first, are:

- (a) learning or other challenges that led beneficiaries to drop-out;
- (b) increases in the cost of tuition and other expenses which may have delayed or prevented completion of planned courses<sup>30</sup>;

<sup>30</sup> Page 14 of the PCR in identifying the externalities that occurred during the project and which affected the project positively or negatively noted that "Price/cost of tuition and living expenses increased. Some students were required to take larger loans, to meet the increased cost of their training programmes". The PCR does not state whether any student had to delay completion or drop out altogether.

- (c) migration to another territory after graduation to pursue more lucrative employment opportunities or additional studies, particularly for students who undertook study in extra-regional institutions<sup>31</sup>; and
- (d) poor performance of the overall economy and/or the sectors that influence the rate of job creation in Dominica leading to limited local job opportunities and unemployment among graduates.

5.16 The SLS component did not include any measures to promote gender atypical subject selection (i.e. selection of subjects by females and males in fields where they are under-represented) or a higher level of male participation. Possible unintended consequences of the component, as implemented, are a continuation of the lower level of male participation and gender differences in the selection of courses (see Table 8). The latter could perpetuate occupational segregation and the gender wage gap.

5.17 It is very likely that the SLS component produced a significant number of skilled graduates consistent with the country's priority list. It is however difficult to assess the extent to which the graduates' skills match labour market demands, or to predict what percentage of these graduates were productively using those skills within Dominica. The Evaluator rates the achievement of Outcomes as *Marginally Unsatisfactory*.

#### Rating of Effectiveness

5.18 **PCR Assessment:** The PCR rated Effectiveness as *Highly Satisfactory*. The justification provided was that the Project had "contributed to increased tertiary graduates and skilled professionals; improved quality of housing; and increased value-added in the productive sectors".

5.19 **Evaluator's Assessment:** The Project did not include measures to ensure effective targeting of SMEs under the AIC component, equal access to benefits by males and females under the AIC and SLS components, and equal access by low and lower middle income beneficiaries under the MF component. The MF component has the highest probability of the three components to produce the intended outcomes. Weak demand for labour due to a poorly performing economy may limit outcomes from the SLS component in the very short term. The supply of skilled labour, if most graduates remain in Dominica, should benefit the economy in the medium to long term as Dominica, like other Caribbean economies, has an undersupply of tertiary graduates<sup>32</sup>. Early indications are that some sub-loans under the AIC component are underperforming. On the basis of the composite score resulting from the Evaluators' ratings of the Outputs (S) and the Outcomes (MUs), the Effectiveness rating calculated as an arithmetic average is *Marginally Unsatisfactory*.

---

<sup>31</sup> Migration of tertiary level graduates is a major risk. According to the 2006 GSPS, Dominica has a relatively high rate of migration which has led to many impacts including the shortage of skilled labour (pg., 79 refers). The recent IADB Engine of Growth Study (pg. 98) also notes that "...the Caribbean average shows that only 6% of the labour force with a primary education has migrated, while this figure increases to 34% for secondary-educated workers, and it jumps significantly to 68% for workers with a tertiary education. This "brain drain" constitutes one of the highest emigration rates in the world for skilled workers and is consistent with the observed undersupply of workers with a tertiary education. **Welfare calculations indicate that the costs associated with investments in the education of migrants outweigh the benefits from remittances sent by international workers back to the Caribbean.**". Source: Inter-American Development Bank. "Engine of Growth? The Caribbean Private Sector Needs More than an Oil Change" (2016). Inder Ruprah, Ricardo Sierra

<sup>32</sup> The 2006 GSPS, page 17, notes that "60% of households in Dominica have no one with secondary or tertiary education". The IADB Engine of Growth Study also notes that for Caribbean economies "The evidence suggests the existence of a mismatch of educational skills characterized by an oversupply of workers without tertiary education and an undersupply of workers with tertiary education".

## Efficiency

5.20 **PCR Assessment:** The PCR assessed Efficiency as *Highly Satisfactory* given that the Loan was disbursed in 50 months, only two months more than the planned time of 48 months; and funds had been reallocated, in a timely manner, from the SLS to the MF component to ensure full and efficient use of the loan resources.

5.21 **Evaluator's Assessment:** The Project was completed without significant delay as the TDD was exceeded by two months. Forty-five (45) production sector loans in agriculture, manufacturing, services and tourism were expected to be disbursed by 2012. Instead, 43 projects were actually approved and disbursed by 2013. MF components were essentially committed by the target date of 2012 and the targeted number of sub-projects and housing solutions, as stated in the AR, were essentially achieved or exceeded. For the SLS component, 49 sub-loans were approved in 2009, 96 in 2010, 92 in 2011, 24 in 2012, 3 in 2013, and 3 in 2014. Data was not provided on the completion dates for courses pursued by the beneficiaries but based on the timing of the approvals and an average course duration of 3 years, it is reasonable to assume that "at least 54 persons were trained by 2013".

5.22 The amount of the loan and allocations among the components was appropriate and was based on, among other things, a reliable DAIDB pipeline, historical trends and macroeconomic projections. Funding was reallocated from the MF to the SLS in a timely manner when GOCD introduced a competing low-income mortgage product. Implementation was guided by the following measures aimed at promoting efficiency:

- (a) various appraisal criteria for the AIC sub-loans to avoid the cost associated with processing a large number of "micro sub-loans" and reduce the risks associated with larger sub-loans ( $\geq$ USD500,000).
- (b) lending terms and conditions with respect to interest rates and repayment periods for sub-loans.
- (c) income earned and maximum lending limits for the MF component to ensure that loans were targeted to the low and lower middle income earners and to reduce DAIDB's exposure in the case of default.
- (d) the use of the Priority List to ensure alignment between programmes of study and the country's development priorities; a 40% cap for extra-regional study; maximum limits for individual sub-loans; and the SLAC was required to assist DAIDB with the implementation of the SLS component.
- (e) lending terms and conditions that required DAIDB to more effectively integrate environmental concerns in its appraisal process.
- (f) the requirement that DAIDB manages its operations with qualified and experienced senior staff and prepares and submits management and monitoring reports to CDB.

5.23 Given the above, the Evaluator rates Efficiency as *Satisfactory*.

## Sustainability

5.24 **PCR Assessment:** Sustainability was rated as *Satisfactory* based on the improving viability of DAIDB measured by net profit, ROA, debt service coverage ratio, debt-to-equity; its improved risk management system; and strong support from its shareholders the GOCD and DSS.

5.25 **Evaluator's Assessment:** DAIDB showed some improvement in its financial viability, and largely met the PAS criteria that would justify a *Satisfactory* rating. There are however risks to project sustainability that have been identified during the analysis that should be considered going forward. They include:

- (a) variability in the demand for credit and the number of bankable AIC projects submitted to DAIDB. Periods of low demand may be due to a combination of: (i) low interest by businesses in accessing credit; (ii) poor quality of business plans; (iii) a low level of private sector investment; (iv) a narrow range of financing products offered by the local FIs; and/or (v) increasing competition among local FIs.<sup>33</sup>
- (b) the long-term viability of DAIDB despite recent improvements. After eight LOCs, DAIDB remains highly dependent on government guaranteed loans through CDB. DAIDB is at times faced with liquidity challenges and at other times with inadequate resources to finance its lending activities<sup>34</sup>. DAIDB continues to be saddled with a high level of NPLs; and there is no available evidence that access to finance has expanded because of the LOCs.
- (c) questions about the enabling business environment, and weak macroeconomic performance, which reduce the profitability of enterprises and increase the probability of sub-loans becoming NPLs.
- (d) an unsophisticated financial sector including the absence of guarantee schemes, credit registries, collateral registries and related legislative and institutional framework to expand the supply of credit, particularly to MSMEs. Also, an FSU that lacks the capacity to effectively supervise the operations of DAIDB and other local FIs.
- (e) DAIDB's limited capacity to (i) provide financing in a manner that is gender responsive and socially inclusive and simultaneously achieve its profitability and sustainability goals; and (ii) to monitor the outcomes and impact of its lending to provide information critical to improving its performance.
- (f) The ineffectiveness of the Priority List and the SLAC in ensuring that studies financed by DAIDB are aligned to market needs.

---

<sup>33</sup> The limited number of bankable projects is evidence that the problem is more complex than "risk averse commercial banks unwilling to provide credit to the productive sectors". Page 46 of the 2006 Medium-Term GSPS Banks notes that "While the banks are liquid, common complaint of emerging businesses is that they are credit constrained. Banks point to inadequate collateral and financial information supporting loan proposals, and large number of over-leveraged businesses". DAIDB's 2015 Annual Report notes that "The most urgent challenge faced by the bank at present is liquidity. Too much liquidity is an indication of a lack of bankable projects .... We see an upsurge in products and services that are now being offered by our competitors; products that were once unique to the AID Bank. Now more than ever, we have to sharpen our skills, products and services. We need to get back to the grass roots of serving a niche market, namely, start-up businesses that cannot access traditional funding through the commercial banks".

<sup>34</sup> 2016 DAIDB Annual Report: "Amid mounting uncertainty to finance its lending activities because of lack of lines of credit from our traditional lenders, the bank had to mobilize funding from local FIs amounting to \$15 mn together with the use of internally generated funds which eased liquidity pressures".

### **Borrower/Executing Agency Performance**

5.26 **PCR Assessment:** The PCR rated Borrower/EA Performance as *Satisfactory* and noted that:

- (a) DAIDB had satisfied reporting obligations;
- (b) the Loan was fully committed and disbursed by February 28, 2014, exceeding the original TDD by just two months. This was despite a slower than expected rate of disbursements under the MF component due to GOCD offering a more competitive mortgage product.

5.27 **The Evaluator's Assessment:** The dates for the various implementation milestones are provided in the Data Sheet and are evidence for the efficiency with which DAIDB executed the Project. DAIDB also complied with most of the Terms and Conditions of the Loan. The Evaluator rates Borrower/EA Performance as *Satisfactory*.

### **Caribbean Development Bank Performance**

5.28 **PCR Assessment:** The PCR rates CDB's Performance as *Satisfactory*. The PCR notes that CDB monitored DAIDB's portfolio quality and operations, as well as maintained close collaboration with staff of DAIDB to expedite disbursement requests.

5.29 **Evaluator's Assessment:** Quality at Entry was discussed at Section 3. In summary, the analysis of QAE found that:

- (a) The Project was broadly consistent with national development priorities, as well as with CDB's strategic focus and priorities.
- (b) The Project was broadly aligned with sector development priorities.
- (c) The scope of the Project could have been more clearly defined.
- (d) The AR did not present a comprehensive problem analysis and, as such, may not have identified and responded to the core problems constraining access to credit in Dominica. The risk analysis was not adequately in-depth.
- (e) Project design did not benefit from the lessons learned on financial intermediation by other development agencies.
- (f) The results chain in the Logical Framework and overall appraisal methodology were not adequately detailed.
- (g) The implementation and project management arrangements proposed in the AR were adequate.
- (h) The project lacked a systematic approach to M&E.
- (i) The AR is not clear on the conditions that represent sustainability readiness and did not present a plan for sustaining access to credit after project completion.



5.30 An analysis of quality of supervision (QOS) found that:

- (a) The RF, in particular, the gender-blind indicators and absence of SMART indicators at the outcome level, was not supportive of a focus on development effectiveness or for targeting beneficiaries. Project Supervision Reports were focused on activities, outputs and compliance with lending terms and conditions and not on progress towards outcomes.
- (b) There was timely corrective action taken when the rate of disbursement under the MF component slowed. Resources were reallocated from the MF to the SLS component. There was also timely feedback by CDB on appraisal documents for AIC sub-loans exceeding USD500,000.
- (c) The supervision was limited to staff from CDB's Private Sector Division. There was no participation by CDB's environmental specialists and no attempt to assess DAIDB's adherence to recommended practices. This is despite the observation made in the AR (pg. 19 refers) that "*Although, DAIDB's Investment Policies and Procedures Manual mentions consideration for environmental assessment, the environmental oversight which is currently provided does not focus on mainstreaming environmental good practices into its credit review process*".
- (d) Supervision did not include liaising with key stakeholders (e.g., technocrats in the tourism, agriculture, manufacturing sectors or sub-loan beneficiaries) to monitor risks and assumptions and verify data reported by DAIDB. There was also no evidence of dialogue between CDB and DAIDB on the implementation of DAIDB's Strategic Plan, which included strategies relevant to improving DAIDB's sustainability. The PSRs and correspondence in CDB's registry files, however, suggest that a good working relationship existed between DAIDB and CDB staff.

5.31 Based on the above, the Evaluator rates CDB's Performance as *Marginally Unsatisfactory*.

## 6. CONCLUSION

6.01 The PCR's assessment for overall performance is *Highly Satisfactory*. Based on the foregoing analysis and available data, the overall performance of the project is *Satisfactory*. This rating is determined by the composite score after separately evaluating and rating each of the four core evaluation criteria, based on a simple arithmetic average, which results in an overall performance score for the intervention of 2.75 (SAT). Details of the ratings and the justification for differences between ratings from the PCR and the Evaluator are provided at Table 12.

**TABLE 12: SUMMARY RATINGS OF CORE EVALUATION CRITERIA AND OVERALL ASSESSMENT OF THE PROJECT**

Criteria	PCR	OIE Review	Reason if any for Disagreement/Comment
Relevance	Highly Satisfactory (4)	Satisfactory (3)	Problem analysis, consideration of lessons learned, and assessment of cross-cutting themes were inadequate and this may have led to the selection of a less than optimal solution focused on DAIDB only without complementary assistance to the financial services and business sectors.
Effectiveness	Highly Satisfactory (4)	Marginally Unsatisfactory (2)	There was an absence of data on the achievement of outcomes; and of measures to ensure effective targeting of SMEs under the AIC component or equal access to benefits by males and females under the AIC and SLS components. There are significant risks to the achievement of planned outcomes under the SLS and AIC components including weaker demand for labour due to a poorly performing economy. Early indications are that some sub-loans under the AIC component are underperforming and contributing to a higher level of NPLs.
Efficiency	Highly Satisfactory (4)	Satisfactory (3)	43 AIC loans were approved and disbursed by 2013 compared to the target of 45 by 2012.
Sustainability	Satisfactory (3)	Satisfactory (3)	
Composite (Aggregate) Performance Rating	Highly Satisfactory (3.75)	Satisfactory (2.75)	Lower ratings by the Evaluator for three of the four core evaluation criteria.
Borrower & EA Performance	Satisfactory	Satisfactory	
CDB Performance	Satisfactory	Marginally Unsatisfactory	Project design lacked a systematic approach to monitoring and evaluation and supervision. Inadequate attention was paid to sustainability including the capacity of DAIDB to provide equitable access to credit to underserved groups. Supervision was not adequately focused on outcomes but too narrowly on approvals, disbursements and DAIDB's financial performance.
Quality of PCR		Marginally Unsatisfactory	The wrong PCR template was used. The criteria and sub-criteria provided in the PAS Manual were not used to guide the preparation of the PCR and justify ratings. As a result, the analysis is not comprehensive. There was no attention to gender equality and social inclusion.

## Lessons Learned

The following lessons were identified in the PCR:

- (a) The lending agency should be mandated to collect disaggregated data on SME sub loans that speak to the viability of these business enterprises and whether the SMEs were earning foreign exchange, which was originally indicated in the project impact; and
- (b) As part of M&E, a tracer study of the loan recipients should be included as part of the loan. The results of the tracer study and gender analysis can be used to design a more targeted loan portfolio.

In addition, lessons learned arising from the validation are as follows:

- (a) There is scope to incorporate in the design of future interventions, (i) relevant experiences and lessons learned by other development banks<sup>35</sup>; (ii) relevant analysis of private sector development in the Caribbean as detailed in various publications, to the extent these are likely to influence intervention outcomes.
- (b) The design of the AIC component of an LOC would be assisted by an analysis of the business environment, financial services sector and productive sectors.<sup>36</sup> More specifically the analysis could include: the operating structure and performance of the financial services sector; sector level constraints to expanding the targeted productive sectors; the specific financing and other business support needs of the various categories of beneficiaries<sup>37</sup>; and factors affecting the demand for and supply of credit to the productive sectors. CDB should also examine the past performance and, therefore, capacity of FIs to provide financially inclusive services. As relevant, LOCs might include components/activities and performance indicators to improve and track progress towards financial inclusion.
- (c) The design of LOCs might be improved if set in the context of a Financial Intermediation Strategy that articulates the short, medium and long term results of CDB's support, assumptions and risks in the form of a theory of change. The Strategy could clearly articulate a sustainability strategy (i.e., the conditions, which will sustain an increase in

---

<sup>35</sup> It is recommended that CDB review relevant evaluation reports and loan documents such as: ADB Evaluation Study. "Support for Financial Intermediation in Developing Member Countries" Reference Number: SES: REG 2008-71. December 2008

Inter-American Development Bank. "Thematic Evaluation. Evaluation of IDB Group's Work through Financial Intermediaries". March 2016

World Bank, The. "Project Appraisal Document on a Proposed Loan to the Argentine Republic for Access to Longer Term Finance for Micro, Small and Medium Enterprises Project". October 2016

<sup>36</sup> For details on business environment reform and associated best practices: (i) Donor Committee for Enterprise Development Supporting Business Environment Reforms: Practical Guidance for Development Agencies. August 2008; and (ii) Inter-American Development Bank. "Toward a Business Climate Reform Agenda in the Caribbean". Discussion Paper # IDB-DP-479 (2016).

<sup>37</sup> These beneficiaries include men, women, indigenous people, MSMEs, start-up enterprises, young high potential enterprises/gazelles, etc.). For details on gender barriers to access to finance and business expansion: (i) Moore, Winston, Andrea F. Presbitero and Roberta Rabellotti. "The Gender Gap in the Caribbean: The Performance of Women-led Firms" (year2017); and (ii) International Financial Consulting. "Analysis of CDB's Lending Portfolio to Identify Gender Disparities in Access to Credit and an Assessment of the Gender Monitoring Capabilities of Six Participating Financial Institutions". Draft Final Report. February 2016.

finance for the different categories of enterprises and actions that CDB will support towards achieving these conditions).

