Caribbean Development Bank

Annual Report 2002

CARIBBEAN DEVELOPMENT BANK

The Caribbean Development Bank (CDB) is a regional financial institution established by an Agreement signed in Kingston, Jamaica, on October 18, 1969, and entered into force on January 26, 1970. The Bank was established for the purpose of contributing to the harmonious economic growth and development of the member countries in the Caribbean, having special and urgent regard to the needs of the Less Developed Countries (LDCs) of the Region. For this purpose, CDB has used the CARICOM definition of LDCs which comprises the following countries: Anguilla, Antigua and Barbuda, Belize, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines. To these are added the United Kingdom Overseas Territories of the British Virgin Islands, the Cayman Islands and the Turks and Caicos Islands.

CDB's Headquarters is located at Wildey, St. Michael, Barbados, West Indies.

CDB's founding membership included 16 English-speaking Caribbean countries as Regional Members, and Canada and the United Kingdom as non-Regional Members. Venezuela (1973), Colombia (1974) and Mexico and Anguilla (both 1982) subsequently joined as Regional Members. France joined in 1984, Italy in 1988, Germany in 1989 and the People's Republic of China in 1998. France withdrew from membership in CDB in 2000.

CDB's highest policy-making body is the Board of Governors on which each Member Country is represented.* The Board of Governors meets once a year when CDB's operations are reviewed and major policy decisions taken. Special meetings are held as necessary.

The powers of the Board of Governors, except those specially reserved to it under the Charter, have been delegated to the Board of Directors, which approves loans, investments in equity, borrowings, technical assistance (TA), and administrative budgets, and submits accounts pertaining to each financial year to the Board of Governors. The Board of Directors comprises 17 members, 12 representing Regional Members and 5 representing non-Regional Members. Directors are appointed for two-year terms of office and are eligible for re-appointment.

The President of CDB, who is elected by the Board of Governors for a term not exceeding five years, and may be re-elected, is the Chairman of the Board of Directors.

The President is responsible for the organisation and operation of CDB, including the appointment of staff and investigation of loan proposals. There are two Vice-Presidents: a Vice-President (Finance) who also carries out the functions of Bank Secretary and a Vice-President (Operations). The ranking Vice-President exercises the authority and performs the functions of the President in the absence or incapacity of the President, or while that office is vacant.

During 32 years of operation, CDB's net financing approvals amounted to USD 2.2 billion (bn), of which USD 1.2 bn, or 56.8%, was for the LDCs. Disbursements amounted to USD 1.6 bn, of which USD 830.7 million (mn) went to the LDCs, who also received 69.8% of the funding allocated from CDB's Special Funds Resources. Therefore, a major objective of CDB–that of having special and urgent regard to the needs of the LDCs–is being met.

Of CDB's total resources of USD 1.4 bn at December 31, 2002, USD 0.9 bn (65%) was mobilised from outside the Caribbean, USD 152.2 mn (11%) was mobilised from regional member countries, and USD 336.1 mn (24%) was generated through OCR reserves and current net income. Thus another major objective - that of mobilising financial resources for the development of the Region is also being met.

CDB provides loan financing to the governments of its Borrowing Member Countries (BMCs), and to public and private sector entities in those countries. It also lends to private sector entities without government guarantee, and invests in equity in those enterprises. As part of its loan financing, CDB includes Technical Assistance to public sector enterprises in its BMCs.

Since the adoption of its Strategic Plan 2000-2004, CDB has focused on poverty reduction. It provides loan and TA financing to assist its BMCs in five broad strategic areas that are linked to poverty reduction: poverty and vulnerability, broad-based economic growth, good governance and public policy, economic integration and environmental protection.

To give effect to these strategic objectives, CDB operates in the following sectors: agriculture, industry (including mining), tourism, education and health, economic and social infrastructure (electricity, water and sewerage, transportation, housing) and the environment (including solid waste management).

** On the Board of Governors, Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands are considered as a single member.*

Member Countries

Regional

Borrowing Member Countries

Anguilla
Antigua and Barbuda
Bahamas, The
Barbados
Belize
British Virgin Islands
Cayman Islands
Dominica
Grenada
Guyana
Jamaica
Montserrat
St. Kitts and Nevis
St. Lucia
St. Vincent and the Grenadines
Trinidad and Tobago
Turks and Caicos Islands

Other

Colombia
Mexico
Venezuela

Non-Regional

Canada
China
Germany
Italy
United Kingdom

($ represents United States dollars throughout, unless stated otherwise)

M1 = currency in circulation plus demand deposits
M2 = M1 plus term deposits (savings and time deposits)
M3 = broad money supply plus foreign currency deposits

Approximate Exchange Rates

	December 2002 $1.00	Average 2002 $1.00
Eastern Caribbean Dollar (XCD)	2.70	2.70
Bahamas Dollar (BHD)	1.00	1.00
Barbados Dollar (BDS)	2.00	2.00
Belize Dollar (BZD)	2.00	2.00
Cayman Islands Dollar (KYD)	0.83	0.83
Guyana Dollar (GYD)	178.10	179.42
Jamaica Dollar (JMD)	50.29	48.48
Trinidad and Tobago Dollar (TTD)	6.16	6.11

ABBREVIATIONS

9/11 – Events of September 11, 2001
ACP – African, Caribbean and Pacific
BMC – Borrowing Member Country
bn – billion
BNTF – Basic Needs Trust Fund
BVI – British Virgin Islands
CAF – Counterpart Assistance Facility
CARICOM – Caribbean Community
CARTAC – Caribbean Regional Technical Assistance Centre
CDB – Caribbean Development Bank
CDERA – Caribbean Disaster Emergency Response Agency
CFSC – Caribbean Financial Services Corporation
CTCF – Canadian Technical Cooperation Fund
CGCED – Caribbean Group for Cooperation in Economic Development
CIDA – Canadian International Development Agency
CMP – Change Management Programme
CPA – Country Poverty Assessment
CPI – Consumer Price Index
CSME – CARICOM Single Market and Economy
CTCS – Caribbean Technological Consultancy Services
DFI – Development Finance Institution
DFID – Department for International Development
DMFC – Disaster Mitigation Facility for the Caribbean
DPPWG – Development Partners Poverty Working Group
ECCB – Eastern Caribbean Central Bank
ECLAC – Economic Commission for Latin America and the Caribbean
ECSE – Eastern Caribbean Securities Exchange
ERP – Economic Reconstruction Programme
EU – European Union
FATF – Financial Action Task Force
FSC – Financial Services Commission
FSO – Fund for Special Operations
FY – Financial Year
GDP – Gross Domestic Product
HIPC – Heavily Indebted Poor Countries
HRD – Human Resource Development
IBC – International Business Company
IDB – Inter-American Development Bank
IMF – International Monetary Fund
IT – Information Technology
ITIO – International Tax and Investment Organisation
MIF – Multilateral Investment Fund
mn – million
MOV – Maintenance of Value
MPS – Management and Professional Staff
MSE – Micro and Small-scale Enterprises
NGO – Non-Governmental Organisation
OCR – Ordinary Capital Resources
OECD – Organisation for Economic Co-operation and Development
OECS – Organisation of Eastern Caribbean States
OPEC – Organisation of Petroleum Exporting Countries
OSDF – Other Special Development Funds
OSFR – Other Special Funds Resources
OTs – Overseas Territories
PIEU – Post-Implementation Evaluation Unit
PSIP – Public Sector Investment Programme
PREU – Poverty Reduction and Environmental Unit
RNM – Regional Negotiating Machinery
SDF – Special Development Fund
SDF(U) – Special Development Fund (Unified)
SFR – Special Funds Resources
SS – Support Staff
TA – Technical Assistance
TAF – Technical Assistance Fund
TCI – Turks and Caicos Islands
UK – United Kingdom
UN – United Nations
UNDP – United Nations Development Programme
US – United States of America
USAID – United States Agency for International Development
UWI – University of the West Indies
WTO – World Trade Organization

CDB - FIVE YEARS AT A GLANCE

	1998	1999	2000	2001	2002
APPROVALS			- No -		
No. of Capital Projects (New)					
Approved for Loan Financing	16	16	28	20	16
of which OCR involved in	13	14	20	8	11
No. of Additional, Technical Assistance Contingent Loans and Equity	10	3	6	9	17
			- $ mn -		
Loans Approved for Capital Projects					
(New, Additional and Contingent and Equity)	154.0	160.3	182.5	106.0	122.1
of which OCR accounted for	120.8	119.9	131.1	57.5	89.3
Loans (Net) Approved for Capital Projects (New, Additional and Contingent)	117.1	146.6	180.3	84.3	106.3
Amount Approved for Grants	4.1	5.7	4.6	34.9	6.8
LOAN DISBURSEMENTS [1/]					
Amount Disbursed in OCR & VTF	64.3	79.8	67.0	62.0	74.0
Amount Disbursed in SFR	19.4	23.9	27.2	41.8	45.0
Total Disbursed	**83.7**	**103.7**	**94.2**	**103.8**	**119.0**
Net Transfers	20.4	44.0	28.0	25.5	25.5
PORTFOLIO					
OCR Loans Outstanding	285.5	344.2	387.3	423.3	463.0
VTF Loans Outstanding	0.3	0.1	-	-	-
SFR Loans Outstanding	323.2	324.1	329.2	348.8	370.4
Total Loans Outstanding	**609.0**	**668.4**	**716.5**	**772.1**	**833.4**
FINANCIAL PERFORMANCE					
Net Income on OCR [2/]	15.2	13.5	15.4	12.8	14.1
Net Income on SFR [2/]	8.3	2.5	10.5	8.4	5.7
Total Net Income	**23.5**	**16.0**	**25.9**	**21.2**	**19.8**
SUPERVISION			- No -		
Capital Projects under Supervision	264	263	265	256	271
Capital Projects under Implementation	94	94	107	112	123
Capital Projects Operational	170	169	158	144	148
Financial Intermediaries	23	23	24	23	25
ADMINISTRATION					
Total Staff in Place at Dec. 31 (No.)	202	209	210	209	199[3/]
Total Administrative Expenses ($ mn)	13.6	15.1	16.7	17.5	17.5
Administrative Expenses to Total Average Loans Outstanding (%)	2.3	2.4	2.5	2.4	2.3

1/ Translated at rates effective at December 31 of each year.

2/ Shown at historical exchange rates and before appropriations.

3/ Excludes five frozen positions.

CARIBBEAN DEVELOPMENT BANK
ANNUAL REPORT
TABLE OF CONTENTS

Wildey, St. Michael
Barbados, West Indies

March 6, 2003

My Dear Chairman:

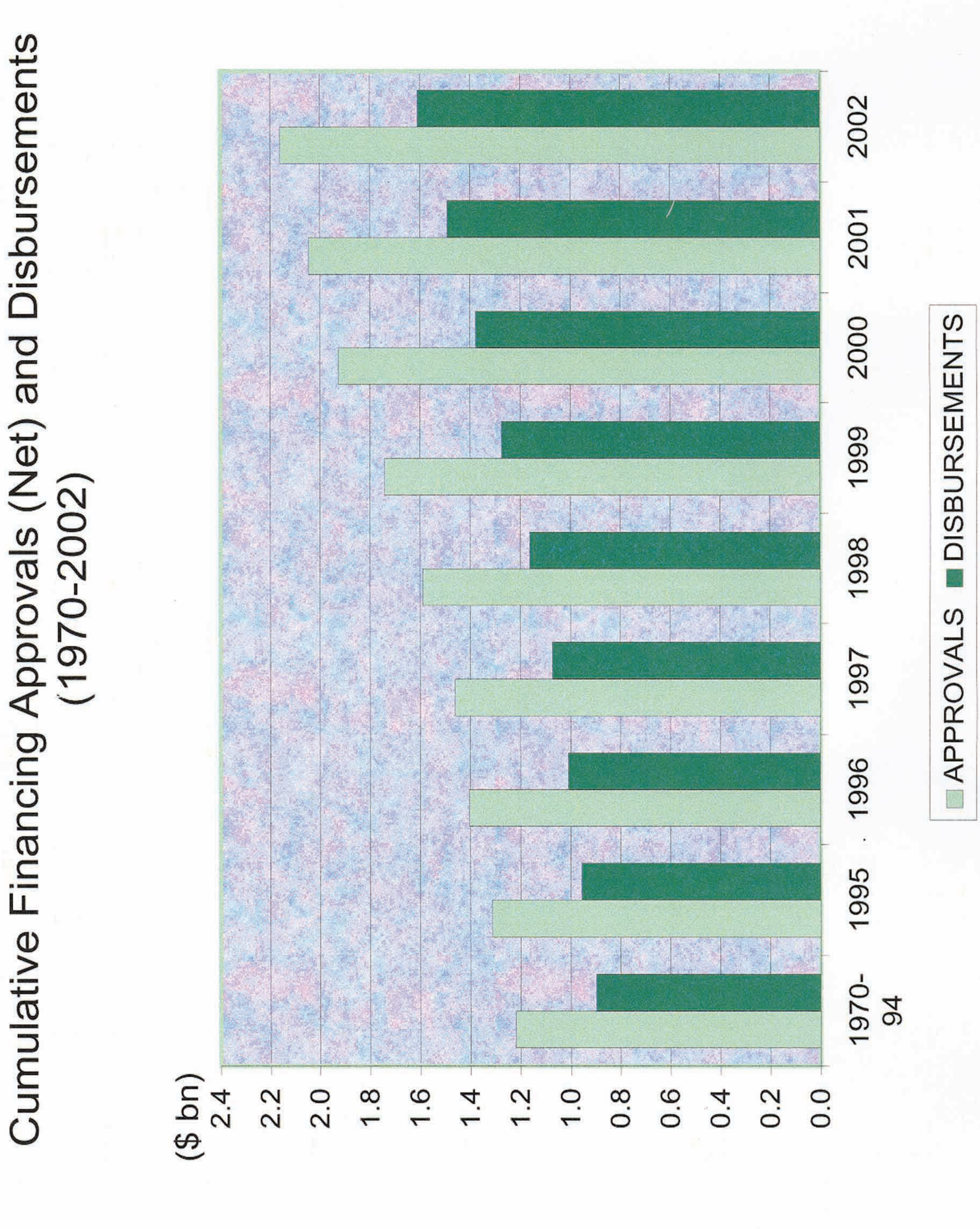
I enclose the Annual Report of the Caribbean Development Bank (CDB) for the year ended December 31, 2002, which the Board of Directors, acting pursuant to Paragraph 2 of Article 38 of the Agreement establishing the Bank and in accordance with Section 18 of the By-Laws of the Bank, has requested me to submit to the Board of Governors.

Yours sincerely,

Compton Bourne, Ph.D., O.E.
President

Hon. Dr. Denzil Douglas
Chairman
Board of Governors
Caribbean Development Bank

The Honourable Dr. Denzil Douglas, Prime Minister and Minister of Finance of the Federation of St. Kitts and Nevis, and Chairman of the Board of Governors of the Caribbean Development Bank, with CDB President, Dr. Compton Bourne, O.E.


Cumulative Financing Approvals (Net) and Disbursements
(1970-2002)
($ bn)
2.4
2.2
2.0
1.8
1.6
1.4
1.2
1.0
0.8
0.6
0.4
0.2
0.0
1970-94
1995
1996
1997
1998
1999
2000
2001
2002
APPROVALS
DISBURSEMENTS

INTRODUCTION - HIGHLIGHTS OF CDB's ACTIVITIES DURING 2002

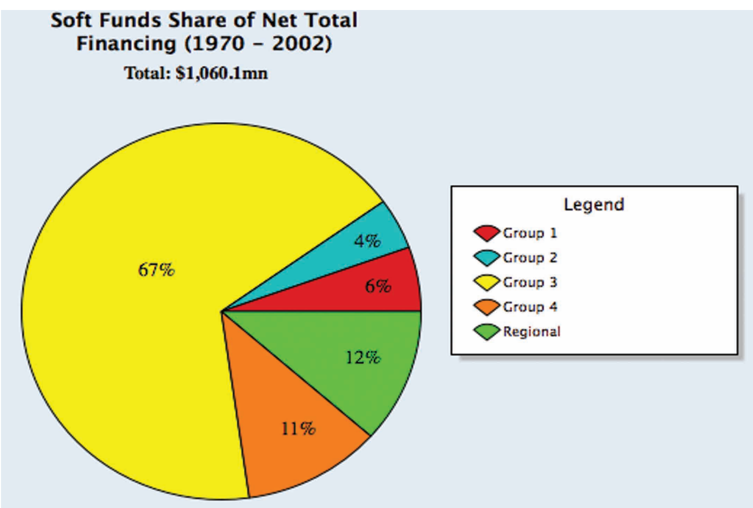
GENERAL

In 2002, the Caribbean Development Bank (CDB) continued to position itself to assist its Borrowing Member Countries (BMCs) in their efforts at recovery from the effects of the September 11, 2001 (9/11) terrorist attacks in the United States (US) and natural disasters in the Region.

In response to these economic shocks, a number of loans were provided to several countries under a new Economic Recovery Programme (ERP), including assistance for counterpart financing to supplement loans already approved for capital projects.

Under the ERP, an amount of $124 million (mn) is being made available to BMCs, of which an amount of $50 mn was earmarked for counterpart financing. By year-end, loans totaling $22 mn had been made available to six countries to meet their counterpart requirements thereby ensuring that CDB-funded projects would not be adversely affected by fiscal difficulties caused by global economic factors.

A substantial part of the financing was provided on concessionary terms through the Special Development Fund (SDF) and will be directed at the rapid reconstruction, repair and rehabilitation of infrastructure damaged by the ravages of the severe weather systems.



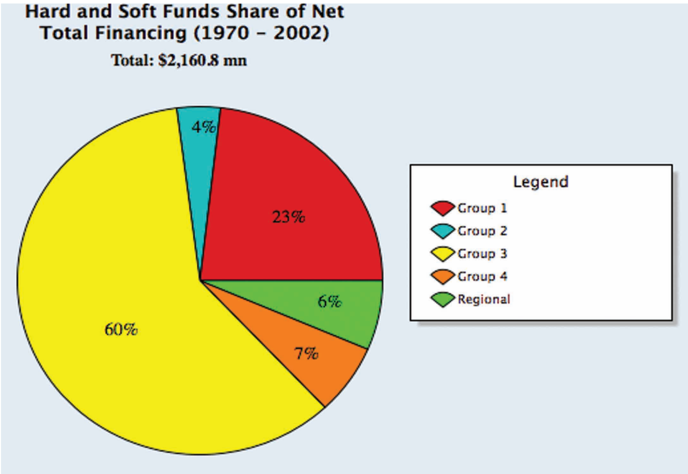
Such emergency assistance incorporated capacity-building features with the objective of improving the capability and competence of national governments to better prepare for and manage disasters. Nearly 40% of net loan approvals were directed towards mitigating the effects of natural disasters.

The Bank also provided interest rate reductions to its borrowers as further relief to cushion the effects of both disasters on the fiscal position of its BMCs, many of which were already grappling with the fall-out from the phasing out of preferential trading arrangements.

CDB also focused attention, through visits of the President and other staff to European capitals, on widening global interest in the Bank, and strengthening contacts with potential new member countries.

There was heightened CDB interest in social sector areas such as poverty, crime and violence, and health. Not only did the Bank provide financing to assist BMCs in meeting some of the challenges being experienced in these areas, but Bank Staff participated in a number of conferences and seminars where related issues were addressed.

Operationally, much of the Bank's efforts were directed towards the improvement of borrower capability and absorptive capacity, through the provision of policy advice, training and assistance in preparing projects; but there was concentration, as well, on mobilising additional foreign 'soft' resources. Particularly noteworthy was the approval by the Board of Directors of a contribution of approximately $24 mn from the Canadian International Development Agency (CIDA) to support the strong poverty alleviation thrust of the Basic Needs Trust Fund (BNTF) programme. The Board also approved a borrowing of $20 mn from the Funds for Special Operations of the Inter-American Development Bank (IDB) to assist with stimulating growth and expansion among small businesses in the lesser developed BMCs. Technical assistance (TA) grants amounting to $1 mn



were also received from the Government of China to finance consultancy services and training for the benefit of the BMCs; and from the Government of the United Kingdom (UK) amounting to £400,000 to assist the Bank in more effectively undertaking its mandate.

There was increased focus on the private sector during the year, as CDB collaborated with the Caribbean Association of Industry and Commerce (CAIC), the Region's umbrella private sector organisation, in staging a major summit on "Competitive Private Sector Development: An Imperative for the Future". The Summit was designed to enable dialogue and information exchange between the public and private sectors, deepen the understanding of the impact of globalisation on these sectors in the Caribbean and to increase the role of CDB, the regional financial sector and multilateral lending and donor agencies in facilitating the transformation of the regional private sector.

Nearing year-end, CDB adopted a Private Sector Development Strategy to guide its intervention in the sector, with the specific objective being improved global competitiveness of the Region's productive private sector on a sustainable basis so that Caribbean economies might be repositioned into the mainstream of the world economy. CDB's emphasis will be on building enterprise and institutional capacity and increasing the flow of investment capital to business enterprises.

Inasmuch as its widened responsibilities to address heavier and more diverse borrower requirements and its own enlarged portfolio will present more exacting challenges, CDB continued the process of internal reorganisation for enhanced efficiency in 2002, as had been recommended following an operations audit.

A Change Management Programme to support major reorganisation efforts underway in the Bank commenced during the year with the assistance of outside consultants. As part of the programme, the entire body of staff was given the opportunity to share their ideas on how to enable the Bank to become more effective in meeting its mandate, including the provision of a higher quality service to its clients. With the diagnostic process having been completed, the next phase involves implementation of the various recommendations made, which is expected to begin during the first quarter of 2003.

Further, on several occasions during the year CDB was instrumental in bringing together experts in such critical sectors as tourism, agriculture and transportation, for an in-depth examination of the challenges and prospects facing these sectors. These discussions are intended to lead to the consideration and adoption of new strategies aimed at transforming these sectors by making them more globally competitive

Senior Appointments

Two very senior management positions were filled with the appointments of Mr. Neville Grainger as Vice-President (Finance) and Mr. Desmond Brunton as Vice-President (Operations), both of whom are long-servers with the Bank.

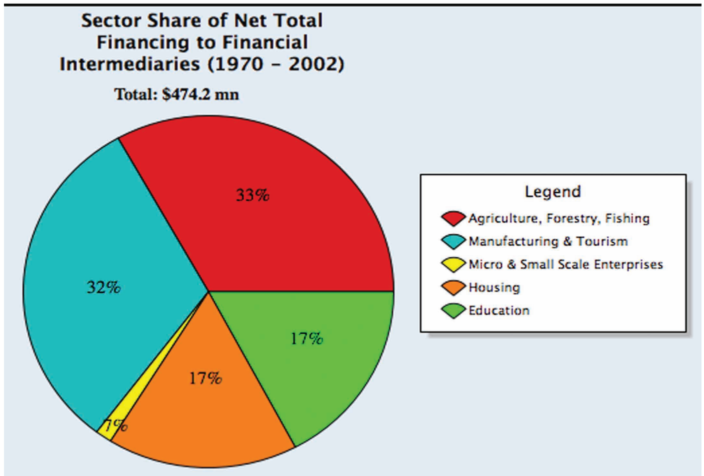
CDB's Performance as a Bank

CDB recorded improved performance in respect of its OCR operations on loan approvals (by 38%), disbursements (by 19%) and net income (by 10%). The cost of administering its OCR loans fell to 1.46% in 2002 from 1.70% in 2001.

Gross Approvals and Disbursements

Gross approvals of loans, grants and equity for the year ended December 31, 2002, amounted to $128.8 mn, compared with $141.4 mn in

2001. The latter amount includes $32 mn in respect of the BNTF programme. There were 32 loans approved totalling $119.1 mn (2001 - $103 mn) for the fiscal year 2002, and $9.7 mn in approvals of grant- and equity-funded operations. For the fifth successive year there was a positive net transfer of resources ($25.8 mn) to BMCs (2001 - $25.5 mn). The Bank also showed a remarkable improvement in its rate of project implementation, achieving a disbursement ratio of 73.1%, which was its highest for more than a decade.



