



**CARIBBEAN DEVELOPMENT BANK**

**SPECIAL DEVELOPMENT FUND**

**SDF 8 REPLENISHMENT NEGOTIATIONS:  
THEMES, ISSUES AND TIMELINE**

**SEPTEMBER 2011**

## **ABBREVIATIONS**

BMCs	-	Borrowing Member Countries
BNTF	-	Basic Needs Trust Fund
CARICOM	-	Caribbean Community
CDB	-	Caribbean Development Bank
CSME	-	Caribbean Single Market and Economy
DP	-	Development Partner
ICTs	-	Information and Communication Technologies
MDGs	-	Millennium Development Goals
MfDR	-	Managing for Development Results
mn	-	million
MTR	-	Mid-Term Review
OECS	-	Organisation of Eastern Caribbean States
RCI	-	Regional Cooperation and Integration
RMF	-	Results Monitoring Framework
SDF	-	Special Development Fund (Unified)
SDF 6	-	Special Development Fund (Sixth Cycle)
SDF 7	-	Special Development Fund (Seventh Cycle)
SDF 8	-	Special Development Fund (Eighth Cycle)
WB	-	World Bank

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## **1. INTRODUCTION**

1.01 The resources available for the current cycle of the Special Development Fund (SDF) covering the period 2009 to 2012 are expected to be largely committed by the end of 2012. Expanded commitment authority will be required for the continuation of SDF operations in current borrowing member countries (BMCs) as well as in prospective new member, Suriname. The Special Development Fund (Eighth Cycle) (SDF 8) will also provide for initiatives to be undertaken during the last two-year period before the target date for the achievement of the Millennium Development Goals (MDGs) in 2015.

1.02 The SDF 8 replenishment discussions will be held at a time when most BMCs are compelled to cope with the effects of unprecedented economic shocks. The impact of the continuing global financial and economic crisis together with the urgent need to address financial restructuring in the Organisation of Eastern Caribbean States (OECS) sub-region threaten to unravel the social and economic gains of the pre-2008 period and to increase already unacceptable levels of poverty among all of the BMCs. In these circumstances, the Caribbean Development Bank's (CDB) strategic mission of assisting BMCs to reduce poverty through inclusive and sustainable economic growth remains relevant.

1.03 CDB's future role and relevance as a development partner (DP) to its BMCs will require the mobilisation of adequate amounts of SDF resources to complement the Bank's other resources, its programmes of capacity development and policy advice. This paper is designed to form the basis of discussion among Directors, Management and staff on the proposed themes, issues and directions for the SDF 8 negotiation process.

1.04 Consistent with the approach followed in the Special Development Fund (Sixth Cycle) (SDF 6) and Special Development Fund (Seventh Cycle) (SDF 7) negotiations, the paper builds on the issues and themes identified during discussions on the SDF 7 Mid-Term Review (MTR) held in May 2011 as well as the outcome of subsequent informal discussions with Contributors during the period September to November 2011. The proposals are also drawn up against the background of the principal challenges faced by BMCs, an assessment of the regional aid architecture and CDB's and SDF's role in the BMCs' development process. It also reflects some of the issues that have emerged during SDF 7 to date including the need for accelerated and greater focus on debt and fiscal management, environmental sustainability and climate change, and a more strategic approach to capacity development and governance programming.

1.05 In order to facilitate strategic coherence, the proposed themes are linked to the Bank's overarching mission of assisting BMCs to reduce poverty through sustainable economic growth and strengthening the resilience of BMCs to external shocks, as well as to the strategic objectives outlined in the Strategic Plan 2010–2014.

1.06 The next section of this paper describes the role and relevance of SDF; section three sets out the urgent development issues/challenges currently faced by BMCs; section four proposes the key themes for SDF during its eighth cycle; section five identifies some other key issues that are important for strengthening the SDF's strategic direction; section six sets out the operational framework for enhancing the Bank's and SDF's development effectiveness including managing for development results (MfDR); and the final section sets out the proposed timeline and tentative agenda for the replenishment discussions.