- (d) CDB should consider accompanying LOCs with an appropriate mix of solutions as opposed to a limited focus on increasing the supply of finance for on lending (i.e., finance for on-lending along with institutional strengthening of FIs; legislative and regulatory reforms; establishing relationships among FIs to support the introduction of new products and services; and improving infrastructure such as collateral registries and credit bureaus<sup>38</sup>).
- (e) Funding for on-lending is often only one of several constraints to improving the productive sectors' access to finance and promoting private sector led growth<sup>39</sup>. As such, LOCs could promote greater collaboration among agencies responsible for supporting the development of productive sectors (e.g., providers of agricultural research and development and extension services, tourism sector associations; business support organisations, service coalitions, export development agencies). Such collaboration can lead to enterprises receiving "wrap-around services" and an increased likelihood that outputs translate into outcomes and impacts.
- (f) When the objective of an SLS is clearly established during project design, this influences how success of the scheme is measured and how it is administered. The design of an SLS should also be preceded by an analysis of the labour market including the current and specific demand for and supply of tertiary level skills; and gaps in labour force participation.
- (g) Assessment of the effectiveness of the Priority List and SLAC in managing the alignment between programmes of study and labour market needs is an important consideration.<sup>40</sup> The Priority List seems to be very broad and there is no evidence that the SLAC has the capacity to implement its responsibilities. The administration of the SLS should include measures to promote participation by under-represented groups and avert gender preferences in the selection of courses.
- (h) Targeting of beneficiaries should ideally be related to the social analysis in the AR, with explicit criteria that are monitored during implementation. Interventions by development agencies that reach those beneficiaries that are experiencing market failure, as opposed to those who can be served by the commercial banks, will be most beneficial to poverty reduction outcomes<sup>41</sup>.

---

<sup>38</sup> For more details on the credit registries and credit bureaus: World Bank, The. "Facilitating SME Financing Through Improved Credit Reporting". 2014

<sup>39</sup> For example, the 2013 Private Sector Assessment Report for Dominica noted that "Dominica faces a number of challenges to private-sector development .... access to finance represents one of the largest challenges ... The other main problematic areas are governance and co-ordination between the private and public sectors, the cost of electricity, transportation and trade, weaknesses in the labour market, and tax rates. Source: Caribbean Compete. Private Sector Assessment of Dominica. IADB 2013

<sup>40</sup> For a discussion on structural unemployment and skills mismatch: World Economic Forum Global Agenda Council on Employment. "Matching Skills and Labour Market Needs Building Social Partnerships for Better Skills and Better Jobs." January 2014

<sup>41</sup> For more details on targeting of access to finance beneficiaries: BIS Department for Business Innovation and Skill. BIS Economic Paper #16. "SME Access to External Finance". January 2012

- (i) To the extent that CDB is introducing improved practices, for example in environmental and social impact assessment, it should encourage that these measures are employed throughout the target agency's lending programs, and not just for the CDB supplied resources.
- (j) LOCs could allocate more resources to monitoring and evaluation, including: (i) monitoring assumptions and risks; (ii) tracking progress towards outcomes and sustainability readiness; and (iii) strengthening NDBs' monitoring and evaluation capacity<sup>42</sup>.
- (l) The Project Completion Report (PCR) template and preparation guidelines should be reviewed in the context of the new CDB project portfolio management system; and clarity provided to operations personnel on exactly which templates and guidelines are to be used.

## **Recommendation**

6.02 It is recommended that OIE conduct an evaluation of CDB's financial intermediation programme, which can (i) build on relevant findings of similar studies recently concluded by other development banks and (ii) inform the implementation of CDB's imminent Private Sector Development Policy and Strategy.

---

<sup>42</sup> For more details on the importance of monitoring and evaluating:

- (i) World Bank, The. "The Big Business of Small Enterprises. Evaluation of the World Bank Group Experience with Targeted Support to Small and Medium-sized Enterprises, 2006-2012". IEG March 2014
- (ii) United Nations. "Department of Economic and Social Affairs: Financing for Development Office Rethinking the Role of National Development Banks" 2005
- (iii) International Finance Corporation. "The Renaissance of Development Banks" May 2011.

### LOGICAL FRAMEWORK

Narrative Summary	Monitoring Indicators				Means of Verification	Critical Assumptions
<b>Goal:</b> To contribute to sustainable social and economic development of the economy of Dominica.	<b>Measures to Goal Achievements:</b> 1. Improvement in income and employment. 2. Improvements in the poverty and related socio economic indices.				<ul style="list-style-type: none"><li>– ECCB Annual Reports.</li><li>– National Income Statistics.</li></ul>	<b>Assumptions for Achieving Goal:</b>  1. Economic policies facilitate growth. 2. Improvement in the business climate.
<b>Purpose:</b>  Improvement in human capital, enhanced living conditions and expanded productive capacity and incomes in the country.	<b>Conditions that will indicate purpose has been achieved:</b>  1. An increase in the number of tertiary level graduates and skilled professionals by 2017. 2. Overall improvement in housing quality among low and lower middle income households. 3. An increase in value added in the agricultural, industrial and tourism and service sectors.				<ul style="list-style-type: none"><li>– DAIDB’s Reports.</li><li>– Ex-post Evaluation Reports.</li><li>– Ministry of Education Reports.</li><li>– Country Poverty Assessments.</li><li>– GOCD statistics.</li><li>– CDB Supervision Reports</li></ul>	<b>Assumptions for Achieving Purpose:</b>  1. Demand for funds for AIC projects, housing and education continues to grow.  2. Education system sustains the quality of graduates at secondary level.  3. Improved business climate maintained.
<b>Project Output:</b>  Subloans disbursed to finance AIC projects, mortgages and postsecondary education and skills enhancement training programmes.	1. At least 45 projects benefit from AIC loans by 2012. 2. At least 27 housing solutions developed by 2012. 3. At least 54 persons trained by 2013.				<ul style="list-style-type: none"><li>– DAIDB’s Reports.</li><li>– CDB Supervision Reports.</li><li>– Project Completion Reports.</li></ul>	<b>Assumptions for Achieving Project:</b>  1. Loan effectively utilised by borrowers. 2. DAIDB improves level of operating efficiency. 3. DAIDB continues to be a viable financial intermediary.
<b>Major Inputs:</b>	<b>(XCD’000)</b>				1. Disbursement records of CDB and DAIDB.  2. DAIDB’s financial records and audited financial statements.	<b>Assumptions for providing inputs:</b>  1. GOCD continues to support DAIDB. 2. Terms and conditions of CDB Loan acceptable to DAIDB. 3. Adequate demand for funds is sustained.
	<b>FY</b>			<b>Total</b>		
	<b>2010</b>	<b>2011</b>	<b>2012-13</b>			
<b>Total Loan Commitments</b>	<b>24,650</b>	<b>20,625</b>	<b>21,401</b>	<b>66,676</b>		
<b>Total Disbursements</b>	<b>18,250</b>	<b>18,879</b>	<b>20,230</b>	<b>57,359</b>		
Net Reflows	1,017	3,010	3,903	7,930		
Financing Gap	17,233	15,869	16,327	49,429		
<b><u>Financed By</u></b>						
<b>CDB</b>	<b>8,775</b>	<b>8,910</b>	<b>3,915</b>	<b>21,600</b>		
BANDES	7,458	6,959	12,412	26,829		
DSS (OLD)	1,000	-	-	1,000		
<b>Total Financing</b>	<b>17,233</b>	<b>15,869</b>	<b>16,327</b>	<b>49,429</b>		

**PURPOSES FOR WHICH AGRICULTURAL, INDUSTRIAL AND TOURISM SUB-LOANS  
MAY BE MADE**

**Agriculture**

Farm machinery and equipment, that is, tractors, spraying equipment for crop production, poultry cages, milking machines, harvesting equipment.

Establishment of crops to bearing stage and the rearing of breeding stock to reproductive stage.

Irrigation.

Aquaculture.

Establishment of permanent drains, terracing or permanent anti-erosion control measures.

Facilities for storage, packing, processing and on-farm energy conservation.

Farm buildings, including buildings for livestock.

Farm power, including provision for water supply for animals and electricity.

Construction of access and on-farm roads.

Livestock production, including small stock.

Land clearing from primary and secondary forest.

Boats, marine engines and fishing gear for commercial fishing operations.

The establishment of processing plants.

Medium and long term programmes associated with any of the above which are specifically designed to raise productivity levels.

**Industry and Tourism**

Construction of buildings for manufacturing, processing and handicraft operations.

Purchase and installation of machinery, equipment, utilities, including office equipment for industrial production.

Purchase of vehicles and materials-handling equipment.

Construction of small and medium-sized new hotels and renovation and expansion of existing properties.

Services related to the manufacturing, tourism and communications sectors.

Initial work required to support the operations.

Energy conservation.

Substitution of imported fuels by local energy sources.

**CDB'S SLS GUIDELINES (1997) REVISED**

**Section 1: Interpretation**

Whenever used in these Guidelines, unless the context otherwise requires, the following terms have the following meanings:

- (a) "Bank" means the Caribbean Development Bank.
- (b) "Borrower" means the party to the Loan Agreement to which the Bank has agreed to make the Loan.
- (c) "BMC" means a Borrowing Member Country of the Bank.<sup>1/</sup>
- (d) "Dependent" means a child whether born in wedlock or not, an adopted child or a person residing with and wholly maintained by any of the persons referred to in Section 4 (i) and (ii) of these Guidelines.
- (e) "Dollars" or "\$" means the currency which is for the time being legal tender in the country in which the Lending Programme is to be carried out.
- (f) "Educational Institution" means a recognised educational institution.
- (g) "Executing Agency" means, where the loan is being made to the Government but the Government is not carrying out the Lending Programme, the party to the Loan agreement entrusted with the carrying out of the Lending Programme.
- (h) "Extra-regional Educational Institution" means an educational institution in a non-regional member country of the Bank, the United States of America or other country which the Bank may specify in writing.
- (i) "Government" means the Government of the BMC.
- (j) "Lending Programme" means the making, out of the proceeds of the Loan, of sub-loans in respect of students pursuing programmes of study in conformity with these Guidelines.
- (k) "Loan" means the loan provided for in the Loan Agreement.
- (l) "Loan Agreement" means the agreement between the Bank, the Borrower and the Executing Agency (where applicable) providing for the Loan.
- (m) "Non-eligible Educational Institution" means an educational institution other than a regional educational institution or an extra-regional educational institution.
- (n) "Programme of Study" includes formal courses of study at educational institutions, distance type educational courses, study tours and attachments.
- (o) "Regional Institution" means the Bank, the Caribbean Community, the East Caribbean Common Market, the Organisation of Eastern Caribbean States, the University of the West Indies, or such other institution as may be approved by the Bank.
- (p) "Regional Educational Institution" means an educational institution in a regional member country of the Bank, Puerto Rico and the United States Virgin Islands.



- (q) "Student" means the person who is to pursue the programme of study for which the sub-loan is to be made.
- (r) "Sub-Borrower" means a person to whom a sub-loan is made.
- (s) "Sub-loan" means a loan made or proposed to be made by the Borrower or the Executing Agency out of the proceeds of the Loan.
- (t) "US dollars" or "US\$" means dollars in the currency of the United States of America.

**Section 2: Eligible Programmes of Study**

- (a) The Government shall establish in respect of the Loan, a comprehensive list of higher and technical/vocational programmes of study based on the manpower training needs (hereinafter called the Priority List).
- (b) The Government shall annually update and publish the Priority List.
- (c) The Borrower or the Executing Agency, whichever is entrusted with carrying out of the Lending Programme, shall use the proceeds of the Loan for making sub-loans for programmes of study in the fields specified in the Priority List, except as the Government may otherwise agree.
- (d) Sub-loans may be granted for courses of up to five years duration.

**Section 3: Eligibility of the Institution**

- (a) In pursuing a programme of study the student should preferably attend a regional educational institution.
- (b) The student may, with the approval of the Borrower or the Executing Agency, whichever is entrusted with carrying out the Lending Programme, after consultation with the SLAC, attend an extra-regional educational institution in cases where the programme of study for which the sub-loan is to be made is available at a regional educational institution but:
  - (i) no places are available to the student at regional educational institutions;
  - (ii) the student does not satisfy the minimum entry requirements of regional educational institutions but can produce evidence of having obtained entry at an extra-regional educational institution;
  - (iii) the costs of pursuing the programme of study at an extra-regional educational institution are substantially less than the costs of pursuing the programme of study at a regional educational institution; or
  - (iv) the student has already pursued a substantial part of the programme of study at an extra-regional educational institution and needs only limited financial assistance to complete the programme.
- (c) The limits of the Loan that may be utilised to finance programmes of study at extra-regional and non-eligible educational institutions will be determined on a case by case basis at the time of appraisal.

**Section 4: Eligibility of the Student**

The student must be:

- (a) a national, permanent resident, believer or immigrant of the country in which the lending programme is being carried out and have resided in one or more of the Borrowing Member Countries (BMCs) for at least one year immediately preceding the date of application for the sub-loan; or
- (b) a national, permanent resident, believer or immigrant of one of CDB's BMCs and be residing in the country where the lending programme is being carried out for at least one year immediately preceding the date of application of the sub-loan; or
- (c) a dependent.

**Section 5: Eligible Expenses**

The proceeds of the Loan may be used to finance the basic academic costs of enrolment, tuition, books and related material, transportation costs, in-term personal maintenance costs (including room and board), child care, legal expenses in respect of the security for a sub-loan, insurance coverage in respect of the life of the sub-borrower, and, if the sub-borrower so requests, interest on the sub-loan during any grace period for repayment of the sub-loan.

**Section 6: Sub-loan Amounts**

- (a) In determining the amount of each sub-loan, the Borrower or the Executing Agency, whichever is entrusted with carrying out the Lending Programme, shall take into consideration:
  - (i) the cost of the programme of study;
  - (ii) (the location of the educational institution;
  - (iii) the student's or his/her family's financial position;
  - (iv) the adequacy of security available;
  - (v) repayment options offered;
  - (vi) the ability of the student to repay the sub-loan from expected income on completion of study; and
  - (vii) amounts required for interest payments during the grace period.

The amount of the loan shall in no case exceed the cost of the programme of study.

- (b) Maximum sub-loan limits will be determined on a case by case basis at the time of appraisal.

**Section 7: Financial Conditions of Sub-loans**

- (a) Sub-borrowers shall be charged interest on sub-loans at a rate of interest consistent with the interest rate policy of the institution.

- (b) Interest chargeable during the grace period may be included in the amount of the sub-loan, and the Borrower or the Executing Agency, whichever is entrusted with carrying out of the Lending Programme, may deduct from the sub-loan, and pay to itself such interest on the dates such interest becomes due and payable. Interest accrued during the grace period and not paid shall be capitalised at the end of this period and sub-loan agreements shall be designed to reflect this policy.
- (c) Each sub-borrower shall be required to repay the sub-loan by monthly instalments over a period of not more than twelve years commencing not later than three months after the date of the student's employment after completion of the programme of study or six months after completion of the programme of study (whichever first occurs).

**Section 8: Security for Sub-loans**

The Borrower or the Executing Agency shall require each sub-loan to be adequately secured.

**Section 9: Obligations of the Student**

- (a) The student shall attend the educational institution and pursue the programme of study for which the sub-loan was made. Any transfer contemplated in respect of the educational institution or programme of study must be approved by the Borrower or the Executing Agency, whichever is entrusted with the carrying out of the Lending Programme.
- (b) The student, after the termination of the programmes of study, must work in one of the BMCs of the Bank for at least one year.

**Section 10: Obligations of the Borrower or the Executing Agency**

- (a) The reporting requirements will be determined at time of appraisal.
- (b) The use of recycled funds will be established at time of appraisal.

**Section 11: Student Loans Advisory Committee**

- (a) The Borrower or the Executing Agency, whichever is entrusted with the carrying out of the Lending Programme, shall be assisted in the administration of the Lending Programme by a Committee responsible for:
  - (i) monitoring the establishment, publication and updating of the Priority List;
  - (ii) monitoring the non-credit performance of the SLS Programme; and
  - (iii) making recommendations to the Executing Agency and to the Government as necessary.
- (b) The Committee shall consist of such persons as the Government shall consider suitable for carrying out its functions and shall include representatives of the private and public sectors.

**LIST OF NATIONAL PRIORITY TRAINING AREAS**

**SOCIAL SCIENCES**

Social Work  
Counselling  
Psychology  
Statistics, Economics and Public Finance  
Entrepreneurial and Enterprise Development  
Enterprise Productivity and Competitiveness  
Gender Policy and Planning  
Social Policy and Administration  
Social Development, Planning and Management  
Social Research Methods

International Politics  
International Relations  
Data Collection and Analysis  
Social Anthropology  
Fire Management and Command  
Fire Prevention and Investigation  
Aerodrome Fire and Rescue Procedures  
Financial Crime Investigation  
Computer Fraud

**MANAGEMENT**

Human Resource Management/Development  
Public Sector Management  
Integrated Rural Development Management  
Organisational Development and Strategic Management  
International Purchasing and Stores Management  
Print Management  
Airport Management  
Construction Management  
Social Cooperative Management and Economic Development

Financial Management  
Management of Non-Governmental Organisations  
Risk Management/Loss Prevention  
Disaster Management  
Management of Training  
Small Business Development and Management  
Organisational Change  
Labour Administration  
Occupational Safety/Labour Inspection

**EDUCATION**

Agricultural Education  
Educational Management/Tertiary Education  
Physical Education  
Sports Administration  
Library Sciences  
Curriculum Development and Implementation  
Modern Languages  
English  
History  
Mathematics  
Geography  
Educational Planning, Programming and Budgeting

Archival Studies  
Testing and Measurement  
Technical Vocational Training  
Non- Formal Education  
School Development Planning and Implementation  
Special Education  
Career Guidance and Counselling  
Early Childhood Education  
Music Education  
Adult Education  
Speech Therapy  
Library and Information Science  
Literacy Development

**TOURISM**

Tourism Management  
Tourism Planning and Development  
Tourism Marketing and Promotion  
Hospitality Management  
Hotel Management (Marketing; Food and Beverage Management; Financing and Accounting)

Culinary Skills  
Hotel/Restaurant Skills Trainers  
Sector-Related Trainers (Tour/Taxi Operator Training)

**SCIENCE AND TECHNOLOGY**

Computer Science (Information System  
Development/Management; Computer  
Programming; Maintenance and Repair)  
Information Technology  
Print Finishing Technology

Research Techniques  
Meteorology  
Network-plus Systems Analyst  
Information Technology Physics  
Digital Photogrammetry and Remote Sensing  
Geographic Information Systems

**FINE AND APPLIED ARTS**

Communication  
Art with Education  
Theatre Production and Management  
Design and Construction (Costume, Set Stage)

Communication Media  
Journalism  
Landscaping  
Fine Arts Education (Music, Drama and Dance)

**AGRICULTURE AND THE ENVIRONMENT**

Integrated Pest Management  
Irrigation and Water Management  
Agriculture Management  
Agricultural Project Appraisal, Monitoring and  
Evaluation  
Farm Management  
Organic Farming  
Agricultural Extension/Tropical Agriculture  
(Integrated Farming Systems Approach)  
Agronomy (Land Use Management)  
Agri-Business Management  
Land Preparation

Land Reform  
Geographical Information System Cartography  
Application in Cadastral Survey  
Land Surveying  
Drafting  
Biological Control  
Natural Renouncement Management  
Environmental Auditing  
Environmental Studies  
Floriculture  
Tropical Animal Production and Health  
Agricultural Education