For the year ended December 31, 2002, the Bank disbursed $119 mn to its BMCs (2001 - $111.8 mn). Disbursements on project loans were $114.3 mn for the year (2001 - $103.8 mn). Grant disbursements amounted to $4.8 mn for the year under review.

CDB'S PERFORMANCE AS A DEVELOPMENT AGENCY

CDB's role as a development agency is to seek to ensure a secure future for the people of the Caribbean by promoting cooperation and integration among them, financing viable and sustainable projects, safeguarding and upgrading the social and physical environment and encouraging the widest possible trade, services and other economic development activities.

These objectives were at the heart of the Bank's performance in 2002 which saw an even deeper commitment to service delivery and excellence and some new initiatives, particularly in the social areas. The scourge of poverty is a principal target, with the CDB focus deeming it entirely unacceptable that the level of the poor and indigent can in some cases range from the high 30's into the low 60% of the population.

Poverty eradication, or at least alleviation, has in a sense under-girded all CDB's activities, but in recent times and for a number of not always economic reasons, as the challenge became sterner, the Bank has had to widen the scope of its intervention. Its hugely popular BNTF programme has been a critical part of that thrust, and it continues to represent a successful CDB-initiated partnership with USAID, recipient governments and communities and now Canada. Implementation has seen some of the best honoured scheduling among CDB's small projects, and as the current programme continues towards 2007, its carefully prepared Poverty Reduction Action Plan stands a good chance of improving on the performance record.

The specific poverty focus has seen CDB take a lead role in a series of country poverty assessments to get the facts which could inform action by governments, CDB and other international financing institutions, and, indeed, every new CDB capital project has an important component which seeks to determine its probable impact on poverty reduction.

CDB's prominence as a significant partner to the Region is highlighted in its interventions during 2002 in the areas of civil society and good governance. Among some of its significant initiatives are the use of its respected position in the world of development finance to secure resources with which to establish and operate the Caribbean Court of Justice; and its cooperation with the UK for a study on drug control policy for the Region and a policy relating to criminal deportees.

In its role as a development agency, CDB's attention was also directed to the construction of more commodious school buildings, better equipped to meet today's knowledge demands of the Region's children, and teachers more highly trained for improved classroom performance, all of this exemplified in the type and quality of education sector capital and technical assistance projects which the Bank executes. In other forms of training, of both artisans and professionals, the development agency factor looms large, for often it is the case that the majority of beneficiaries are women.

Much importance is attached also to the Bank's widening activities in the public and private productive sector, as well as those of the Caribbean Technological Consultancy Services (CTCS) Network, whose focus is almost entirely on assisting small and medium-sized private sector enterprises to overcome production hurdles, expand operations, improve management and marketing capabilities and increase income, in an environment where the possibilities are limitless, for it is shown that of the 9 BMCs where relevant statistics are available between 73% and 97% of total imports in 2001 were from non-CARICOM sources.

Special Development Fund

The Bank's main vehicle for financing poverty reduction has been its Unified Special Development Fund (SDF). The Fund is now in its fifth cycle which covers the period 2001 to 2004.

In response to recommendations by Contributors to the Fund, the Bank has adopted poverty reduction as the main focus of the Fund. It has also agreed to use the concept of a poverty prism in undertaking the design and appraisal of all CDB-financed projects. This innovation will also extend to CDB's intervention in the private sector.

The conduct of Country Poverty Assessments (CPAs) has been at the core of the Bank's intervention in its lending strategy. Some nine CPAs have been completed, including some jointly with other multilateral and bilateral donors.

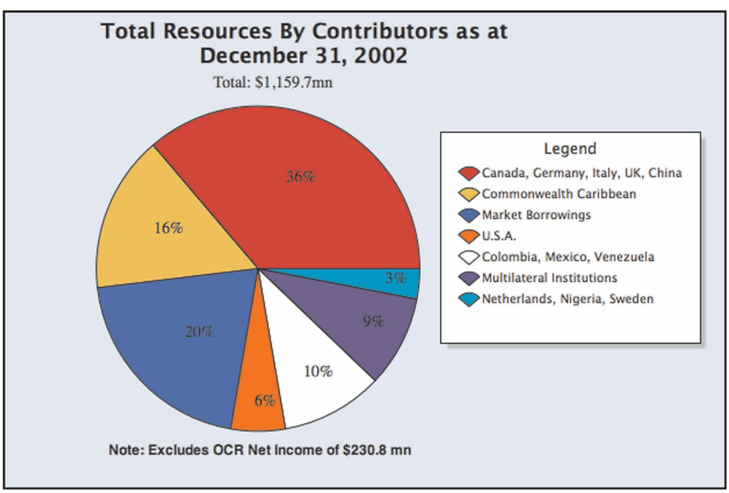
Other tools recently introduced by the Bank as part of its SDF V programming include the use of a Resource Allocation Formula that rewards good performance and a Project Performance Evaluation System that gives greater weight and visibility to poverty reduction than do similar systems in the other MDBs.

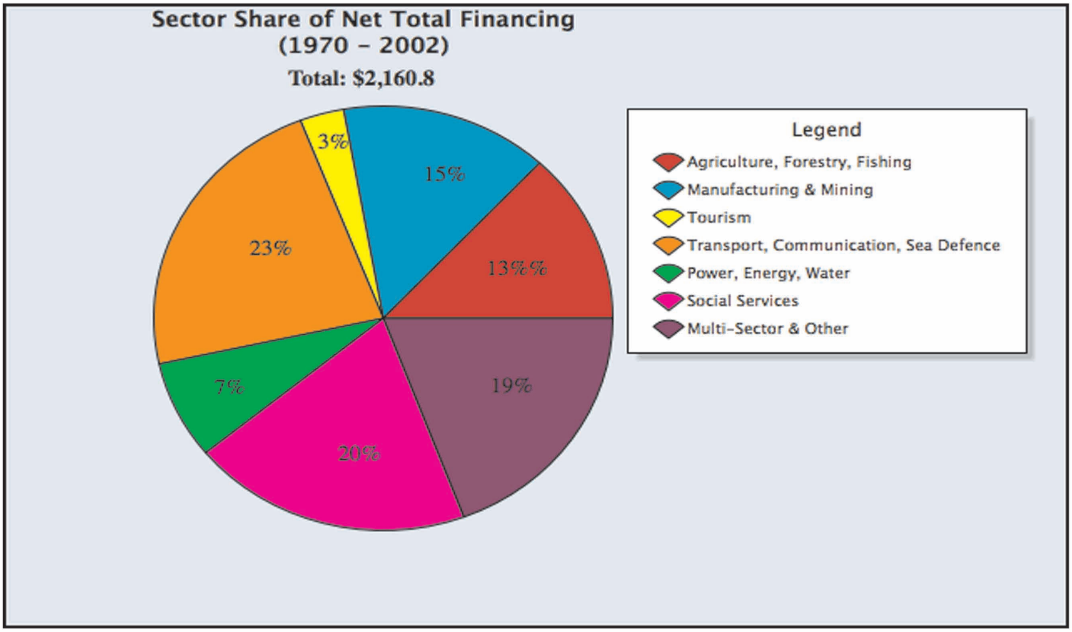
In undertaking these major changes in focus, the Bank has recognised that some retooling of its skills base is necessary and, in this regard, has been organising appropriate training for its staff in areas such as social analysis of development projects.

HIV/AIDS

One of the greatest challenges facing CDB's BMCs today, and into the future, is Human Immune-Deficiency Virus/ Acquired Immune Deficiency Syndrome (HIV/AIDS) pandemic. The pandemic is continuing to grow with no signs of peaking and the productive age group 25 to 44 is the most affected, accounting for about 65% of the present cases reported. By 1995, AIDS had become the leading cause of death among young males and females in the 20 to 45 age group exceeding deaths due to vehicular accidents, liver and cardio-vascular diseases. In addition, the Caribbean has one of the highest rates of AIDS cases among women of the Western Hemisphere.

The United Nations (UN) millennium goals require action in reducing poverty and the transformation of human development for poor people, including action against HIV/AIDS and other diseases. It is thus necessary for the Region and the donor community to factor into development strategies not only depletion of natural resources, but, the likely erosion of human development gains brought about by HIV/AIDS. HIV/AIDS will affect recruitment, retention, development and retirement and challenge traditional human



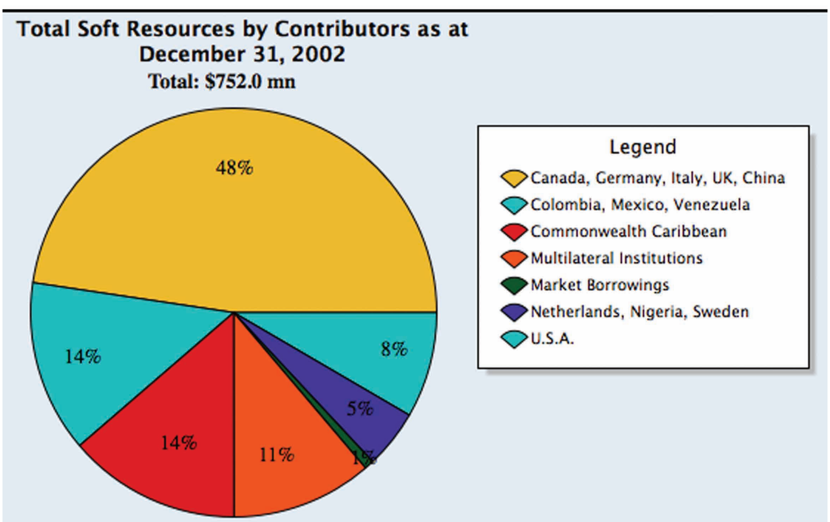


resource management. Both the public and private sectors can be expected to factor HIV/AIDS into their risk assessments because of its tremendous impact on human capital.

The factors driving the HIV/AIDS pandemic in the Region can be grouped into three main categories viz:

1. Bio-medical, Ethical and Access to Care;
2. Economic and Development; and
3. Social , Cultural and Behavioural.

CDB will attempt to address the factors which fall under categories one and three primarily in its collaborative efforts with specialized regional and international agencies and the Pan-Caribbean partnership against HIV/AIDS and through technical and financial assistance at the national level. BMCs will be encouraged to develop formal national multi-sectoral strategies and appropriate monitoring and evaluation systems to manage the pandemic. CDB will continue to address socio-economic determinants of HIV/AIDS–poverty and disparities in income distribution, limited skills and poor socialization, migration and rapid urbanization and limited genuine multi-sectoral approach–in the development projects and programmes it finances and its policy dialogue with BMCs. Additionally, CDB will continue its efforts to ensure strategic and optimal use of available resources and collaboration by supporting the development of tools and systems to facilitate improved coordination.



Selected Economic Indicators For CDB's Borrowing Member Countries

Country	SDF [1/] Classi-fication	Area (km^2)	Mid-Year Population 2001 ('000)	Annual Rate of Population Increase 1998-2001 (%)	Annual Change in Consumer Prices 2001 (%)	GDP at Current Market Prices 2000 ($ mn)	GDP at Current Market Prices 2001 ($ mn)	GDP Per Capita at Current Prices 2001 ($)	Real Rate of Growth in GDP 2001 (%)
MDCs (Total/Average)		**245,459**	**5,223.7**	**0.5**	**...**	**23,902.2**	**24,979.4**	**4,782**	**...**
Bahamas, The	1	13,939	307.4	1.6	1.0	4,920.0	4,995.0	16,250	...
Barbados	1	431	269.9	0.4	3.0	2,591.4	2,548.9	9,444	(2.8)
Guyana	4	214,970	774.8	0.1	2.4	704.6	712.8	920	1.9
Jamaica	3	10,991	2,604.8	0.5	7.0	7,598.6	7,768.2	2,982	1.7
Trinidad and Tobago	1	5,128	1,266.8	0.3	5.5	8,087.7	8,954.5	7,069	3.3
LDCs (Total/Average)		**26,796**	**919.3**	**1.7**	**...**	**6,269.3**	**6,457.1**	**7,024**	**...**
Belize	3	22,960	256.0	2.4	1.1	773.0	805.0	3,144	4.6
OECS (Total/Average)		**2,913**	**569.8**	**1.1**	**...**	**2,729.3**	**2,734.9**	**4,799**	**(2.5)**
Antigua and Barbuda	2	442	75.8	2.6	1.5	661.7	686.4	9,055	1.5
Dominica	3	750	71.2	(0.4)	2.5	269.6	263.2	3,696	(4.3)
Grenada	3	345	102.6	0.8	2.0	406.6	398.2	3,880	(3.4)
Montserrat	3	103	4.3	6.6	4.7	34.8	34.7	8,063	(4.2)
St. Kitts and Nevis	3	269	46.1	3.8	2.1	330.1	343.5	7,450	2.4
St. Lucia	3	616	157.8	1.2	3.0	689.2	660.3	4,185	(5.4)
St. Vincent and the Grenadines	3	388	112.0	0.1	0.8	337.3	348.5	3,112	0.2
Other LDCs (Total/Average)		**923**	**93.5**	**3.4**	**...**	**2,767.1**	**2,917.3**	**31,201**	**...**
Anguilla	2	91	11.6	2.1	2.9	108.0	110.2	9,502	2.0
British Virgin Islands	2	151	20.6	1.9	3.0	682.9	742.3	36,034	...
Cayman Islands	1	264	41.4	2.8	2.1	1,773.8	1,845.2	44,571	1.5
Turks and Caicos Islands	3	417	19.9	7.4	...	202.4	219.5	11,030	0.1
All Countries (Total/Average)		**272,255**	**6,143.0**	**0.7**	**...**	**30,171.5**	**31,436.5**	**5,117**	**...**

For list of sources and footnotes to Table see page 15

Selected Economic Indicators For CDB's Borrowing Member Countries

Country	SDF [1/] Classi-fication	Real Rate of Growth in GDP 1999-2001 (%)	Value Added in Agriculture as % GDP 1999-2001	Value Added in Mining as % GDP 1999-2001	Value Added in Manu-facturing as % GDP 1999-2001	Value Added in Construction as % GDP 1999-2001	Gross Domestic Savings as % GDP 1999-2001	Gross Domestic Investment as % GDP 1999-2001	Central Government Recurrent Revenue as % GDP 2001	Central Government Recurrent Expenditure as % GDP 2001
MDCs (Total/Average)		**...**	**...**	**...**	**...**	**...**	**...**	**...**	**25.4**	**25.7**
Bahamas, The	1	...	...	...	...	...	...	...	19.9	17.3
Barbados	1	1.4	4.7	0.7	6.2	5.8	13.0	18.0	34.3	31.9
Guyana	4	1.2	37.5	15.5	3.3	4.8	25.4	38.5	30.9	35.4
Jamaica	3	0.6	7.1	4.4	14.1	10.2	16.1	27.6	27.3	31.7
Trinidad and Tobago	1	4.7	1.7	23.3	8.0	8.9	29.8	18.3	24.0	22.6
LDCs (Total/Average)		**...**	**...**	**...**	**...**	**...**	**...**	**...**	**23.2**	**22.6**
Belize	3	7.6	17.5	0.7	13.2	6.7	17.4	33.7	22.8	20.3
OECS (Total/Average)		**1.7**	**7.4**	**0.8**	**5.7**	**11.5**	**...**	**...**	**24.8**	**25.9**
Antigua and Barbuda	2	2.9	4.0	1.7	2.3	12.9	...	...	19.2	22.1
Dominica	3	(0.8)	18.1	0.8	8.5	8.4	14.8	26.9	28.1	32.1
Grenada	3	3.8	7.9	0.6	7.4	9.7	22.9	38.2	26.3	24.0
Montserrat	3	(6.4)	1.1	0.1	0.8	16.9	(6.8)	51.0	26.3	54.6
St. Kitts and Nevis	3	4.1	3.0	0.4	9.9	15.8	21.9	47.6	28.2	33.1
St. Lucia	3	(0.7)	7.4	0.4	5.0	8.6	19.5	26.4	24.8	22.8
St. Vincent and the Grenadines	3	1.9	10.6	0.2	6.0	14.4	17.0	30.1	28.4	27.0
Other LDCs (Total/Average)		**...**	**...**	**...**	**...**	**...**	**...**	**...**	**21.9**	**20.2**
Anguilla	2	3.0	2.9	1.0	1.4	15.0	(7.6)	32.1	24.4	26.3
British Virgin Islands	2	...	1.7	0.3	0.9	2.7	...	...	25.8	19.2
Cayman Islands	1	3.3	...	...	...	...	...	...	18.7	18.6
Turks and Caicos Islands	3	2.7	2.9	1.6	0.4	12.6	11.1	36.3	34.1	33.5
All Countries (Total/Average)		**...**	**...**	**...**	**...**	**...**	**...**	**...**	**25.0**	**25.1**

For list of sources and footnotes to Table see page 15

Selected Economic Indicators For CDB's Borrowing Member Countries

Country	SDF Classi-fication[1/]	Central Government Recurrent Account Surplus as % GDP 2001	Exports of Goods and Services 2001 ($ mn)	Imports of Goods and Services 2001 ($ mn)	Tourist Expenditure 2001 ($ mn)	Balance of Payments Current Account 2001 ($ mn)	Change in Net Foreign Assets December 2001[2/] ($ mn)	Disbursed and Out-standing External Public Debt Dec.2001 ($ mn)	Scheduled Debt Service Payments on External Public Debt 2001 ($ mn)	Ratio of Debt Service Payments to Exports of Goods and Services 2001 (%)
MDCs (Total/Average)		**(0.2)**	**...**	**...**	**3,862.2**	**(498.6)**	**1,698.0**	**8,036.7**	**...**	**...**
Bahamas, The	1	2.6	2,655.3	2,702.7	1,665.3	(195.3)	129.3	393.1	81.0	3.1
Barbados	1	2.4	1,304.6	1,384.7	686.8	(81.5)	190.2	667.3	81.7	6.3
Guyana	4	(4.6)	...	...	86.6	(128.6)	153.0	1,192.6	52.5	...
Jamaica	3	(4.4)	3,123.8	4,442.1	1,232.0	(502.1)	1,015.2	4,146.1	...	...
Trinidad and Tobago	1	1.4	4,801.3	3,950.0	191.5	409.0	210.4	1,637.6	182.5	3.8
LDCs (Total/Average)		**0.8**	**...**	**...**	**2,211.7**	**...**	**...**	**...**	**...**	**...**
Belize	3	2.5	...	...	120.5	(175.2)	...	639.7	66.3	...
OECS (Total/Average)		**(0.7)**	**1,470.5**	**1,794.0**	**788.7**	**(405.6)**	**423.8**	**1,244.2**	**...**	**...**
Antigua and Barbuda	2	(2.9)	444.9	486.7	272.1	(59.7)	35.3	406.0	17.6	4.0
Dominica	3	(4.0)	120.1	166.9	45.4	(48.9)	39.2	161.5	...	...
Grenada	3	2.3	197.1	268.1	62.9	(85.0)	75.4	144.4	11.4	5.8
Montserrat	3	3.1	13.6	41.1	8.6	(6.7)	48.2	8.4	0.1	0.7
St. Kitts and Nevis	3	(4.9)	160.5	237.9	61.9	(95.8)	88.2	165.5	26.3	16.4
St. Lucia	3	2.0	357.3	367.6	257.6	(59.1)	43.5	195.1	35.8	10.0
St. Vincent and the Grenadines	3	1.4	176.9	225.6	80.2	(50.3)	94.1	163.3	12.2	6.9
Other LDCs (Total/Average)		**1.7**	**...**	**...**	**1,302.5**	**...**	**...**	**...**	**...**	**...**
Anguilla	2	(1.8)	74.7	106.5	62.5	(29.9)	56.2	...	...	...
British Virgin Islands	2	6.6	651.2	615.3	313.9	...	...	49.0	...	...
Cayman Islands	1	0.0	...	...	585.1	...	...	15.8	25.9	...
Turks and Caicos Islands	3	0.5	179.5	233.0	341.0	...	...	8.2	0.3	0.2
All Countries (Total/Average)		**(0.0)**	**...**	**...**	**6,073.9**	**...**	**...**	**...**	**...**	**...**

Sources; Central Banks and statistical departments of various countries;International Monetary Fund; Caribbean Tourism Organisation; CDB Estimates
... not available (cannot be derived)
1/ SDF Classification is based on eligibility of resources under SDF 3 and creditworthiness
2/ ( ) denotes decline.

DIRECTION OF TRADE - 2001

($ mn)

Country	Imports							Exports						
	CARICOM	USA	Canada	UK	Other EU	Other	Total Imports	CARICOM	USA	Canada	UK	Other EU	Other	Total Exports
MDCs (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Bahamas, The	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Barbados	218.0	438.5	40.2	86.0	92.0	194.0	1,068.6	107.6	36.8	7.1	30.3	9.9	67.6	259.3
Guyana	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jamaica	433.1	1,526.1	97.7	102.5	214.4	1,029.5	3,403.3	50.6	402.0	191.2	154.6	197.8	227.3	1,223.4
Trinidad and Tobago	99.2	1,319.7	92.0	162.8	508.9	1,410.8	3,593.3	1,017.8	1,783.9	98.9	64.0	175.5	1,179.6	4,319.6
LDCs (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Belize	21.5	204.3	6.6	11.7	16.6	163.1	423.9	11.2	93.3	1.0	40.0	11.6	16.5	173.5
OECS (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Antigua and Barbuda	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Dominica	36.4	44.7	3.9	13.3	5.8	26.8	130.9	26.2	1.7	0.2	9.2	0.0	6.3	43.5
Grenada	53.3	98.2	6.0	15.0	10.0	29.7	212.2	12.8	22.6	0.7	0.6	20.1	2.0	58.6
Montserrat	...	...	...	...	...	...	...	...	...	...	...	...	...	...
St. Kitts and Nevis	33.7	87.4	21.6	15.6	7.8	23.1	189.2	0.9	21.9	0.0	7.4	0.1	0.7	31.0
St. Lucia	78.0	110.5	10.1	26.6	18.5	65.5	309.2	16.0	9.6	0.2	34.6	0.7	2.3	63.4
St. Vincent and the Grenadines	50.9	64.3	5.1	18.3	20.8	27.1	186.5	24.6	1.2	0.2	16.8	0.2	1.7	44.6
Other LDCs (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Anguilla	...	...	...	...	...	...	...	...	...	...	...	...	...	...
British Virgin Islands	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Cayman Islands	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Turks and Caicos Islands	...	...	...	...	...	...	156.9	...	...	...	...	...	...	7.1
All Countries (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...