## **2. SDF's ROLE AND RELEVANCE**

2.01 Over the past four decades, SDF has permitted a unique collaboration among non-regional and regional non-borrowing members and the Bank's BMCs, as well as, with non-members for contributing to the development of the Caribbean region. SDF resources have become an increasingly important (if not indispensable) complement to CDB's market resources and make it possible for the Bank and BMCs to tackle persistent development challenges of poverty and vulnerability.

2.02 A continuing leadership role for SDF in the development of BMCs remains critical for:

- (a) devising and supporting measures to deal with the negative impacts of recent global crises (food price increases and shortages, international financial meltdown, global economic slowdown especially in the BMCs' traditional trading partners);
- (b) supporting initiatives for closing the gaps towards the achievement of the MDG Caribbean-specific targets and in particular, to continue the direct and indirect programmes for reducing poverty;
- (c) addressing other pressing challenges including climate change, citizen security, private sector development, trade and investment opportunities, financial sector restructuring, and the leveraging of information and communication technologies (ICTs) for development;
- (d) strengthening support for regional solutions to some of the challenges set out at (c) above;
- (e) promoting and supporting a results-based culture within CDB and in BMCs; and
- (f) escalating the Bank's programme in Haiti as well as preparing for a full country programme in Suriname and other possible expansion of BMC membership.

2.03 In order for SDF to remain relevant, it must maintain an adequate level of financial and technical assistance to BMCs. The risk of reduced relevance may arise from (a) changes in the international aid architecture (proliferation of multilateral and bilateral agencies causing more competition and specialisation, and making aid management more complex and costly); and (b) the failure to continue internal reforms to increase the focus on results and value for money, and to further strengthen CDB's development effectiveness. The ongoing SDF 7 programming targets these issues and the proposed programming for SDF 8 will continue to focus on these issues.

## **3. DEVELOPMENT CHALLENGES FOR BMCs**

3.01 The global financial and economic crises have also worsened the prospects for high and steady growth and caused disruption in some of the sectors on which BMCs depend. With the global recovery largely being driven by growth in developing and emerging economies, rather than the advanced economies - the Region's main source markets for tourism, investment and remittance flows - aggregate output in most regional economies has been slow to recover despite a resumption of growth in the key tourism sector. Meanwhile, reduced economic activity and direct foreign investments, together with the ongoing fallout from the CLICO Financial Group collapse, continue to dampen regional financial markets. Natural disasters have also had an adverse impact on economic fortunes, most notably the Haiti earthquake and Hurricane Tomas and floods in a number of OECS countries.

3.02 The crisis has more severely affected service-based economies such as The Bahamas, Barbados and the Eastern Caribbean, than commodity-producing nations. High public debt and limited fiscal space have led to fiscal consolidation measures, such as tax hikes and reduced public spending in some countries. Others have asked for support from the International Monetary Fund and other multilateral lending institutions, including CDB through its policy-based loans to close their fiscal and external gaps.

### **Economic Growth and Fiscal Management**

3.03 In most Caribbean economies, counter-cyclical fiscal policy has been pursued with the aim of stimulating output and aggregate demand. The protection of past social gains, as well as a strong desire to build resilience to economic and natural disaster shocks and to curb poverty has been central to this public policy position. This notwithstanding, the policy stance has led to a significant deterioration in fiscal accounts throughout the Region. Reduced intake of government revenues resulting from the global financial and economic crisis, has given rise to larger deficits, and debt accumulation has been particularly rapid in many of CDB's BMCs. High debt burdens remain a critical challenge for these countries, hampering governments' efforts to support the recovery, even as low growth impedes the achievement of fiscal targets.

3.04 Of CDB's 18 BMCs, 10 recorded contractions and 8 recorded growth in 2010. Among the ten that contracted, the contractions were marginal in Dominica (under 1%), moderate in Grenada and St. Vincent and the Grenadines (minus 1–3%) and ranged between -3.9% and -8.5% in Anguilla, Cayman Islands, Montserrat, Antigua and Barbuda, St. Kitts and Nevis and Haiti. The eight countries posting growth, ranging from 0.3% to 4.4%, were Barbados, The Bahamas, Turks and Caicos Islands, Trinidad and Tobago, Belize, British Virgin Islands, Guyana and St. Lucia. Notably, gross domestic product (GDP) was rebased to 2006 for Guyana and for the eight member territories of the Eastern Caribbean Currency Union.