**FISHERIES**

Marine Biology  
Coastal and Marine Resources Management  
Fisheries Technology

Marine Environmental Impact Assessment  
Fisheries Studies and Marine Ecology

**FORESTRY AND NATIONAL PARKS**

National Parks and Protected Areas  
Management  
General Forestry

Agro-Forestry - Trees for Sustainable Land Use  
Forest Management  
Wildfire Management

**ENGINEERING**

Aeronautical Engineering  
Aerodrome and Approach Control/Air Traffic  
Control  
Instrument Maintenance  
Environmental Engineering  
Agricultural Engineering  
Road Maintenance

Electrical and Electronic Engineering  
Radio and Television  
Civil/Structural  
Road Engineering Surveying  
Land Surveying  
Cartography and Geo-Visualisation  
Architecture

**HEALTH**

Health Care Financing  
Environmental Health  
Laboratory Technology  
Dental Nursing  
Public Health Nursing  
Family Nurse Practitioner  
Community Nutrition  
Sports Medicine  
Specialised Medicine (Radiology, Oncology,  
Psychiatry, Cytology Technology)  
Psychiatric Counselling  
Psychiatric Nursing

Dialysis Nursing  
Health Education  
Nursing Education/Administration  
Infection Control  
Health Services Management  
Hospital Equipment Maintenance  
Physiotherapy  
Public Health  
Occupational Health and Safety  
Neonatology  
Emergency Medical Technician  
Search and Rescue

**TRADE**

International Trade  
International Trade Negotiation

**PROJECT MANAGEMENT**

Project Cycle Management  
Project Planning and Appraisal

**LAW**

International Development and Economic Law  
International Law  
International Maritime Law  
Paralegal Studies  
Intellectual Property Legislation  
Legislative Drafting  
Public and Administrative Law  
Court Reporting

Criminal Intelligence Analysis  
Explosives Ordinances Devices  
Criminal Justice  
Forensic Science (Ballistics, Handwriting,  
Photography, Fingerprinting)  
Criminology  
Money Laundering  
Steno Typing

**AUDITING/FINANCE**

Public Sector Auditing and Accounting  
Audit of Financial Accounting and Control  
Systems in Government  
Comprehensive Auditing/Value-For Money  
Auditing  
Computer Auditing

Budget Planning and Development  
Public Sector Budget Evaluation  
Social Research Methods  
Social Policy and Development  
Procurement Procedures and Contract  
Negotiation

**MARKETING**

Export Marketing/Agricultural Marketing  
International Marketing  
Television Production and Marketing  
Productivity Identification and Development Marketing  
Promotion Marketing (Enterprise Productivity and Competitiveness; Development Quality Standards)

**PRIORITY AREAS OF STUDY - TECHNICAL**

PREPARED SEPTEMBER 2006

Forensic Science  
Mathematics  
Physics  
Counselling  
Social Policy and Administration  
Land Surveying  
Steno Typing  
Budget Planning and Development  
Library and Information Sciences  
Curriculum and Development and  
Implementation  
Archival Studies  
Testing and Measurement  
Technical Vocational Training  
Special Education  
Early Childhood Education  
Speech Therapy  
Literacy Development  
Information Technology  
Meteorology  
Geographic Information Systems Cartography  
Application in Cadastral Surveys  
Drafting  
Coastal and Marine Resources Management  
Agro Forestry  
Road Engineering Surveying  
Architecture  
Sports Medicine  
Specialised Medicine  
Specialised Radiology  
Specialised Oncology  
Specialised Psychiatry  
Specialised Cytology Technology  
Dialysis Nursing  
Nursing Education  
Legislative Drafting  
Criminal Justice  
Hydrology  
Geo-Information  
Physiotherapy  
Social Work  
Construction Management  
Music Management  
Project Management  
Public and Administrative Law  
Performing Arts  
Creative Arts

## **APPENDIX 5**

### **DOMINICA AGRICULTURAL INDUSTRIAL & DEVELOPMENT BANK** **CRITERIA FOR AID BANK'S SPECIAL STUDENT LOAN FACILITY - (Revised)**

Loan Amount : US\$500,000. (approx. EC\$1,347.450)  
Target : Applicants from poor and vulnerable households.

#### **Terms & Conditions:**

In addition to the eligibility criteria set out in CDB's SLS Guidelines, and the particulars itemized on the student loan checklist, an applicant who:

- (a) has attained a good academic standing (with examination results approved by the Ministry of Education);
- (b) has been accepted for an approved course of study by an educational institution acceptable to SLAC; and
- (c) not being the owner of any suitable assets to offer as security, or is unable to satisfy the normal security requirements for an SLS sub-loan

shall, on satisfying at least one of the other criteria below, be eligible for consideration for funding from the SFR Portion of the loan.

- (i) a resident of the Carib Territory who has been accepted for an undergraduate level course of study;
- (ii) a resident of the Carib Territory who has been accepted for a graduate level course of study;
- (iii) member of a household benefiting from social assistance either from the State or a Civil Society Organization;
- (iv) member of a vulnerable group(s) (e.g. children of disabled or indigent parents);
- (v) member of a household with a high dependency ratio (e.g. 4:1) with at least 3 children below the age of 18;
- (vi) member of a household that has been dislocated by natural disasters or as a result of economic shocks particularly in vulnerable sectors;
- (vii) member of a household with more than two persons and an annual income at the date of the application of under \$15,000.

**Special Interest Rate** : 5% (during the grace period; to be converted to the Bank's normal interest rate upon completion of the grace period)

#### **The maximum Loan**

Size or Loan Ceiling : The maximum loan size is \$100,000.00.  
Loan security : None

Evidence of applicant's Vulnerability : Latest Salary Slips from Employers  
Latest Salary Slips of Parents  
Reports from the Social Welfare Department or relevant civil society organizations.

Testimonials : Two, of which one should be a police record

Location of Institution: As stipulated in the SLS guidelines, the preference for local and regional training will be strictly adhered to and; requests for study at extra-regional



## **APPENDIX 5**

institutions will be considered very selectively, only where the course is not available regionally.

Commitment Fees : None

Screening Procedure : Credit officers will be encouraged to accept applications pertinent to the said criteria.

To facilitate the execution of good judgment, a panel comprising the Executive Manager - Credit Operations; the Manager - Credit Operations and a third person would meet to prioritize the applications before they are appraised by the credit officers and submitted for approval.

Insurance : Applicants should apply for coverage under the Bank's CUNA Insurance Policy Programme.

Priority List : For specific courses important to the development of the Commonwealth of Dominica.

J.S. DECHAUSAY TITRE  
December, 2010

**PARTICULARS OF HOUSING SUB-LOANS**

1. Purposes for which Loans may be granted:
  - (a) new construction and major home improvements; and
  - (b) minor home improvements.
2. Eligible Applicants:  
Citizens and Residents
3. Factors Considered:
  - (a) annual income;
  - (b) current financial commitment;
  - (c) record of savings;
  - (d) capacity to pay; and
  - (e) credit worthiness.
4. Payment:  
Normally through Salary Deductions or Bank Standing Order.
5. Procurement:  
Wherever possible, borrowers shall be required to use certified contractors for the project. Suppliers will normally be paid directly by the Bank. Labour cost will be reimbursed on the basis of payroll and valuation by DAIDB.
6. Duration of Loan:  
Up to 25 years for new construction and major home improvements and 10 years for minor home improvements depending on:
  - (a) amount of loan;
  - (b) quality of security;
  - (c) age of borrower(s); and
  - (d) repayment capacity.
7. Maximum Debt-Service Ratio:  
35% of gross income for single and 30% for joint borrowers.
8. Grace Period:  
For repayment of Principal:
  - (a) construction - expected construction period
  - (b) home improvement - one to two monthsInterest is payable during the grace period.
9. Security:
  - (a) First Mortgage;
  - (b) Bill-of-Sale; and
  - (c) Guarantee.
10. Other Conditions:  
Loans will be to first-time owners.  
.

**STANDARD TERMS AND CONDITIONS APPLICABLE TO AIC, MF AND SLS LINES  
OF CREDIT TO DFIs**

1. **Conditions of AIC Sub-loans:**

- (a) DAIDB shall be responsible for supervising the implementation of the sub-projects financed by sub-loans and any requirements specified as conditions of sub-loans in the project appraisal report.
- (b) DAIDB must submit semi-annually to CDB a list of sub-borrowers with amounts in arrears. If a sub-borrower is in arrears for more than four (4) months, DFIs must take steps to recover the sub-loan.
- (c) Sub-loans must not be made for the purchase of land and/or existing buildings or working capital (except where required for start-up operations), refinancing, equity investments or other purposes excluded from CDB financing.
- (d) DAIDB must not, without the prior written approval of CDB, make any sub-loan to a Government owner or controlled corporation or company, or to any person or body of persons other than nationals or belongers or a Commonwealth Caribbean member country of CDB or to any company or corporation which is not effectively controlled by nationals or belongers of one or more of such countries.

2. **Conditions of MF Sub-loans:**

- (a) Sub-loans may be made only to assist a sub-borrower to:
  - (i) purchase a newly constructed house or build a house on land owned by him, or on land leased by him for a period in excess of the life of the sub-loan and intended to be used as a residence for himself and/or his family; and
  - (ii) improve, extend, repair or maintain a house on land owned by him or on land leased by him for a period in excess of the life of the sub-loan and used or intended to be used by him as a residence for himself and/or his family,and shall not be available for the use in the purchase of land or existing house units other than newly constructed houses.
- (b) The terms of repayment of sub-loans must be consistent with the type of construction and fall within the repayment period of the CDB financing. In particular, repayment periods shall not exceed:
  - (i) twenty (20) years with respect to sub-loans for the purchase of newly constructed houses and construction of new houses and home improvements where the estimated cost of such improvements exceeds 66⅔% of the value of the existing house; and
  - (ii) ten (10) years with respect to sub-loans for improvements to existing houses where the estimated cost of such improvements does not exceed 66⅔% of the value of the existing house.
- (c) All sub-loans must be adequately secured. Property offered as security shall be subject to careful appraisal as to value.

3. Conditions of AIC and MF Sub-loans:

The following conditions shall be included by the DFIs among the conditions of AIC and MF sub-loans:

- (a) the sub-borrower shall carry out and operate the sub-project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and practices;
- (b) the goods and services shall be used exclusively for the purpose of the sub-loan;
- (c) the sub-borrower shall maintain adequate records and disbursements will be made only against invoices and certificates of work done except for advances given in accordance with arrangements consistent with CDB's policy or floats to financial intermediaries;
- (d) the authorised representatives of CDB and any aid donor(s) providing finance through CDB for the sub-loan shall have the right to inspect the goods, sites, works, plant and construction included in the sub-project, the operation thereof and any relevant records and documents;
- (e) the sub-borrower shall furnish all information that the DFIs reasonably requests with respect to the sub-projects and to the financial condition of the sub-borrower;
- (f) the DFIs shall have the right to suspend or terminate disbursements if the sub-borrower defaults in the performance of his obligations;
- (g) the sub-borrower shall take all necessary measures to ensure that any construction or service contract and all purchase of goods for the sub-project will be made at a reasonable cost which will generally be the lowest market price, taking into account time of delivery, quality, efficiency, reliability of the goods and availability of maintenance facilities and spare parts thereof, and, in the case of services, of their quality and the competence of the parties rendering them;
- (h) the sub-borrower shall provide adequate security for the sub-loan;
- (i) the sub-borrower shall take out and maintain with responsible insurers such insurance against such risks and in such amounts as shall be consistent with sound business practice and, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to the acquisition, transportation and delivery of goods financed out of the sub-loan to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the sub-borrower to replace or repair such goods; and
- (j) the sub-borrower shall carry out any requirements specified as conditions of the sub-loan, and the DFIs shall have the right to require repayment of the sub-loan immediately on failure of the sub-borrower to carry out such requirements.

4. Other Conditions:

- (a) DAIDB shall carry out its lending programme with due diligence and efficiency and in conformity with sound administrative, agricultural, industry, tourism, mortgage finance, financial and banking standards and practices, with qualified and experienced management and other personnel and in accordance with the legislation under which it operates.
- (b) DAIDB shall observe the spirit of Article 35 (2) of the Agreement establishing CDB in granting sub-loans.

## **APPENDIX 7**

- (c) DAIDB shall adhere to organisational, administrative, accounting and auditing arrangements agreed with CDB and in particular, DAIDB shall maintain procedures, acceptable to CDB, for the processing and making of sub-loans.
- (d) Unless CDB shall otherwise agree, every AIC and MF sub-loan shall be made on terms whereby DAIDB shall obtain by written agreement or other appropriate means, rights adequate to protect the interests of the DFIs and rights which CDB shall deem adequate to protect CDB's interests.
- (e) DAIDB shall exercise its rights in relation to each sub-loan in such a manner as to protect the interests of CDB, DAIDB and GOCD.
- (f) The DFIs shall take steps to ensure that all goods and services financed out of each AIC and MF sub-loan are used exclusively in carrying out the sub-project to be financed by that sub-loan and in conformity with any contract or other arrangement approved by CDB and that requisite insurance requirements are adhered to.
- (g) If DAIDB is unable to meet its administrative and other expenses from its own resources, GOCD must provide the additional funds for so long as may be required to enable DAIDB to maintain adequate operations.
- (h) Whenever there is reasonable cause to believe that the funds available to DAIDB shall be inadequate to meet the estimated expenditures required for carrying out the lending programme, GOCD must make arrangements, satisfactory to CDB, promptly to provide DAIDB or cause DAIDB to be provided with such additional funds as are needed to meet such expenditures.
- (i) If, as a result of a change in the value of any currency used for the purpose of the Loan Agreement, the DAIDB is liable to incur any additional expenditures in making any payments required to be made to CDB in accordance with the Loan Agreement, GOCD will promptly meet such additional expenditures or provide the DAIDB with such funds as are needed to meet such expenditures.

**REPORTING REQUIREMENTS AND SPECIMEN REPORTING FORMATS**

A. List of Management Reports to be compiled by DAIDB:

1. Schedule of Commitments, Anticipated Approvals and Disbursements for the next 12 months by Funding Source and Programme (Annually).
2. Statement of Loans Recoverable by Funding Source and Programme (Annually).
3. Summary of Progress of Loan Operations (Annually).
4. Statement of Resources available by Programme (Annually).
5. Particulars of Loan Collections (Annually).
6. Loan Portfolio and Arrears Aging Analysis (Quarterly).
7. Schedule of Sub-borrowers (Quarterly).

(Specimen of these formats, as well as notes on the objectives, frequency and description of these reports, can be found in CDB's Loan Portfolio Analysis Guidelines).

B. List of Mortgage Finance Monitoring Reports to be completed by DAIDB:

1. Report MF1 - Applications received for mortgage finance during reporting quarter. (Quarterly)
2. Report MF2A - Approvals under CDB's subloan portfolio during reporting quarter. (Quarterly)
3. Report MF2B - Approvals under CDB's subloan portfolio during previous 12-month period. (Annually)
4. Report MF2C - Approvals on total subloan portfolio during previous 12-month period. (Annually)

C. SLS Monitoring Reports:

1. Form SL-1 - To be completed in respect of all applications approved by DAIDB and recommended for CDB's approval. (Quarterly)
2. Form SL-4 - To be completed as at December 31. (Annually)

D. Audited Financial Statements: Within six months of the end of each FY.

**DOMINICA POLICY MATRIX, 2005-2010**  
**MATRIX OF STRATEGIC OBJECTIVES AND ACTIONS**

MATRIX OF STRATEGIC OBJECTIVES AND ACTIONS						
Strategic Objectives	Priority Actions	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
FISCAL POLICY						
Modernisation of the Tax System	(i) Introduction of a VAT (ii) Broadening the tax base	(i) & (ii) implemented				
PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)						
Integration of PSIP with GSPS	Build capacity in the Planning Unit for PSIP management. Establishment of the PPIU.	PPIU established	PPIU operational			
More growth-focused PSIP.	(i) Develop and apply objective selection criteria (ii) Strategically link projects to growth and poverty reduction	New approach implemented				
Adopt more comprehensive and systematic approach to PSIP.	Launch road maintenance project (EURO)	Funding acquired	Implemented			
MEDIUM TERM PUBLIC SECTOR REFORM						
Legislative/ administrative reform	Undertake growth inducing and productivity enhancing legislative reforms. Review policies procedures and practices for more effective performance.	Review completed	Legislative changes implemented			
ENABLING ENVIRONMENT						
Attracting foreign and domestic investment	(i) Establishment of a one stop shop for foreign investment approval (ii) Reducing the cost of doing business (iii) Encouraging partnership arrangements (iv) Strengthening competitiveness (v) Outsourcing and privatisation of Government enterprises	(i) – (v) implemented				
IMPROVING THE FINANCIAL SECTOR						
Improving supervisory mechanism for financial sector	Review legislative / regulatory framework	Review undertaken	Legislation			
Improving institutional capacity	Train staff of Financial Services Unit					
Building strategic position of indigenous banks	Review the institutional capabilities of indigenous banks	Review undertaken				
Improving the competitiveness of credit unions	Improve the banking environment	Review undertaken				
Improving access to capital	Encourage local companies to participate in ECCB Stock Exchange		Implemented			
OVERCOMING VULNERABILITY						
Improve environmental management	Implement National Environmental Management Strategy and Action Plan (NEMP)	Meetings conducted	Implemented			
Develop alternative sources of fossil fuels	Pursue geothermal energy project Participate in regional oil procurement programme	Work continues Discussions continue	Viability determined Agreement reached	Project launched Oil procured	Construction Oil procured	Geothermal energy produced
Establish an Environmental Mitigation Fund under the PSIP	Make budgetary provisions in 2005/2006 capital budget	Agreement reached	Funds allocated			
Establish vulnerability fund for SIDS	Allocate 10% to SDR to fund		Project submission to SIDS Group	Agreement reached and submitted to WB	WB Programme developed	Fund established