Merchandise Trade only

INTRA-CARICOM IMPORTS[1/] - 2001

($ mn)

Imports by	Imports from														
	BAH	BDS	GUY	JAM	TT	BZ	ANT	DOM	GDA	MON	SKN	STL	SUR	SVG	CARICOM
CDB Borrowing Member Countries															
MDCs (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Bahamas, The	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Barbados	...	...	10.22	9.93	174.06	1.04	0.09	2.00	1.50	0.00	0.40	6.62	8.17	3.75	218.00
Guyana	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jamaica	...	16.35	30.87	...	357.94	4.24	0.14	13.43	0.64	...	0.00	0.06	7.12	2.21	433.11
Trinidad and Tobago	...	23.46	16.41	20.21	...	16.14	0.12	2.22	0.25	0.00	0.26	1.42	13.57	5.27	99.19
LDCs (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Belize	...	2.67	0.71	8.75	8.87	...	0.00	0.27	0.03	0.00	0.00	0.18	0.01	0.00	21.52
OECS (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Antigua and Barbuda	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Dominica	...	3.72	1.68	1.85	22.85	0.02	0.42	...	1.90	0.02	0.44	2.27	0.02	1.24	36.44
Grenada	...	5.34	2.19	1.46	41.11	0.10	0.30	...	0.00	0.00	0.03	1.66	0.03	0.87	53.33
Montserrat	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
St. Kitts and Nevis	...	4.10	0.20	1.79	23.39	0.01	0.88	0.68	1.41	0.00	...	0.70	...	0.56	33.72
St. Lucia	...	9.29	4.56	2.66	52.47	0.08	0.69	1.45	2.87	0.00	0.14	...	0.05	3.70	77.96
St. Vincent and the Grenadines	...	7.55	2.16	1.76	37.10	0.07	0.18	0.58	0.56	...	0.02	0.88	0.00	...	50.87
Other Countries															
Suriname	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
All Countries (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

1/ Merchandise Trade Imports

Selected Labour Force Indicators 2001 *

Countries	Labour Force									
	Participation Rate (%)			Unemployment Rate (%)			Employment by Sector (%)			
	Male	Female	Both Sexes	Male	Female	Both Sexes	Agri-culture	Mining/ Quarrying	Manufac-turing	Construc-tion
Bahamas, The	81.7	71.1	76.2	6.8	7.1	6.9	...	...	...	...
Barbados	75.9	63.8	69.5	8.0	11.9	9.9	3.4	...	7.1	11 [a/]
Belize	...	...	...	...	...	9.3	...	...	...	...
Jamaica	73.0	53.6	63.0	10.3	21.0	15.0	20.8	0.6	7.1	8.5
St. Lucia [b/]	67.5	48.0	57.5	13.9	13.1	13.5	12.8	0.2	9.8	9.7
Trinidad and Tobago	75.0	46.4	60.7	8.6	14.4	10.8	7.8	3.01 [c/]	10.9	15.3

* For those countries having relevant data

... not available

a/ construction and quarrying

b/ Census 2001

c/ includes petroleum and gas

Selected Social Indicators For CDB's Borrowing Member Countries

Country	SDF Classi-fication	POVERTY INDICATORS Assessment Year	Population Poor (%)	Population Indigent (%)	Gini Ratio a/	Infant Mortality Rate 2000	Net Primary Enrollment Ratio (%) 2000 b/	Net Secondary Enrollment Ratio (%) 2000 b/	Expenditure on Health as % of GDP 2000	Expenditure on Education as % of GDP 2000
MDCs (Total/Average)										
Bahamas, The	1	...	...	...	...	14.8	99.2	84.6	2.9	3.6
Barbados	1	1996	13.9	...	0.39	16.7	100.0	98.0	3.9	6.8
Guyana	4	1999	35.0	27.7	...	29.0	91.9	74.9	1.0	2.0
Jamaica	3	2001	16.8	...	0.38	...	88.3	69.8	1.0	1.1
Trinidad and Tobago	1	1992	21.2	11.2	0.42	18.0	73.1	71.5	2.1	3.4
LDCs (Total/Average)										
Belize	3	1996	33.0	13.4	0.51	21.2	81.2	63.6	1.9	4.8
OECS (Total/Average)										
Antigua and Barbuda	2	...	...	...	...	...	...	...	3.2	3.0
Dominica	3	2002	39.0	...	0.35	17.5	88.8	...	4.4	5.4
Grenada	3	1998	32.1	12.9	0.45	14.3	97.5	...	2.7	4.2
Montserrat	3	1999	30.5	11.0	0.40	0.0	...	...	13.3	3.4
St. Kitts and Nevis*	3	1999	30.5	11.0	0.40	14.3	88.6	...	3.6	5.9
St. Lucia	3	1995	18.7	5.3	0.50	13.4	...	65.9	2.8	5.4
St. Vincent and the Grenadines	3	1996	37.5	25.7	0.56	13.0	82.0	...	4.2	5.9
Other LDCs (Total/Average)										
Anguilla	2	2002	23.0	2.0	0.31	5.0	98.9	...	3.3	3.9
British Virgin Islands	2	2002	22.0	...	0.23	3.1	...	...	...	...
Cayman Islands	1	...	...	...	...	3.8	100.0	...	3.3	2.5
Turks and Caicos Islands	3	1999	25.9	3.2	0.37	9.7	100.0	...	8.1	5.7
All Countries (Total/Average)										

Sources: CDB's Poverty Assessments; National Survey of Living Conditions.
Education for All in the year 2000, UNESCO; PAHO and WHO cited in World Bank Report 2000.
** For Nevis:Population Poor = 32.0%; Population Indigent = 17.0%; Gini Ratio = 0.37%.*
a/ Measures inequality in the distribution of income in the population. The closer to 1, the more skewed is the distribution of income.
b/ Measures the number of students enrolled in a level of education who are of official school age for that level, as a percentage of the population of official school age for that level.
Caribbean Region: Reported cases of AIDS by Age Group: >1-24 = 17%; 25-44 = 61%; 45-60+ = 22%.

The city of Basseterre, St. Kitts, with the CDB-financed Port Zante Cruiseship Pier on its western edge.

I
ECONOMIC DEVELOPMENTS DURING 2002

A. INTERNATIONAL ECONOMIC DEVELOPMENTS

Since the start of 2002, there have been indications that a global recovery was under way, led by the US and underpinned by a pickup in global industrial production and trade. World economic growth was estimated to have reached 2.8%in 2002, moderately better than the 2.2% recorded in 2001. Rapid fiscal and monetary expansion in the aftermath of 9/11 underpinned the renewed growth in the US for the first quarter of 2002. Growth was largely driven by both private and public consumption, and by a rundown in stocks, providing a boost to demand and output. However, a spate of corporate scandals involving over-representation of earnings through "creative accounting" have significantly shaken investor confidence causing stock prices to tumble to all-time lows. The spillover effects of these scandals were rapidly transmitted to both the domestic and international economies, which helped to exacerbate an already fragile economic performance. Growth in a number of economies, such as Mexico and several countries in Central America and the Caribbean, remained very low or contracted during the year because of their close trade and investment linkages with the US.

In the euro area, sluggish growth persisted through the year and there are as yet few signs of an end to the declining economic performance. Real GDP growth is estimated to have decelerated to 0.7% in 2002, following growth of 1.5% in 2001. Confidence indicators, which have generally been on a downward trend since May, point to a deterioration in the short-term before a gradual recovery. Despite the accommodating monetary conditions, reflected in the prevailing low interest rates, weakness in domestic demand persisted, and is being further aggravated by rising unemployment. Additionally, the continued rapid appreciation of the euro has had a negative effect on exports through loss of price competitiveness, but the monetary policy stance of maintaining a low interest rate environment was partly to counter the negative trade effects. Turbulence in the global stock markets since May, resulting primarily from the spate of corporate financial scandals in the US, acted to further slow growth during the year.

The out-turn for the Japanese economy was not encouraging. A resumption in lending for private business activity, although sporadic and unsustained, provided some support to domestic demand. Industrial production expanded for four consecutive months through to May, but contracted in June as the slowing US economy and the strengthening yen dampened the fragile export-driven economic recovery. With its interest policy rate virtually stuck at zero, the Bank of Japan has been injecting liquidity into the banking system to help restore some measure of growth to the economy. However, expansionary monetary policy failed to effect credit supply expansion. Investment demand continued to be depressed by banking sector ills and corporate restructuring, while households, faced with rising unemployment and longer-term pension uncertainties, remained reluctant to raise their spending level.

Continued increases in petroleum prices as a result of ongoing conflict in the Middle-East and strengthening of the global economy did not materialise as anticipated. Prices came under pressure at the beginning of June on the news that Russia had begun to raise output, signaling that it would abandon its agreement beyond June on export restraint with the Organisation of Petroleum Exporting Countries (OPEC). During November, the average price of the OPEC reference basket retreated by $3.03 per barrel (/b), or 11.09%, to $24.29/b from $27.32/b in October. In the first half of December, the price continued its upward path due mainly to geopolitical tensions in the Middle East and supply interruptions in the Venezuelan oil industry. For the first time in 2002, the year-to-date average price passed the 2001 level, by $0.35/b, to reach $23.94/b. However, around the same time, OPEC agreed to cut its production level to 23 million barrels per day (mb/d) with effect from January 1, 2003, in order to maintain its price band of $22-$28/b.

In the first quarter of the year non-oil commodity prices staged a short-lived recovery from their 2001 lows when world trade began to grow at near double digit annual rates.

The World Bank's non-oil commodities price index increased by 19.2% between October 2001 and October 2002, while the relevant index for sub-Saharan Africa rose by 30%. With commodity prices still below their 1997 peak levels, however, several exporters, notably those in the Caribbean that specialise in coffee and sugar, did not benefit significantly from the rebound in average prices during the first half of the year.

Prospects

The near-term outlook is one of cautious optimism. An increasing dichotomy is emerging between the real economy in the US, which is still expanding at a moderate but respectable pace, and the financial markets, specifically the stock market and the dollar, where loss of confidence prevails. The uncertainties in growth prospects for 2003 and beyond in the US and elsewhere centre on the relationship between these two. Of specific interest will be the response of US consumers, because of the wealth effect and the general loss of confidence in corporate America as investor confidence remains bruised by the ongoing accounting scandals.

Across the different developing regions, projected growth for 2003 has been marked down because a robust rebound in industrial country growth appears less likely. The sole exception to this pattern is the Middle East and North Africa region where high oil prices have redounded to the benefit of the exporters. Increased government expenditures are already taking place, financed by the rapidly mounting surpluses of oil revenues.

B. ECONOMIC DEVELOPMENTS IN CDB's BMCs

Overview

Whilst the relatively sharp declines in economic output on account of suppressed aggregate domestic demand and a disappointing tourism performance prevailed for the better part of 2002, preliminary data indicate that the weak economic performances recorded for most of CDB's BMCs in 2001 improved somewhat during 2002. Overall regional output performance increased in 10 of the 17 BMCs, and was bolstered by improved performance in agriculture and manufacturing, and some recovery in tourism during the final quarter. Among the larger economies, contractions in real income growth occurred in The Bahamas and Barbados, though not to the same extent as in 2001. The heavy reliance on tourism, combined with the sluggish global recovery, was to the detriment of both countries. On the other hand, in Guyana and Trinidad and Tobago real income growth, though positive, decelerated in 2002. In the case of the former, growth was underpinned primarily by gains in the agriculture sector, while for the latter, ongoing strong inward investment and increased output in the petroleum sector helped the country to maintain modest but positive economic performance. Jamaica is expected to register modest, positive growth for 2002, despite the effects of the battering sustained by the agricultural sector from heavy flooding in May/June and September. The mining and tourism sectors recovered from supply shocks, while telecommunications continued to record robust growth. Activity in Belize remained buoyant during the year as growth in the tourism sector continued to accelerate and the agriculture sector rebounded from hurricane damage in 2001.

Within the member countries of the Organisation of Eastern Caribbean States (OECS), economic performance improved in 2002 relative to 2001 for six of the seven states, with positive growth having occurred in five countries and contractions in two (Dominica and Montserrat). Dominica continued to be worst affected, with the economy having contracted by 3.1% in 2002. This prompted the negotiation of a Stand-By Arrangement with the IMF and proposals for the creation of a Regional Stabilisation Fund by CARICOM member states aimed primarily at assisting countries that may be plunged into an economic crisis. Activity was mixed amongst the Overseas Territories (OTs), where preliminary data point to growth in two territories (the Cayman Islands and Turks and Caicos Islands) and contraction in one (Anguilla). The contraction in tourism (particularly the stay-over segment) which occurred in 2001, persisted into most of 2002, negatively affecting growth in Anguilla and the Cayman Islands, but a resurgence of construction activity in the latter helped to reverse the overall decline experienced in 2001.

The generally weak performances exhibited throughout the Region were directly related to their heavy dependence on economic activity in the US. The reduced wealth effect of investors caused by the corporate accounting scandals, safety concerns in the aftermath of 9/11 which shifted the preferred mode of travel from air to sea, and the ongoing pressures on offshore financial centres, all combined to affect performance.

The financial services sector throughout the Region continued to come under pressure as the US and the European Union (EU) intensified efforts to stem or reverse the outflow of taxable income from their respective jurisdictions. In the case of the US, efforts related to the growing practice of businesses to incorporate their head-quarters in one of the tax exempt offshore jurisdictions (tax havens) to save billions of dollars in taxation. Recently enacted legislation now prohibits or restricts Federal Authorities from engaging in contracts with any company that has been incorporated in a tax haven after March 20. Whilst this central theme of the legislation related to issues of competition and ability to deliver products at the lowest price, in the final analysis it has already begun to have a negative impact on registration fees for destinations such as Bermuda, the Cayman Islands and several Eastern Caribbean offshore centres. The rate of formation of new businesses remained very low during the year in all of the territories throughout the Region.

The efforts by the EU were more tacit. Higher tax rates within European countries have, over time, led to increased incidence of tax evasion and also towards higher fiscal deficits. The EU Tax Harmonisation plan was therefore designed to get foreign governments to collect and remit taxes on businesses of European origin. In the case of the OTs, the agreement to participate in this exercise is even more compelling than for the independent countries, since their existing constitutions allow for a directive to come from the UK Foreign and Commonwealth Office.

Continued strengthening of oil prices as a result of ongoing conflict in the Middle-East and rapid strengthening of the global economy did not materialise as anticipated. Prices came under pressure at the beginning of June on the news that Russia had begun to raise output, suggesting that it would abandon its agreement beyond June on export restraint with OPEC. The cumulative average price for the first half of 2002 showed a decline of 8.6% with respect to the same period in 2001, partly indicating the subdued demand in the global economy. Prices retreated somewhat by September, but increased tensions over the likelihood of a war with Iraq and a prolonged strike in Venezuela which disrupted supplies pushed the price of benchmark Brent Crude over the $30/b mark by year-end. Nonetheless, OPEC members maintained production levels since the price band of their Reference Basket ($23-$28) was not breached.

A significant benefit of the stable oil prices for the regional economies has been low rates of inflation. In Jamaica, the CPI increased by 7.3% for the year, while more buoyant activity in Trinidad and Tobago pushed the inflation rate to 4.2% by October. Increases in the OECS varied between a low of 1% for St. Vincent and the Grenadines and a high of 3.3% for Montserrat (to September) as a result of more subdued activity. The economic downturn in Dominica resulted in a 0.1% decrease in the index for the first quarter but rising costs on account of the austerity measures pushed the annual index up by 2%.

Sectoral Performance

Agriculture

Output in the agricultural sector generally improved during the year as most economies recovered from the effects of drought in 2001. Regional production of sugar increased by 5.9% in 2002, to 774,558 tonnes, from 731,400 tonnes in 2001, despite lower levels of output in three territories (Barbados, Jamaica and St. Kitts and Nevis). In the other two sugar-producing countries, Guyana and Trinidad and Tobago, output increased by 13.4% and 11.6%, respectively, which more than compensated for the declines in the other territories. In Barbados, a late start to harvesting, combined with a reduction of acreage, led to a 10% decline in sugar production, with the industry barely managing to produce 45,000 tn.

In Jamaica, heavy rains at the start of the season in November 2001, and severe flooding again during the May/June harvesting period severely affected production, causing output to plummet to 174,640 tonnes, the lowest level in 55 years. In St. Kitts and Nevis output declined by 4.8%, following a 13.9% increase in 2001.

The industry in Belize recovered rapidly from hurricane damage in 2001, and aided by the high degree of mechanisation, posted output gains of 7.2% to reach 104,100 tonnes.

Though erosion of preferential trading arrangements, loss of market share, stagnating export prices and high production costs continued to challenge the banana industry within the BMC's, output in the Region rose nonetheless by 29.2% during the year to reach 209,533 tonnes. The most significant contributor to this increase was Belize where output surged by 69.6% to reach 80,000 tn, after devastation by hurricane Iris in September 2001. The effects of excessive rainfall and the closure of a major banana company combined to reduce output by 5.3% in Jamaica. Amongst the Windward Islands, output also increased, by 19.6%, moving to 98,893 tn in 2002 from 82,683 tonnes in the previous year. Whilst output contracted in Dominica and Grenada by 3.4% and 10.4%, respectively, it expanded in St. Lucia and St. Vincent and the Grenadines by 41.5% and 9%, respectively. Improvements to irrigation systems, containment of leaf spot disease and generally better climatic conditions all contributed to the improved overall performance.

Manufacturing

Contraction of domestic demand and external competition both affected the regional manufacturing sector during the year, with five countries reporting marginally increased output and five reporting a decline. Reduced output was recorded in Dominica, St. Kitts and Nevis and St. Vincent and the Grenadines as the sector not only faced increasing competition from trade liberalisation, but also had to contend with markets characterised by weak domestic demand. Higher production and operating costs remained a constraining factor to effective competition with the result that goods, mainly from extra-regional sources but in a few cases from the lower cost suppliers in the Region, continue to penetrate the market and displace locally produced items. This notwithstanding, Barbados managed to reverse a 3-year declining trend within the manufacturing sector (January-June period) through the combination of an intense 'buy local' campaign and a hike in import duties on specific items. Output in the sector grew by a modest 0.5% for the year.

Construction

Performance in the construction sector in 2002 has been mixed. Indications are that activity in most of the countries for 2002 was below the level recorded in 2001, as many of the commercial projects either neared or reached completion. However, many Governments were forced to engage in counter-cyclical expenditure mainly aimed at countering the slowdown in tourism and helping to maintain reasonable levels of employment. This increased spending resulted in larger fiscal deficits and, in some cases, increased indebtedness for countries where the level of savings was quite low. The ongoing implementation of several public sector capital projects in Barbados was insufficient to counter the effects from slowing private sector activity and, as a result, the sector declined by 3.1% during the year. Activity also contracted in Dominica and Grenada and grew at slower rates in The Bahamas, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.

Tourism

The reduction in business and leisure travel since the terrorist attacks in the US, coupled with intense competition from World Cup football in Asia in the first half of the year, impacted negatively on tourism performance within the Region during 2002. This situation was further aggravated following the withdrawal of several European charters from the Region as demand for such service decelerated. Efforts to stem the continuing downward trend focused on heavy price discounting and marketing, but these efforts alone were insufficient to avoid salary cuts, layoffs, reduced hours and some closures within the industry. The situation was further compounded by low load factors on the major air carriers into the Region. The short-term effect was a reduction in the number of seats to the Region and a rescheduling of some flights between destinations. However, as the regional marketing campaign intensified, new routes were opened for several countries which partly countered the impact of the overall decline.

During the year, five BMC's reported a decline in stop-over arrivals and four reported increases, when compared to the corresponding period in 2001. Anguilla and the Cayman Islands were the more seriously affected destinations with declines of 8.7% and 9.4%, respectively).

Additionally, The Bahamas (-2.9%) and Barbados (-1.8%) also recorded slight decreases for the period. Of the few countries exhibiting growth, Guyana was the strongest performer at 15.8%, but growth largely resulted from regional rather than international travel. Relatively strong growth of 8.4% was reported in Grenada and St. Vincent and the Grenadines, though this was only for the period January-July.

The number of cruise passenger arrivals showed a somewhat similar trend to that of stop-over visitors. Available information showed that five of nine countries with data recorded decreases in cruise passengers, ranging from a high of 26.9% in Trinidad and Tobago to a low of 8% in Grenada. Belize (564.4%) and the Cayman Islands (29.6%) recorded strong growth in cruise arrivals, and this is largely attributed to their popularity as destinations, proximity to the US and strong marketing efforts. Strong competition from US ports was also a contributing factor to the overall slowing in cruise passenger arrivals to the Region.

Other Services

The slow growth which characterised global activity during the year affected operations within the regional financial services sector. Much activity was focused on consolidation of operations through mergers and acquisitions. In addition, the passage of legislation requiring offshore banking operations to establish a physical presence in the country of operation, as well as that to remove anonymity of bearer shares both had negative effects on growth of offshore banking in the different jurisdictions.

During the year, the Financial Action Task Force (FATF) was persuaded by the IMF to temporarily suspend the addition of countries to its blacklist of 'non-cooperative countries and territories' and to work together with both the IMF and the World Bank to provide assessments and technical assistance to countries singled out for attention.

In June, the FATF removed St. Kitts and Nevis from the blacklist, left Dominica, Grenada and St. Vincent and the Grenadines and, in October, removed Dominica. Despite the upgrade of legislation relating to the management of the offshore sector, Grenada and St. Vincent and the Grenadines remained blacklisted by the FATF because of its assessment that implementation of the tougher regulations was still deficient in the two Caribbean jurisdictions.

Prospects

Faced with a global environment in which the outlook is one of cautious optimism, prospects for the regional economies can at best be described as uncertain. The slow global growth in 2002 has reduced the rate of foreign direct investment in the Caribbean, so that the rates of growth likely in the near-term will rely heavily on the levels of domestic investment which can be generated. Of particular interest will be a resolution of the oil-sector strike in Venezuela and the next step in the developing crisis between the US and Iraq. Both of these events have the potential of escalating the price of oil for Caribbean economies, negatively affecting their external positions and real income growth. Serious consequences could also stem from reduced spending on social services, in an environment where crime is increasingly a matter of concern to the vital tourism sector. The strong representation of the main Caribbean destinations at the World Travel Market in London in mid-November highlighted the high optimism of these countries in the European market as a viable source of long-stay visitors.

C. CARICOM ECONOMIC COOPERATION

General

CARICOM-level activities during 2002 were heavily focused on advancing the economic integration process within the grouping. Early in the year, work commissioned by the CARICOM Secretariat was completed on one important report (the Kissoon Report: "Implementing the CARICOM Single Market and Economy: Making It a Lived Reality"), and started and substantially completed, with assistance from the UK-DFID and CDB, on another (the Brewster Report: "CARICOM Single Market and Economy: Assessment of the Region's Support Needs"), both aimed at identifying the issues and constraints needing to be addressed in order to accelerate the pace of integration. The Cayman Islands became the 4th Associate Member of CARICOM during the CDB Board of Governors Meeting in May in George Town, Grand Cayman, completing the inclusion in the integration movement of all English-speaking countries in the Caribbean. At the CARICOM Heads of Government Conference in Georgetown, Guyana, in July, Haiti formally became the 15th CARICOM member state. Considerable effort was devoted, during the July meeting, to developing appropriate responses to the serious economic difficulties facing member countries as a consequence of the downturn in global economic activity and 9/11; and a special meeting of Heads of Government was convened in Castries, St Lucia, in August to finalise a programme of action. In October, a CSME Implementation Unit was established in Barbados, reflecting the CARICOM quasi-Cabinet responsibility of the Prime Minister of Barbados for advancing the economic integration process, and in November the Bureau of the Conference of the Heads of Government, meeting in Barbados, made further arrangements to advance the programme of action on economic recovery that had been agreed in August.

During the year, work proceeded on arrangements to establish the Caribbean Court of Justice (CCJ), a critical component of the CSME's disputes settlement arrangements, with much of the activity directed to the establishment of arrangements for financing the operations of the Court.

In other developments, CARICOM Heads engaged in a dialogue with Civil Society in the Region in the "Forward Together" Conference held in Georgetown, Guyana, in July. The resulting "Liliendaal Statement of Principles" recognised the challenges to the Caribbean community posed by globalisation and the difficult social issues which needed to be addressed, and recorded the agreement reached to hold formal meetings every three years and to work through the CARICOM Secretariat in a special Task Force between the formal meetings.

Earlier, in May, Heads participated in the 2nd CARICOM-Spain Summit and in the 2nd EU-Latin America and the Caribbean Summit, both held in Spain. Still earlier, in February, CARICOM Heads of Government met with their counterparts from Central America in the 1st Caribbean-Central America Summit during the CARICOM Heads Inter-Sessional meeting in Belize.

In December, CARICOM Heads met with the President of Cuba in Havana to commemorate the 30th anniversary of the establishment of diplomatic relations between Cuba and Barbados, Guyana, Jamaica, and Trinidad and Tobago in 1972. It was agreed that 8th December would be observed annually as Cuba/CARICOM Day, and that a summit would be held every three years on that date, with the venue rotating between Cuba and CARICOM countries.