### **Climate Change**

3.05 Climate change adds a further dampener to the achievement of sustainable development, and may reduce the likelihood of the Caribbean region reaching several of the targets set in the MDGs. Almost every sector is likely to be adversely impacted by climate change including tourism, economic infrastructure (particularly in coastal areas), agriculture, forestry, fisheries, and energy.

3.06 BMCs, particularly the small island states, are especially vulnerable to climate change and climate change variability. Indeed, the risks from the changing climate threaten CDB's mission of achieving sustainable poverty alleviation. The poorest people will likely suffer the most from climate change since they are already living in marginal locations and have insufficient income to make the necessary adaptations. This has particular impacts for poverty reduction efforts in BMCs since climate change will directly impact the livelihood assets of the poor, i.e. health, access to water and natural resources, homes and infrastructure.

3.07 The evidence clearly shows that ignoring climate change will eventually damage economic growth. Tackling climate change now is a pro-growth strategy for the longer term and the earlier effective action is taken, the less costly it will be. At the same time and given that climate change is already happening, adaptation measures that help people live with the degree of global warming that cannot be stopped, are essential.

3.08 CDB's climate change response efforts will focus on (a) the development of a climate change risk management strategy to guide the Bank's responses to risks due to climate variability and extreme events

and climate change; (b) support climate risk management in BMCs; (c) renewable energy and energy efficiency opportunities; (d) building community resilience to climate change; (e) financial support for climate change adaptation; and (f) supporting climate change research and partnerships.

### **Managing Our Water Resource in a Changing Climate**

3.09 In the face of more variable and turbulent weather patterns including more frequent droughts and flooding due to climate change, attention is being increasingly focused on water resource management. The World Bank's Intergovernmental Panel on Climate Change Fourth Assessment Report (2007) concluded that "there is abundant evidence that freshwater resources are vulnerable and have the potential to be strongly impacted by climate change, with wide-ranging consequences on human society and ecosystems. Each BMC is likely to face a unique set of water-related climate change challenges, deriving from such impacts as accelerated glacier melt; altered precipitation, run-off and recharge patterns and rates; extreme floods and droughts; water quality changes; salt water intrusion in coastal aquifers; and changes in water uses."

3.10 In many BMCs, freshwater resources are scarce and the high dependence of the economies on tourism and agriculture gives added importance to the provision of a safe water supply and the management of water resources. Decisions about water resource management are complicated by the lack of information about water availability, the quantity being used, and the impact of current developments on future water resources. Going forward, greater attention will be placed on identifying and determining the impact of climate change on freshwater availability and the future ability of water utility companies to provide an adequate and reliable water supply (potable and agricultural). Emphasis will be placed on developing a more complete understanding of regional vulnerability and the development and promotion of adaptation strategies.

### **Agriculture and Rural Development**

3.11 The agricultural sector accounts for up to 20% of GDP, and is a significant contributor to economic growth and social development in many BMCs. The sector continues to drive direct and indirect income generation and employment opportunities in a number of CDB BMCs, particularly in rural areas. More recently, events surrounding the global food crisis have underpinned the importance of the contribution which the sector makes to meet the Region's dietary and food security needs, and in stemming inflation. There is evidence to suggest that domestic food supply responses have reduced food price inflation in several CDB BMCs over the past two years. These combined attributes have put the development of the agricultural sector on the forefront of efforts by Regional governments to combat the incidence of poverty, improve social resilience, and address economic stagnation and inflationary pressures associated with the global economic slowdown and the continued fallout of the global food crisis.

3.12 Regional efforts to spur agricultural sector growth remain challenging as governments move to transform the sector from a production base geared towards the export of a narrow range of commodities, to meeting domestic dietary needs. Adaptation of production technology and systems has not kept pace with market requirements, and accordingly, yield and produce quality have been significantly lower than varietal genetic potential. Improving productivity and sector output requires investment across the value chain – including investment in agricultural research towards improved plant and livestock breeding; supporting infrastructure; and improving farm management and marketing systems. Furthermore, if systems are not instituted to respond to the projected effects of climate change, and impact of invasive species, growth of the sector's output is likely to be further constrained compromising the Region's and CDB's efforts to reduce poverty and strengthen social resilience.