Strategic Objectives	Priority Actions	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
<b>TOURISM</b>						
Institutional Strengthening	(i) Restructure and strengthen the Ministry of Tourism (ii) Increased funding for promotion	Provision in budget	Implemented			
Improvement in tourism infrastructure	(i) Improve Melville Hall Airport (ii) Construct Melville Hall/Roseau Road Work	Commence Airport Road	30% complete Road	60% complete 80%	100% complete 100%	
Establishment of yachting facilities	(i) Negotiate with private enterprise operator (ii) Construct yacht marina		Concept finalized	Negotiations with Private Investors	Construction	Construction 100% complete
Hotel improvement	(i) Negotiate with hotel chain company (ii) Construct large hotel		Concept finalized	Negotiations with a Hotel Chain	Planning for Implementation	Construction commences
Tourism marketing in French West Indies	Marketing and accommodation arrangements with French West Indies hotels		Plan negotiated	20% increase in Excursion Tourists	20% increase	20% increase
Establish Air/Sea combination link	(i) Establish Partnership with large French hotels (ii) Utilise ferry services	Concept finalized	2 hotels	2 hotels	2 hotels	6 hotels total
Development of sites	Identify, develop and market community tourism sites	EU Tourism Project	2 new sites added	2 new sites added	2 new sites added	2 new sites added
Achieving linkage with agriculture	Establish organic agriculture/tourism linkage	Concept finalized	3 sites established	3 sites established	3 sites established	3 sites established
Public Education on Tourism and Improving security	Launch public education programme		Plan developed Funding secured	Implemented	Better awareness and reception	Better awareness and reception
Product development	Improve crafts, cuisine, display etc.		Project developed	2 workshops	2 workshops	2 workshops
Local community capacity building	Establish broad-based Community Tourism Management Committee		Concept finalized	3 committees	3 committees	3 committees
<b>AGRICULTURE</b>						
Redefining the role of the Ministry of Agriculture/ strengthening its capacity	(i) Comprehensive review of role of Ministry of Agriculture (ii) Launch organic farming incentive programme Teach Agricultural Science in schools	RMU engaged Working group	Reorganization of the Ministry			
Strengthening science technology in Agriculture (production, productivity, seasonality)	(i) Improve farmer education (ii) Explore hydro phonics, irrigation etc. (iii) Expand and better manage of greenhouse technology		Programme formulated	Programme implemented	Programme implemented	Programme implemented
Promote agricultural marketing and market penetration	Enhance sector's capacity for market penetration	Meetings conducted	Task force formed	Recommendations implemented	Implemented	Implemented
Provision of transportation for marketing of agricultural produce	Facilitate private sector in provision of transportation facilities.		Increased transportation available	Increased transportation available	Increased transportation available	Increased transportation available
Improve and establish micro credit scheme for agriculture	Review micro credit facilities available to farmers (accessibility)		Review	Implemented		
Improvement of systems of cooperation/ farmer organizations	(i) Initiate farmers cooperatives (ii) Encourage cooperation in marketing					
Increase farmer productivity and competitiveness	(i) Launch competitive farmer award scheme (ii) Launch young farmers incentive Programme (iii) Change the wage system		Develop Programme Amend Wage legislation	Implemented		



Strategic Objectives	Priority Actions	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
<b>FISHERIES</b>						
Improving fisheries Management	(i) Co-Management of Artisanal fisheries (ii) Improved offshore fisheries surveillance	(i) Co-management areas identified (ii) Surveillance increased	(i) Mgt. implemented (ii) Implemented	(i) Mgt. implemented (ii) Implemented	(i) Mgt. implemented (ii) Implemented	(i) Mgt. Implemented (ii) implemented
Conclude arrangements for management of fisheries complexes.	Examine options (e.g. statutory or cooperative corporation, full privatization,) for management of fisheries operations.		Organization formed	manage complex	Complex self-financing	Complex privatized
Enhance offshore fisheries capabilities.	Facilitate procurement of fishing vessels by private		Project developed & submitted	6 vessels obtained	Vessels operational	Vessels operational
<b>MANUFACTURING / AGRO INDUSTRIES</b>						
Link agro processing to agricultural production.	i) Determine agro-processing demands for agricultural products. ii) Strengthening marketing ties between agricultural producers and agro-industries		DEXIA, agro-processors and agri-associations meeting	Improving marketing ties	Improving marketing ties	Regular supply of raw materials
Increase exports of agro-products.	Promoting joint venture relationships with foreign companies for the export marketing of Dominican agro-products.		Partners identified Campaign launched	2 joint ventures formed	2 joint ventures formed	Joint ventures functioning
Improve micro credit for agro-processing	Promote greater coverage of microcredit to small agro producers, including cottage industries by FIs		Funding conditions improved	Implemented		
Provide infrastructure for start-up cottage industries	Construct and establish incubator facilities		Proposals prepared	Funding secured	2 incubators built	Incubator operating.
Build capacity for testing and quality control	i) Establish a National Testing Laboratory ii) Establish a quality control handbook		Planning for the National Testing Laboratory	Building constructed	Operation of facility Handbook published	
<b>CONSTRUCTION</b>						
Construction of affordable housing	i) Launch private enterprise affordable housing programme ii) Utilising government owned lands for sale for housing.		Scheme established	Scheme implemented	Scheme implemented	Scheme implemented
Land allocation and site development.	Implement the shelter development programme		Funding negotiated	2 Sites established	Houses built	Houses occupied
Encourage Diaspora investment in housing.	Formulate a Diaspora policy		Policy adopted	Policy implemented	Policy implemented	Policy implemented
Improve credit for housing	Dialogue with FIs	Rates reduced	Rates reduced	More houses built	More houses built	More houses built
<b>ENERGY</b>						
Development of geothermal energy	Conduct feasibility study		Demonstration plant established	Demonstration plant established	Plant built	Plant operational
Policy in favour of energy efficiency measures	(i) Develop an energy conservation policy (ii) Encourage solar power in housing and commercial buildings (iii) Introduce a new Energy Supplies Act		Policy formulated Act drafted	Policy implemented Act passed	Policy implemented	Policy implemented

Strategic Objectives	Priority Actions	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
<b>TRANSPORTATION</b>						
(i) Road rehabilitation and improvement	(i) Formulate comprehensive plan for road maintenance and improvement		Project approved & implemented	50 km of roads rehabilitated	50 km of roads rehabilitated	50 km of roads rehabilitated
(ii) Port improvement	(ii) Formulate/implement plan for port modernization					
<b>DEVELOPMENT OF MICRO AND SMALL ENTERPRISES</b>						
Improve the policy framework	Formulate and implement a national policy	Working group established	Policy adopted	Policy prompted	Policy fully utilized	
Provide micro credit	Review credit schemes and make them more client friendly		Schemes restructured	Greater access achieved	Greater access achieved	Greater access achieved
Improve the regulatory framework	Review legislation for continued viability of MSMEs	Working group established	Legislation adopted	Legislation adopted	Legislation fully used	
Institutional capacity enhancement	Obtain micro-business development expert to prepare plan for microbusiness development	Expert recruited	Plan completed	Plan implemented Sector expands	Plan implemented Sector expands	Plan implemented. Sector expands
<b>EDUCATION</b>						
Achieve universal secondary education	Continued expansion of universal secondary education programme	Universal secondary education achieved	USE maintained	USE maintained	USE maintained	USE maintained
Increase efficiency of school system	Keep under review the issue of number of small schools	Further review conducted	Action taken pursuant to review	Action taken pursuant to review	Action taken pursuant to review	Action taken pursuant to review
Improve quality of teaching staff.	Train and hire qualified teachers	25% improvement in quality of teaching staff	50% improvement in quality of teaching staff	75% improvement in quality of teaching staff	100% improvement in quality of teaching staff	
Improved tertiary education	(i) Continued improvement in State College (ii) Establishing distance learning linkages		Distance learning Agreement with  Regional community colleges	Library facilities improved  Implementation of distance learning programme	Standards increase  Implementation of distance learning programme	Pass rate improved by 25%  Implementation of distance learning programme
Improved cost recovery programme in secondary and tertiary education	Revise secondary and tertiary education fees Recommendations approved	Recommendations implemented	Recommendations implemented	Recommendations implemented		
Promote sports and fitness in schools and communities.	i) Improve and expand sports and fitness facilities in schools or regions ii) Construct national sports stadium in Roseau.	i) Develop concept  ii) Start construction	i) Develop Strategy/Action plan  ii) Construction in progress	i) Implement Strategy/Action plan  ii) Facility completed	i) Facilities fully functional  ii) Facility in full use	i) Facilities fully operational  ii) Facility in full use

Strategic Objectives	Priority Actions	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
Increased access of the poor to secondary education	i) Strengthen and expand education Trust Fund and other support programme  ii) Work with the Christian Children Fund (CCF)	Meetings conducted  Meetings conducted	Funding negotiated  Partnership established	Budget doubled  Information exchange/ Sharing	Budget doubled  Joint project established	100% increase in beneficiaries  Joint project fully implemented
Achieve greater match between the education system and the labour market	(i) Review technical education at secondary level and remove stigma  (ii) Maintain student guidance counselling programme	Meetings conducted  Meetings conducted	Programme implemented  Counselling in all Sec. schools	Programme ongoing  Done in all Sec. schools	Programme ongoing  Done in all Sec. schools	Programme ongoing  Done in all Sec. Schools
Improved school curricula and literacy	(i) Implement BERP 2 (ii) Build strong parent involvement in education through PTA etc.	Ongoing Meetings Conducted	Ongoing 25% functioning	Ongoing 40% functioning	Completed 75% functioning	Universal Sec. Ed. Achieved All functioning
Promotion of skills training	Provide support to operation Youth Quake, CALLS, Youth Skills Training Programme, Adult Education	Conduct meetings	Develop proposal	25% increase in grants and contributions	Contribution maintained	25% increase in grants/ contributions
<b>CARIB COMMUNITY</b>						
Pursue integrated development for the Carib people	i) Implement the recommendations of the Carib Integrated Development Plan (ii) Implement the Integrated Community Development Programme for the Carib Territory.		20% implemented 20% complete	40% implemented 50% complete	60% implemented 75% complete	80% implemented 100% complete
Improvement in Carib peoples' access to financial services	Explore possibility of a guarantee fund for Carib people		Study conducted	Recommendations implemented	Recommendations implemented	Facility in place
Promotion of Carib Model Village	Ensure efficient and effective operation of model Carib Village		Full operation	30% increase	50% increase	100% increase
Developing Carib traditional herbal medicine	Research, documentation and protection of Carib medicinal herbs		Funding negotiated	Funding negotiated	Research conducted	Documentation done
<b>FISHING COMMUNITIES</b>						
Increased fishermen's catch	Organize training programmes for fishermen Introduce adaptive and sustainable technology Improve the marketing and distribution of fish Improve fisheries infrastructure landing sites etc.	Meetings conducted	Working group in place One established	Cabinet approval received Two established	System in place three established	Systems operating effectively five operating
Integration of fisheries with other sectors	Introduce co-management arrangement with fisheries, marine tourism and Community Development Launch Integrated Community Fisheries Programme in selected communities	Meetings conducted	Funding negotiated	Programmes implemented	50% increase catch	100% increase in catch

**PRESS RELEASE IMF ARTICLE IV CONSULTATION – DOMINICA – MARCH 2017**

March 22, 2017

“Since tropical storm Erika in August 2015, government efforts continued to focus on infrastructure rehabilitation and social relief, while addressing fiscal sustainability. Significant effort and resources were allocated to the reconstruction of public infrastructure and support to the affected population, while the first-generation of fiscal measures committed in the Rapid Credit Facility disbursement, and some additional measures, have been passed.

“Economic activity in 2016 remained weak as capacity constraints and unfavorable weather conditions slowed public investment more than anticipated. Growth is projected to accelerate to above 3 percent in 2017-18 on the back of a pickup in public investment and several large-scale projects, and to stabilize at a potential rate of 1.5 percent over the medium term. The external current account deficit is projected to widen due to the increase in imports of goods and services during the execution of reconstruction investment and the large investment projects. In the medium term, the external balance is projected to gradually improve as agriculture, tourism, and manufacturing recover, and geothermal electricity generation reduces oil imports.

“Despite high Citizenship-By-Investment (CBI) revenues, the fiscal outlook has deteriorated largely due to lower projected grant revenues; a downward revision in the projected yields of the fiscal consolidation measures; the increase in social transfers; and the reduction of the corporate income tax rate in January 2017. As a result, the use of government deposits to cover financing needs would be necessary to reach the regional debt target of 60 percent of GDP by 2030 without increasing the fiscal consolidation effort above the commitments in the RCF disbursement.

“The fiscal outlook underscores the importance of a timely implementation of the fiscal consolidation package. The efforts to improve tax administration should be maintained to make the gains in compliance durable. On the expenditure side, the government should limit the increase in the wage bill and prepare specific plans for the gradual unwinding of the expenditures related to recovery and reconstruction in the aftermath of Erika. Fiscal consolidation should focus on reducing the underlying primary balance, that is, the primary balance excluding unpredictable revenues, such as CBI flows, and transitory factors. Given the risks to the fiscal outlook, the authorities should also explore contingent fiscal consolidation measures such as developing a formal tax incentives policy for private investment, preparing a revenue enhancing tax reform, and improving spending efficiency through better targeting and means testing of social programs. In addition, strengthening fiscal management is critical for the durability of the fiscal consolidation gains, including through enhancing budget preparation and execution processes, further improving the integrity of the CBI program, and considering the adoption of fiscal responsibility legislation.

“Despite ample liquidity, banks’ credit to the private sector remains weak as a result of insufficient bankable projects, persisting low profitability, and high non-performing loans (NPLs). The authorities took steps to increase the capital of the National Bank of Dominica, but persistent actions are needed to improve the soundness of financial institutions and to reduce NPLs, including through the operationalization of the Eastern Caribbean Asset Management Company. Moreover, the significant government involvement with credit programs through public financial institutions reduces the scope for efficient financial intermediation. The credit union sector is increasing its share in financial intermediation, relieving some financing constraints, but also adding risk to financial stability given their high NPLs and low capital buffers. The regulation and supervision of credit unions should thus be revamped with a stronger enforcement framework, in coordination with the regional initiative. The global tightening of the requirements for correspondent banking relationships (CBRs) confronts Dominica with important challenges. Significant progress has been made to strengthen AML/CFT legislation closer to international standards in recent years, but enforcement remains a challenge given capacity constraints. Lowering the risk of withdrawal of CBRs would require improving information sharing agreements between respondent and correspondent banks, as well as encouraging bank mergers.

“Improving the conditions for private investment, especially for export activities, is the key to accelerating growth. Efforts should therefore focus on the removal of costs and barriers that affect investment decisions and profitability. Specifically, the government should enhance labor market legislation and better target education programs in order to improve labor productivity and mobility across sectors; reduce the cost of doing business, especially in terms of resolving insolvency, registering property, paying taxes, and obtaining construction permits; explore the potential for expansion and further diversification of tourism markets; enhance the resilience of public infrastructure to natural disasters; and advance on the development of geothermal generation of electricity.

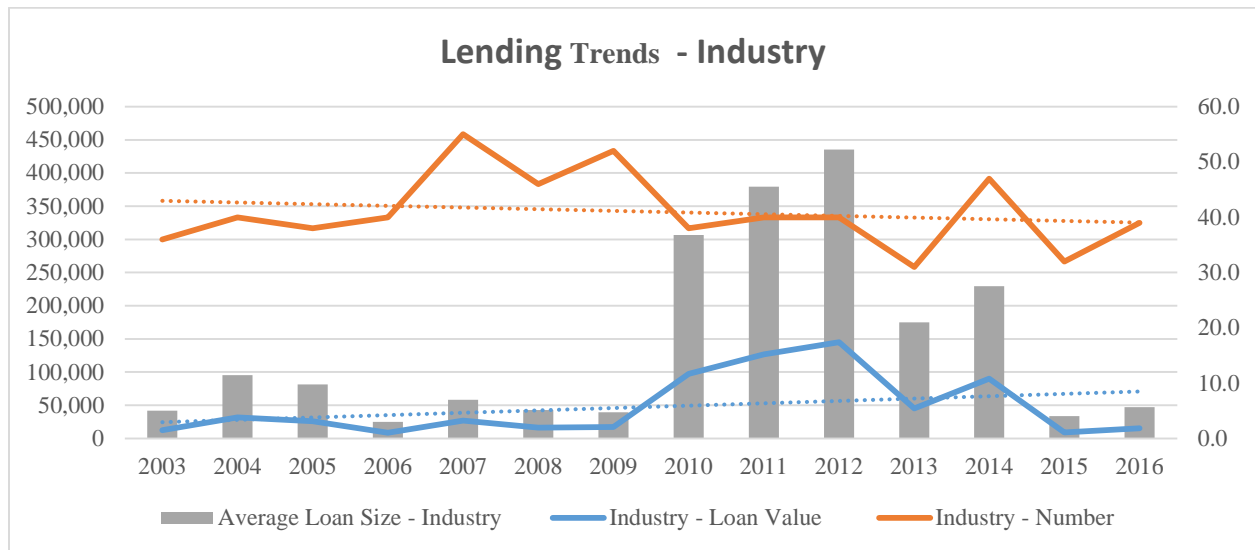
“The IMF will continue to have a close dialogue with the authorities as they address these challenges. The team would like to express its gratitude to the authorities, labor unions, and private sector representatives for the close and constructive dialogue.”