D. ECONOMIC PERFORMANCE AND INTEGRATION ISSUES

Performance

The global economic downturn, exacerbated by 9/11, resulted in substantial slowing in economic activity in the Region and contributed to a sharp deterioration in the fiscal performance of many CARICOM countries. This led to considerable fiscal difficulties for some OECS countries. The developments came on top of ongoing global efforts to liberalise trade and to phase out trade preferences including the arrangements on which much of the Region's past growth had depended. These efforts, some of whose effects had already been manifested in declining commodity export earnings, served to highlight the Region's external economic dependence and vulnerability and its low level of economic diversification. CARICOM Heads devoted much of their summit in Georgetown in July to an assessment of the situation. Following the consideration of presentations by the President of CDB and the Governor of the ECCB, it was agreed that a special summit on the regional economy would be held in St Lucia in August.

Following extensive discussions in Castries at the special summit, agreement was reached on a three-part framework for stabilising and transforming Caribbean economies. The first part focused on the provision of special assistance to Dominica, which was at the time preparing to enter into a stand-by arrangement with the IMF as part of the effort to deal with a fiscal crisis. A programme of financial and technical assistance for Dominica, to be provided by a number of countries and regional institutions, was agreed.

The second part focused on general stabilisation in the Region, with particular reference to the OECS, and endorsed proposals for the establishment of a Regional Stabilisation Fund, a revolving source of fiscal and economic support designed to supplement stabilisation and structural transformation assistance from the traditional sources. The central banks in the Region were charged with the responsibility for developing the arrangements. As an important part of the stabilisation effort in the OECS, the ECCB intensified its efforts to assist countries to develop their own stabilisation programmes, in the process creating country teams and developing domestic capacity. It was hoped that a complete set of programmes would be developed in time for consideration by the ECCB Monetary Council in mid-2003.

It was agreed that the third part of the approach would involve a programme of economic restructuring and transformation, focusing on improving the planning framework, upgrading physical and institutional infrastructure, and increasing business investment and enhancing business competitiveness. The private sector, through its umbrella institution the CAIC, was entrusted with the responsibility of coordinating activities in this area. At year end, work was ongoing on all three parts of the framework.

CSME

Concern continued to be expressed during the year at the slow pace of movement of the regional integration process. At the same time, however, a number of activities aimed at enhancing and accelerating the integration processes were underway. Both the Kissoon Report and the Brewster Report (in draft) pointed to approaches and specific actions which, if implemented, could have the effect of accelerating the processes. More concretely, CARICOM countries agreed on a timetable for the removal of restrictions on the rights of establishment in member countries of enterprises owned by persons from other member countries (immediately for some restrictions, by the end of 2003 for others, and with all restrictions being removed by 2005). When fully implemented, these arrangements would have the effect of reducing the restrictions on the free movement of natural persons throughout the Region, complementing the existing arrangement in relation to specified categories of citizens of the Region (university graduates, media workers, sports persons, artistes, and musicians).

Comparable efforts to remove legal restrictions on the movement of capital were less successful, mainly as a result of concerns relating to the possible effects of the maintenance of two different exchange regimes in the Region (managed floating rates in four countries, fixed exchange rates in the others) and different approaches to the management of the public finances. At the same time, increasing prudence with the monetising of fiscal deficits permitted the ongoing relaxation of capital controls; and this, together with continued freedom in respect of current account transactions, contributed to an absence of difficulties for the private business sector and for households in relation to cross-border transfers of funds.

As part of the effort to accelerate the emergence of the single market, a CSME Implementation Unit was established in Barbados, initially with core staff drawn from the CARICOM Secretariat headquarters. Part of the intention is to build the capacity of the Unit to assist CARICOM members with the domestic programmes and activities which need to be undertaken in order to meet the guidelines under the various initiatives. One critical area will involve legislative, administrative and procedural harmonisation: substantial legal drafting and legislative implementation work will be required, and this is likely to place considerable strain on legal and administrative capacity in the smaller member states.

During the year work proceeded on the arrangements for the establishment of the CCJ. Much of the activity was devoted to the arrangements for financing the operations of the Court. It was agreed that CDB would seek to raise funds in the capital markets for onlending to the participating Governments, which would immediately transfer the proceeds to a Trust Fund. The yield from the investment of the funds held in trust would be utilised to meet the cost of the Court's operations, and the loans would be repaid by the Governments to CDB.

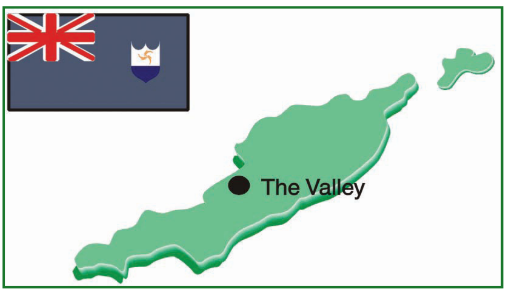
Offshore Sector

Countries in the Region continued to respond to initiatives from the G-7, the Financial Action Task Force (FATF), and the OECD Secretariat aimed at eradicating money laundering, eliminating the use of the global financial system to fund terrorist activities, and to eliminate what continued to be described as harmful tax competition. Much of the action and dialogue involved efforts by small countries, including those in the Region, to ensure that they were being treated fairly and equitably, that proposed rules would be applied in non-discriminatory fashion, and that the overall stance would not have the effect of substantially damaging legitimate business activities. Towards year-end it became clear that arrangements were being put in place which would discriminate against a number of small jurisdictions which had signed on to the OECD principles of transparency and for the effective exchange of information, since other and more important European offshore jurisdictions were apparently being allowed to bypass the information exchange system and to maintain financial secrecy arrangements, in return for the payment of a withholding tax. A number of countries indicated that they would protest the situation.

E. COUNTRY PERFORMANCE

ANGUILLA

Against the backdrop of persisting recessionary economic conditions in the US, the



highly tourism-dependent, micro economy of Anguilla faced another difficult year.

Preliminary and partial data indicated a contraction in the real GDP within the range of 2%-3% in 2002. Anguilla's growth performance has weakened considerably during the past three years after exhibiting strong growth trends of an annual average rate of 6% during the 1990s. In 2000, the economy registered a hurricane-induced decline of 0.3% and in 2001 modest growth of 2.1%.

The economic decline in 2002 reflected the impact of a contraction in tourism as well as in construction amid sharply reduced foreign and public sector capital investment activities. The state of public finances deteriorated as a result of sluggish revenue inflows. With limited budget financing opportunities, Central Government's capital operations almost ground to a halt. Similarly, on the external accounts, the current account position worsened as a fall-off in tourism receipts precipitated a widening of the deficit. Mirroring developments in the real sectors, the banking system faced increased difficulties with a higher level of non-performing loans. The monetary sector was characterised by a marked slowing in domestic credit growth, a build-up in bank liquidity and lower growth in money supply.

9/11 dampened visitor arrivals in 2002. Stay-over arrivals for the year to October fell off sharply by 12.3% to 35,082 visitors, compared with the previous year. On a monthly basis, stay-over arrivals fell to their lowest level in September 2002, the first anniversary of the terrorist attacks. Some recovery was observed in subsequent months when arrivals increased relative to 2001 and 2000. While stay-over arrivals declined during the year, the number of excursionists visiting Anguilla strengthened substantially. Although contributing to an overall increase of 1.4% in total visitor arrivals in 2002, this category of visitor contributed significantly less to real output growth and foreign exchange earnings.

In line with weak visitor arrival performance, hotel occupancy rates fell, averaging just under 50%. The smaller properties with 50 and less rooms registered lower occupancy rates (around 40%) compared to the larger up-scale properties (within 65% to 71% range), but improved on their rates relative to the previous year as a larger share of visitors opted to stay at more moderately priced accommodations.

Because of a lack of funding resources, the Anguilla Government was not able to adopt a more aggressive marketing posture to counter the negative impacts of these external shocks. The country did not participate in the emergency regional marketing campaign devised to revitalise tourism performance in the aftermath of 9/11. In addition, unlike most other destinations, room rate discounting was not widely used by industry participants as a pricing strategy to attract higher visitor volumes.

Although official statistics were not available, mortgage lending data and retail sales of building materials indicate a decline in the construction sector. Loan commitments for house construction and repairs also fell as did Central Government's expenditure on construction activity. Two major Government projects (West End primary school and the Island Harbour polyclinic) were completed early in the year but due to a lack of project financing, there were no new capital projects started during the year. Major commercial construction activity in the tourism sector also tapered. The two main projects on-going involved one large sized hotel construction project as well as the construction of an 18-hole championship golf course, phase 1 of a larger project involving hotel construction.

Indications are that wholesale and retail distribution activities as well as activities in the transportation sector declined while growth in the financial sector is estimated to have slowed. The performance of Anguilla's off-shore financial services sector, primarily focused on the incorporation and management of companies, recorded a lower number of company incorporations during the year. The number of International Business Companies (IBCs) incorporated dropped by 13% (IBC's account for the bulk of the 5,000 companies registered in Anguilla). This decline resulted in some revenue losses to Government.

The blacklisting of a number of jurisdictions in the Region for inadequate anti-money laundering legislation encouraged efforts by the authorities in Anguilla to strengthen the supervisory and regulatory framework. With the regulatory and supervisory issues now mostly addressed, sector efforts are being directed at broadening the product offering to include captive insurance and mutual funds. The Insurance Act is to be upgraded in 2003 to include captive insurance while legislation relating to mutual funds has already been drafted and is expected to be passed into law in 2003.

Government experienced further fiscal instability in 2002. As economic conditions deteriorated, there was a decline in revenue-intake, with the exception of a few revenue items such as the accommodation tax which was levied at a higher rate of 10% during 2002 and the property tax where collection efforts were heavily concentrated. At the same time, significant resources budgeted for 2002, including \$2.2 mn from the sale of equity in Anguilla Electricity Company Limited (ANGLEC), and \$3.2 mn from water billing, were not realized, further exacerbating Government's financial position. Although Government was able to contain recurrent expenditure below budgeted amounts, a high level of non-discretionary recurrent outlays presented little room for manoeuvre, severely limiting further adjustment efforts. As a result, the recurrent deficit widened from 1.8% of GDP in 2001 to 5% of GDP. With a recurrent deficit and UK Government restrictions on its borrowing capacity, capital expenditure was negligible at \$0.5 mn (less than 1% of GDP), down from \$3 mn in 2001.

Anguilla's external position also deteriorated. A widening of the merchandise trade deficit and a sharp fall-off in gross tourism receipts led to a widening of the current account deficit. Although information on capital flows is not available, the absence of new or on-going project activity during the year would suggest a decline in official capital and financing inflows. Similarly, private direct investment inflows are likely to have also tapered during the year.

Unemployment was estimated at 7.8% in 2002. Preliminary findings from a 2002 poverty assessment survey, jointly sponsored by CDB and the International Fund for Agricultural Development (IFAD), suggest that while a number of households fall below the poverty line, the extent of poverty and extreme poverty, is considered low by Caribbean standards. Most other social indicators, especially those relating to health and education, remained of a generally high standard in Anguilla. Judged by the average life expectancy, the health status of the people of Anguilla is by most standards good. However, urgent attention will need to be directed at addressing new health care challenges including those stemming from life-style related non-communicable diseases and the threat of HIV/AIDS.

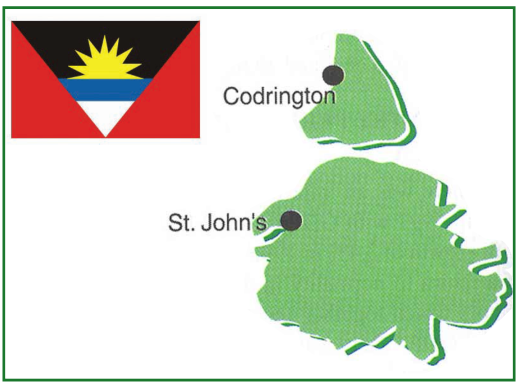
The recently conducted national census highlighted steady improvement across a number of other social indicators. Recent Government initiatives toward increasing water production and improving distribution have contributed to increased access to piped water. Access to other basic services, including electricity, has improved, with high percentages of the population owning modern consumer durables such as telephones, refrigerators and television sets.

The prospects for this highly vulnerable and fragile economy remain heavily dependent on external factors, especially on economic recovery in the US. The continuing sluggish global outlook being forecast signals continuing economic and fiscal difficulties. However, some recovery in visitor arrivals during the 2002 winter season could provide the basis for a full sector turnaround by 2004.

With restricted access to loan financing, Government will need to rely on its own resources to fund its investment programme planned for 2003. Government plans to implement road improvement projects, funded by a CDB loan and an EU grant, with a counterpart requirement of $0.9 mn. Importantly, Government also plans to get the airport development project underway with the purchase of lands adjacent to the airport for runway extension to facilitate the landing of larger planes being acquired by the island's main carrier, American Eagle. To advance its capital programme implementation, Government has devised a fiscal stabilisation programme to restore stability and accumulate reserves over the medium term. The programme focuses on generating higher yields, addressing issues of non-compliance, under-collection and inefficiencies in tax administration. Government has also been actively lobbying for the resumption of the EU transhipment facility which earned the authorities significant revenues in the late 1990s before being discontinued by the UK.

ANTIGUA AND BARBUDA

Preliminary data indicate that real GDP rose by 2.7% in 2002, compared with 1.5%



in 2001. This improvement was largely driven by the wholesale and retail trade, banking and insurance, and to a lesser extent the construction sectors. The performance of the tourism sector was disappointing, reflecting the effects of the fallout from 9/11 and the global slowdown in economic activity. While information on the rate of inflation was not available, generally the level of price increases remained low, reflecting inflationary conditions in the country's major trading partners. On the external account, the current account deficit was expected to narrow despite a fall in tourism receipts.

In the tourism sector, total visitor arrivals to the end of September 2002 fell by 17.9% to 376,352 from 458,230 for the corresponding period in 2001. Stay-over tourist arrivals declined by 1.1% to 147,686 from 149,307 a year earlier. In the aftermath of 9/11, there was a significant fall-off in hotel bookings during the first quarter of the year. To attract customers, some hotels increased the discounts on their room rates, while others had to lay off workers because of lower occupancy levels. Cruiseship passenger arrivals also suffered a sharp decline during the first nine months, by 25.9% to 228,667 from 308,923 a year earlier, with fewer cruiseships calling at Heritage Quay. A major cruise line dropped Antigua and Barbuda from its list of destinations at the start of the 2001/2002 winter season, resulting in a loss of more than 6,000 passenger arrivals per month.

In the agricultural sector, production increased marginally, partly reflecting a recovery in crop output following the prolonged dry period in 2001. Most of the products from the agricultural sector are consumed locally, but in 2002 the sale of melons to Europe increased significantly. In addition, tobacco produced under a technical cooperation programme with Cuba was exported.

Output from the manufacturing sector rose by 3%. As in previous years, this growth was largely driven by the production of beverages, construction materials and furniture for domestic consumption. During the year, a pharmaceutical factory established in the Free Trade Processing Zone to produce generic drugs for major diseases started operation. It is expected that the production from the factory will be exported.

Activity in the construction sector continued to expand in 2002, but at a slower pace than in previous years. Ongoing public sector projects included the construction of a new state-of-the-art hospital, a parallel taxiway at the airport, road rehabilitation and the construction of new footpaths. In the private sector, commercial and residential construction projects continue to dominate activity. Some projects completed during the year included a new office complex to be leased to Government, new premises for a major mortgage trust company and a tourism and sports complex at the airport. Work was ongoing on the construction of a new headquarters for a local bank and another local bank started work on the upgrading of its headquarters.

Official data on unemployment are generally not available, but there were indications that the rate of unemployment, while still relatively low, may have increased in 2002, because of the impact of reduced stay-over arrivals on employment in the tourism sector. Although employment in the public sector increased marginally, Central Government's wage bill for the first nine months rose by 12.2%, partly because of increased salary awards to nurses and police officers and wage drift. Based on partial data obtained from collective agreements at the Labour Department, the rate of private sector wage increases moderated to about 3% in 2002 from 4% in the previous year.

Total commercial bank deposits rose by 7.7% to $ 799.4 mn during the first nine months from $742 mn at the beginning of the year. Over the same period, loans and advances rose by 6.6% to $671.4 mn from $629.6 mn. Credit to the Central Government, business firms and private individuals rose by 6.5%, 13.5% and 2.2%, respectively, during the first nine months to $91.5 mn, $251.6 mn and $280.2 mn. Loans and advances to the statutory bodies declined by 6.1% to $28.6 mn over the same period. Generally, credit to private individuals was used to fund the development of residential housing activity. Reported interest rates fell during the year after the Eastern Caribbean Central Bank (ECCB) lowered interest rates on savings deposits to 3.5% from 4%.

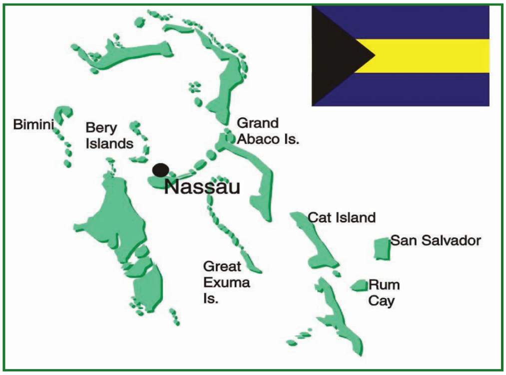
Preliminary estimates of the balance of payments are not available, but it is likely that the current account deficit narrowed in 2002. This decline in the current account deficit largely reflects a fall in the trade deficit following an increase in the re-export of petroleum products and an increase in the surplus on the services balance despite a marginal decline in earnings from tourism. The capital and financial account is likely to record a surplus similar to the $73.3 mn reported in 2001. The overall deficit on the balance of payments is likely to be less than the $18.2 mn reported in the previous year. The overall deficit on the balance of payments was financed by the accumulation of arrears on external debt service payments.

Preliminary data on the Central Government's fiscal operations during the first nine months of 2002 indicate an increase of 11.1% in total revenue and grants to $104.6 mn. Recurrent revenue rose by 10.5% to $103.7 mn. This growth in recurrent revenue was mainly attributed to increased receipts from taxes on domestic production and consumption, income and profits and the property tax and could be linked to an increased tax effort and better administration at the Customs and Excise and Inland Revenue Departments. During the first nine months, recurrent expenditures rose by 12.5% to $127.3 mn. Expenditures on personal emoluments contributed significantly to this increase in recurrent expenditure. The total recurrent account deficit to the end of September 2002 rose 21.7% to $23.6 mn. Capital expenditure is expected to increase in 2002 compared with 2001. As a result, the overall deficit is expected to increase in 2002 from the previous year. The overall deficit was financed by external and domestic loans and the accumulation of payments arrears.

The overall performance of the economy is very dependent on the tourism and construction sectors. Generally, the performance of the tourism sector is tied to the economic health of the country's main markets in Europe and North America. A gradual recovery in economic activity in both Western Europe and North America is projected over the medium term, which could provide the impetus for renewed growth in tourist arrivals. However, any recovery in tourist arrivals over the medium term will be uncertain until the potential for conflict in the Middle East and the impact of the strike in Venezuela on oil prices are reduced. Based on a modest recovery in stay-over tourist arrivals starting in the final quarter of 2002, the economy should record economic growth rates between 3% and 4% to the year 2006. However, the weak fiscal situation is likely to persist over the medium term. While there are indications that the revenue enhancement measures are being successfully carried out, a more significant effort will be needed over the medium term to generate sufficient public sector savings to meet debt service obligations and the counterpart funding requirements of the public sector investment programme.

THE BAHAMAS

Economic conditions in the heavily tourism-dependent Bahamian economy continued to deteriorate in 2002 amid signs of global



recession. The shallow US recession in 2001, exacerbated and prolonged in 2002 by 9/11, influenced a dampening in stay-over visitor arrivals from the US, the main source market to The Bahamas and, in turn, a contraction in the real GDP for the second year, albeit to a lesser extent than was evident in 2001. Growth recovery was also impeded by continuing weakness in other sectors of the economy, including construction. Economic decline brought with it a worsening in macroeconomic balances and, in particular, the fiscal position which deteriorated as revenue flows contracted.

Bolstered by sizeable foreign currency borrowing undertaken by Government to finance its fiscal operation, the overall external position, however, improved. Government's foreign currency borrowing also influenced a swelling in bank liquidity, which required the maintenance of tightened monetary conditions to contain credit growth, moderate downward demand pressures on reserves to preserve exchange rate stability. Inflation for the 12-month period to September trended higher to 2.3% compared with 1.6% in 2001.

Tourism performance, in the aftermath of 9/11 and lingering fears about safety while travelling, continued to deteriorate. In the quarter immediately following 9/11, steep declines in air arrivals (22.5%) pulled down total visitor arrivals sharply by 11%. The weakness in visitor arrivals dissipated somewhat in 2002 reflecting strong increases in cruise arrivals, however, more so than stay-over arrivals which remained depressed and contracted by 4.7%. For the 10 months to October, visitor arrivals were up by 4.4%. Sea arrivals, less impacted by 9/11, registered a 9.3% increase. Sea visitor growth strengthened especially to the Family Islands which are becoming increasingly popular ports of call. For the month of October, air arrivals increased by 22% to 86,900 visitors relative to October 2001 when the industry was experiencing its largest declines. The comparison with 89,700 visitors registered in October 2000, however, paints a more accurate picture of continuing weakness. Expected improvement in stay-overs in December while cushioning the year-to-date contraction, is unlikely to result in a positive turnaround.

The unevenness in tourism performance was evident across properties and across the Family Islands. The larger properties on Paradise Island appeared to have fared better, with pricing discounts in the first half of the year yielding higher occupancies and net positive returns. Indications are that with the start of the 2002/03 winter season, employment conditions improved with hoteliers restoring longer work weeks and reverting pricing strategies. In addition, scheduled investments on the upgrade and expansion of tourist facilities appear to be resuming.

Partial data for 2002 suggest a further weakening in construction output marked by a softening in the value of new investments, particularly within the commercial sector. For the three months to March although building starts were up considerably from 263 to 340, the corresponding value declined. Conversely, housing starts were up in both number and value by 23.1% and 6.6%, respectively, supported by strengthened net bank lending for residential mortgages. Building completion, although reduced in number by 8% to 343, appreciated in value by 6.5%. Building permits granted, an indication of planned future activity, decreased by 3.2% with the corresponding value more than halved to $125.4 mn. Most of this falloff occurred in commercial valuations. Residential approvals also declined.

The domestic financial sector is likely to register a slowdown in growth, reflecting the weak economic conditions in domestic and international markets, lower foreign direct investments as well as tightened credit controls. In the offshore sector, there was continued retrenchment as banking operations and IBC registrations remained in decline. In response to a strengthening in regulation in 2001, (including a revamping of legislation affecting the provision of banking and trust services, the elimination of 'brass plate' banking operations without a physical presence, enhanced mechanisms for the exchange of tax information and the establishment of a comprehensive anti-money laundering oversight structure in 2001), the number of banks and trust companies declined by 54 to 356 and the number of registered companies fell to 80,000, well below the 110,000 in 2000. The licenses of 63 institutions electing not to meet the physical presence requirement were revoked. Similarly, the number and value of licensed mutual funds declined.