3.13 With regards to climate change, investments will be required to minimise the incidence of, and to combat the projected effects of salt water intrusion and flooding associated with sea level rise and more intense tropical cyclones; and to adapt to water deficiency and higher temperatures associated with projections of more intense droughts and heat waves. This requires improved capacity of the Region to develop and disseminate appropriate technology including the development, testing and related support required for farmer adoption of more resistant/tolerant crop varieties and improved water management technologies and systems. Development of comprehensive risk management and mitigation plans, including crop insurance products will also be essential to protect farmers and stakeholders against potentially devastating effects of these climate and weather-related shocks. Initiatives to assist the agriculture and rural development sector during the SDF 8 cycle will be developed under programming for inclusive growth.

### **Regional Cooperation and Integration**

3.14 The small size of Caribbean economies means that regional cooperation and integration (RCI) are important components of the measures needed to address their development challenges. However, delays in fully implementing the Single Market and Economy constrain the realisation of the fuller benefits of economic integration, particularly in the face of stronger international competition and the need to create the larger market space which would permit the development of internationally competitive regional business entities.

3.15 In the meantime, the smaller sub-region grouping of the OECS has taken the lead in establishing an Economic Union and a Single Financial and Economic Space among themselves in June 2010. The formation of this Economic Union is consistent with the objectives of the Caribbean Single Market and Economy (CSME) and is expected to have a positive impact on the wider Caribbean Community (CARICOM) arrangement.

3.16 The Bank is of the view that regional approaches are most appropriate for addressing the Region's most pressing problems. The challenge remaining for the Region is to accelerate the pace of implementation of the CSME project in order to support the goal of higher and sustainable growth rates in all of the countries and a more equitable distribution of these benefits among the participating countries and their citizens. This would entail strengthening the administrative capacities of both BMCs and CARICOM institutions.

### **Citizen Security**

3.17 Violent crime is on the rise in many BMCs representing a significant threat to economic and social development, hampering efforts to reduce poverty and the achievement of the MDGs. According to the United Nations Development Programme, murder rates in the Caribbean – at an average rate of 30 per 100,000 of population annually – are higher than for any other region in the world. Assault rates, at least based on assaults reported to the police, are also significantly above the world average. Drug trafficking throughout the Caribbean, as a transshipment route from South to North America is also a serious threat. High rates of youth violence and gender-based violence are also significant concerns.

3.18 The impact of crime on overall economic growth in the Region was estimated in a United Nations/World Bank (WB) report.<sup>1/</sup> It suggested that Haiti and Jamaica could boost annual economic growth per capita by 5.4% if they were to bring their homicide rate down to the level of Costa Rica.

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<sup>1/</sup> Crime, Violence, and Development: Trends, Cost and Policy Options in the Caribbean, 2007



Guyana and Dominican Republic would also benefit substantially with potential growth rate increases of 1.7% and 1.4%, respectively.

3.19 The impact of crime on countries' governance arrangements also constitutes a drag on the development process. It destroys confidence in society's institutions, subverts the rule of law and reduces policy effectiveness. It has been observed that in some BMCs, armed violence is concentrated amongst the poorest in society and especially among young males.

3.20 The imperative is for the joint undertaking, with other DPs, of a full assessment of the issues on crime and citizen security and the development of evidence-based solutions to address these issues both at the national and regional levels.

#### **4. PROPOSED THEMES FOR THE REPLENISHMENT**

4.01 Consistent with the approach followed in previous replenishment cycles, the proposed themes are aligned with the strategic directions as set out in the Strategic Plan 2010 – 2014. The approved themes for SDF 6 and SDF 7 are set out in Box 1.