## ANALYSIS OF DAIDB'S LENDING TRENDS

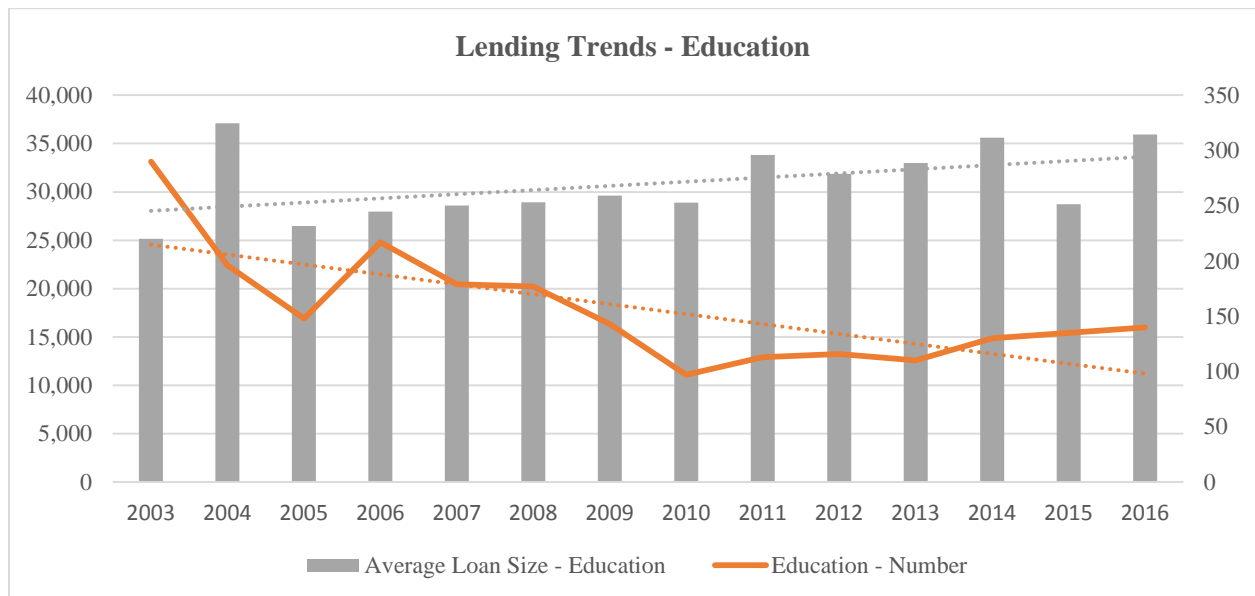
### (a) Summary of Loans Approved by Sector 2003 to 2016

FINANCIAL YEAR	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Loans - Value	17.7	21.5	16.7	16.1	20.6	20.8	13.5	41.9	36.3	34.6	24.7	26.9	28.9	13.8
Total Loans -Number	905	654	551	650	650	615	486	388	379	381	357	437	411	390
Agriculture - Loan Value	1.5	2.5	1.4	1.4	1.0	1.0	1.1	0.7	2.3	0.3	0.5	0.8	0.3	0.87
Agriculture - Number of Loans	191	193	129	123	120	95	81	53	42	25	39	54	30	39
Average Loan Size - Agriculture	8,105	12,706	10,667	11,386	8,331	10,662	12,963	12,830	54,286	12,720	12,231	14,667	10,667	22,308
Industry - Loan Value	1.5	3.8	3.1	1.0	3.2	2.0	2.1	11.7	15.2	17.4	5.4	10.8	1.1	1.84
Industry - Number	36	40	38	40	55	46	52	38	40	40	31		32	39
Average Loan Size - Industry	41,944	95,600	81,263	25,219	58,334	42,592	39,423	306,684	379,600	435,100	174,839	229,552	33,438	47,179
Tourism - Loan Value	0.4	1.6	4.6	2.4	3.5	3.0	0.6	22.8	10.0	3.7	8.1	2.8	11.9	0.59
Tourism - Number	6	5	13	15	11	10	8	23	10	9	9	7	6	3
Average Loan Size - Tourism	58,666	315,400	354,462	158,803	315,257	297,400	79,875	989,870	1,002,000	410,444	896,667	405,714	1,983,333	196,667
Housing - Value	5.0	5.4	2.3	3.6	6.0	8.4	4.2	2.3	3.4	7.8	6.0	6.3	9.6	3.89
Housing - Number	119	77	73	15	108	122	62	44	49	75	59	62	72	45
Average Loan Size - Housing	41,692	70,416	32,027	242,544	55,830	68,593	67,113	51,545	70,388	103,480	100,983	101,000	133,056	86,444
Education - Value	7.3	7.3	3.9	6.1	5.1	5.1	4.2	2.8	3.8	3.7	3.6	4.6	3.9	5.03
Education - Number	290	196	148	217	179	177	143	97	113	116	110	130	135	140
Average Loan Size - Education	25,164	37,109	26,466	27,975	28,611	28,939	29,636	28,907	33,832	31,871	32,991	35,615	28,741	35,929
Personal and Other - Value	2.0	0.9	1.3	1.6	1.8	1.3	1.3	1.7	1.6	1.7	1.1	1.6	2.2	1.59
Personal and Other - Number	263	143	150	156	177	165	140	133	125	116	109	137	136	124
Average Loan Size - Personal and Other	7,566	6,477	8,913	10,023	9,915	8,138	9,379	13,053	12,592	14,560	10,514	11,701	15,956	12,823

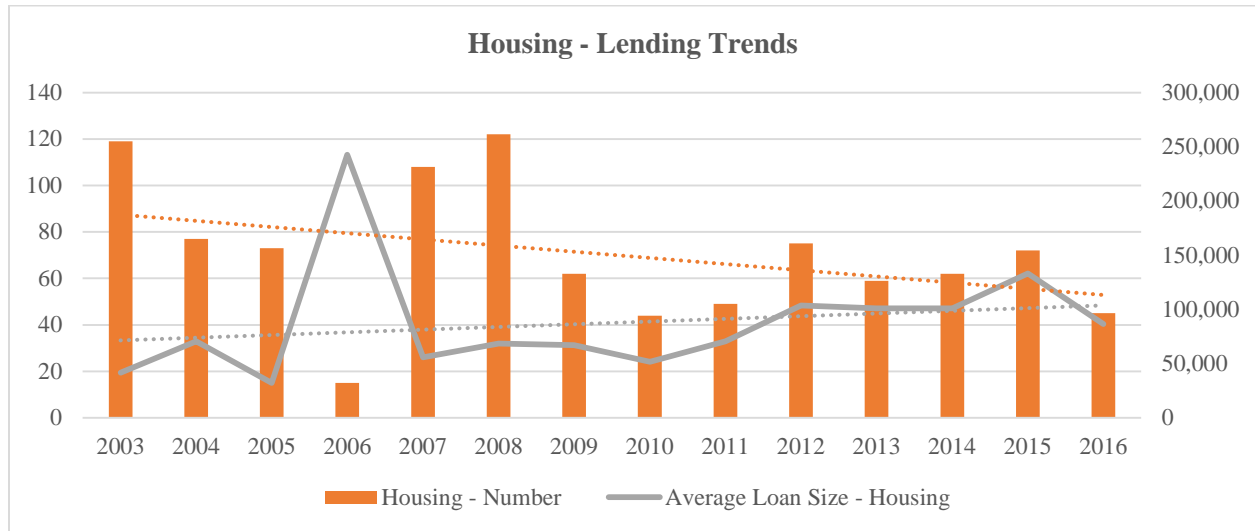
(b) Lending Trends – Industry Sub-loans



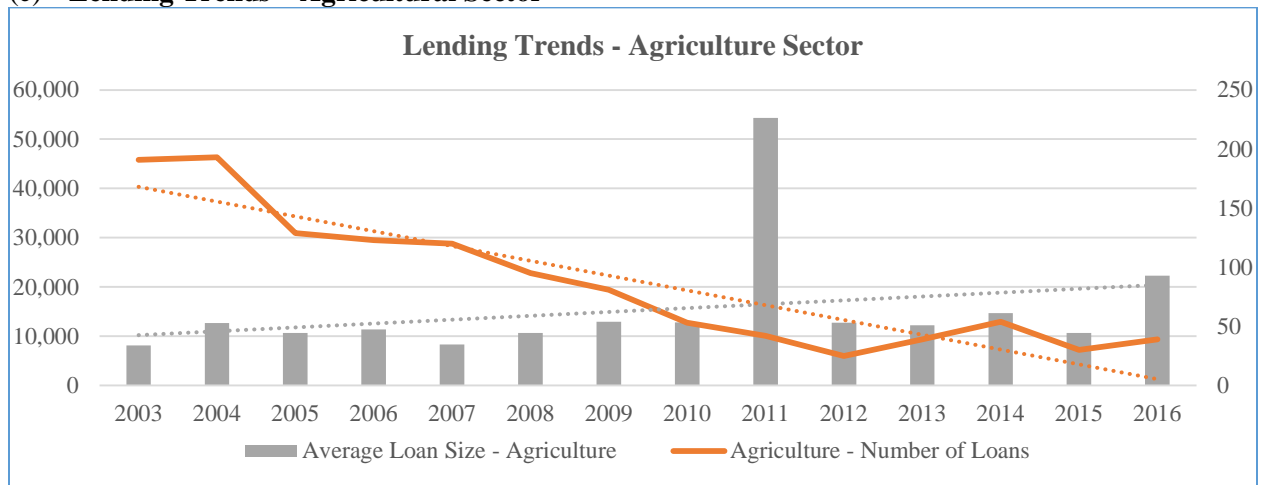
(c) Lending Trends – SLS Sub-loans



(d) Lending Trends – Housing Sub-loans



(e) Lending Trends – Agricultural Sector

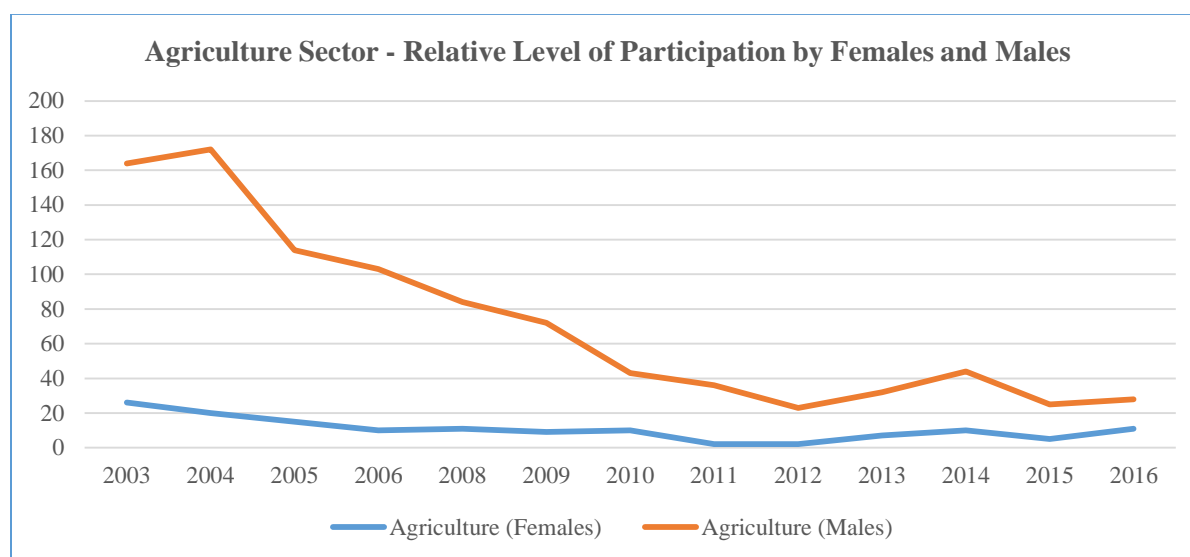


(f) **Equitable Access - Summary of Lending by Sector and Sex 2003 to 2016**

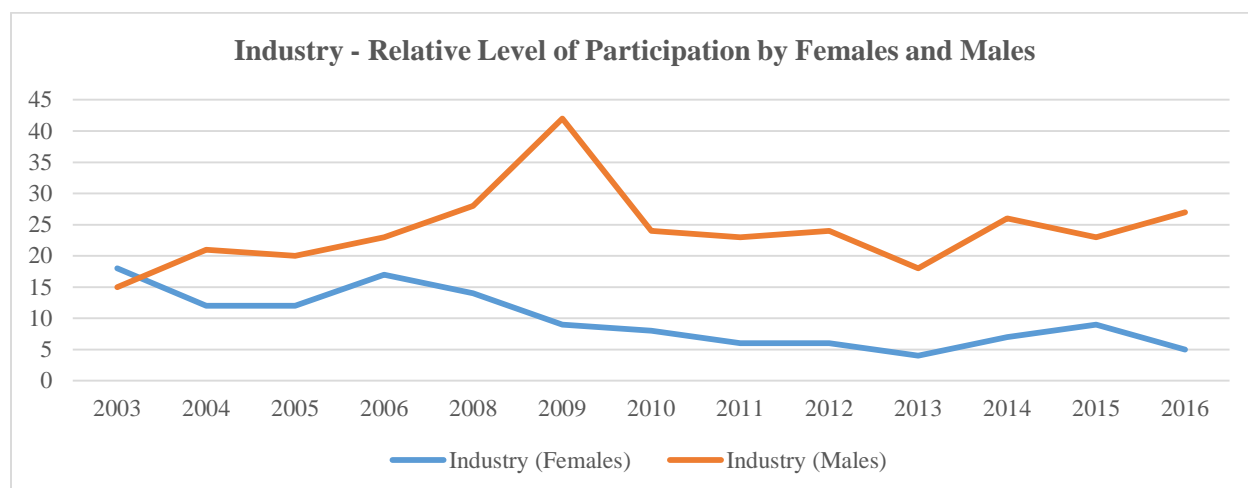
<b>FINANCIAL YEAR</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Equity in Distribution of Benefits</b>													
<b>Females (total)</b>	<b>354</b>	<b>251</b>	<b>230</b>	<b>298</b>	<b>289</b>	<b>216</b>	<b>161</b>	<b>173</b>	<b>166</b>	<b>173</b>	<b>214</b>	<b>215</b>	<b>213</b>
<b>Males (total)</b>	<b>542</b>	<b>391</b>	<b>313</b>	<b>349</b>	<b>321</b>	<b>269</b>	<b>210</b>	<b>185</b>	<b>198</b>	<b>167</b>	<b>202</b>	<b>190</b>	<b>168</b>
Agriculture (females)	26	20	15	10	11	9	10	2	2	7	10	5	11
Agriculture (males)	164	172	114	103	84	72	43	36	23	32	44	25	28
<b>% of beneficiaries that are females - Agriculture</b>	<b>14%</b>	<b>10%</b>	<b>12%</b>	<b>9%</b>	<b>12%</b>	<b>11%</b>	<b>19%</b>	<b>5%</b>	<b>8%</b>	<b>18%</b>	<b>19%</b>	<b>17%</b>	<b>28%</b>
Industry (females)	18	12	12	17	14	9	8	6	6	4	7	9	5
Industry (males)	15	21	20	23	28	42	24	23	24	18	26	23	27
<b>% of beneficiaries that are females - Industry</b>	<b>55%</b>	<b>36%</b>	<b>38%</b>	<b>43%</b>	<b>33%</b>	<b>18%</b>	<b>25%</b>	<b>21%</b>	<b>20%</b>	<b>18%</b>	<b>21%</b>	<b>28%</b>	<b>16%</b>
Tourism (females)	1	0	1	1	0	1	0	0	0	0	0	0	0
Tourism (males)	3	4	11	12	9	7	12	4	2	1	0	0	1
<b>% of beneficiaries that are females - Tourism</b>	<b>25%</b>	<b>0%</b>	<b>8%</b>	<b>8%</b>	<b>0%</b>	<b>13%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
Housing (females)	39	33	42	45	63	31	16	27	35	29	38	37	22
Housing (males)	78	41	30	50	59	31	28	22	40	30	24	35	23
<b>% of beneficiaries that are females - Housing</b>	<b>33%</b>	<b>45%</b>	<b>58%</b>	<b>47%</b>	<b>52%</b>	<b>50%</b>	<b>36%</b>	<b>55%</b>	<b>47%</b>	<b>49%</b>	<b>61%</b>	<b>51%</b>	<b>49%</b>
Education (females)	149	120	95	142	121	102	65	82	76	86	92	101	112
Education (males)	141	76	53	75	56	41	32	31	40	24	38	34	28
<b>% of beneficiaries that are females - Education</b>	<b>51%</b>	<b>61%</b>	<b>64%</b>	<b>65%</b>	<b>68%</b>	<b>71%</b>	<b>67%</b>	<b>73%</b>	<b>66%</b>	<b>78%</b>	<b>71%</b>	<b>75%</b>	<b>80%</b>



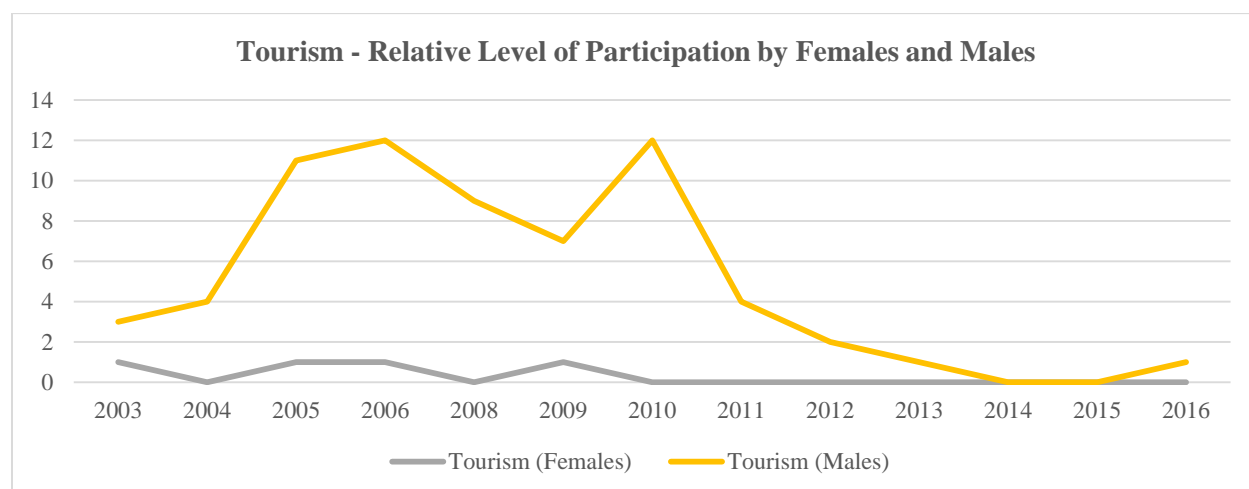
**(g) Equitable Access – Females vs Males – Agriculture Sector**



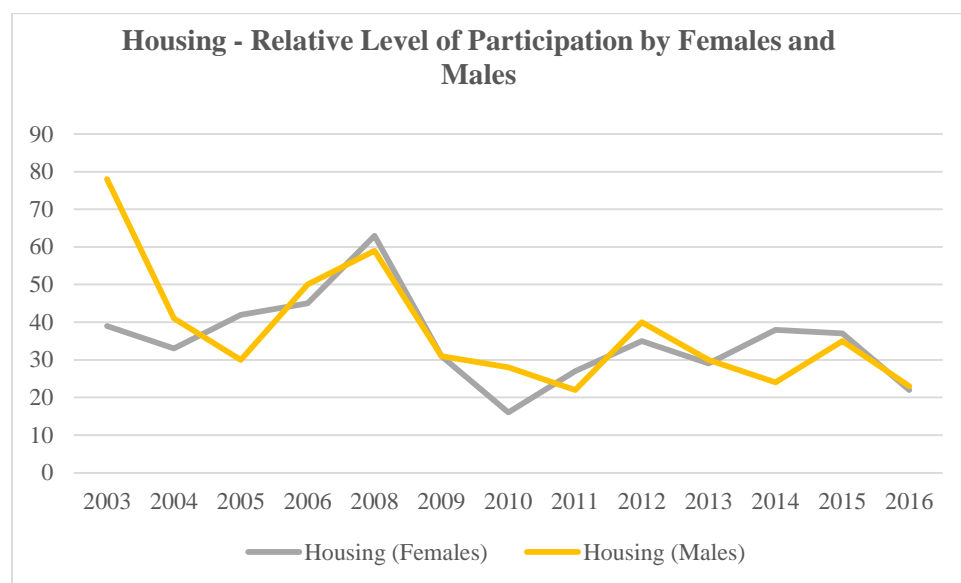
**(h) Equitable Access – Females vs Males – Industry**