Premised on the prospects of continuing strong revenue growth, the 2001/02 budget (presented in May 2001) programmed a balanced overall budget position, in line with earlier gains made in reducing the overall deficit from 3.7% of GDP in the 1996/97 fiscal period to 0.4% of GDP by June 2001. The fiscal position, however, undermined by the weak economic conditions which hindered revenue growth, deteriorated during the year, reversing earlier successes at fiscal consolidation. The overall deficit is estimated to have deteriorated to $95.3 mn during the fiscal year ending June 2002 compared with a budgeted surplus of $5.8 mn and a deficit of $16.4 mn in Fiscal Year (FY) 2000/01. Expenditure control measures on selected areas of recurrent spending were not sufficient to mitigate the revenue declines nor to offset the impact of additional expenditures required during the year to intensify tourism marketing efforts, rehabilitate infrastructure damaged by hurricane, upgrade port and aviation security in line with new international standards and subsidise the weak financial performance of public corporations.

During FY 2001/02, the recurrent surplus narrowed to $28.4 mn, compared with a surplus of $111 mn in the previous fiscal year. Revenue collection of $864.4 fell short of the budgeted target of $1,029.7 mn and $957.5 mn collected in the period under review. Revenue losses were broad-based, including trade taxes which account for approximately 60% of total tax revenues and on tourism related services. Stamp taxes and non-tax revenues fell relative to 2001 reflecting down-sized offshore operations and reduced financial transactions. Actual recurrent expenditure at $836 mn was contained below budget (by 6.5%) and the previous year's expenditure of $846.5 mn. Capital spending which was largely on road works advanced by 14.5% to $97.3 mn (1.9% of GDP) relative to 2001 but remained below $108.8 mn budgeted.

Budgetary financing, given the severe shortfall in recurrent savings, comprised of domestic currency bond issues, short-term advances and foreign currency loans. At the end of September 2002, Central Government's debt stock increased by 8.9% to $1,746.3 mn. Including contingent liabilities, the national debt increased to $2,155.6 mn (about 43% of GDP). The external debt stock accounted for 5.5% of the total debt stock. External debt service payments moved up from $20.1 mn for the 11 months to May 2001 to $74.8 mn to May 2002. Although remaining relatively low, the external debt service ratio doubled to approximately 6% at end-June 2002 influenced by lower export receipts and the higher debt service payments. As a proportion of revenue, total debt service reflecting the decline in revenues and the commercial terms of the debt, increased sharply from 18% in FY 2000/01 to 30% in FY 2001/02 indicating an increasing debt burden.

The budget for FY 2002/03, with no new taxes incorporated, forecasts higher total expenditure, some revenue recovery and an overall deficit of $146.5 mn. Preliminary data for the first quarter (July–September 2002), however, indicated a continued worsening in revenue and a larger than budgeted overall fiscal deficit. Revenue declined by 9.8% relative to the similar quarter in 2001 contributing to a recurrent deficit of $7.7 mn. This contrasted with a surplus of $18.6 mn in 2001. Expenditures grew by 4.4% reflecting, in part, sharp increase in budgetary assistance to public corporations. Despite a 10.4% decline in capital expenditures, the overall deficit widened to $34.2 mn, up from $2.4 mn in the corresponding quarter.

Monetary policy remained restrictive during 2002. The Central Bank maintained a direct freeze on credit growth first instituted in 2001 after 9/11. Relatedly, the Central Bank's prime rate remained unchanged at 6%. This policy stance, in light of the stimulative influence of the added liquidity from Government's borrowing operations during the year was deemed necessary to support the external position and ensure stable liquidity conditions in the banking system. In the context of this posture, while net foreign assets and bank liquidity increased, private sector credit expansion and money growth were restrained. After slackening to 2.6% in 2001, money supply (M3) grew by 3.9% at end-September. Domestic credit growth was contained to 4.6%

in spite of a 14.4% increase in net claims to the public sector due to slower growth (2.6%) in the larger credit component, private sector credit. Private residential mortgages were the only category of loans to register notable increases. With bank liquidity above the minimum required level alongside a dampening in credit, bank interest rates softened. Rates on government securities (90-day treasury bill) although easing in the latter half of the year, averaged higher at 2.6% compared with 1.9% in 2001 and 0.99% in 2000.

The overall balance of payments recorded a surplus of $94.3 mn for the nine months to September 2002. Weaker import demand contributed to a narrowing in the merchandise trade deficit and the current account deficit. Official foreign currency loan inflows contributed to a surplus on the capital and financial sub-account of the balance of payments. External reserves partly influenced by loan inflows, expanded by 47.5% to $460.2 mn at end-June before tapering to $360 mn at mid-November.

The economic outlook for The Bahamas is highly dependent on the performance of the US economy which accounts for over 75% of total stay-over visitors to the country. Barring the threat of armed conflict in the Middle East which would prolong a US recession and dampen tourist demand, expectations are for a full recovery by the 2003/04 season. Over the medium term, the economy should likely resume its path of moderate growth.

BARBADOS

Macroeconomic performance in Barbados during 2002 was characterised by contractions in output and employment, lower inflation, reduced fiscal savings accompanied by rising public debt, higher liquidity in the commercial banking system, and a deterioration on the external current account. GDP was estimated to have decreased marginally by 0.6% in 2002, compared with a decline of 2.8% in 2001 and an average growth of 3.2% between 1993 and 2000. The fall in real output was largely influenced by a 5% decline in output during the first quarter of the year as the economy continued to be affected by the slowdown in the world economy during 2001 and by 9/11. However, output of goods and services in Barbados grew during the last three quarters of 2002, as modest quarterly GDP growth averaging 1.8% was recorded, following six consecutive quarterly declines. No inflation was recorded for the nine-month period ending September 2002. By comparison, inflation of 2.8% was recorded during 2001.

Activity in the traded sector, which accounted for 28% of real output, was estimated to have declined by 2.6% during 2002, while activity in the non-traded sector increased by 0.2%. The decline in the traded sector was largely attributable to a contraction of activity in the vital tourism sector, which contributed 14.3% towards output. Real value-added in that sector decreased by 2.8% during the year, following a 5.9% decline in 2001. The decline during the first two quarters of the year was associated with the continuing effects of the slow-down in the world economy during 2001 which were exacerbated by 9/11. The public sector response to 9/11 through the financial support to the tourism industry had some impact as evidenced by increased activity in the industry during the last two quarters. Stay-over visitors were estimated to have declined by 1.8% to 497,950 while cruiseship arrivals were estimated to have fallen by 0.8% to 523,376, compared with decreases of 6.9% and 1.1% respectively, during 2001. Stay-over arrivals from the UK – the largest source of visitors to Barbados – fell by 11.6% to 192,239, attributable in part to the withdrawal of a number of charters. However stay-over arrivals from the US – the second largest source – grew by 15.7% to 123,369 and was attributable to the success of the "Best of Barbados" promotion and increased airlift capacity. Arrivals from most other markets fell.

Of the other traded sector activities, sugar production, and non-sugar agriculture and fish landing dipped, while the output of manufactured goods increased marginally. The production of sugar fell by 10% to 44,818.7 tn during 2002 following a decline of 14.7% in 2001. Barbados was therefore unable to meet its contractual obligation of supplying 54,000 tn of raw sugar to the EU. The decline in sugar output over the last two years has been attributable to a fall in acreage of sugarcane under cultivation and to unfavourable weather conditions. Real output in the non-sugar agricultural sub-sector contracted by 3.2% while that in the manufacturing sector was almost flat. The manufacturing sector for which annual declines were registered over the last three years as a result of increased competition in the face of greater trade liberalisation, benefited in 2002 from the continuation of a 'buy local' campaign that was supported by a 60% tariff imposed on selected imported goods.

Within the non-traded sector, real value-added from construction activity (whose contribution towards output in 2002 stood at 6.9%) contracted further by 3.6% following a 3.9% decrease in 2001. These declines in the industry, which had achieved double digit growth during most of the previous five years as a result of substantial private investments in tourism and other commercial projects, resulted as most of the projects were completed. Increased construction activity was, however, recorded during the last two quarters of 2002 as a number of new public sector projects came on stream including the reconstruction of a large five-star hotel. Largely reflecting the reduced activity within the traded sector and in the construction industry, output in the wholesale and retail sub-sector contracted by 1% during the year under review, compared with a fall of 3.8% during the previous year. Increased tourism activity during the third and fourth quarters of 2002 resulted in some pick-up in the wholesale and retail sectors, thus slowing the overall rate of decline for the year.

Reduced economic activity particularly during the first two quarters of 2002 resulted in an increase in the rate of unemployment. The unemployment rate for the nine months ending September 2002 was estimated at 10.3%, up from the 9.9% recorded for the corresponding period of the previous year.

Central Government's recurrent receipts contracted by 1.2% to $861.3 mn, while recurrent expenditure climbed by 1.6% to $819.3 mn during 2002, resulting in a $24.2 mn decline in savings to $42 mn when compared with that for the corresponding period of the previous year. As a percentage of GDP, current savings moved from 2.6% in 2001 to 1.7% in 2002. The fall in current revenue was associated with an 8.1% decline in the yield from direct taxes, including corporate taxes, which fell by 20.8% to $97.5 mn, and property taxes which fell by 9.5% to $48.9 mn. In contrast, the yield from personal income tax rose by 3.8% to $163.9 mn. The decline in corporate tax revenue stemmed mainly from lower profit earnings in 2001, and a reduction in the tax rate from 40% to 37.5% in January 2002. Rising wage levels and an increase in public sector employment contributed to the increase in personal income tax revenues. Indirect taxes grew by 0.8% to $450.7 mn. Of these taxes, collections from the VAT grew by 3.7% to $253.2 mn, receipts from import duties grew by 23.6% to $81.3 mn, as a result of a 60.0% tariff imposed on selected products associated with a buy local campaign. By contrast, revenue from excise taxes dipped by 25.1% to $57.9 mn. Non-tax revenue receipts amounted to $70.7 mn, approximately 27.5% higher than that collected during 2001.

Central Government's capital spending climbed by 20.8% to $177.8 mn (7% of GDP), attributable largely to Government's counter-cyclical spending policies. By comparison, capital expenditure increased by only 5.9% during 2001. Projects undertaken during the review period included the South Coast Sewerage Project, upgrades at the air and sea ports, and ongoing activities in EDUTECH. The development of the recurrent and capital operations resulted in the widening of the overall fiscal deficit to $136.8 mn (5.4% of GDP) compared with $92 mn (3.6% of GDP) during 2001. The deficit was financed largely from domestic sources.

The level of liquidity within the commercial banking system increased during 2002 as domestic credit contracted and private sector deposits grew. The excess liquidity ratio rose from 10.7% at December 31, 2001, to 19% at December 2002, reflecting the decline in economic activity, and waning business confidence. Commercial bank lending to the private sector contracted by 0.6% to $1,248.1 mn during the period January to December 2002, compared with a small expansion of 0.3% the previous year. Government, however, increased its borrowing from commercial banks by 15% to $566.2 mn in 2002 to finance its deficit. Private sector deposits at commercial banks expanded by 5.1% to $1,694.9 mn largely as a result of Government's fiscal operations and deposits by persons divesting shares in Life of Barbados Ltd.

Net international reserves contracted by 4.8% to $730.2 mn in contrast with a 41.9% accumulation during 2001. The high accumulation during 2001 reflected precautionary capital market borrowing in the last quarter of 2001 to mitigate potential negative effects of 9/11. The external current account deficit was estimated to have widened to $144.8 mn (5.7% of GDP) during 2002 compared with one of $93.9 mn (3.7% of GDP) for the previous year. Contributing to this outturn was the estimated decreased inflows on the services account by 5.9% to $552 mn, as tourism receipts fell. In addition, the deficit on the merchandise trade balance widened by 2.2% to $696.2 mn as a 8.3% ($21.6 mn) fall in exports outweighed a 0.9% ($9.6 mn) decline in imports. The external capital and financial account declined sharply by $236.8 mn to $48.5 mn as both public and private sector long term inflows fell. The fall in private sector inflows was due to the completion of several large tourism-related investments, while the dip in public sector inflows reflected a return to normal, following the precautionary borrowing during the last quarter of 2001.

The economic outlook for 2003 is linked to developments in the UK and the US – the major sources of visitors to Barbados. Increased promotion of the destination in these markets by the tourism agencies as well as by hoteliers aimed at countering the effects of 9/11 is expected to continue to bear fruit in 2003, resulting in increased output in the tourism industry. However, continued sluggishness in the international economy coupled with the threat of war between the US and Iraq could depress growth, although the destination could benefit if tourists are diverted to Barbados away from destinations perceived to be at greater risk of reprisals against US interests.

Sugar production is expected to increase on account of higher rainfall in 2002. In the absence of major new initiatives with respect to non-sugar agriculture and manufacturing, growth in output with these sectors is likely to be marginal. Construction activity will be influenced by the reconstruction of a five-star hotel which commenced in 2002. Non-traded sector activity in general is likely to increase in line with activity within the traded sectors, particularly tourism.

BELIZE

Real income growth is estimated at approximately 4% in 2002 following growth of 4.6% in 2001. Production in the agriculture sector rebounded from hurricane devastation in 2001. Tourism activity accelerated in both the stay-over and cruiseship segments. Performance in the manufacturing sector was mixed and construction weakened with the decline in external funding and faltering demand in the housing sector. Fiscal savings improved mainly because of growth in recurrent revenue which was also supported by current expenditure restraint. The overall budgetary deficit in FY 2002/03 declined substantially below the deficit of 11.7% of GDP registered in FY 2001/02. Because of the widening of the balance of payments deficit, the stock of foreign reserves fell. However, the supply of freely available reserves increased as a result of the restructuring of the external debt. Inflation remained marginal in 2002. Indications are that the unemployment rate fell below the 9.3% registered in 2001.

Agriculture sector performance in 2002 was mixed. Banana production expanded from 47,171 tn in 2001 to approximately 80,000 tn, a substantial rebound from devastation by hurricane Iris in October 2001. However, prices continued to decline in the UK market with the increased supply of dollar bananas. While production almost doubled, the price per box declined by approximately 10% in 2002. Sugarcane production also rebounded from hurricane damage in 2001, rising from 1.04 mn tn in 2001 to 1.17 mn tn, an increase of 12.5% compared with a contraction of 6.9% in 2001. Additionally, prices improved in all export markets to which Belize sells its sugar (with the exception of the world market), resulting in increased foreign exchange earnings. Citrus, however, continued in 2002 to feel the effects of hurricane damage in 2001 together with the aftermath of floods in 2002 and the impact of a naturally occurring cyclical downturn. Output of oranges declined 28.1% from 5.73 mn boxes in 2001 to 4.12 mn boxes, with prices rising, however, by 34.6% to $5.88 per box. Grapefruit production declined by 15.6% to 1.23 mn boxes, with the unit price per box increasing by 17% to $4.74.

Fisheries (fish, lobster, farmed and marine shrimp) output expanded in 2002. While fish production was flat, lobster output recovered substantially from habitat destruction by hurricane Iris. Also, production of farmed shrimp, the major export in the sector, continued to expand despite hurricane devastation in 2001 and problems with Taura virus infestation. However, prices for farmed shrimp declined in the face of competition from external producers. Other agricultural products such as livestock, papayas, corn, red kidney beans, rice and peppers exhibited mixed performance.

In the manufacturing sector also output performance was mixed. Sugar production increased by 7.2% to 104,100 tn in 2002. However, with the decline in raw material production, output of citrus products contracted. Value-added in the garments industry also contracted substantially as the main firm suffered a number of setbacks including the restructuring of major outlets in the US and transportation difficulties as regards the shipment of raw materials across Mexico. Also the industry continued to face increasing competition from extra-regional lower cost producers. The main firm consequently downsized its operations in pursuit of efficiency gains, and is attempting to reposition itself in the international market with the manufacture of new product lines. Growth performance in other light manufacturing industries such as beer, soft drinks, cigarettes, batteries and flour was varied.

After stagnating in 2001, the number of stay-over arrivals returned to positive growth of 2% in 2002, stimulated in part by additional airlift capacity in the last quarter into the Belize market particularly from the US. Up to the end of the third quarter, however, the number of stay-over arrivals had contracted by 2% to 153,555. The slow growth in stay-overs reflects the effects of a sluggish upturn in the world economy and particularly in the US, the largest tourism generating market for Belize accounting for an estimated 70% of visitors, together with continuing fears of flying post 9/11. Arguably, the exponential growth in cruiseship tourism to Belize was also a factor in the slow growth of stay-overs. Cruiseship arrivals are estimated to have quintupled in 2002 from 48,116 in 2001.

As a result of improved revenue performance supplemented by expenditure restraint, Central Government savings are estimated to have increased to 2.8% of GDP in FY 2002/03 up from 2.5% of GDP in FY 2001/02. The overall budgetary deficit widened somewhat beyond the target of 5% of GDP because of a higher than projected capital expenditure, particularly domestically-funded capital expenditure, remaining nevertheless substantially below the deficit of 11.7% of GDP registered in FY 2001/02. Indications are that privatisation receipts, estimated at $24 mn, principally from sale of the main port, contained borrowing requirements to under 3% of GDP.

An important development in 2002 as regards the external debt (public and public guaranteed) was Government's initiative to refinance the costlier elements of that debt. Government negotiated a loan of $125 mn for this purpose, of which $25 mn was used to establish a sinking fund for financing repayment of a bond in 2005 and $100 mn to refinance some of the other debt stock. It is estimated that savings in debt payments of $8 mn have been achieved in 2002 and an additional $7 mn in savings is expected in 2003. The ratio of the stock of external debt to GDP at 80% remained practically unchanged in 2002. The debt service ratio increased from 14.6% in 2001 to 20.9% in 2002 but is projected to decline to 14.1% and 14.3% in 2003 and 2004, respectively.

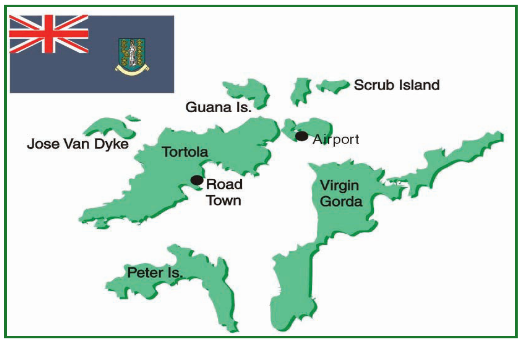
In the commercial banking sector, deposit rates tightened as a result of reduced liquidity in the banking system subsequent to the mopping up operations of the Central Bank in September and October as part of the demand adjustment programme in defense of the exchange rate parity. The cash reserve requirement on all deposits was raised by two percentage points in September and subsequently equalised across all deposits at 6% in October. Excess liquidity plummeted from $60.9 mn in December 2001 to $30.3 mn at the end of November 2002 with excess cash falling from $25.8 mn to $5.3 mn in the same period. The increase in reserve requirements resulted in enhanced competition for deposits and rising deposit rates as banks attempted to rebuild liquidity. This led in turn to an increase in lending rates, but to a lesser extent than in the case of deposit rates, forcing a reduction in the interest rate spread.

Indications are that the current account deficit in the balance-of-payments narrowed in 2002 from the 21.8% of GDP ($175.8 mn) registered in 2001. An important contributor to the improved performance has been the increased revenue earnings by commodity exports. Additionally, imports declined in response to demand adjustment measures undertaken by Government. The substantial growth in tourist arrivals led to an improved services balance. This was countered somewhat, however, by the deterioration in net income flows as interest payments on the external debt increased in 2002. On the capital account, there was substantial downturn in net capital flows with the rise in amortisation payments by Government. Indications are that the overall deficit in the balance-of-payments widened notwithstanding the improvement on the current account. Despite the deterioration in the balance-of-payments and the lowering in the stock of reserves, the overall reserve position improved because of the increased supply of available reserves subsequent to the restructuring of the external debt.

The rate of inflation as measured by the CPI was estimated at 1.5%, marginally above the 1.2% registered in 2001. An important contributor to the increase in inflation was the rise in fuel prices which affected transport prices. Also, the price of telephone services increased due to tariff rebalancing instituted in January 2002. Transport and Communication prices rose by an estimated 7% in 2002. However, this was counterbalanced partially by the reduction in prices of some imports from the US such as Clothing and Footwear and Household Goods. Prices for the category Rent, Water, Fuel and Power also declined due mainly to the fall in the price for butane gas.

Indications are that in the medium term the economy will continue to witness at least moderate growth, barring significant shocks. Further expansion in the banana industry is projected following the post-hurricane rebound. The industry has a contract of 100,000 tonnes with Ffyffes. With the recent expansion of tourism plant, the surge in cruiseship activity, additional airlift capacity through established carriers and new entrants into the Belize market, improved tourism sector performance is projected for the medium term. However, much will depend on the economic upturn in the US in particular and the absence of further shocks to the industry. The sugar and citrus industries in the medium term will be undertaking important restructuring initiatives vital to their survival and expansion, and are projected to grow moderately. Most importantly, however, macroeconomic stability and the sustainability of growth in the medium term will depend on continued pursuit of the demand adjustment initiated in 2002.

BRITISH VIRGIN ISLANDS



Preliminary data suggest that the level of economic activity in the British Virgin Islands (BVI) rose during 2002, but that expansion was restrained by slow growth in the country's main markets, by the effects of continuing uncertainty in the global economy, and by the effects of 9/11. The main contributions to growth came from tourism, with total visitor arrivals showing an increase over the level during 2001, and from financial services activity, where company registrations rose during the year; these two industries are the most important in the BVI, and are responsible, directly and indirectly, for most of the country's incomes, employment and government revenue. Substantial public investment spending also contributed to the rise in activity, although the fiscal accounts deteriorated as revenue collections declined and as both recurrent and capital expenditure increased, reflecting, on the one hand, the effects of substantial price discounting in the tourism industry and lower levels of both tax and non-tax revenue collections, and, on the other, an increased rate of spending on capital projects. The authorities in the financial and business services industry continued to respond to initiatives from the developed countries affecting the offshore business sector, and expanded both regulatory and promotional operations while separating the two sets of activities, with the commencement of operations of BVI Finance Centre, the promotional arm, in June, and with the commencement of operations of the Financial Services Commission, the independent financial regulatory entity, earlier in the year.

During 2002 total visitor arrivals rose 4% to 556,643, compared with a rise of 3% during 2001, with the number of visitors increasing in all three arrival categories. In keeping with the historical pattern, arrivals by sea dominated the total and accounted for most of the increase, with arrivals by boats and yachts rising by 5.4% to 197,856 and with cruise passenger arrivals increasing by 5.1% to 212,805. In contrast to the small decline (0.7%) in 2001, arrivals by air rose 0.7% to 145,982. While visitor numbers rose despite 9/11 and global economic weakness, partly reflecting the high-end focus of BVI tourism and the high repeat rate of visitors, indications were that average expenditure per visitor declined, reflecting price discounting and an expansion in special package offers to counter the increased level of uncertainty in the global tourism industry.

During the year, the BVI authorities and tourism industry operators continued to market the country as an up-market family destination, with no casinos, large chain hotels or mass-market attractions. Increased emphasis was placed on expanding the participation of the general population in tourism through school- and community-based information programmes; through a programme to develop small properties through the provision of management and hospitality training, joint marketing, reservations support, and assistance in product refurbishment and development; and an initiative to provide an enhanced positive visitor experience through closer integration of the services of the Customs, Immigration, Fisheries, Ports and Tourism departments. The overall marketing thrust was improved with more selective targeting of advertising, particularly in the US, and with the opening of additional offices in Europe; and the first phase of a new immigration processing system, designed in part to develop information for the marketing programme, and to improve the quality and timeliness of data for the analysis of industry performance, was introduced. During the year the tourism authorities sought to expand the yachting segment of the industry by increasing the marketing effort in Puerto Rico, and by simultaneously encouraging the development of sports fishing and mega-yacht hosting facilities. The intention is to continue the marketing effort at the upper end of the industry segment.

Activity in the business and financial services industry was maintained near the 2001 level, despite the softness in economic activity in North America and Europe, the main business markets for BVI, and despite the continuing stream of initiatives and requirements notionally aimed at countering money laundering, reducing unfair tax competition and at discouraging business enterprises in developed countries from utilising offshore centres to avoid domestic tax obligations. New IBC registrations rose by 51,467 in 2002, as against 51,234 in 2001, pushing the total number of companies on the register to just under 500,000. The number of mutual funds registered, net of strikeoffs, rose by 8 to 2,939. As in 2001, the business and financial services industry was the largest contributor to government revenues, accounting for about 60% of the total.