##### **BOX 1: APPROVED THEMES FROM SDF 6 AND 7 REPLENISHMENTS**

- |               |  |
|---------------|--|
| <b>SDF 6:</b> | (a) Poverty reduction and broad-based economic growth;                               |
|               | (b) Addressing the MDGs;   |
|               | (c) Strengthening development effectiveness and results-based management; and        |
|               | (d) Planning for, and implementation of, the expansion of BMC membership.            |
| <b>SDF 7:</b> | (a) Strengthening poverty reduction and human development;                           |
|               | (b) Supporting environmental sustainability and advancing the climate change agenda; |
|               | (c) Supporting regional cooperation and regional integration; and                    |
|               | (d) Enhancing development effectiveness.   |

4.02 The overarching goal to be supported by SDF 8 is to assist BMCs to reduce poverty, and to bring them closer to achieving the MDGs by 2015. The proposed themes which will support this goal and provide direction for SDF 8 operational programming are:

- (a) Inclusive and Sustainable Growth including a focus on the Bank's core priorities of education and training, agriculture and rural development, social infrastructure, private sector development and social protection. The emphasis on inclusive growth will be particularly supportive of activities that create and expand economic opportunities as well as broadening access to these opportunities to ensure that all BMCs' citizens can benefit from growth. Measures to accelerate economic adjustment and relieve fiscal distress will also be supported;
- (b) Environmental Sustainability and Climate Change including related aspects of water resource management, renewable energy and energy efficiency, disaster risk management, and natural resource management;

- (c) Citizen Security – The causes of crime and violence are complex and varied requiring multi-sectoral approaches to enhancing the security of citizens. The Bank will work with other DPs to assist BMCs to develop such approaches; and
- (d) Regional Cooperation and Integration including a focus on strengthening support for regional solutions to economic adjustment and fiscal management, financial sector restructuring, and leveraging of ICTs for development.

4.03 Following on the approval of the Gender Policy and Operational Strategy, the Bank has strengthened the process of institutionalising explicit action plans for mainstreaming gender equity in its country assistance operations. At same time, gender equity perspectives are being mainstreamed in the Bank's institutional processes and relationships. It is proposed that gender equity continue as a cross-cutting theme for SDF 8 particularly in light of the continued linkage between gender inequality and poverty.

## **5. OTHER KEY ISSUES**

5.01 In accordance with Resolution and Report of Contributors on SDF 7, an independent MTR was prepared and discussed by Contributors at the Annual Meeting of Contributors in May 2011. During the MTR of SDF 7, the following issues and themes were identified by Contributors as requiring further work and will be addressed as part of the SDF 8 programme.

### **Addressing the MDGs**

5.02 The early period of SDF 8 represents the last opportunity for assisting BMCs to close the gap towards the achievement of the MDGs and the Caribbean-specific targets. Contributors to SDF 7 endorsed the Caribbean MDG framework as a principal means of targeting a number of stated objectives, and selecting and designing appropriate programmes and projects to meet those objectives. While placing particular importance on MDGs 1 and 2 and related CMDG targets, Contributors also expected programming in SDF 7 to have an impact on MDGs 3, 7 and 8 and the related CMDG targets.<sup>2/</sup>

5.03 The focus of Contributors on the MDGs and the Caribbean-specific targets reflect the reality that poverty remains a serious problem in all but a handful of BMCs. In addition, the global financial crisis of 2008 and the resulting slowdown in economic activity (and rise in the prices of oil, food and other essential commodities) have had an adverse impact on poverty reduction. In some BMCs, some of the achievements of previous years appear to have been reversed, while in others, it has required a major effort to preserve gains made earlier. The recent global crisis also highlighted the issue of vulnerability and that achieving the MDGs by 2015 will require consistent and concentrated efforts from most BMCs and the continued support of the SDF.

### **CDB's Role and Strategy in Haiti**

5.04 SDF operations in Haiti commenced in 2007, soon after Haiti became a member of the Bank. Programming in Haiti has been supported by special grant allocations in both SDF 6 and 7, and has reflected both government priorities and the Bank's comparative advantage and the need to develop CDB's own capacity to apply its strengths and experience in a new environment under difficult operating

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<sup>2/</sup> For the related CMDG targets, see *A Partnership for the Millennium Development Goals in the Caribbean: Report of Contributors on SDF 7*, February 2009, Appendix B.

conditions. Substantial efforts have been made to strengthen CDB's capacities and establish working relations with the Government and other institutions in Haiti as well as with DPs.