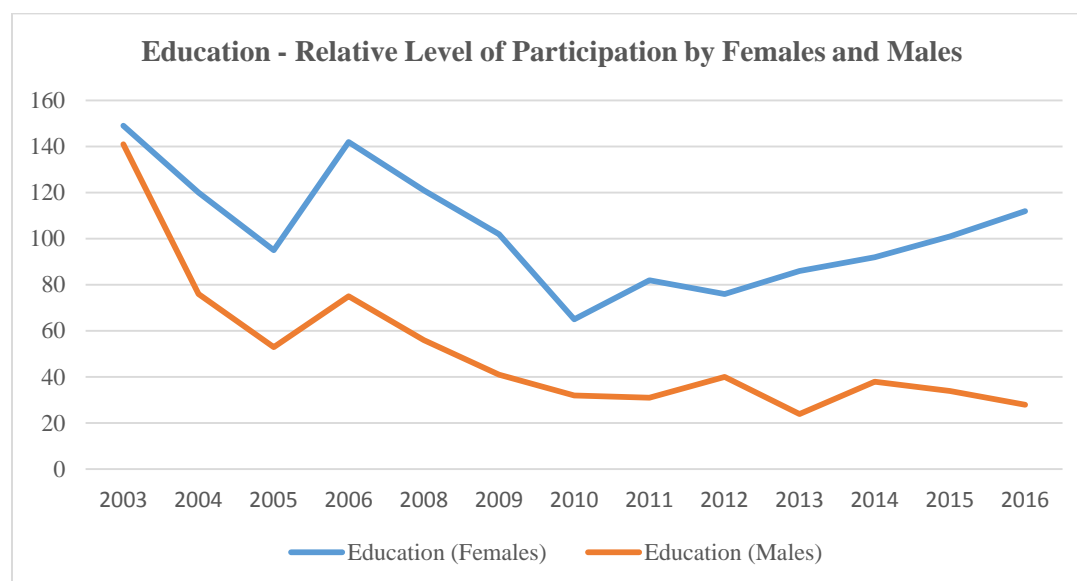
**(i) Equitable Access – Females vs Males – Tourism**



**(j) Equity in Access – Females vs Males – Housing**

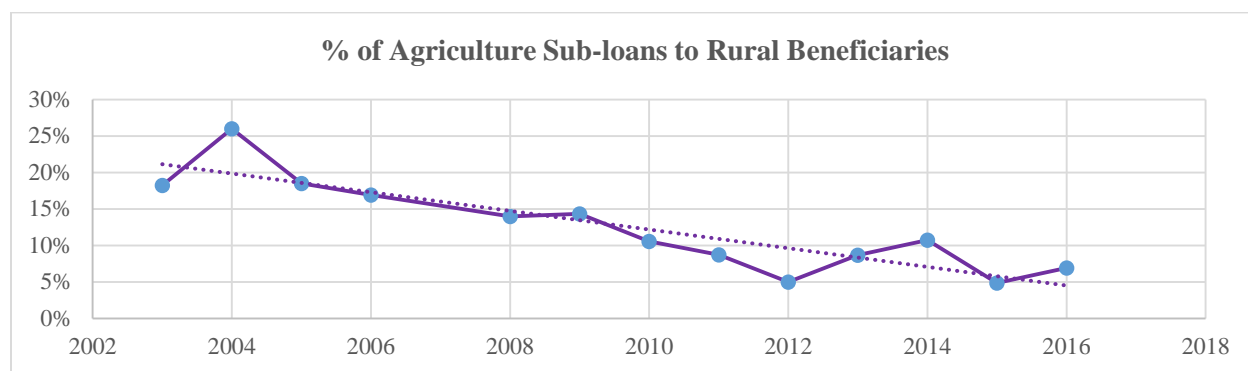
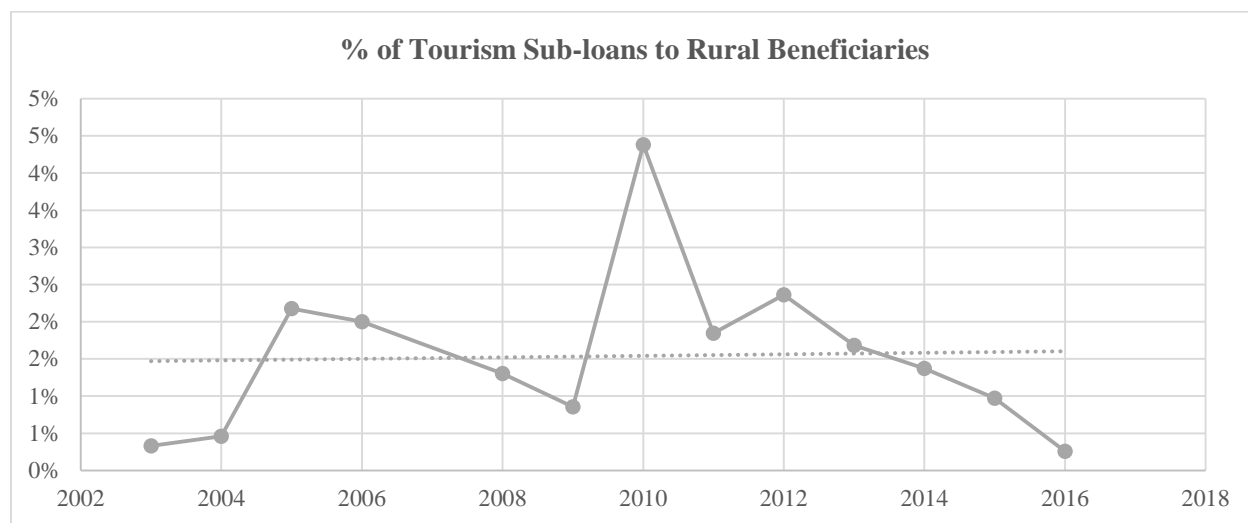
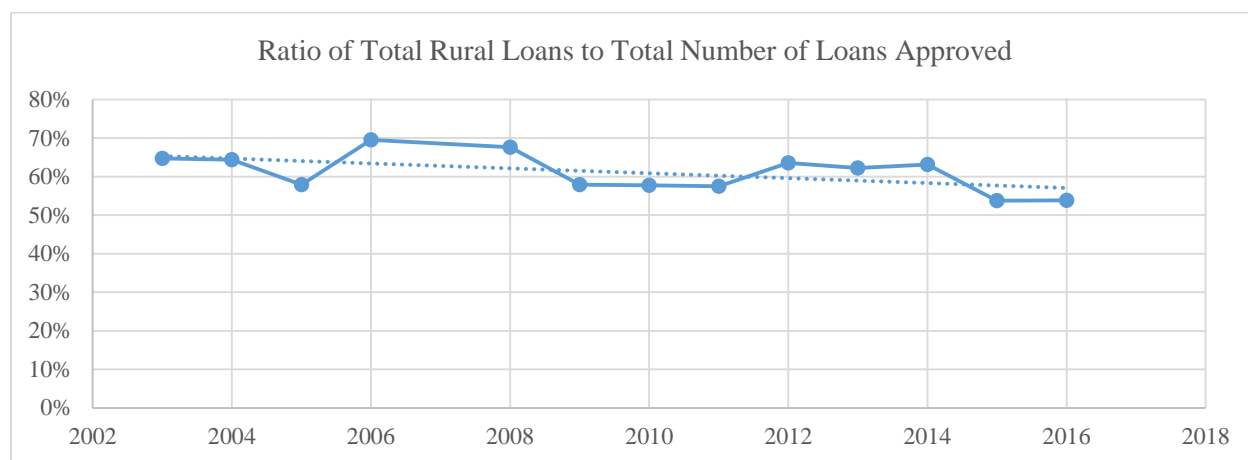


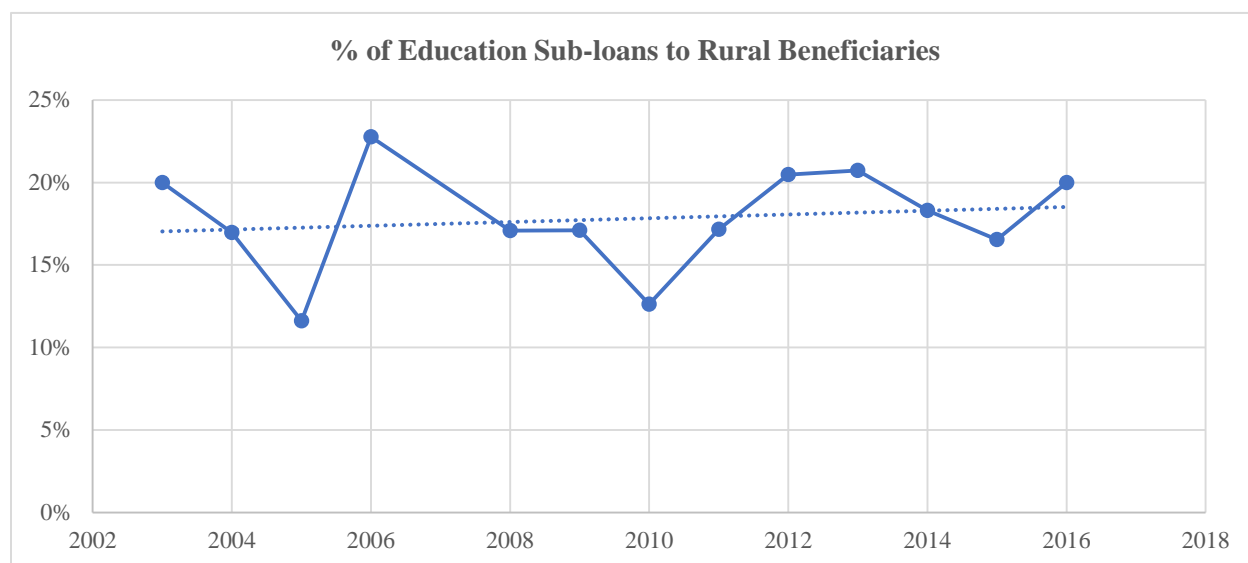
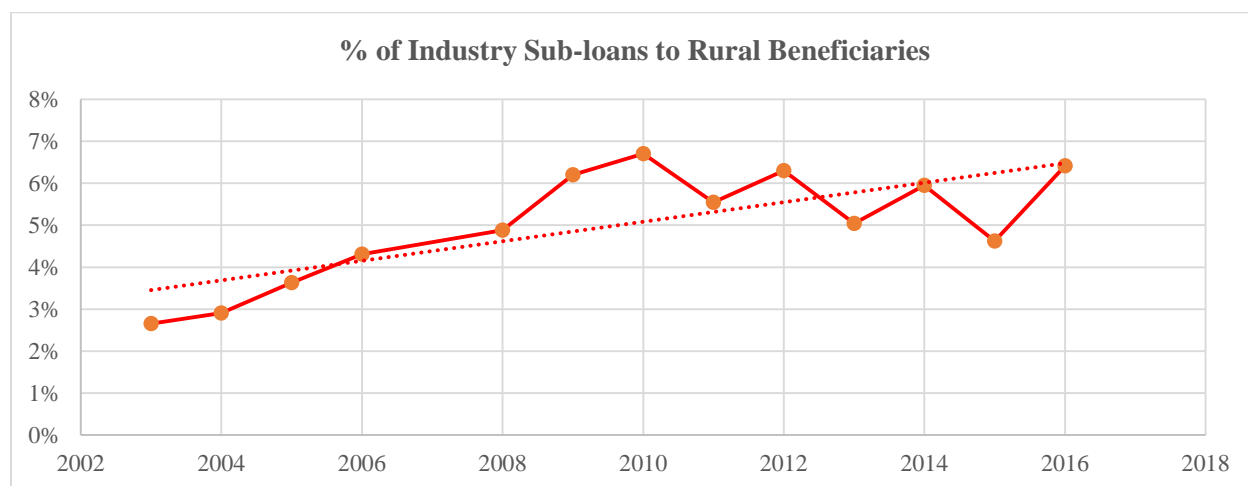
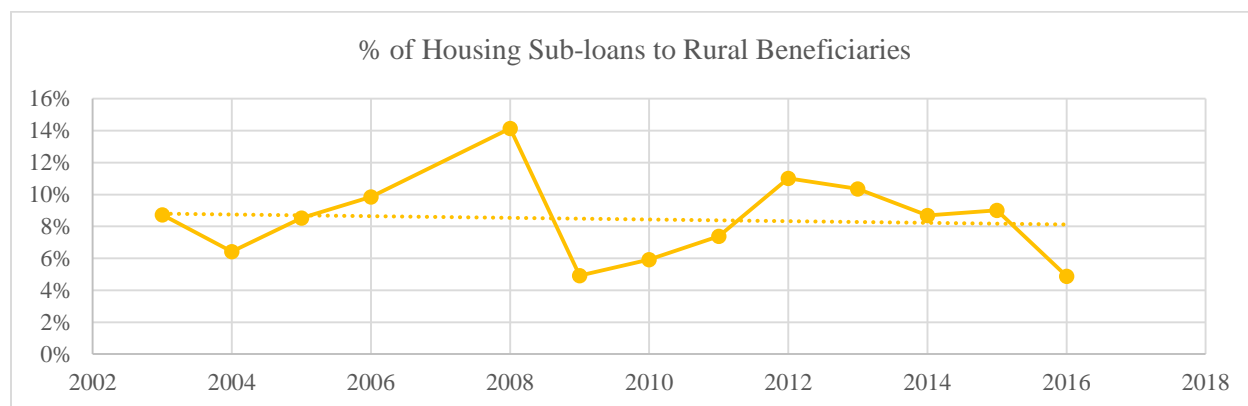
**(k) Equitable Access – Females vs Males – Education**



**(l) Equitable Access - % of Loans by Sector Accessed by Rural Beneficiaries**

Year/Sector	Agriculture	Industry	Tourism	Housing	Education	Personal	Total Rural
2003	18%	3%	0%	9%	20%	15%	65%
2004	26%	3%	0%	6%	17%	12%	64%
2005	19%	4%	2%	9%	12%	13%	58%
2006	17%	4%	2%	10%	23%	14%	70%
2008	14%	5%	1%	14%	17%	16%	68%
2009	14%	6%	1%	5%	17%	15%	58%
2010	11%	7%	4%	6%	13%	18%	58%
2011	9%	6%	2%	7%	17%	17%	58%
2012	5%	6%	2%	11%	20%	18%	64%
2013	9%	5%	2%	10%	21%	16%	62%
2014	11%	6%	1%	9%	18%	18%	63%
2015	5%	5%	1%	9%	17%	18%	54%
2016	7%	6%	0%	5%	20%	15%	54%





**EXTRACTS - PRIMARY PERFORMANCE DATA PROVIDED BY DAIDB**

**TABLE 3**

**SECTOR LENDING**

**AGRICULTURE, MAN. SERV. & TRANSP, TOURISM, HOUSING, EDUCATION, PERSONAL & OTHER LOANS  
2011/2012**

ITEM	AGRICULTURE	MANUF. SERV & TRANSP.	TOURISM	HOUSING	EDUCATION	PERSONAL & OTHER	TOTAL
No. of Loans Granted	25	40	9	75	116	116	381
Value of Loans (EC\$)	318,886.00	17,404,384.00	3,693,975.00	7,760,981.66	3,697,781.00	1,688,758.34	34,564,766.00
Estimated No. of Jobs Created	54	303	196	269	-	0	822
Average Loan Size (EC\$)	12,755	435,110	410,442	103,480	31,877	14,558	90,721
No. Of Loans:							
Women	2	6	0	35	76	47	166
Men	23	24	2	40	40	69	198
Groups	0	0	0	0	0	0	0
Partnership	0	0	0	0	0	0	0
Cooperative	0	0	0	0	0	0	0
Company	0	10	7	0	0	0	17
No. Of Loans to:							
Roseau & Environs	6	16	0	33	38	46	139
Rural Areas	19	24	9	42	78	70	242

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK																		
REPORT ON LOAN APPROVALS AND DISBURSEMENTS																		
CONSOLIDATED LINE OF CREDIT - EDUCATION																		
LOAN NO. 17/SFR-OR-DMI/ 8TH CON LINE																		
for the period July 23, 2009 to December 31, 2016																		
OCR PORTION																		
NO.	LOAN NO.	BORROWER	Address		GENDER	DATE OF APPROVAL	AMOUNT APPROVED (EC\$)	AMOUNT DISBURSED (EC\$)	PRINCIPAL OUTSTANDING (EC\$)	ARREARS			LOAN STATUS	DURATION OF STUDY (mths)	PROGRAMME OF STUDY	LEVEL	NAME & LOCATION OF EDUCATIONAL INSTITUTION	STATUS OF STUDENT
			RURAL	URBAN						Interest	Principal	Total						
1	20110113		Grandbay		F	May 13, 2011	16,300.00	12,650.00	12,141.08	95.79	498.03	593.82	Performing	60	Medicine	Bachelor	Escuela Latinoamericana de Medicina, Venezuela	completed
2	20100309		Mahaut		F	September 10, 2010	6,750.00	6,750.00	-			-	closed	24	Business Administration	Bachelor	Business Training Center, Roseau, D/ca	completed
3	20110046		Eggleston		F	February 9, 2011	16,300.00	16,300.00	-			-	closed	14	Hospitality Management	Bachelor	Monroe College, St. Lucia	completed
4	20100080		Portsmouth		M	March 8, 2010	48,539.00	-	-			-	closed	24	Nuclear Medicine Technology	Associate	Bronx Community College, NY, USA	completed
5	20100059		Marigot		F	February 17, 2010	95,000.00	83,997.40	53,478.64			-	closed	30	Biology	Bachelor	Plattsburgh State University, NY, USA	completed
6	20100720		Salisbury		F	December 16, 2010	48,891.43	48,891.43	14,698.79			-	closed	24	Legal Studies	Bachelor	BPP College of Professional Studies, England	completed
7	20090273		Portsmouth		F	September 10, 2009	4,000.00	4,000.00	3,027.34	389.54	3,027.34	3,416.88	non-performing	12	High School Diploma	Diploma	Penn Foster High School, Pennsylvania, USA	completed
8	20100084		Wesley		M	March 11, 2010	6,000.00	6,000.00	-			-	closed	24	Accounting	Bachelor	Dewry University, USA	completed
9	20130231		Bense		F	August 26, 2013	120,000.00	120,000.00	110,162.50			-	Performing	48	Human Resource Management	Bachelor	Northern Caribbean University, Jamaica	completed
10	20120360		Grand Fond		F	October 5, 2012	56,000.00	56,000.00	43,375.38			-	Performing	24	Economics	Bachelor	UWI, St. Augustine Campus, Trinidad	completed
11	20100285		Canefield		F	August 20, 2010	79,500.00	79,500.00	67,772.51			-	Performing	48	Psychology	Bachelor	UWI, Cavehill Campus, Barbados	completed
12	20090371		Kingshill		F	November 25, 2009	3,278.00	3,278.00	-			-	closed	24	Information Technology	Associate	Dominica State College, Stockfarm, Dominica	completed
237	20110280	Layou		M	September 22, 2011	20,000.00	19,999.99	13,793.41		1.07	1.07	Performing	60	Marketing	Bachelor	Northern Caribbean University, Jamaica	completed	
238	20090338	Atkinson		M	October 22, 2009	3,000.00	3,000.00	-			-	closed	6	Economics	Bachelor	University of the West Indies, Cavehill, Barbados	completed	
239	20110150	Goodwill		F	June 10, 2011	11,500.00	11,499.99	-			-	closed	24	Education	Masters	Framingham State College, Trinidad	completed & employed	