Industry operators saw an apparent shift to mutual funds and insurance activity and away from the registration of international business companies during the year as indicating a potential for the creation of greater value-added in the offshore business sector, and for the creation of increased demand for financial skills in employees, leading to a general upgrade in overall capacity, even while part of the initial effects could include slower growth in government revenues. They also pointed to some consolidation in the sector, as smaller management firms merged to reduce costs and to provide a broader range of skills in the face of slower growth in demand for business services, given the global economic situation and tighter financial sector regulation.

The Financial Services Commission (FSC) was established during the year as an independent, broad-based financial services regulator, replacing the Directorate of Financial Services. The new entity is managed by a Board drawn from a cross-section of the community, with its members having business or legal backgrounds, and has responsibility for domestic and offshore finance and business regulation, including insurance, shipping, banking, and financial and business services. With the establishment of the FSC, the industry marketing and promotion activities formerly handled by the Directorate of Financial Services were shifted to a new secretariat in the Chief Minister's Office, called BVI Finance Centre. This separation of regulatory and promotional activity was in keeping with the recommendations of a UK review of offshore business operations in the UK Dependent Territories in the Region.

Under the new arrangements, the licensing and registration fees collected by the FSC are placed in a trust to be shared quarterly between itself and the Central Government in the ratio of a range of 7.5% to 15% going to the FSC to cover the costs of its operations, with the balance going to Government. The ratio has been initially set at 7.5%. At year-end, the potential impact on the public sector cash-flow of the timing of the sharing payments was being discussed by the two parties.

During the course of the year, both the Directorate of Financial Services and its successor entities remained engaged with the international community on money laundering and tax treatment issues, with the provision of information, and the mechanisms for such provision, continuing as an important element in the discussions. The affected offshore jurisdictions, including the BVI, continued to indicate their willingness, through agreements and action, to accommodate the genuine concerns of other parties, but not at the expense of eliminating, or seriously damaging, what they considered to be legitimate areas for business activity, and on the basis that they should not be discriminated against. At year-end there was increasing concern over the likelihood that proposed arrangements and options for information sharing under the EU Savings Directive could work against the interests of a number of non-European jurisdictions including the BVI, and cause further difficulties for offshore business operations.

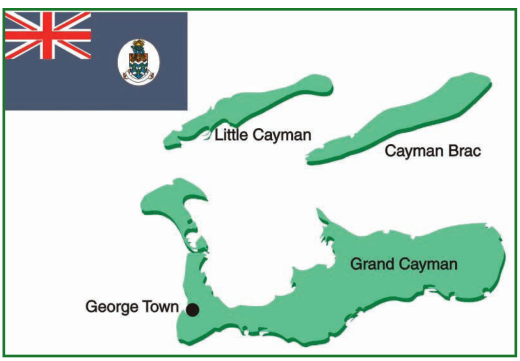
In respect of government financial operations, the fiscal accounts deteriorated as revenues, on a revised estimate basis, declined (1.9% to $183 mn) in contrast to a rise of 2.9% during 2001, and as both recurrent and capital expenditure rose (by 18.3% and 41.4%, respectively). The recurrent surplus declined from $44.2 mn in 2001 (6% of GDP) to $14.5 mn (1.9% of GDP), as, on the one hand, the revenue collected fell short of the $201.4 mn budget estimate, and, on the other, recurrent expenditure, at $168.5 mn, exceeded the initial budgeted figure of $156.8 mn. The revised estimate for capital spending totalled $56.9 mn, up from $40.3 mn in 2001. Reflecting the tourism visitor expenditure performance and the slower growth in offshore business sector activity, in addition to Y2K inventory build-up in 1999 and 2000, revenue inflow was affected by marginal growth in the value of imports in 2002 following a sharp decline in 2001. In addition, financial system indicators pointed to lower levels of activity in the distribution sector during the year, and this also affected government revenue performance. In respect of capital spending, a number of large public sector projects were underway during the course of the year. The fiscal deficit was financed by drawdowns on reserves.

Management of the public sector investment programme remained an issue, despite an ongoing project to improve the management of all aspects of the project cycle, and this fed through to weakness in the management of general budgetary operations, including the recurrent budget, a situation which was both exemplified and exacerbated during 2002 by unplanned staffing changes at senior levels in the Ministry of Finance. Alongside this, the availability of accurate and timely statistical information for fiscal and economic management remained a source of difficulty, despite ongoing effort to improve the situation. Improvement in the management of the public sector investment programme, the provision of appropriate systems and procedures for financial operations management throughout the public sector, and the provision of timely and accurate data to inform operations management are critical issues which need to be addressed with some urgency. The urgency of this need had been masked by the growth of fee income flows from the offshore business sector; but the flow weaknesses in 2002 and their likely continuation, given the global economic situation, and the prospect of increasing pressure from other jurisdictions, point to the need to identify alternative revenue sources, and for the public sector to find more efficient and effective ways of doing business.

Inflation remained low during the year, mainly reflecting slow growth in prices in the US, the country's main source of imports. The retail prices index rose by 0.4% during 2002, compared with 3% in 2001 and 2.8% in 2000. As in 2001, the main upward price pressure came from the categories of food, beverages and tobacco, furniture and household supplies, and transportation.

Economic prospects for the BVI remain closely linked with the behaviour of the factors affecting the flow of tourists to the Region in general and to BVI in particular, and to the course of events affecting the offshore business and financial services industry. The uncertainty associated with the weak global economy, heightened both by the additional uncertainties related to the prospect of war in the Middle East and the consequential negative effects on supplies and business confidence, and by the petroleum supply difficulties as a result of social unrest in Venezuela, suggest low rates of growth for the foreseeable future, except where activity may be driven by domestic construction operations. At the same time, public sector investment was proceeding in late 2002 at a rate that exceeded the capacity of the system to finance it on a sustained basis, indicating that some slowdown can be expected.

CAYMAN ISLANDS



Economic activity in the Cayman Islands rebounded in 2002 as all of the major sectors exhibited signs of improved performance. Real GDP growth is projected at 1.7% for the year, in contrast to a 0.6% growth rate for 2001. The improved performance occurred despite the ongoing sluggish international growth rate and the volatility within the US capital markets. In the domestic economy, public finances improved with the elimination of the current account deficit, and the unemployment rate edged downwards. However, the rate of inflation rose sharply in response to much stronger consumer demand.

The financial services sector continued to perform well in 2002 and positive growth was recorded in all areas except for company registrations and bank and trust licences. The rate of growth in mutual fund registrations increased by 17.5% (21% in 2001), with the number on record moving to 4,285 from 3,648. Similarly, the number of mutual fund administrators increased by 6%, to 230, slightly below the 7.4% growth rate in 2001. Activity in the captive insurance market also increased, with the number of insurance licences rising to 596 from 542 (up 10%), while premiums rose more rapidly, to $4.1 bn in 2002 from $3 bn in 2001.

In the banking sector, the number of bank and trust licences at year-end fell by 5.4%, to 511, from 540 in December 2001. The statutory requirement of maintaining a physical presence on the islands was the primary reason for this reduction, which occurred mainly in the Class 'B' bank and trust category. Some of the reduction is also attributed to a continuing trend of consolidation within the industry through mergers and acquisitions.

To the end of September 2002, new company registrations declined by 1,408, to 5,272, from 6,680 one year earlier. Weakness in the global economy, as well as legislative changes that removed the anonymity of bearer shares have adversely impacted new company registrations. However, registrations of vessels at the shipping registry reached 1,436 over the same period with the addition of 182 new registrations. Gross tonnage registered now stands at 2.56 mn tn, up 15% over that recorded at the end of September 2001. This is one of the areas of revenue the government intends to pursue over the medium to long term.

More aggressive marketing by the Stock Exchange has begun to pay dividends and this has been largely responsible for the on-going growth in 2002. Between January and September, net listings increased by 70.4% to 690, compared with 405 for the corresponding period in 2001. This significant increase was primarily due to the admittance of a large fund containing 218 listings. Over the same period, market capitalisation increased by 4.6% to $36.4

bn, from $34.8 bn. The Exchange anticipates that it will become self-sustaining within the next 2-3 years, thereby reducing its dependence on the Central Government for an annual subvention.

Performance in the tourism sub-sector continued to be mixed during 2002. Air arrivals declined by 10.5% between January and November with arrivals being lower in each of the first nine months of the year than for the corresponding months of 2001. The marginal increases in October and November over the 2001 figures were still lower than those recorded in 2000. The weak global economy, safety concerns following 9/11 and the shift in demand towards cruise tourism have all negatively affected stay-over arrivals to the Cayman Islands. Hotel occupancy levels remained depressed during the year, in line with the low levels of stay-over visitors. By November, the average occupancy level for hotels (50.7%) had still failed to recover to the corresponding level in 2001 (55.9%) and a high average of 73.1% reached in 1998. Similarly, average occupancy levels in apartments reached only 40.7% in the eleven months to November, down from 44.9% in the corresponding period of 2001. The peak for this category (52.3%) was also recorded in 1998.

In contrast to the stay-over segment, cruise arrivals increased during every month of the year over the corresponding months in 2001 and by November, total cruise arrivals were up 29.4% over the first eleven months of the previous year. With the exception of September and October when the increases were 6.8% and 4.8%, respectively, all other months recorded double-digit increases, with the highest change (49.9%) occurring in July. The popularity of the Cayman Islands as a holiday destination, enhanced marketing efforts and policy directives to remove restrictions on the number of ships allowed to berth as well as the number of passengers permitted to disembark, all contributed to the growing success of this segment.

Activity in the construction sector, which was on a steady decline for the past three years, rebounded in 2002, with the recovery being led by a number of large projects in the hotel, apartment and commercial segments of the market. Total planning approvals increased by 34.6% to $173.8 mn in the first nine months of 2002 from $129.1 mn for the corresponding period in 2001, while the value of building permits, an indicator of current activity within the sector, increased to $215.1 mn from $91.5 mn over the same period.

The performance of the real estate sector in 2001 has been significantly better than in 2001 with activity having benefitted over the past year from falling prices, low interest rates, reduction in stamp duties and the increased use of real estate for tax planning purposes. While the first two quarters only recorded relatively slow growth, figures for the third quarter reflected a marked improvement. Overall, the number of transfers fell to 1,523 in September, down from 1,591 one year earlier. However, the value of transfers increased sharply by 21%, moving to $175 mn from $144.6 mn.

The upsurge in activity within the construction and real estate sectors, in particular, have boosted employment opportunities for both skilled and unskilled workers. The April 2002 Labour Force Survey showed a 27.6% increase in construction employment, compared to September 2001. The overall unemployment rate declined from 7.5% in the aftermath of 9/11 to 5.7% in April 2002, and with the continuing up-turn in economic activity was further reduced to 5.1% by October. Of significance is the fact that the number of employed Caymanians has increased by 9.7% over the 12 months to October, moving to 12,992 from 11,884. It should be noted, however, that this increase partly reflected the re-hiring of persons who had become unemployed in the immediate aftermath of 9/11.

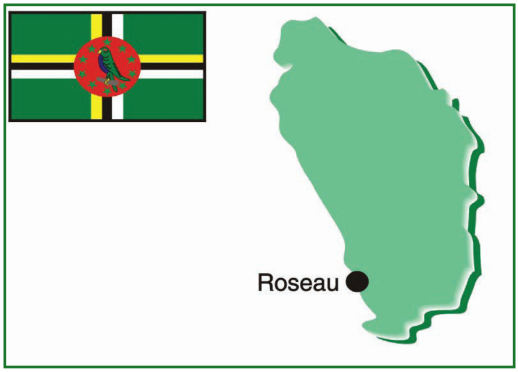
The overall increase in economic activity and resultant gains in employment impacted the rate of inflation in the first three-quarters of the year. Over that period, the all-items index increased by 2.9%, primarily on account of an 8.5% increase in Education and Medical group, while milder increases were recorded for Housing (3.6%), Household Equipment (3.3%), Alcohol and Tobacco (2.6%) and Food (2.5%). An increase in medical fees and higher insurance premiums were the factors responsible for the increases in the first two categories. Overall, the rate of price increases during the year were more than double the 1.1% rate recorded for the whole of 2001.

Government finances showed some improvement during the year mainly on account of expenditure controls rather than revenue gains and, as a result, the overall surplus is projected to increase to just over $33.6 mn as opposed to a deficit of $73.7 mn in 2001. In relation to revenue, some measures announced in the 2002 Budget were not fully realised because of late implementation or deferral for further consideration. However, curbs on non-essential expenditure were introduced in an effort to effect a current surplus as required under the recently enacted Public Finance and Management Law (2001). An important aspect of this Law is that government accumulates and maintains a reserve fund equivalent to 90 days operating expenditure. As one of the cost-cutting measures related to a reduction in interest payments, no new borrowings were undertaken during the year. This led to a marginal decline of the public debt.

Notwithstanding the increased competition among sectors for funds during the year, spending in the social sectors continued to be high among the priorities of government in its poverty alleviation and reduction programme, as well as its strategic efforts to fully develop its human capital. The Department of Social Services continued to respond to an increasing number of requests for assistance (including housing) largely brought on by the slowing economic environment following 9/11.

The outlook for the Cayman Islands in 2003 is positive, with GDP growth projected to reach 2.3%. Improvements in the global economy, particularly the US, will have a positive impact on all the major productive sectors. Government initiatives to support economic growth include more sustained efforts at tourism marketing, increased use of local resources and the provision of wider opportunities for the business community. A cloud of uncertainty looms over the financial services sector where, depending on developments in relation to the EU Tax Initiative, the possibility of an adverse impact exists. Additionally, the event of a US-Iraq war could negatively affect foreign travel and dampen recovery prospects of the vital tourism sub-sector.

DOMINICA



Preliminary estimates indicate that Dominica's economy contracted in 2002, albeit by a smaller magnitude than in 2001, as output performance in key growth sectors continued to be weak. Government's fiscal position remained extremely fragile but improved marginally on account of the introduction of stabilisation measures designed to boost revenue inflows while curtailing non-essential expenditures. The external sector mirrored the lacklustre real sector performance as exports contracted and import demand slumped. The monetary sector was characterised by weak credit demand and slow deposit growth. Inflation also rose marginally reflecting higher fuel costs in addition to negative price effects associated with Government's mid-year adjustment measures. The retrenchment of a number of employees, particularly from the private sector, suggests that unemployment also increased in the period under review.

Real GDP contracted by an estimated 3.1% in 2002 or slightly better than the negative 4.6% recorded in 2001, due to negligible recovery in manufacturing and communications, and sustained expansion in Government services. Agriculture output, which is the largest productive sector activity, fell by just over 1% compared with the 13% decline recorded for 2001, largely due to a partial recovery in the banana sub-sector. For the first nine months of the year, banana production stood at 13,478 tn or 4.4% below the corresponding period in 2001. Output, particularly for the first quarter of the year, continue to be affected by the severe drought in 2001. The manufacturing sector contracted by approximately 2.2% as soap, dental cream and beverages output declined by 17.3%, 18.8% and 13.3%, respectively, on account of increasing competition precipitated by ongoing market liberalisation. Output in the tourism industry as proxied by Hotels and Restaurants also declined by an estimated 2.1% as total visitor arrivals stagnated. For the first three quarters of the year, stay-over visitors fell by just under 1.0% to 51,128 and reflected the relative weakness in the economies of the primary source markets. The critical Caribbean market, contracted by 0.5% to 28,738 on account of aggressive marketing by other Caribbean competing destinations. The US market also fell by 1% to 11,560 on account of the slower than anticipated recovery of the US economy. The cruise segment of the market registered a significant slump as total passengers fell by 65.6% to 91,510. This drastic reduction was occasioned by a large fall-off in the number of ship calls which declined from 165 in 2001 to 125 in 2002. This notwithstanding, the total visitor expenditure is estimated to have contracted by 4.6% to $29.5 mn reflecting the relative importance of the two segments of the industry. Output in the construction sector also fell by approximately 13.6% due to a sharp contraction in the PSIP coupled with weak private sector activity.

The rate of inflation rose marginally to 2% in 2002. The rise in the CPI was largely influenced by increases in the sub-indices Fuel and Light (3.7%) and Transport and Communication (2.4%). Growth in these sub-indices resulted primarily from adjustments made by the Government to the retail price of petroleum products and from the imposition of a 5% sales tax levied on telecommunication services as part of its stabilisation measures. The Food sub-index, however, is estimated to have declined by some 0.2%.

The underlying weakness in the fiscal accounts stemming from the country's narrow tax base, its thin productive structure coupled with a relatively ambitious public investment programme, resulted in severe cash shortages during the year, with concomitant challenges for Government in meeting its financial obligations. As a policy response, Government embarked on an IMF-supported stabilisation programme in July 2002, aimed at correcting the fiscal imbalance through both revenue-raising and expenditure-reducing measures.

On the revenue side these included, *inter alia*, the introduction of a 4% Stabilisation Levy, a 5% sales tax on petroleum products and telephone services and a 1% environmental levy. Capital expenditures going forward were capped at around 6% of GDP. Preliminary data for January to September 2002 reveal a slight improvement in the overall balance mainly on account of a sharp contraction in capital expenditures. Current revenue fell by 7.6% to $49.8 mn as both direct and indirect taxes declined, reflecting the weak performance of the real sector in 2001 and 2002. Personal income tax receipts decreased by 7.8% to $8.7 mn, while corporation taxes fell off by 32% to $2.7 mn. Taxes on domestic goods and services were relatively flat at around $8.8 mn and reflected, in part, the mid-year revenue-enhancing measures introduced. Taxes on international trade rose by 3.6% to $23 mn largely as a result of higher fuel prices in addition to the introduction of the sales tax on petroleum products.

On the expenditure side, current expenditure contracted slightly by approximately 3.8% to $60.9 mn primarily due to a 6.8% (to $8.2 mn) reduction in outlays for goods and services coupled with a 15.7% (to $8.9 mn) reduction in interest payments. Government's wages bill continued to be relatively large but stable at around $33.6 mn. This notwithstanding, given the slump in real output and falling tax receipts, the ratio of the wages bill to total tax revenue rose by 7.6 percentage points to 67% for the first nine months of 2002, compared with the corresponding period in 2001. Transfers and subsidies also dipped marginally by 1.6% to $10.2 mn. These developments translated into a small erosion in the current fiscal deficit from 3.7% of GDP in 2001 to 4.3% of GDP in 2002. The bulk of the Government expenditure adjustment effort was concentrated on the capital side as outlays contracted by some 58.3% to $8.7 mn. This translated into an overall deficit of 6.8% of GDP, compared with 6.3% of GDP for the corresponding period in 2001. The somewhat drastic reduction in the investment programme is reflective of the magnitude of the fiscal imbalance. In particular, there is the urgent need to ensure long-term debt sustainability as well as need for corrective policy action to protect a relatively fragile banking and social security system.

Preliminary data suggest an improvement in the external account precipitated largely by a decline in import demand associated with the depressed nature of the real sector. The merchandise trade balance moved from a deficit of $59.7 mn to a deficit of $52.1 mn as the value of imports decreased by 7.4% to $85.1 mn. Exports are estimated to have risen by 2.2% to $33 mn fueled largely by re-exports. The underlying exports performance was somewhat weaker, declining by about 3% over the review period. The invisible account is also estimated to have performed sluggishly given the out-turn in tourism coupled with a slowing in net transfers from abroad.

Developments in the monetary sector reflected the weak performance of the economy. Domestic credit contracted by 6% to $173.9 mn as credit to virtually all sectors fell. Private sector credit declined by 4.9% to $155.8 mn as outstanding credit to the manufacturing and agricultural sectors contracted by 7.6% and 5.4%, respectively, while credit to the tourism industry fell by 6.2%. Lending for personal use also declined by approximately 7.4%. At the end of September, total monetary liabilities (M2) of the banking system stood at $194.9 mn or 6.4% higher than the corresponding period in 2001. Most of this growth was occasioned by an 8.9% expansion in quasi money (comprising private sector savings, time-deposits and foreign currency), as firms and households seemed to have postponed their investment and consumption decisions in an uncertain economic environment.

The prospects for the Dominica economy in the near to medium term are at best uncertain. Fiscal stabilisation, though absolutely critical for growth in the medium term, will occasion economic contraction in the short run given the relatively large share of the PSIP in total domestic investment. This expected ‘J’ curve in the recovery process will require a strong national commitment to the adjustment effort. An improvement in Government’s fiscal accounts, coupled with strategic targeting of its investment programme, should lay a strong basis for medium term private sector-led growth.

GRENADA

The Grenada economy showed signs of modest recovery in 2002. Preliminary estimates point to real GDP growth of under 1%, reflecting a higher level of activity in the agriculture sector and in tourism. This partial recovery follows a steep economic decline of 3.4% in 2001 when most sectors contracted in response to the global economic slowdown and the adverse spill-over effects of 9/11. In addition to posting positive growth, macroeconomic imbalances improved somewhat reflecting, in part, policy measures implemented to stabilise the economy and halt further deterioration in macroeconomic balances. In line with the partial recovery in economic activity, money supply increased by 1.7%, reflecting increased lending primarily to Central Government. Inflation remained low at 2%, while unemployment is not estimated to have deteriorated beyond the losses sustained in the previous year. Indeed, output expansion in 2002 is likely to have facilitated some re-employment especially within the tourism industry during the year. Toward the end of the year, Grenada was hit by a tropical storm which wrought substantial damage to agriculture, infrastructure and property. While having minimal impact on growth out-turn in 2002, substantial damage to agriculture, in particular, will dampen growth prospects in 2003.

Real output in the agriculture sector is estimated to have expanded by 10% in 2002 following a real contraction of 3.3% in the previous year due to severe drought. The improved performance reflected higher output of the main traditional crops, nutmeg and cocoa. In an environment of stable prices, nutmeg production for the crop year which ends in the first half rose, boosting stocks. Cocoa output is estimated to have increased by 9.1%. During the year, in keeping with recommendations made in a 2000 consultant agronomic study of operations of the cocoa industry, the post-harvesting processing operations involving the drying and polishing of the cocoa pulp were fully privatised. Banana production is also estimated to have increased as the industry continues to recuperate, after being in decline throughout most of the 1990s.

Tourism also registered a turnaround in performance. Furthermore, although not a full recovery, value-added in the hotel and restaurants sub-sector is estimated to have increased by 2% following a 4.3% decline in 2001 when visitor arrivals fell off sharply towards year-end in response to 9/11. For the year to November 2002, stay-over arrivals increased by 3.3%. Further recovery is anticipated in December, reflecting the addition of two new air carriers from the US and Canada. Arrivals from the US market, accounting for a market share of 30%, exhibited strong recovery, totalling 35,113 visitors when compared with 29,611 in 2001. The UK market, accounting for a market share of 24% with an average stay of approximately 10 nights, grew by 7.8%. However, arrivals from all other European countries declined. Significantly, the Caribbean market with a share of 26% and an average stay of about five nights experienced steady growth with stay-over arrivals expanding by 20%, reflecting a favourable response to the industry's aggressive inter-regional marketing campaign, "Let's Go Grenada". Visitors from Trinidad and Tobago increased by 28% to 30,355 accounting for just over half of all arrivals from this source market. The sub-sector also benefitted from additional regional marketing efforts of the Caribbean Tourism Organisation.

The number of cruiseship visitors is expected to continue its downward trend falling by a projected 5.8% relative to 2001. Grenada's geographical location (at the southern end of the islands), ships home-porting closer to the US in the northern Caribbean as well as inadequate port and visitor facilities have been advanced as the main reasons for industry decline. In the hotel accommodation area, the construction continued on a 600 room resort with an 18-hole championship golf course. To support further industry development, Government guaranteed a loan of $8.9 mn for the re-development of a group of small hotels which merged during the year.