5.05 There is still some distance to go, made more difficult by the impact of the January 2010 earthquake. However, the Bank is developing a strategy for reinforcing and ramping up its programming in Haiti. The strategy will take full account of CDB's strengths in education and training, community-driven developments and agriculture and rural development opportunities for collaboration with other DPs in Haiti, i.e. WB and Inter-American Development Bank.

### **Basic Needs Trust Fund**

5.06 The Basic Needs Trust (BNTF) is the Bank's principal programme for direct poverty reduction, targeted at poor communities to improve basic infrastructure and services and increase the potential for economic activity. The programme provides resources for sub-projects, project management and technical services, as well as for capacity building for community-based organisations in participatory approaches for planning and monitoring of sub-projects. There is also a regional component that provides programme support, coordination and administration. BNTF addresses the three elements of the Bank's poverty reduction strategy – *capability enhancement*, *vulnerability reduction* and *good governance*. It also makes a contribution to meeting the CMDG targets, particularly for MDG 1, but also MDGs 3 and 7.

5.07 SDF funding has been provided for BNTF, beginning with \$5 million (mn) in SDF 2 and \$15 mn in SDF 3, increasing to \$18 mn in SDF 4. In each of SDF 5 and SDF 6, the allocation was \$32 mn, and SDF Contributors increased this to \$46 mn under SDF 7. Planning for BNTF 7, for which resources have been provided under SDF 7, is currently being programmed. Recent BNTF phases have used the SDF performance and needs-based Resource Allocation Strategy for allocating BNTF resources among ten beneficiary BMCs, with an additional "performance bonus" awarded at mid-term in BNTF 4 and BNTF 5.

5.08 Implementation of BNTF 5 is currently drawing to a close, with resources now fully committed, and a closing date for disbursements of December 31, 2011. BNTF 6 began in 2009, with a planned period for commitment of funds for sub-project implementation up to and including 2011, and final disbursement by December 31, 2012.

5.09 A number of programme management strengthening activities were undertaken in 2009 and 2010. In 2009, these included revisions to Poverty Reduction Action Plans and the BNTF Operations Manual, improvements to the Management Information Reporting System, development of a BNTF results monitoring framework (RMF), and MfDR training in participating BMCs. An operations audit of BNTF country offices assessed the adequacy of the institutional framework and processes for managing implementation. A management innovation study of BNTF-funded infrastructure underscored the urgency of strengthening maintenance of community infrastructure and the need to equip communities to deal with preventive maintenance.

5.10 A Mid-term Evaluation of BNTF 6 is again to be undertaken, and is planned to consider effectiveness (country performance in relation to objectives and targets and integration of cross-cutting issues), sub-project quality (community participation and prospects for maintenance), and efficiency (use of resources in an efficient manner).

5.11 In addition, the evaluation will consider the continued relevance of the programme in its current design (as an input for planning for BNTF 7), overall programme effectiveness and efficiency issues, including progress with respect to reducing implementation lags and shortening sub-project approval procedures. A related issue is whether, if there are significant lags in implementation of a particular

BNTF phase, such as were experienced for BNTF 5, there may be options that could be considered, such as closing the period for new commitments according to the original schedule, or after one extension, and transferring uncommitted balances to a subsequent phase of BNTF.

5.12 During the discussion of the SDF 7 MTR, Contributors called for clarifications on the future direction of BNTF particularly in light of the significant resource commitment to the programme. They also requested that clarifications include more information on its results and impacts, and should form part of a review of the programme done prior to the start of the SDF 8 negotiations.

## **6. OPERATIONAL FRAMEWORK**

6.01 The key elements of the SDF 7 operational framework and its approach to development effectiveness are:

- (a) Institutional Reform and Capacity Development;
- (b) Use of a RMF; and
- (c) MfDR or the Results agenda.

All these elements are now embedded as part of the operational framework for the Bank as a whole and are subject to continuous review and enhancements.

6.02 During SDF 8, it is proposed to strengthen the Bank's approach to MfDR particularly in the areas identified in the Accra Agenda for Action as well as in those areas which will be endorsed at the Fourth High Level Forum in Busan, South Korea. These areas include the strengthening of country ownership over development; building more effective and inclusive partnerships; and delivering and accounting for results.