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK																				
REPORT ON LOAN APPROVALS AND DISBURSEMENTS																				
CONSOLIDATED LINE OF CREDIT - AIC																				
LOAN NO. 17/SFR-OR-DMI/ 8TH CON LINE																				
FOR THE PERIOD OCTOBER 31, 2010 - DECEMBER 31, 2016																				
NO.	LOAN NUMBER	BORROWER	GENDER	SIZE (# of Employees)	SECTOR	ADDRESS OF BORROWER	DATE OF APPROVAL	TOTAL LOAN AMOUNT APPROVED	LOAN AMOUNT APPROVED UNDER CDB	LOAN DISBURSED UNDER CDB	PRINCIPAL OUTSTANDING UNDER CDB	LOAN TERM (Inclusive of Grace)	GRACE PERIOD	LOAN STATUS	ARREARS Under CDB			PROJECT DESCRIPTION	PROJECT LOCATION	RURAL/URBAN
								(EC\$)	(EC\$)	(EC\$)	(EC\$)	Months	Months		Interest	Principal	Total			
1	20140198		Company	5	Tourism	Loubiere	March 2010	1,117,656.00	559,462.00	559,462.00	551,879.71	192	12	Performing	7,270.34	3,435.26	10,705.60	To Purchase vessel, dive equipment, property and improve jetty	Loubiere	Urban
2	20100659		Male	2	Agriculture	Marigot	Dec 2010	6,000.00	6,000.00	6,000.00	-	38	2	Closed	-	-	-	To pay Farm Labour	Marigot	Rural
3	20100134		Company	7	Manufacturing	Portsmouth	April 2010	600,000.00	600,000.00	-	-	36	0	Closed	-	-	-	Manufac. Of Zinc Sheets- Purchasing of stock	Portsmouth	Urban
4	20100135		Company	7	Manufacturing	Portsmouth	April 2010	1,600,000.00	783,250.00	783,250.00	655,946.74	60	8	Non-Performing	89,629.37	164,580.57	254,209.94	Manufac. Of Zinc Sheets- Acq of new equipment	Portsmouth	Urban
5	20100305		Male	2	Services	Castle Bruce	Sept 2010	86,000.00	86,000.00	86,000.00	22,525.58	62	2	Performing	81.21	5,207.31	5,288.52	Purchase of Nissan Urvan Bus	Castle Bruce	Rural
6	20140111		Company	25	Tourism	Anse-De-Mai	Sept 2009	7,961,260.88	2,500,000.00	2,500,000.00	2,500,000.00	79	24	Performing	174,270.64	84,295.60	258,566.24	Development of Hotel Facility	Anse-De-Mai	Rural
7	20110270		Female	2	Agriculture	Capuchin	Sept 2011	28,590.00	28,590.00	28,590.00	-	61	1	Closed			-	To purchase and set up green house	Capuchin	Rural
8	20100598		Male	2	Agriculture	Woodford Hill	Dec 2010	40,000.00	30,970.68	29,112.17	-	86	2	Closed	-	-	-	Purchase Boat Engine and Fishing Equipment	Woodford Hill	Rural
9	20100113		Male	4	Services	Tarrou	April 2010	18,679.00	18,679.00	18,679.00	-	52	2	Closed	-	-	-	To Purchase a Bridgeport Milling Machine	Tarrou	Rural
10	20100735		Male	3	Services	Roseau	Dec 2010	752,000.00	233,384.00	233,384.00	211,971.89	36	6	Non-Performing	53,989.97	55,967.65	109,957.62	To Renovate Building	Roseau	Urban
11	20100264		Male	2	Agriculture	Pointe Michel	August 2010	20,000.00	20,000.00	17,014.48	2,064.95	67	7	Performing	-	-	-	To Develop Poultry Farm	Pointe Michel	Rural
			Male	3	Tourism	Portsmouth	Nov 2010	258,000.00	204,262.18	204,262.18	128,130.66	126	6	Performing	-	8,345.13	8,345.13	Construct Basement Apartment, Purchase AC Unit, purchase Frniture and Refinance NDFD Loans	Portsmouth	Urban
24	20130003	Company	4	Tourism	Portsmouth	May 2010	3,028,638.00	1,813,210.00	1,813,210.00	1,813,210.00	143	18	Performing	204,928.52	297,252.71	502,181.23	Expansion of Student Facility	Portsmouth	Urban	
25	20100681	Female	2	Agriculture	Salisbury	Dec 2010	11,950.00	11,950.00	11,950.00	-	61	1	Closed	-	-	-	To Purchase Green House	Salisbury	Rural	
26	20110393	Female	2	Agriculture	Roseau	Nov 2011	60,150.00	60,150.00	60,150.00	34,905.59	86	2	Performing	279.90	12,451.19	12,731.09	To purchase rising vessel, equipment, 2 fishing netes	Roseau	Urban	
42	20100595	Male	2	Transportation	Warner	Nov 2010	89,000.00	89,000.00	89,000.00	-	62	2	Closed	13.19	727.06	740.25	To Purchase 2010 Nissan Urvan Passenger Bus	Warner	Rural	
43	20090294	Company	4	Services	Colihaut	Sept 2009	200,000.00	200,000.00	199,933.91	104,076.06	64	4	Performing	469.60	25,974.54	26,444.14	Purchase excavating Equipment	Colihaut	Rural	
		TOTAL						38,380,298.21	16,055,306.88	14,543,850.76	10,924,447.90				1,028,432.68	1,356,198.11	2,384,630.79			



DOMINICA AGRICULTURAL INDUSTRIAL & DEVELOPMENT BANK																						
REPORT ON LOAN APPROVALS AND DISBURSEMENTS																						
CONSOLIDATED LINE OF CREDIT - MORTGAGE																						
LOAN NO. 17/5FR-OR-DMI- CDB Rth Con Line																						
FOR THE PERIOD OCTOBER 1, 2009 TO DECEMBER 31, 2016																						
NO.	LOAN NO.	BORROWER	GENDER	ADDRESS OF BORROWER	RURAL/ URBAN	OCCUPATION	SIZE OF FAMILY	NEW WORKS		PROPERTY VALUE ON COMPL.	LOAN AMOUNT APPROVED UNDER CDB	AMOUNT DISBURSED UNDER CDB	PRINCIPAL OUTSTANDING UNDER CDB	LOAN TERM (Months)	LOAN STATUS	Arrears			ANNUAL INCOME OF BORROWER	LOAN PURPOSE	RURAL/ NON-RURAL	
								COST	AREA							Interest	Principal	Total				
1	20120095		M	Marigot	Rural	Principal	4	59,300.00	186 sq. ft.	266,370.00	59,300.00	59,300.00	33,526.13	107	Performing	-	-	-	53,286.72	To Improve Dwelling House	R	
2	20110187		M	Canefield	Urban	Watchman	1	5,757.86	677 sq. ft.	188,412.00	5,757.86	5,757.86	-	46	Closed	-	-	-	23,666.40	To Improve Dwelling House	NR	
3	20100318		M	Pointe Michel	Rural	Fitter Mechanic Flight Operations Agent/	1	75,572.20	131 sq. ft.	279,048.25	75,500.00	75,500.00	61,347.31	180	Performing	-	13.20	13.20	51,384.00	To Complete Dwelling House	NR	
4	20100240		M/F	Wesley	Rural	Operations Agent/	2	98,780.00	540 sq. ft.	152,200.00	98,780.00	98,780.00	-	240	Closed	-	-	-	42,000.00	To Construct Dwelling House	R	
10	20120076		M	Portsmouth	Urban	Propagator	1	31,568.00	730 sq. ft.	131,422.00	31,568.00	31,568.00	-	72	Closed	-	-	-	15,820.80	To Improve Dwelling House	R	
11	20100250		F/M	Soufriere	Rural	Traffic Officer/Farm	2	181,000.00	733 sq. ft.	195,738.00	170,000.00	170,000.00	155,893.76	240	Performing	-	-	-	57,565.92	To Construct Dwelling House	R	
12	20100036		M	Canefield	Urban	Handy man	3	10,800.00	804 sq ft	167,500.00	10,800.00	10,800.00	1,577.52	91	Performing	-	5.07	5.07	30,000.00	To Complete Dwelling	NR	
13	20090312		M	Salybia	Rural	Fire Officer	7	3,000.00	-	-	3,000.00	3,000.00	-	12	Closed	-	-	-	28,086.84	To Improve Dwelling	R	
14	20100328		M	Salybia	Rural	Fire Officer	7	6,500.00	-	-	6,500.00	6,500.00	-	24	Closed	-	-	-	28,086.84	To Improve Dwelling House	R	
15	20100039		F/M	Canefield	Urban	Teacher/Auto Mechanic	4	195,000.00	984 sq ft	269,247.00	172,554.00	172,554.00	-	240	Closed	-	-	-	48,365.52	To Construct Dwelling	R	
16	20110119		M	Morne Prosper	Rural	Farmer	4	6,500.00	-	-	6,500.00	6,500.00	-	36	Closed	-	-	-	28,800.00	To Improve Dwelling House	R	
17	20110114		F/M	Canefield	Urban	Insurance Clerk/Road	5	150,128.00	618 sq. ft.	183,040.00	150,128.00	-	-	213	Cancelled	-	-	-	60,096.00	To Purchase Dwelling House	R	
18	20100035		M	Pointe Michel	Rural	Surveyor	1	29,976.00	639 sq. ft.	99,718.00	29,561.00	29,561.00	18,238.97	180	Performing	-	-	-	14,400.00	To Construct Dwelling	NR	
19	20120062		M	Pointe Michel	Rural	Fitter Mechanic	2	32,100.00	500 sq. ft.	100,514.00	32,100.00	32,100.00	29,267.60	51	Performing	-	-	-	31,884.00	To purchase dwelling house (\$50,000), pay transfer fees (\$5,900)	NR	
20	20100593		F	Roseau	Urban	Sales Rep	3	10,000.00	-	-	10,000.00	10,000.00	-	48	Closed	-	-	-	16,800.00	To Improve Dwelling House	NR	
21	20110273		F	Roseau	Urban	Sales Representative	3	10,532.00	-	-	4,751.93	4,751.93	-	48	Closed	-	-	-	16,800.00	To Improve Dwelling House	NR	
22	20110378		M	Cockrane	Rural	Electronic Technician	2	50,138.00	600 sq. ft.	-	50,138.00	50,138.00	-	93	Closed	-	-	-	51,201.48	To Complete Dwelling house	R	
23	20100313		F	Canefield	Urban	Legal Secretary	2	10,224.00	682 sq. ft.	182,910.00	10,224.00	10,224.00	-	19	Closed	-	-	-	31,800.00	To Improve Building	NR	
25	20110112		M	Salybia	Rural	Extension Field Officer	2	17,759.00	-	-	7,000.00	7,000.00	-	36	Closed	-	-	-	21,930.00	To Improve Dwelling House	R	
26	20110077		M	Kings Hill	Urban	Sr. Store Clerk	1	5,600.00	-	-	5,600.00	5,600.00	-	36	Closed	-	-	-	26,705.04	To Improve Dwelling House	NR	
24	20100388		F	Soufriere	Rural	Nurse	5	6,000.00	-	-	6,000.00	6,000.00	-	24	Closed	-	-	-	24,365.52	To Improve Dwelling House	R	
27	20120189		F			Farmer	2	18,300.00	745 sq. ft.	81,980.00	18,300.00	18,300.00	-	90	Closed	-	-	-	23,244.00	To complete dwelling house	R	
28	20110136		M			Police Officer Senior	2	16,000.00	320 sq. ft.	87,036.00	9,900.00	9,900.00	-	38	Closed	-	-	-	22,361.16	To Improve Dwelling House	R	
29	20150235		F/M	Jimmit	Urban	Clerk/ Senior Politician	2	200,550.00	988 sq. ft.	279,290.00	200,550.00	200,550.00	197,923.79	138	Performing	-	-	-	66,620.28	To purchase land (\$43,351) and pay transfer fees(\$4,967)	NR	
30	20090238		F	Bath Estate	Urban	Vendor	1	12,100.00	327 sq. ft.	174,430.00	12,100.00	12,100.00	1,880.50	96	Performing	-	92.72	92.72	10,800.00	To Renovate Dwelling	NR	
31	20090421		F	Goodwill	Urban	Administrative Asst.	1	84,634.77	630 sq. ft.	246,404.00	84,634.77	84,634.77	76,766.45	240	Performing	-	-	-	10,800.00	To Construct Top Floor	NR	
32	20110360		F	Castle Comfort	Urban	Customer Service Rep.	2	10,915.00	000 sq. ft.	-	10,915.00	10,915.00	-	48	Closed	-	-	-	10,800.00	To Repair Dwelling House	NR	
33	20090359		F	Fond Cole	Urban	Data Entry Clerk	2	10,380.00	756 sq ft	110,222.00	10,380.00	10,380.00	8,468.04	120	Performing	-	-	-	15,600.00	To Improve Dwelling	NR	
34	20110031		M	Atkinson	Rural	Farmer/Construction	2	8,300.00	299 sq. ft.	-	6,750.00	6,750.00	-	36	Closed	-	-	-	27,000.00	To Improve Dwelling House	R	
35	20100345		F/F	Pointe Michel	Rural	Junior Clerk/ Cashier	2	10,241.64	520 sq. ft.	91,484.00	10,482.51	5,238.63	-	24	Closed	-	-	-	30,975.84	To Improve Dwelling House	NR	
36	20100104		M	Tarreau	Rural	Tariff Clerk	3	291,383.00	1,262 sq ft	454,546.00	200,000.00	171,710.49	-	240	Closed	-	-	-	22,008.00	To Construct Dwelling	R	
37	20090317		M	Castle Bruce	Rural	Pipe Fitter	1	25,000.00	-	93,465.00	25,000.00	25,000.00	16,034.93	120	Performing	-	-	-	19,257.60	To Renovate Dwelling	R	
38	20110075		M	Warner	Rural	Police Officer	1	7,000.00	-	-	7,000.00	6,000.00	-	30	Closed	-	-	-	21,709.80	To Improve Dwelling House	R	
39	201500223		M	Massacre	Urban	Lecturer/Farmer	4	108,000.00	754 sq. ft.	398,930.00	47,246.50	47,246.50	43,632.96	84	Performing	-	-	-	50,010.72	To Improve Dwelling House	NR	
60	201500367		M	Kings Hill	Urban	Mortician	2	39,680.00	592 sq. ft.	-	7,000.00	7,000.00	4,398.54	36	Closed	-	-	-	27,932.76	To Complete Basement	NR	
61	20120147		F	Jimmit	Urban	Shipping Clerk	2	65,300.00	822 sq. ft.	320,840.00	65,365.50	40,156.63	62,008.69	141	Performing	-	-	-	34,992.00	To construct basement of dwelling house	NR	
62	20100109		M	Wesley	Rural	Bus Driver	4	7,000.00	-	-	7,000.00	7,000.00	-	24	Closed	-	-	-	12,000.00	To Improve Dwelling House	R	
63	20100310		F	Stock Farm	Urban	Cashier	2	22,463.01	976 sq. ft.	340,680.00	22,463.01	22,463.01	-	51	Closed	-	-	-	31,200.00	To Improve Dwelling House	NR	
TOTAL							154	2,861,984.36			2,510,253.71	2,161,664.45	919,720.92			185.68	468.06	653.74				

**ANALYSIS OF PERFORMANCE**

**Table : AIC Component – Analysis of Performance**

	Urban		Rural		Total	
<b>Number of Loans</b>	19		24		43	
<b>Value of Loans Approved (XCD)</b>	23,929,925		14,450,372.96		38,380,298.21	
<b>Average Loan Size</b>	1,259,470		602,099		892,565.07	
<b>Number and Amount of Loans by Company Structure:</b>						
<b>Private Limited Liability Company (#, XCD)</b>	12	22,722,761	6	12,891,261	18	35,614,022
<b>Female-owned sole proprietor (#, XCD)</b>	1	60,150	3	940,540	4	1,000,690
<b>Male-owned sole proprietor (#, XCD)</b>	6	1,147,014	15	618,572	21	1,765,586
<b>Type of Business Activity [1]</b>	Agriculture (2)		Agriculture (14)		Agriculture (16)	
	Manufacturing (3)		Manufacturing (1)		Manufacturing (4)	
	Services (5)		Services (3)		Services (8)	
	Tourism (8)		Tourism (5)		Tourism (13)	
	Transportation (1)		Transportation (1)		Transportation (2)	
<b>No. of Loans with Arrears</b>	9		10		19	
<b>Amount of Principal in Arrears (XCD)</b>	548,832		807,366		1,356,198	
<b>Profile of Businesses in Arrears:</b>	Private Limited Liability Company (6)		Private Limited Liability Company (4)		Private Limited Liability Company (10)	
	Female-owned Sole Proprietor (1)		Female-owned Sole Proprietor (1)		Female-owned Sole Proprietor (2)	
	Male-owned Sole Proprietor (2)		Male-owned Sole Proprietor (5)		Male-owned Sole Proprietor (7)	
	Agriculture (1)		Agriculture (3)		Agriculture (4)	
	Manufacturing (2)				Manufacturing (2)	
	Services (1)		Services (2)		Services (3)	
	Tourism (4)		Tourism (2)		Tourism (6)	
	Transportation (1)				Transportation (1)	
<b>No. of NPLs</b>	3		5		8	
<b>Amount of Principal in Arrears for NPLs (XCD)</b>	108,613		691,048		799,661	
<b>Profile of Businesses with NPLs:</b>	Male-owned Sole Proprietor (1)		Male-owned Sole Proprietor (2)		Male-owned Sole Proprietor (3)	
	Female-owned Sole Proprietor (0)		Female-owned Sole Proprietor (1)		Female-owned Sole Proprietor (1)	
	Private Limited Liability Company (2)		Private Limited Liability Company (2)		Private Limited Liability Company (4)	
			Agriculture (2)		Agriculture (2)	
	Manufacturing (1)				Manufacturing (1)	
	Services (1)				Services (1)	
	Tourism (1)		Tourism (3)		Tourism (4)	

[1] The specific activities were as follows:

- Agriculture – Inputs and/or farm labour (5); fishing equipment (6); develop poultry farm (2); establish greenhouse operations (3)
- Tourism – Equipment and improving infrastructure for water sports enterprise (1); construction of accommodations for general tourists or students (11); and purchase of passenger bus (1)
- Transportation – purchase of passenger buses (2)
- Services – Telecommunications (2); machining services (1); construction (2); transportation (3)
- Manufacturing - Roofing Sheets (2); Essential Oils & Spices (1); Ice-Cream