Real output in the communications sector is expected to increase, compared with a decline in 2001. Similarly, banking and financial services and government services are also expected to expand, though at a rate lower than the previous year. Construction, however, is estimated to decline for the second successive year. Public sector-financed construction activity was lower, in line with a lower level of capital spending. Although no data are available on construction starts, the retail sale of building materials is estimated to fall by 10%, a smaller decline than the 16% in 2001. In addition, commercial bank consumer loans for house and land purchase and renovation remained depressed, declining by 2.5% relative to year-end 2001. Wholesaling and distribution is also expected to contract as indicated by declines in overall retail sales (down 10.5%), consumer goods imports (down by 9.9%) as well as in commercial loans for the purchase of durable consumer goods (down by 5%).

Grenada remained blacklisted by the FATF during 2002. Against this backdrop, activities in the offshore financial services sector continued to contract in 2002 with the revocation of additional licences of offshore banks and a slowing in the incorporation of IBCs. At end November, the number of IBC incorporations stood at 79 compared with 581 in the comparable period in 2001. During the year, the authorities continued to strengthen the regulatory and supervisory framework. Amendments were made to legislation allowing for greater cooperation with external regulatory and supervisory bodies. In addition, the internal regulatory body Grenada International Financial Services Authority (GIFSA), imposed restrictions on registered agents to mandate record keeping of their clients and to allow GIFSA inspection for compliance and also abolished secrecy laws replacing them with confidentiality provisions. During the year, Grenada participated in an IMF-led assessment of compliance of prudential regulation and supervision. Additionally, the FATF conducted an on-site visit in December for a follow-up assessment of legislative reforms implemented to counter money laundering.

The overall external position of Grenada remained favourable, despite having a large current account deficit. Large portfolio investment inflows associated with Government's $100 mn bond issue on the international capital market more than doubled the surplus on the capital and financial account of the country's balance-of-payments, covering the deficit on the current account and contributing to an increase in gross reserves. The current account deficit is likely to have narrowed despite lower merchandise export earnings, reflecting a lower import bill as well as higher inflows of tourism receipts.

With a sharp deterioration in the fiscal position and mounting payment arrears, Government issued $100 mn international bond on the capital market yielding 9.5% to consolidate its debts, retire more expensive debt and pay down outstanding arrears. With the funds raised, Government restructured its recurrent obligations by opting out of onerous commercial lease purchase contracts for the National Stadium as well as the Ministerial Complex.

Government also cleared its outstanding claims to small contractors and paid down arrears to the National Insurance Scheme.

Government's bond issue, however, significantly increased its external indebtedness. New borrowing in 2002 is estimated to have pushed the external debt stock from $148.4 mn, or 38.4% of GDP to $244.5 mn, around 60% of GDP. Central Governments's debt position rose markedly higher when domestic liabilities (78% of GDP) and contingent liabilities from guaranteed debt (just over 100% of GDP) are included.

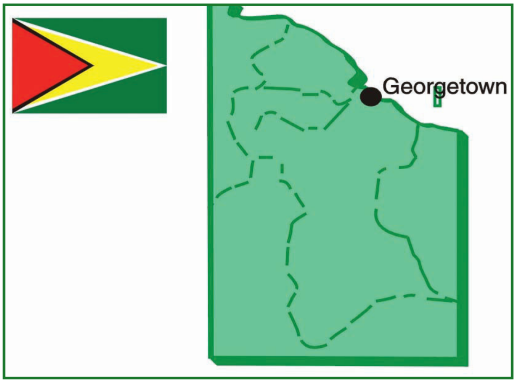
Securing external loan funds during the year was necessary to maintain Central Government's expenditure operations, which although below budgeted amounts, remained expansionary. The overall fiscal deficit narrowed somewhat from the large 8.6% of GDP recorded in 2001 to 6.0% of GDP in 2002. Prior to 2001, Government maintained a moderate deficit just within the 3.0% ceiling recommended by the Central Bank. Fiscal action to rein in the deficit in 2002 primarily involved a reduction in capital spending from the 18% of GDP initially budgeted to 11.9% of GDP. Notwithstanding this reduction, Government's capital spending remained high compared with other countries within the Region. The PSIP included projects aimed at strengthening Grenada's preparedness and response capability to natural disasters as well as the implementation of road transport development and rehabilitation programmes. The construction of a new 270-bed capacity hospital was completed during the year and work continued on airport upgrading and expansion partly financed by a 3-year World Bank Emergency Recovery project signed in April.

On its recurrent operations, Government maintained a surplus of $9.2 mn or 2.2% of GDP, similar to the outturn in the previous year but below the 4% of GDP minimum set by the regional Central Bank. Recurrent expenditure, while less than budgeted, was higher (by 5%) than the previous year's out-turn reflecting a hike in debt service obligations. Outlays on goods and services, overheads and personal emoluments were reduced in 2002 as part of stabilisation efforts to restrain spending. On the revenue side, recurrent revenues increased by 4.1%, partly reflecting revenue enhancement measures. Personal income tax increased by 10.7%, reflecting additional flows from amendments to the Income Tax Act in early 2002 to eliminate income tax exemptions for civil servants as well as increased voluntary compliance. Property tax revenue also increased, reflecting improvements in the administration of this tax.

Government faced additional fiscal spending pressures late in the year after being hit by a tropical storm in September. The storm, accompanied by heavy rains and strong winds caused serious damage to infrastructure, agricultural land and produce, farm infrastructure, farm roads, livestock and buildings. Damage was estimated at $7.7 mn, approximately 1.9% of GDP while potential export earnings lost as a result of the damage was estimated at $5.4 mn, 33% of actual revenue earned in 2001. Government, to assist in meeting recovery financing needs received emergency financing assistance from CDB under its Disaster Management Facility and other donors to effect cleaning, clearing of debris and repair work. To counter the impact of the storm, Government received $4 mn from the IMF under its quick-disbursing Emergency Assistance Facility. The emergency loan carries a charge of 2.51% to be repaid over a maximum period of 5 years from the disbursement date. This low cost loan facility assists member countries hit by natural disasters to meet immediate balance-of-payments financing needs and recover economic stability.

The Grenada economy should continue to rebound in 2003 supported by positive tourism and construction outcomes. A CDB-funded Bridge and Road Improvement project should commence early 2003. While banana production should return to normal levels in 2003, nutmeg and cocoa production levels are likely to remain suppressed until 2004, influenced by agronomic factors as well as the impact of tropical storm conditions late in 2002. Debt remains a critical issue in the management of the economy and efforts will need to be directed at debt reduction and, in turn, further fiscal consolidation. Assuming continued improvement in economic conditions, fiscal and debt indicators should also improve. Grenada is participating in regional efforts to assess comprehensive tax reform through widening tax bases and reducing reliance on import taxes as well as harmonizing fiscal incentives. The extent to which the country can speed up economic growth, reduce unemployment and reconstruct the rural economy will significantly influence the pace at which poverty is reduced.

GUYANA



Notwithstanding positive real economic growth resulting from gains in a few critical sectors and progress in effecting necessary structural reforms, 2002 has been an extremely challenging year for Guyana. The rapid upsurge in criminal activity to unprecedented levels, served to dampen aggregate demand through a marked erosion of both consumer and investor confidence. This crime factor which was perhaps the single most significant development for the year translated into a weaker-than-forecast overall fiscal position and served to fuel economic uncertainty. The monetary sector, which exhibited greater consolidation, was characterised by sluggish credit demand reflecting the underlying weakness in the real economy. The external accounts improved marginally through better terms of trade. The exchange rate depreciated marginally and inflation edged up slightly on account of an expansion in the money supply (M2), higher fuel prices, and higher electricity, water and telecommunications tariffs. In the social sector, the country continued to grapple with issues of poverty reduction as well as greater access to acceptable health care and education. In this context, Guyana's PRSP was approved by the joint Boards of the International Monetary Fund and the World Bank in September 2002 and the subsequent approval of the Fund's three-year Poverty Reduction and Growth Facility.

In the real sector, initial estimates indicate that output grew by approximately 1.1% in 2002, which was well below the 1.9% in 2001. This growth performance was primarily as a result of a sharp increase in sugar output as well as good gains in livestock production and the transport and communication sub-sector. However, rice, gold and bauxite output registered significant contractions. Sugar production rose by 16.4% to 331,069 tn in 2002 on account of increased yields stemming from more favourable climatic conditions at both the planting and reaping stages, and higher on-farm investment facilitated by Guyana Sugar Company's (GUYSUCO's) ongoing Agricultural Improvement Project. In addition, the industry benefitted from strong productivity improvements particularly through the mechanisation of the production process and from pursuing a somewhat aggressive policy of outsourcing, where feasible, to reduce operational costs. This enhanced efficiency led to an improvement in both field and factory recoveries. Notwithstanding this above-average performance, industrial relations in the sugar sector were marred by strike action, particularly in the second half of the year, as GUYSUCO and union officials failed to reach a consensus on pay awards. Livestock output grew by an estimated 5.0% as the sector benefitted (particularly the poultry sub-sector) from an expansion in production capacity as a result of new investment coupled with increased market protection arising from the introduction of a higher tariff during the year.

In spite of critical state support through the provision of a commercial bank debt-reduction package for targeted producers, rice output in 2002 has been particularly weak. Initial estimates indicate a 10.7% contraction in real value-added as total rice production dipped to 287,755 tn in 2002, compared with 322,310 tn in 2001. This performance primarily reflected erosion of the producer base in the somewhat cash-strapped industry as the number of hectares sowed declined from 112,412 in 2001 to 108,815 in 2002. The mining and quarrying sub-sector which contracted by an estimated 6.1%, was particularly hard hit by ongoing efforts to restructure the bauxite industry, and by a slump in gold output as a result of reduced activity by OMAI. Total bauxite production fell by 18.9% to 1,630,244 tn representing the second consecutive year of double-digit contraction. Output of Refractory Grade (RASC) declined by 32.1% to 62,117 tn on account of mechanical failures at LINMINE. Production of Metallurgical Grade bauxite (MAZ) also fell by 13.8% to 1,448,775 tn while Chemical Grade (CGB) registered a 41.7% fall off in output to 128,374 tn. Despite a sharp recovery in world market prices, which reached a high of $343 per oz. in 2002, compared with $277 per oz in 2001, gold output contracted by 12.5% to 436,840 oz in the year under review. This was precipitated largely by lower production by OMAI on account of a reduction of yields from mines approaching the end of their economic life. Diamond production grew by 34.8% (to 248,436 krts) as a result of the use of improved technologies facilitated by greater foreign direct investment and higher price incentives.

Inflation as measured by the urban CPI rose to 6.1% (year on year) up from 2.6% last year. Most sub-categories in the index registered increases. Transport and Communication rose sharply by 18.5% on account of the upward tariff revision for both wireless and hard wire communication as well as increases in fuel prices. Housing, Food, Clothing and Medical Care also increased by 9.9%, 1.9%, 2% and 1.6%, respectively.

Government's fiscal accounts, though still somewhat fragile, improved in 2002, on account of a good revenue outturn coupled with tight expenditure control. Central Government revenues rose by an estimated 7.2% to G$44.5 bn as both direct and indirect taxes performed creditably. Corporation taxes increased by 5.7% to G$8.7 bn while personal income taxes grew by about 12.4% to G$9 bn, reflecting the collection of significant amounts of arrears by the Guyana Revenue Authority. Consumption tax collections rose marginally by 1.8% to G$14.6 bn. On the expenditure side, current outlays expanded by just over 2.2% to G$48.4 bn and represented a marked deceleration when compared to the 1999-2001 period. This dampened current expenditure growth was precipitated primarily by falling debt service costs occasioned by Original and Enhanced relief as well as from Government's firm policy commitment to link wages increases to productivity and inflation. Consequently, interest payments in 2002 contracted by 6.5% to G$10.9 bn while personal emoluments rose by 7.5% to G$15.8 bn. This translated, in part, to a marginal improvement in the current account balance from negative G$569 bn (-4.2% of GDP) in 2001 to negative G$3.9 bn (-2.9% of GDP) in 2002. Capital Expenditure which was estimated at G$15.7 bn also contracted by some 4.5% on account of a slower-than-anticipated rate of project implementation. This resulted in an overall balance, after grants, of negative G$8.2 bn (-6% of GDP), compared with negative G$11.1 bn (-8.3% of GDP) recorded for the corresponding period in 2001.

The stock of outstanding public and publicly guaranteed external debt continued to decline on account of debt relief under the Original and Enhanced HIPC Initiatives. In contrast, the stock of Government's domestic bonded debt increased due to the issuance of treasury bills to sterilise excess liquidity in the banking system. The stock of external debt amounted to $1,238.2 mn at the end of 2002 representing a 3.5% increase from 2001 while domestic debt on the other hand rose by some 5.3% to G$54.7 bn.

In the context of Guyana's flexible exchange rate system, the overriding objectives of monetary policy in 2002 was generally to support Government's broad macroeconomic stance and to contain price growth. Broad money (M2), comprising currency in circulation and private sector deposits, amounted to G$98.1 bn or 5.5% higher than in 2001. Noteworthy is the fact that narrow money (M1) grew by around 6.3% to G$26.4 bn with extremely strong growth (13.3% to G$11 bn) being recorded for demand deposits and a rather sluggish growth (5.2%) for savings and time deposits. This reflected a shift in consumer preferences for larger transactions balances in the face of increasing economic uncertainty in addition to the desire to find alternative investment options given the relatively sharp decline in deposit rates. The three-month Treasury Bill rate fell by 234 basis points to 3.91% in 2002. This notwithstanding, the prime lending rate has remained stubbornly high at around 16.25% and may reflect the oligopolistic nature of the banking system or risk-pricing of Guyana's economy. The high interest rate environment coupled with soft real sector, served to constrain credit growth. Private sector credit grew negligibly by 0.4% to G$59.2 bn. The sectoral distribution of credit revealed that almost all of the sectors contracted. The rice milling and personal sub-sectors increased by 20.5% and 13% but agriculture, other manufacturing and services contracted by 16.1%, 24.3% and 8.4%, respectively.

Favourable terms of trade coupled with an above-average performance of the sugar sector and a slow-down in imports resulted in improvement in the external accounts. The merchandise trade deficit contracted to negative $68.2 mn, compared with negative $93.6 mn in 2001. Visible exports rose by 0.9% to $494.9 mn and imports declined by 3.6% to $563.1 mn. While Net Service was relatively flat at approximately $78.5 mn in 2002, Unrequited Transfers fell by about 9% to $40 mn representing in, part, a fall-off in remittances from abroad. The capital account showed a net inflow of $88.7 mn, compared with $116.4 mn in 2001, reflecting lower disbursements to the non-financial public sector and reduced net private capital inflows. The overall balance of payments deficit declined to $25.1 mn, compared to $12.1 mn in 2001. Net foreign assets of the Bank of Guyana increased by $4.1 mn.

Guyana's social recovery efforts intensified in 2002. The approval of its PRSP can be interpreted as strong support for the country's poverty reduction agenda. Ongoing investment in the education sector aimed at curriculum reform, improving access and further teacher training should provide the requisite platform for sustained poverty reduction in the medium term. Efforts to rationalise the water sector as well as to improve the delivery of basic health care will also be instrumental in achieving meaningful social development.

The outlook for Guyana's economy still remains uncertain. In the real sector, efforts to modernise and rationalise sugar production should serve to strengthen the industry's likelihood of survival in a post-preference environment. In addition, the planned investment in the bauxite sector will boost economic activity in the near to medium term. However, rice, manufacturing and forestry may face intense challenges from an increasingly liberalised international market. Moreover, the country needs to urgently find a solution to combat the recent upsurge in criminal activity as a necessary measure to protect both domestic and foreign investment and to support growth.

JAMAICA

The implementation of Jamaica's economic programme developed within the context of an IMF Staff Monitored Programme aimed at maintaining macroeconomic stability and encouraging higher economic growth was severely challenged during 2002. After re-establishing positive growth trends since 2000, the pace of economic activity in the Jamaica economy failed to gain momentum in 2002 as adverse weather conditions, uncertainties associated with the holding of general elections and an unfavourable international economic environment hampered output performance. The economy, based on provisional and partial data is estimated to have registered modest growth of around 1.2% following growth of 1.7% in 2001 and 0.8% in 2000. Weak growth performance was underpinned by a 0.8% decline in the value-added of the major goods-producing industries which combined to partially negate a 2.4% expansion in the service sectors (which account for just over 80.0% of GDP). For FY 2002/03, the economy is expected to grow by approximately 1.8%.

The dampening in real sector activity influenced a deterioration in macroeconomic balances. Contrary to policy objectives, the fiscal consolidation originally envisaged was not achieved as the simultaneous fall-off in revenue and increased expenditure needs caused severe instability in public finances. Compared with a programme target of 4.4% of GDP, the fiscal deficit for FY 2002/03 is projected to widen to 9.6% of GDP. On the external accounts, lower export receipts influenced a worsening in the balance-of-payments position during the first seven months of the year. By end-September, the combination of high bond repayments and direct market sales to meet unseasonably high demand for foreign currency (fuelled, in part, by increased liquidity from Government's spending and financing operations and an easing in banking sector reserve requirements), the gross reserve position fell to $1,687.3 mn, or 18 weeks of imports. The reserves remained within programme targets and compared favourably with the international benchmark of 12 weeks. However, good progress continued to be made through base money management in moderating inflation within a target of 6% to 7%, despite the supply shock of declines in crop production as well as instability in the foreign exchange market. Inflation for 2002 stood at 7.3%.

Extensive flooding caused by repeated episodes of heavy and persistent rainfall negatively impacted agriculture sector performance. With extensive losses and large acres of crops destroyed, estimated at just over JMD 1,217.2 mn, agriculture production measured by the Planning Institute of Jamaica's (PIOJ) agricultural production index was estimated to have declined by about 9%. Crops produced for domestic consumption such as vegetables, legumes, fruits and ground provisions, as well as export crops including cocoa, bananas and sugar cane, contracted. For the sugar crop year (November 2001 to September 2002), 1,965,493 tn of sugarcane were milled, 11.9% below the previous crop year yielding 174,640 tn of sugar, the lowest level on record in 55 years. The excessive rainfall and its dilution of the sugarcane's sucrose content required a higher quantity of sugarcane (11.3 tn) to produce one tonne of sugar. Similarly, the series of floods led to a 5.3% decline in banana production to 30,640 tn. Coffee production increased.

Tourism performance reflected lingering fears associated with aviation travel following 9/11 and the sluggish US economy. The downturn in the tourism sector in 2001 spilled over into most of 2002 with the exception of the last quarter of the year which posted strong recovery. For the year, the total number of visitor arrivals was up 0.8% to 2.1 mn relative to 2001 but was below that registered for 2000. Total stay-over and cruise passengers increased by 0.6% and 3%, respectively. The strong rebound during the seasonally high period reflected, in part, the effectiveness of aggressive marketing initiatives undertaken by the industry and additional air lift secured. Visitor expenditure is estimated to have declined by 5% to $1,192.9 mn, reflecting the relatively faster growth in cruiseship visitors and heavy price discounting in the sector.

Manufacturing and distribution activities were the other areas estimated to register decline. Output in the manufacturing sector, based on the PIOJ's production survey of manufactured commodities is estimated to have declined by 0.5% in 2002, compared with 2001. With competitive market conditions and depressed demand, the production of most industries in the sector declined, including the production of chemicals, non-alcoholic beverages, tobacco, food processing and petroleum refining. Significantly, lower production levels have also been associated with claims of unfair market competition from the illegal dumping of imports. The Anti-Dumping Commission in Jamaica has been engaged in the investigation of these charges. Wholesaling and retailing was dampened by the fallout in agricultural production, damage to road infrastructure and weak demand. Seasonal increases in demand during the last quarter of the year provided some impetus to the sector's recovery.

Like agriculture, mining activities were also hampered by the heavy rainfall and flooding. Influenced as well by technical problems at the refinery plant level, total bauxite production (includes alumina production) was estimated to have declined by 1.4% during the January to September period. Sector performance, however, rebounded strongly in the final quarter of the year to reach 13,119.5 kilo tn, the highest production level in 24 years. For the full year, real GDP for the sector is preliminarily estimated to have grown by 2.9%.

Indicators of construction and installation pointed to increased activity in the sector. Residential building starts (up by 85.2%) and the value of residential mortgages issued (up 2.8%) both increased. Capital expenditure for electricity installation increased by 54% relative to 2001, reflecting expansion in electricity generating plant capacity. Central Government's infrastructure investment declined, constrained by limited discretionary budget capacity. That notwithstanding, infrastructure development encompassing mainly road works continued to be carried out by the private sector under the Government's deferred financing scheme and guarantee programmes. This scheme, a joint public/private arrangement for infrastructure development allows private sector interests to undertake road projects with Government funding for that activity deferred until project completion. Notable was work associated with the major road development programme Highway 2000 which commenced in 2002. Phase one of this project is estimated to cost $400 mn. Major infrastructure investments being implemented by public sector entities included port development and expansion, the construction of school and health facilities and the completion of a marina in Port Antonio.

The value-added of financial services, communications and electricity services were all estimated to have expanded. Banking services, following on the financial sector crisis (1995-98) continued to recover, recording significant growth in assets and profitability. Central Bank losses, reflecting the cost of its liabilities (the excess in the interest cost of conducting open market operations relative to the return on its assets, primarily foreign reserves), will partly offset this growth. The recovery in the banking sub-sector is expected to bring the sector's real GDP back in line with the pre-crisis level. During the year, the authorities continued to enhance the supervisory legislative framework and oversight structures. Four companion Bills governing the financial sector, the Banking Act, the Financial Institutions Act, the Building Societies Act and the Bank of Jamaica Act were further amended during the year. In addition, consequent on the sale of most outstanding assets including the non-performing loan portfolio, the authorities began the process of winding up of the operations of Financial Sector Adjustment Company, set up in 1997 to oversee sector rationalisation and divestment.

Unexpected flood rehabilitation and relief expenditures and higher-than-programmed wage, utility and interest costs as well as lower-than-budgeted revenue intake due to a weak economy and delays in implementing tax enhancing legislation, combined to result in a significant slippage in the fiscal deficit. During the first six months of the fiscal year, the deficit widened to 5.4% of GDP, compared with 3.7% of GDP in the comparable period of 2001. This was despite reductions in budgeted capital expenditure. The primary balance, which excludes interest payments from total expenditure, while remaining in surplus was lower at 2.1% of GDP relative to 3% of GDP in 2001. Total expenditure increased by 14.9% (reflecting a 22.7% increase in recurrent expenditure), outweighing revenue gains of 2.5% derived solely from tax revenues. Tax revenues improved (by 9.9%), reflecting higher proceeds from personal and corporate taxes and increases in the consumption tax due to improved compliance. Revenue shortfalls reflected a delay in the implementation of new revenue measures to tighten compliance and rationalise tax exemption as well as the shortfall in budgeted property tax collections. On the expenditure side, higher-than-programmed debt accumulation and servicing of public entities debt fed through into higher interest costs.

In December 2002, Government tabled supplementary estimates revising the budget deficit for the fiscal year from 4.4% of GDP to 8.4% of GDP. This compares with an out-turn of 5.7% and 0.9% of GDP in FYs 2001/02 and 2000/01, respectively. To boost revenues, a number of new tax measures were implemented, including higher motor vehicle licences and increased fees. Government plans to fast-track the implementation of legislation aimed at widening the tax net and rationalising tax exemptions and to aggressively pursue its divestment programme. Government has achieved significant improvements in compliance since the inception of its Tax Administrative Reform project in 1994. Under this programme, tax revenues increased from 22.3% of GDP in 1995/96 to 24.2% by the end of March 2001, a real increase of 8.9% without increased tax rate. The number of registered taxpayers had increased by 60% since FY 1995/96.