## **7. PROPOSED TIMELINE**

7.01 A tentative timetable and road map for the SDF 8 process is provided in Table 1. Completion of the negotiation process is targeted for the end of 2012, to allow time for funding instruments to be approved by governments and deposited with the Bank in early 2013.

7.02 Contributors are requested to nominate representatives to participate in the Replenishment negotiations, while other interested governments and agencies will be invited to participate as Observers. The meeting dates are intended to avoid conflict with other concessional fund meetings and also to encourage a high level of representation as well as participation of prospective Contributors. The assistance of existing Contributors will be needed in the latter respect.

7.03 The scheduling of meetings allows sufficient time for the preparation and revision of documentation - including in some cases documentation that will need to be prepared on the basis of discussion of previous papers for consideration by Contributors.

7.04 A Preparatory Meeting is proposed for December 2011 and the agenda will focus primarily on the themes and issues for SDF 8. The First Formal Negotiation Meeting will be held during the period March 8 and 9, 2012 in the Commonwealth of Dominica. In keeping with the practice of the two previous replenishments, an opportunity is provided for Contributor representatives to visit and discuss

SDF-funded projects in an important SDF beneficiary country. The necessary arrangements for this have been made with the Government of the Commonwealth of Dominica and agencies concerned.

7.05 The Second Formal Negotiation Meeting will be held in Grand Cayman during May 2012 and subsequent meetings are planned to be held at the Bank's headquarters in Barbados, subject to the views and suggestions of Contributors.

**TABLE 1: SDF 8 REPLENISHMENT NEGOTIATIONS  
TENTATIVE SCHEDULE AND AGENDA**

<b>Proposed Dates</b>	<b>Tentative Agenda</b>
<b>Preparatory Meeting December 9, 2011</b>	<ol style="list-style-type: none"> <li>1. SDF 7 Mid-Term Review and Management Response</li> <li>2. Implementation of the Approved Recommendations of the Country Group Classification and Terms of Lending Consultancy Report</li> <li>3. SDF 8 Replenishment Negotiations – Themes, Issues and Timeline</li> <li>4. Review of CDB's Haiti Programme</li> <li>5. BNTF 6 Status Report</li> </ol>
<b>First Meeting March 8–9, 2012</b>	<ol style="list-style-type: none"> <li>1. Climate Change – Policy and Strategy</li> <li>2. Status Report on the Implementation of SDF 7</li> <li>3. Focus of SDF 8: Building our Resilience</li> <li>4. BNTF 5 Completion Report</li> <li>5. Planning for BNTF 7</li> <li>6. Financing Options – OCR Transfers to SDF</li> <li>7. Haiti – The Way Forward</li> <li>8. Evaluation of the Implementation of CDB's Poverty Reduction Strategy</li> </ol>
<b>Second Meeting May 22, 2012</b>	<ol style="list-style-type: none"> <li>1. Regional Cooperation and Integration – Continuing Support</li> <li>2. Review of CDB's MfDR Agenda</li> <li>3. Status Report on Institutional Capacity and Reform Agenda</li> <li>4. Status Report on the Implementation of the Gender Policy and Strategy</li> <li>5. Strategies for Assisting BMCs in Fiscal Distress</li> <li>6. Citizen Security</li> </ol>
<b>Third Meeting July 20, 2012</b>	<ol style="list-style-type: none"> <li>1. Sustaining Our Water Resource in a Changing Climate – Status Report on the Caribbean</li> <li>2. Building Resilience and Closing the Gap on the MDGs – Draft Outline of the Report of Contributors to SDF 8</li> <li>3. Level of Replenishment and Commitment Authority</li> </ol>
<b>Fourth Meeting October 24, 2012</b>	<ol style="list-style-type: none"> <li>1. Revised Level of Replenishment and Commitment Authority</li> <li>2. Draft Report of Contributors to the Special Development Fund</li> </ol>
<b>Fifth Meeting December 14, 2012 (If required)</b>	<ol style="list-style-type: none"> <li>1. Finalising the Resolution and Report of Contributors to the Special Development Fund</li> </ol>

## **8. REQUEST**

8.01 Contributors are asked to consider and give guidance on the proposed themes and to agree to the proposed SDF 8 Replenishment Negotiations Schedule and Agenda as outlined at Table 1.