## APPENDIX 13

**Table: Housing Component – Analysis of Performance**

	No. of Loans Approved			Value of Loans Approved	No. of Borrowers	Average Loan Size/Borrower	No. of Beneficiaries	
	Total	Rural	Urban					
All	63	34	29	2,510,253.71	59	42,547	139	
Female	22	9	13	699,766.72	20	34,988	73	
Male	33	19	14	862,498.37	31	27,823	41	
Joint (Female & Male)	8	5	3	947,988.62	8	118,499	25	
Rural	34			1,457,692.73				
Urban	29			1,052,560.98				
Income Range	Female	Male	F/M	Total		Urban	Rural	Unknown
1-10,000	0	1	0	1	2%	1	0	
10,001-20,000	9	5	0	14	22%	9	5	
20,001-30,000	6	17	0	23	37%	9	13	1
30,001-40,000	5	5	1	11	17%	5	6	
40,001-50,000	1	1	3	5	8%	2	3	
50,001-60,000	1	4	2	7	11%	1	6	
60,001-70,000	0	0	2	2	3%	2	0	
Total	22	33	8	63	100%	29	33	1
	Total	Female	Male	Urban	Rural			
No. of Loans with Arrears	6	3	3	2	4			
No. of NPLs	0							
Income Range:								
1-10,000	0							
10,001-20,000	1	1		1				
20,001-30,000	1		1	1				
30,001-40,000	1		1		1			
40,001-50,000	1	1			1			
50,001-60,000	3	1	2	1	2			
60,001-70,000	0							

**Table: Education Component, OCR Resources – Analysis of Performance**

<b>Education - OCR Component</b>							
	Total	Rural	Urban	Regional	Extra-Regional		
Number of Loans Approved	239	147	92				
Female	158	96	62	105	53		
Male	81	51	30	44	37		
Value of Loans Approved	7,768,052	4,607,878	3,160,175	4,015,760	3,752,293		
Female	5,022,747	2,941,726	2,081,021	2,835,585	2,187,163		
Male	2,745,305	1,666,152	1,079,153	1,180,175	1,565,130		
Number of Beneficiaries	227	140	87				
Female	148	90	58				
Male	79	50	29				
Distribution of Loan Size :	No.	Female Value	%	No.	Male Value	%	
1 - 20,000	106	1,155,891	23%	47	447,861	16%	
20,001 - 40,000	9	287,106	6%	11	343,332	13%	
40,001 - 60,000	8	395,425	8%	4	183,572	7%	
60,001 - 80,000	12	851,065	17%	3	205,000	7%	
80,001 - 100,000	17	1,587,500	32%	12	1,108,270	40%	
100,001 - 120,000	3	355,000	7%	3	336,000	12%	
120,001 - 140,000	2	242,540	5%	1	121,270	4%	
140,001 - 160,000	1	148,220	3%	0	0	0%	
Total	158	5,022,747	100%	81	2,745,305	100%	
Subject Areas Studied:	Female		Male				
Business Studies :	48	30%	16	20%			
Accounting	12		6				
Finance	2		1				
Human Resource Management	6		0				
International Business	2		1				
Marketing	3		2				
General	23		6				
Agriculture	1	1%	4	5%			
Economics	3	2%	5	6%			
Education	9	6%	3	4%			
Engineering	1	1%	17	21%			
General Science	8	5%	8	10%			
Health	39	25%	9	11%			
Information Technology	12	8%	9	11%			
Law	8	5%	3	4%			
Tourism	12	8%	1	1%			
Other	17	11%	6	7%			
Total	158	100%	81	100%			
Level of Certification Pursued:	158	81					
Certificate	6	6					
Diploma	6	5					
Associate Degree	22	9					
Bachelor	111	55					
Master	13	5					
Doctorate	0	1					
Arrears and Non-Performing Loans:							
	Total	Female	Male	Rural	Urban	Regional	Extra-Regional
No. of Loans with Arrears	61	37	24	46	15	37	24
Value of Principal in Arrears	113,247	57,946	55,301	60,946	52,301	51,131	62,116
No. of Non-Performing Loans	4	3	1	3	1	0	4
Value of Principal that is Non-Performing	44,036	28,674	15,362	31,618	12,418	0	44,036

## APPENDIX 13

Education - SFR Component							
	Total	Rural	Urban	Regional	Extra-Regional		
Number of Loans Approved	29	23	6	24	5		
Female	19	15	4	17	2		
Male	10	8	2	7	3		
Value of Loans Approved	1,346,885	1,092,835	254,050	982,885	364,000		
Female	807,335	670,585	136,750	743,335	64,000		
Male	539,550	422,250	117,300	239,550	300,000		
Number of Beneficiaries	26	21	5	21	5		
Female	17	14	3	15	2		
Male	9	7	2	6	3		
	Female			Male			
Distribution of Loan Size:	No.	Value	%	No.	Value	%	
1 - 20,000	6	54,750	7%	5	39,550	7%	
20,001 - 40,000	5	176,835	22%	0	0	0%	
40,001 - 60,000	4	198,750	25%	0	0	0%	
60,001 - 80,000	0	0	0%	0	0	0%	
80,001 - 100,000	4	377,000	47%	5	500,000	93%	
100,001 - 120,000	0	0	0%	0	0	0%	
120,001 - 140,000	0	0	0%	0	0	0%	
140,001 - 160,000	0	0	0%	0	0	0%	
Total	19	807,335	100%	10	539,550	100%	
Subject Areas Studied:	Female		Male				
Business Studies:	12	63%	0	0%			
Accounting	5						
Finance	0						
Human Resource Management	1						
International Business	0						
Marketing	0						
General	6						
Agriculture	0						
Economics	0						
Education	1		1				
Engineering							
General Science							
Health	3		3				
Information Technology							
Law			1				
Tourism	1						
Other	2		5				
Total	19		10				
Level of Certification Pursued:							
Certificate							
Diploma			1				
Associate Degree	3		3				
Bachelor	16		4				
Master			2				
Doctorate							
Total	19		10				
Arrears and Non-Performing Loans:							
	Total	Female	Male	Rural	Urban	Regional	Extra-Regional
No. of Loans with Arrears	16	10	6	13	3	12	4
Value of Principal in Arrears	57,187	27,406	29,781	42,629	14,559	32,678	24,509
No. of Non-Performing Loans	2	0	2	1	1	0	2
Value of Principal that is Non-Performing	24,509	0	24,509	10,565	13,944	0	24,509

**DOMINICA – ECONOMIC PERFORMANCE DATA**

**Dominica  
Annual Tourism Data**

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Visitors	311,282	276,001	207,726	254,163	466,278	389,991	472,707	438,746	467,740	596,987	599,078	424,372	355,175	320,362	378,812	367,395	365,564
Stay-Over Visitors	69,596	66,395	69,193	73,191	80,087	79,258	84,041	72,098	75,052	70,160	71,761	71,769	75,130	75,096	78,135	71,419	74,446
USA	n.a	14,493	15,464	15,639	17,574	18,492	22,011	15,784	14,458	13,309	14,259	13,804	14,959	14,521	15,853	14,101	15,632
Canada	n.a	1,870	2,039	1,968	1,724	1,977	2,552	2,615	3,346	2,106	2,325	2,502	2,553	2,636	2,582	2,545	2,621
UK	n.a	5,967	5,652	6,062	6,035	6,117	6,503	6,229	7,211	4,335	4,597	4,611	4,657	4,619	4,866	4,979	4,878
Caribbean	39,898	37,853	40,289	43,561	49,367	47,127	46,579	40,511	41,091	40,177	41,648	41,105	41,850	41,437	41,890	37,273	38,066
Other Countries	6,323	6,212	5,749	5,961	5,387	5,545	6,396	6,959	8,946	10,233	8,932	9,747	11,111	11,883	12,944	12,521	13,249
Excursionists	1,890	1,979	1,674	3,928	2,577	650	927	936	915	890	784	764	2,104	1,904	2,195	1,494	1,041
Cruise Ship Passengers	239,796	207,627	136,859	177,044	383,614	301,511	379,643	354,515	380,671	516,405	517,979	341,501	266,178	230,587	286,573	281,544	277,131
Yacht Passengers	n.a	n.a	n.a	n.a	n.a	8,572	8,096	11,197	11,102	9,532	8,554	10,338	11,763	12,775	11,909	12,938	12,946
Number of Cruise Ship Calls	285	231	187	206	299	234	314	252	211	263	272	196	183	162	199	187	163
Number of Yacht Calls	n.a	n.a	n.a	n.a	n.a	1,593	1,650	2,223	2,160	2,351	2,359	2,600	2,874	3,230	2,849	3,175	3,176
Total Visitor Expenditure (EC\$M)	108.40	125.35	122.93	141.35	163.71	153.97	193.56	201.06	239.06	208.43	252.82	285.95	205.54	277.00	343.46	336.97	361.69

**Source: Eastern Caribbean Central Bank**

## APPENDIX 14

The GDP estimates up to 2015 are based on the Annual GDP Compilation Exercises with the ECCU Member Countries which took place during April and May 2016. The GDP Estimates for 2016 and projections for 2017 to 2018 are based on data for January to September 2016. Updates for 2016 to 2019 will be published in July 2017. The GDP Estimates/Projections are updated based on data for January to June, January to September and annual compilation missions.  
**2016 - 2018 are estimated by ECCB**  
**Published 20 January 2017**

Table 1  
**Commonwealth of Dominica**  
 GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY  
 IN CURRENT PRICES (EC\$M)

	2010	2011	2012	2013	2014	2015	2016 Est	2017 Pj	2018 Pj
Agriculture, Livestock and Forestry	149.58	164.89	153.66	183.97	183.99	174.76	183.25	192.03	201.35
Crops	134.03	150.21	139.07	167.59	168.54	159.25	167.40	175.84	184.81
Bananas	14.27	19.06	16.04	17.17	15.29	10.89	10.07	10.58	11.21
Other Crops	119.76	131.15	123.03	150.42	153.24	148.36	157.33	165.26	173.59
Livestock	12.09	11.21	11.11	12.88	11.93	11.95	12.25	12.56	12.87
Forestry	3.46	3.47	3.48	3.50	3.53	3.56	3.60	3.64	3.67
Fishing	3.30	4.22	4.06	3.86	5.75	6.64	6.97	7.29	7.62
Mining & Quarrying	16.50	19.04	14.84	16.15	15.34	14.15	16.35	18.08	19.07
Manufacturing	31.49	35.94	40.39	41.63	42.67	38.93	27.52	28.34	29.18
Electricity & Water	51.88	57.22	56.80	56.03	58.32	55.20	57.52	59.36	61.57
Electricity	40.42	44.50	45.93	44.21	47.64	43.35	45.96	47.58	49.49
Water	11.46	12.72	10.86	11.81	10.68	11.85	11.55	11.79	12.08
Construction	56.23	61.47	55.33	51.94	58.44	47.28	57.83	62.22	66.33
Wholesale & Retail Trade	163.59	167.36	157.32	164.46	170.90	159.21	156.00	163.05	170.42
Hotels & Restaurants	21.27	23.87	24.00	24.55	25.66	23.59	22.64	23.38	24.14
Hotels	10.27	11.31	12.03	12.22	13.21	11.80	11.26	11.55	11.84
Restaurants	11.00	12.56	11.97	12.34	12.45	11.79	11.37	11.83	12.31
Transport, Storage and Communications	151.60	158.25	161.04	166.90	167.53	161.12	160.65	166.80	173.21
Transport and Storage	94.72	98.31	97.98	100.39	100.89	93.94	92.12	96.56	101.20
Road Transport	62.92	64.09	64.43	66.06	65.79	58.55	62.39	65.53	68.84
Sea Transport	11.23	12.21	11.22	11.33	11.45	11.68	9.44	9.91	10.41
Air Transport	1.12	1.11	1.05	1.06	1.23	1.11	1.12	1.16	1.20
Supporting and Auxiliary Transport Activities	19.46	20.90	21.28	21.94	22.42	22.60	19.18	19.95	20.75
Communications	56.87	59.93	63.06	66.51	66.64	67.18	68.53	70.25	72.01
Financial Intermediation	73.22	76.22	78.69	74.83	77.07	74.19	80.04	82.35	84.74
Banks	56.50	59.72	58.15	52.39	55.47	52.43	57.72	59.47	61.26
Insurance	15.65	14.00	17.50	19.79	19.01	19.16	19.64	20.13	20.64
Activities Auxiliary to Financial Intermediation	1.08	2.50	3.04	2.66	2.58	2.60	2.67	2.75	2.84
Real Estate, Renting and Business Activities	103.82	104.34	105.20	105.52	106.97	105.22	107.46	110.06	112.66
Owner Occupied Dwellings	69.41	69.76	70.19	70.53	71.54	70.21	71.97	73.78	75.63
Real Estate Activities	18.58	18.67	18.79	18.88	19.15	18.74	19.11	19.49	19.89
Renting of Machinery and Equipment	3.53	3.26	3.40	3.34	3.40	3.07	2.91	3.06	3.15
Computer and Related Activities	1.59	1.60	1.59	1.58	1.60	1.65	1.67	1.70	1.72
Business Services	10.72	11.06	11.23	11.19	11.28	11.56	11.79	12.03	12.27
Public Administration, Defence & Compulsory Social Security	85.35	93.16	92.97	102.63	110.47	119.73	123.22	127.55	132.03
Education	152.82	121.50	114.49	126.94	133.35	139.73	145.02	150.20	155.57
Public	40.19	38.38	38.90	38.90	39.89	42.49	43.55	44.65	45.77
Private	112.63	83.12	75.59	88.04	93.46	97.24	101.46	105.55	109.80
Health and Social Work	37.53	38.75	40.13	42.35	43.13	45.76	47.34	48.62	49.93
Public	31.89	33.79	35.11	36.53	37.20	40.01	41.36	42.40	43.46
Private	5.64	4.96	5.03	5.83	5.92	5.75	5.98	6.22	6.47
Other Community, Social & Personal Services	11.59	11.88	12.01	11.16	11.32	11.36	11.54	11.76	11.99
Activities of Private Households as Employers	3.12	3.16	3.20	3.74	4.21	3.82	3.88	3.94	3.99
Less: FISIM	13.68	14.10	18.37	17.11	16.09	15.20	15.74	16.13	16.54
GVA in Basic Prices	1,099.22	1,127.16	1,095.75	1,159.55	1,199.02	1,165.47	1,191.48	1,238.89	1,287.30
<b>Growth Rate</b>	<b>1.04</b>	<b>2.54</b>	<b>(2.79)</b>	<b>5.82</b>	<b>3.40</b>	<b>(2.80)</b>	<b>2.23</b>	<b>3.98</b>	<b>3.91</b>
Plus: Product Taxes	238.88	230.32	221.06	218.16	232.02	236.03	232.67	241.71	244.42
Less: Subsidies	4.77	4.81	4.86	4.91	4.96	5.01	5.50	5.75	5.75
GDP in Market Prices	1,333.33	1,352.67	1,311.95	1,372.81	1,426.08	1,396.49	1,418.65	1,474.85	1,525.97
<b>Growth Rate</b>	<b>0.97</b>	<b>1.45</b>	<b>(3.01)</b>	<b>4.64</b>	<b>3.88</b>	<b>(2.08)</b>	<b>1.59</b>	<b>3.96</b>	<b>3.47</b>

SOURCE: CSO, Dominica and ECCB

## **REFERENCES**

- ADB Evaluation Study. "Support for Financial Intermediation in Developing Member Countries". Reference Number: SES: REG 2008-71. December 2008
- BIS Department for Business Innovation and Skill. BIS Economic Paper #16. "SME Access to External Finance". January 2012. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32263/12-539-sme-access-external-finance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32263/12-539-sme-access-external-finance.pdf)
- Caribbean Compete. Private Sector Assessment of Dominica. IADB 2013
- Caribbean Development Bank. "Eighth Consolidated Line of Credit – Belize". Paper BD 162/16. December 2016.
- Donor Committee for Enterprise Development Supporting Business Environment Reforms: Practical Guidance for Development Agencies. August 2008
- Food and Agriculture Organisation of the United Nations. "Risk Mitigation and Management for Agricultural Investment: Investment and Resource Mobilisation". January 2008
- Inter-American Development Bank. "Engine of Growth? The Caribbean Private Sector Needs More than an Oil Change" (2016) . Inder Ruprah, Ricardo Sierra
- Inter-American Development Bank. "Thematic Evaluation. Evaluation of IDB Group's Work through Financial Intermediaries". March 2016
- Inter-American Development Bank. "Toward a Business Climate Reform Agenda in the Caribbean". Discussion Paper # IDB-DP-479 (year)
- International Finance Corporation. "Assessing Private Sector Contributions to Job Creation and Poverty Reduction". January 2013
- International Financial Consulting. "Analysis of CDB's Lending Portfolio to Identify Gender Disparities in Access to Credit and an Assessment of the Gender Monitoring Capabilities of Six Participating Financial Institutions". Draft Final Report. February 2016.
- International Finance Corporation. "Poverty Literature Review: Small & Medium Enterprise Finance and Poverty Reduction" (year)
- International Finance Corporation. "The Renaissance of Development Banks" May 2011.
- International Labour Organisation. "Developments and Challenges in the Hospitality and Tourism Sector". Issues paper for discussion at the Global Dialogue Forum for the Hotels, Catering, Tourism Sector. November 2010
- Managing Risk in Agriculture: a Holistic Approach (Extracts). OECD 2009
- Commonwealth of Dominica, Medium-Term Growth and Social Protection Strategy. April 2006
- Moore, Winston, Andrea F. Presbitero and Roberta Rabellotti. "The Gender Gap in the Caribbean: The Performance of Women-led Firms" 2017
- Networked Intelligence for Development. From The Field: Survey and Status Report on farming families in Dominica. October 18, 2016
- SME Financing Data Initiative. "Small and Medium-sized Enterprises in Tourism Industries". December 2011.



United Nations. “Department of Economic and Social Affairs: Financing for Development Office Rethinking the Role of National Development Banks” 2005

World Bank, The. “Facilitating SME Financing Through Improved Credit Reporting”. 2014

World Bank, The. “World Bank Lending for Financial Inclusion: Lessons from Reviews of Select Projects”. IEG Working Paper Series No 2015/1

World Bank, The. “Profiling Caribbean Women Entrepreneurs: Business Environment, Sectoral Constraints and Programming Lessons”. Johnathan Lashley, Katrine smith

World Bank, The. “The Big Business of Small Enterprises. Evaluation of the World Bank Group Experience with Targeted Support to Small and Medium-sized Enterprises, 2006-2012”. IEG March 2014

World Bank, The. “Project Appraisal Document on a Proposed Loan to the Argentine Republic for Access to Longer Term Finance for Micro, Small and Medium Enterprises Project”. October 2016

World Bank, The. “Weather Index Insurance for Agriculture: Guidance for Development Practitioners”. Agriculture and Rural Development Discussion Paper 50. 66274. November 2011.

World Economic Forum Global Agenda Council on Employment. “Matching Skills and Labour Market Needs Building Social Partnerships for Better Skills and Better Jobs.” January 2014