Faced with a widening fiscal imbalance and the slower-than-anticipated inflow of divestment proceeds, budgetary funding was met through loans, the issuing of domestic debt instruments, drawdowns on Central Bank balances as well as issues on the external bond market. At end-September, the total debt stock increased from JMD 497,083.1 mn (130% of GDP) to JMD 537,668.1 mn, (134% of GDP), comprising of external (public and publicly guaranteed debt) of 52% of GDP and domestic debt of 82% of GDP. Additional increases are likely for the remainder of the year. In keeping with Government's debt management strategy to lengthen the debt maturity profile, there were two 30-year Local Registered Stock instruments and a 15-year tenure Eurobond issue of $300 mn among a number of other issues. Government's debt has been pushed up over the past two fiscal years by the higher fiscal deficit out-turn, resources sourced for the pre-funding of large debt commitments, the issuance of debt guarantees as well as the assumption of FINSAC liabilities (Government guaranteed a private 30-year bond offer early in the year for JMD 3,552 mn raised by the National Road Operating and Construction Company for the Highway 2000 project). While loans were largely sourced from the external market in FY 2001/02 to induce lower domestic interest rates and debt service costs, this stance was partly reversed in FY 2002/03, disrupting the downward interest rate path and adding to interest costs.

In the monetary sector, the Central Bank continued to focus on managing base money utilising open market operations and reserve requirements, consistent with the lower inflation objective. The containment of base money facilitated reductions in interest rates and the reserve requirement early in the year. Interest rates on the Central Bank's 365-day open market instrument fell by 390 basis points to 15% at end March 2002 relative to December 2001. The rate on the 30-day instrument fell to 13.3%. The cash reserve ratio was reduced by one percentage point to 9%. The lower interest rate path was also mirrored in market interest rates. Spurred in part by lower interest rates, growth in domestic credit remained strong, buoyed by increases in public and private sector demand for credit. As the year progressed, however, base money management became increasingly challenged by adverse foreign exchange market conditions (as a result of lower supplies of foreign exchange and higher demand associated with seasonal factors, the Government's Eurobond offer as well as heightened speculative pressures and uncertainties associated with general elections), and strong liquidity impulses stemming from Government's spending and financing activities. The monetary authorities responded by tightening monetary policy and implementing offsetting adjustments to the stock of NIR. The NIR ended 2002 at $1,597 mn, while the money supply (M2) increased by 13%.

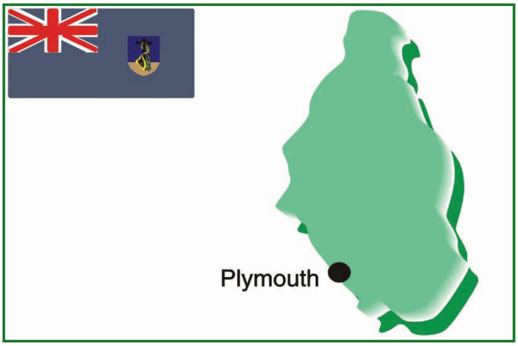
Jamaica's balance-of-payments worsened in the first nine months of 2002 with the current account deficit widening to $216.8 mn, to $716.6 mn relative to 2001. Export earnings for bauxite and alumina were mixed, with bauxite improving by 4%, while alumina declined by 16.3% as world market prices for alumina remained depressed, reflecting weak demand. Notably, private transfers remained strong, increasing by 17.9% to $104.2 mn. Financial inflows were insufficient to finance the deficits on the current and capital accounts, resulting in a deficit of $254.3 mn.

Improving the provision of social services continued to be a primary focus of the Government. Areas of emphasis in 2002 included improvements in education services, health services, community redevelopment, and programmes aimed at reducing poverty, such as reforming the social safety net through streamlining and improved targeting, higher benefits and strengthening links with human capital development. Efforts were also focused on improving justice and public security. In the education sector, the Reform of Secondary Education Project aimed at addressing equity and quality issues in education provision is expected to be accelerated with additional schools being upgraded. In the main, labour market issues continued to focus on obtaining social contracts at the sectoral level and on the provision of skills training deemed more relevant to the needs of the economy. In the context of improving competitiveness, deliberations continued on the Green Paper on Proposals for the Introduction of Flexible Work Arrangements, tabled in December 2001.

Prospects for the Jamaica economy will hinge on the pace of recovery of sectors impacted by flood rains and that of the economy's main trading partner, the US. These, in turn, will be influenced by the possibility of armed conflict in the Middle East and its impact on international oil prices. The average spot peak price for crude oil, impacted by general strike conditions in Venezuela which is the fifth largest OPEC supplier and one of Jamaica's major crude oil sources, had already moved up to $26.65/bbl during the last quarter of 2002. Barring inclement weather and other adverse shocks, performance in agriculture, mining and tourism is slated to improve, giving some push to growth momentum. Tourism is likely to rebound, gaining strength particularly toward the 2003/04 season. Growth should also be boosted by the implementation of major infrastructural developments including port expansion and the Highway 2000 project. Macroeconomic stability objectives will continue to be challenged by Jamaica's worrying debt dynamics and the impact of higher international oil prices. Fiscal restraint and faster growth momentum will be the key to both improving the debt profile and easing the onerous debt burden. The fiscal deficit should narrow during the upcoming 2003/04 fiscal period, having been impacted by one-off, lumpy expenditures including retroactive salary payments as well as unexpected flood related expenditures in FY 2002/03.

MONTSERRAT

Since 1995, periodic eruptions at the Soufriere Hills volcano have caused considerable damage to the island of Montserrat.



Preliminary data indicate that there was a turnaround in performance during 2002, with real GDP growing by 4.6% following declines of 2.8% in 2001 and 3% in 2000. It was originally anticipated that the economic recovery would have been stronger, but delays in the start of several major public sector projects, including the construction of a new airport, restricted economic growth. However, several large projects started in late 2001, including the new police station and a sheltered housing project at Lookout in the North were completed in 2002. The volcano had destroyed the capital city Plymouth in the South, and most of the population who had not left the country relocated to the Safe Zone in the North.

Data on total visitor arrivals are only available for the first eleven months of 2002. During that period stay-over tourist arrivals totalled 7,544, compared with 8,175 for the corresponding period in the previous year. For the same period, the number of excursionists fell by 11.1% to 4,888. For the year as a whole, it is likely that total visitor arrivals will exceed the previous year's total of 15,549, largely because of the need to evacuate residents from an area west of the volcano, bordering the exclusion zone, containing several tourism properties. The evacuation was ordered because of an increase in the size of the volcanic dome. In the event of a collapse of the dome, pyroclastic flows could put the area at risk. Generally, visitors from the English-speaking Caribbean accounted for more than 40% of stay-over tourist arrivals. Prior to the volcanic eruption in 1995, tourism was the largest productive sector activity. However, without an operational airport, the island can only be accessed by helicopter or ferry, which is a major constraint to the further development of the sub-sector.

Agricultural output increased significantly during the year, following a recovery in crop production. Extremely dry conditions during 2001 had held back crop production in that year. During the year there was a thrust towards self-sufficiency in egg production. However, local agricultural production is constrained by the rocky soils in the north of the island and lack of available land.

The rate of unemployment was estimated at 13% in 2001. In the past, because of the disruption of daily life and the relocation of many nationals for varying periods overseas, employment figures were difficult to ascertain. In 2002, the rate of unemployment remained unchanged. The retail price index rose by 3.5% in 2002, compared with an increase of 4.9% in 2001. Increases were reported in all of the sub-indices except Rent during the first nine months of 2002. The sub-index to report the largest increase was Clothing and Footwear. During the same period in 2001, higher fuel prices had caused a sharp increase in the Gas, Electricity and Water sub-index.

In the financial sector, commercial banks' total deposits to the end of June 2002 rose by 2.1% to $32.8 mn from $32.1 mn a year earlier. This suggests that the decline in commercial bank deposits experienced since the start of the volcanic eruptions has been reversed. Compared with the corresponding period in 2001, savings deposits declined by 1.3% to $24.6 mn, whereas demand, time and foreign currency deposits rose by 4.7%, 15.3% and 61.8% to $5.1 mn, $1.6 mn and $1.4 mn, respectively. Commercial bank credit to the private sector to the end of June 2002 declined by 11.3% to $7.6 mn from $8.5 mn a year earlier. Credit to households and businesses fell in 2002, compared to the corresponding period in 2001.

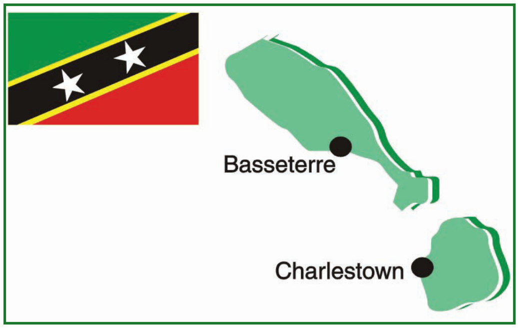
Preliminary data for the year indicate a trade deficit of $24 mn, compared with a deficit of $18.7 mn for 2002, reflecting an increase in imports compared to the corresponding period in 2001. Exports totalled $1.5 mn, compared with $0.7 mn for 2001. The exports mainly represented the re-export of machinery and transport equipment used in construction activity, and minerals and fuel. The trade deficit was financed by official and private transfers.

Montserrat's fiscal policy is determined in consultation with the British Government and DFID. The country is currently not self-sustaining and is dependent on budgetary aid to meet recurrent deficits and capital expenditures for the construction of essential infrastructures in the north of the island. Data on the operations of the Central Government for the first eight months of the year indicate a recurrent account deficit of $7 mn before recurrent grants. Recurrent revenue, at $6.7 mn, performed better than budgeted. Receipts from tax revenue performed well, reflecting growth in collections of taxes on incomes and profits and licences. Collections from taxes on property and international trade and transactions were below budget. The shortfall in receipts from the taxation of international trade and transactions was largely caused by concessions being granted on imports of construction materials. Recurrent expenditures rose significantly to $13.7 mn during the first eight months of the year when compared with the corresponding period in 2001 because of increased outlays on purchases of goods and services. This increase in purchases of goods and services was attributed to Central Government taking over the cost of operation of the helicopter and ferry services previously financed directly from the Aid Framework. Central Government capital expenditure for FY 2002 was projected at $28.7 mn, compared with $29.2 mn for FY 2001. The revised estimate of total Central Government capital expenditure for 2002 was $12 mn, compared with $9.6 mn in 2001.

Total disbursed and outstanding external debt at the end of 2002 fell from the $8.4 mn recorded in 2001 because of the recommencement of debt service payments following the end of a three-year moratorium granted by CDB on its loans and balloon payments on some outstanding debts.

The level of economic activity is expected to increase in 2003 with growth being mainly driven by the construction of the new airport and community college, as wellas private sector residential housing. It is likely that the number of stay-over and excursionist arrivals on the island will increase. However, the gradual reduction in the level of DFID assistance over the medium-term will have a considerable impact on Central Government's fiscal performance.

ST. KITTS AND NEVIS



Economic performance in St. Kitts and Nevis was sluggish during 2002, with real growth estimated at 1.5%, compared with 2.4% and 5.7% in 2001 and 2000, respectively. However, the deceleration in real output in 2002 was significantly slower than the negative 2% growth projected at the beginning of the year in the context of the world recession and the aftermath of 9/11. Positive sectoral growth was recorded in agriculture, construction and communication while negative growth was recorded in tourism and the manufacturing sectors. The annual rate of inflation remained low, averaging 2.1% in 2002, the same rate as in the previous year. The current fiscal deficit narrowed in 2002 due to the continuing efforts at strengthening the fiscal consolidation process. Notwithstanding, increases in capital expenditure and net lending resulted in a larger overall fiscal deficit. The current deficit of the balance of payments widened further in 2002, with deterioration in the net services and incomes accounts despite marginal inprovement in balance of trade and net current transfers.

Growth in construction sector activities is estimated to have decelerated to 2.1% in 2002, compared with growth of 5.9% and 29.2% in 2001 and 2000, respectively, as major capital projects were completed or near completion during the year. Construction activities continued to be concentrated in tourism and tourism-related projects as well as public sector infrastructural investment projects. Construction activity in the tourism sector involved ongoing work on several large projects, including, the Royal St. Kitts Beach (Marriott) Resort and Casino, the Golf View Resort and redevelopment of the golf course at Frigate Bay. The PSIP included the completion of some major projects, namely, the Basseterre Fisheries Complex, the re-construction of the cruiseship pier at Port Zante, the J.N.F. General Hospital, the Vance Amory Airport, St. Paul's Sports Stadium, and roads resurfacing and construction, particularly in Nevis. The major ongoing public sector project was the construction of the Hospitality Centre at the

Clarence Fitzroy Bryant College. There was also continued construction of private residences and villas.

The tourism sector continued to be depressed during 2002 following 9/11, coupled with weak world economic growth, particularly in the US, a key tourism generating market for visitors. Total visitor arrivals for the first six months in 2002 declined by 6.9%, compared with the corresponding period in 2001. For the period January to June 2002, there were 31,140 stay-over visitors and 122,227 cruise passengers, compared with 37,431 stay-over visitors and 127,933 cruise passengers in 2001. The hotel occupancy levels were exceedingly low during 2002 and many hoteliers discounted in order to remain open. However, indications are for an improvement in the second half in 2002 with the completion of the cruiseship pier at Port Zante, which can now accommodate mega-cruiseships and increased air traffic to St. Kitts and Nevis. In November, a US airline inaugurated services to St. Kitts and Nevis.

In December, the Jack Tar Village Resort, flag-ship of the tour operators of St. Kitts and Nevis for nearly two decades, was closed, resulting in the loss of 162 jobs in the sector. Also, the expected opening of the 5-star Royal St. Kitts Marriott Resort and Casino in December was re-scheduled for February 2003.

Sugar production in 2002 declined by 4.8% to 21,740 tn, compared with 24.5% growth in 2001. Lower production in 2002 was attributed mainly to mechanical down-time at the factory and lower sucrose level of the sugarcane. The factory was closed for several days at intervals during the harvesting period due to mechanical problems. Productivity in the sugar industry was lower in 2002 than in 2001. In 2002, 231,292 tn of sugarcane were ground, compared with 215,042 tn in 2001. It took an average of 10.64 tn of cane ground to produce one tonne of sugar in 2002 as compared with 9.41 in 2001. The volume of sugar exported declined by 5.3% to 20,457 tn in 2002, compared with 21,609 tn in 2001. However, despite a lower volume exported in 2002, the net earnings from sugar exports, at $10.3 mn, were about the same as in 2001. Appreciation of the euro against the dollar facilitated the increase in income from export sales. The sugar industry continued to incur large financial losses, compounding the further build-up of its outstanding debt. Government is reviewing the findings and recommendations from a number of studies done on the industry, but has not made a firm decision on its future.

The performance of non-sugar agricultural production was significantly better in 2002, as compared with 2001, mainly as a result of favourable weather conditions (higher rainfall) and improved pest control. Crop production was higher for the period January to September, 2002, as compared with the corresponding period in 2001, with the exception of white potatoes and pineapples. Crops which recorded higher production included cabbage, carrots, onions, tomatoes, sweet peppers, yams, watermelons and mangoes. In the livestock industry, increased production of beef, goat and pork in 2002 reflected intensified promotion of the use of locally produced meat, as well as improved animal husbandry practices. Fish landings in 2002 rose by 3.8%. Completion of the new Fisheries Complex will aid significantly in higher production. In contrast, sheep and goat production declined in 2002, with the major challenge here continuing to be the high incidence of stray-dog attacks.

Three major highlights of the non-sugar agriculture sector during 2002 were the launching in October of the five-year agricultural diversification project, the allocation of several hundred acres of land for livestock farming, and the completion of the Fisheries Complex, with the latter two being principal elements of the diversification programme and all of which reflect the Government's renewed efforts to expand the non-sugar agricultural sector. The project seeks to expand, improve and modernise production of non-sugar agriculture; accelerate diversification from sugar through increased involvement of the private sector; and to reduce significantly the large food import bill by the production of high-quality internationally competitive crops.

Activities in the manufacturing sector contracted sharply in 2002 after registering marginal improvement in 2001. The performance of non-sugar manufacturing enterprises was lower. On the export side, firms involved in the manufacture of electrical and electronic components registered negative growth, reflective of the depressed US market. A few scaled back operations and some workers were laid off. On the domestic side, output of manufactures, including the brewery, food and masonry products, were lower because of the economic slowdown, as well as strong competition from firms elsewhere in the Caribbean.

The rate of inflation, as measured by the retail price index, rose on average by 2.1% during 2002, the same as in 2001. Acceleration in the rate of price increases was recorded in the heavily weighted food category (1.3%), medical services (21.8%), alcoholic drinks and beverages (1.1%), clothing and footwear (3.1%) and household supplies and operations (3.5%). transportation costs, accommodations, personal and other services and expenditure on fuel and light remained virtually unchanged during the year.

Preliminary estimates of the consolidated financial operations of Government for 2002 indicated a significant improvement in the current account deficit from the previous year. Strengthening of the fiscal consolidation process accounted in large measure for the containment of growth of current expenditure and improvement in current revenue. The current account deficit was 39.3%, lower at $10.1 mn (2.8 of GDP), compared with $16.6 mn (4.8% of GDP) in 2001. Total current expenditure in 2002 grew by 2.7% to $116.7 mn, due mainly to the large interest payments on the debt, while the other expenditures were contained. Expenditure on wages and salaries rose by 1.9% to $53 mn, reflecting no salary increases, nor year-end bonus, and a slowdown in employment in the public service. Moreover, outlays on other goods and services were 7.8% lower, to $39 mn in 2002. However, interest charges increased significantly, by 28% to $24.8 mn, indicative of the country's challenging debt situation.

Current revenue increased modestly by 9.7%, to $106.6 mn (30% of GDP) in 2002. Total capital expenditure and net lending during 2002 was $48.3 mn, 66.5% higher than in the corresponding period in 2001. The higher capital expenditure was incurred in the completion of a number of high-cost infrastructural projects. However, the improvement in the current account balance was insufficient to offset the increase in the capital programme, resulting in a worsening of the overall deficit to $44.8 mn (12.6% of GDP), compared to $42.6 mn (12.4% of GDP) in 2001. Financing of the deficit resulted in the worsening of the Federal Government's debt position. In an effort to restructure its debt profile, the Federal Government issued a $27.8 mn bond on the Regional Government Securities Market in November, which was oversubscribed. The Government has indicated that it intends to seriously address the debt overhang by implementing a debt management strategy to keep the rate of debt accumulation below the rate of economic growth, as well as a debt reduction strategy.

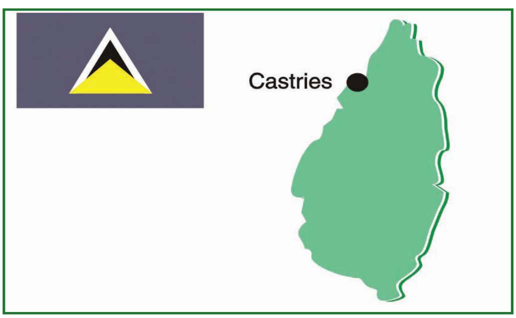
Preliminary estimates indicate a widening of the current deficit of the balance of payments to $114.3 mn (32.2% of GDP) in 2002 from $95.8 mn (27.9% of GDP) in 2001, despite marginal improvement in the trade balance. Improved export commodity performance, together with a modest increase in imports accounted for the narrowing of the trade deficit by 1.1% to $110.4 mn in 2002. Commodity export earnings rose by 11.3% to $61.3 mn, while imports increased by 31% to $171.7 mn. In contrast, net service and income accounts deteriorated from the previous year, while current transfers were marginally higher than in 2001. Net service exports were estimated at $24.2 mn, 29.4% lower than in the previous year, reflective of the significant decline in travel receipts. Likewise, the net income account registered a larger deficit of $47.8 mn, compared with $36.7 mn in 2001. Current transfers of $18.6 mn were marginally higher than in 2001.

In June 2002, St. Kitts and Nevis was removed from the FATF list of non-cooperative countries/territories, having met the required stringent international standards. The list identifies countries deemed un-cooperative in the efforts to reduce money laundering. Since blacklisted in June 2000, the authorities have worked assiduously to be delisted by implementing a number of measures to comply with the international standards. These measures included the amendment and enactment of legislation to combat money laundering and the strengthening of the supervisory and regulatory capacity, to ensure that the jurisdiction has a clean image and reputation. The Financial Intelligence Unit was established to facilitate the exchange of information with other competent regulatory authorities as well as to investigate suspicious transactions. The Financial Services Commission was also established to regulate policies to ensure that the jurisdiction has a good reputation. The authorities have also worked together with officials of the FATF in designing standards for the implementation of the commitment to transparency and effective exchange of information. The authorities in

St. Kitts and Nevis are determined to ensure that the country's good reputation and integrity are maintained and will continue to promote the jurisdiction as a viable centre for international financial services.

Medium-term economic prospects seem modest for St Kitts and Nevis. Tourism growth is projected with the operation of the cruiseship pier at Port Zante, the opening of the Royal St. Kitts Marriott Resort and Casino and the St. Kitts Scenic Railway, and with increased airlift. However, developments in the international economy, such as continued sluggish US growth and the threat of war between the US and Iraq may impede the growth of the sector. Construction sector activities are projected to decline with the completion of major tourism-related projects, despite some large public sector infrastructure projects in the Water and Electricity sectors. The Manufacturing sector is likely to remain weak. The non-sugar agriculture sector is however projected to grow rapidly with intensification of the diversification programme. Fiscal performance is expected to improve moderately in the medium term, with a firm commitment by the Government to contain/reduce expenditures and at the same time increase revenue. However, the debt overhang will continue to present a major challenge in attaining fiscal stability in the medium term.

ST. LUCIA



The economy of St. Lucia is estimated to have grown by 0.5% in real terms during 2002, after declining by 5.2% in 2001. Prior to 2001, the economy had experienced more that a decade of uninterrupted growth averaging 2.2%. The out-turn in 2002 was characterised by no growth within the vital tourism industry and a decline in construction activity, while there was some recovery in agricultural production, particularly bananas. As a result of the decline in output growth during 2001 and slow growth in 2002, Central Government's collection from most taxes declined. However, current revenue grew largely due to increased receipts of stamp duties, licences and consumption taxes on petroleum products. Liquidity conditions within the commercial banking system remained tight, while lending rates remained virtually stable. Average prices for consumer goods fell by an estimated 1.1%.

Following a 10.5% decline during 2001, real value-added in the hotel and restaurant industry—a major aspect of the tourism sector—is estimated to have increased by 1.3% during 2002. The contribution of the industry to real GDP rose marginally to 12.7% of GDP in 2002 and was the leading activity in the traded sector. Underlying the performance of the industry, stay-over arrivals during the year grew to 253,463 from 250,132 during 2001. Much of this increase occurred during the second half of the year, as arrivals fell in the first half. The decline in part reflected the adverse impact of 9/11 and the effects of the downturn in economies of North America and Europe in 2001 which was affecting arrivals to St. Lucia prior to 9/11. The improved performance during the second half of the year resulted from increased promotion of the destination as attempts were made to reverse the decline. Stay-over arrivals from the US – the major source of visitors to St. Lucia – went up by 3.1% to 94,044, while those from the Caribbean which became the second largest source rose by 8.8% to 66,409. Arrivals from the UK, which is the second largest country source of visitors to the destination in 2001, fell by 5.6% to 63,277, while arrivals from the rest of Europe decreased by 13.7% to 13,421. Stay-over visitors originating from other markets, including Canada, increased. However, activity within the cruiseship industry – an important aspect of the tourism sector – contracted during 2002, following strong growth in 2001. Underlying this, cruiseship passenger arrivals contracted by 21% to 280,728 during 2002, reflecting a decline in the number of cruiseship calls.

The estimated output of agricultural goods expanded by 11.6% during 2002 in contrast to a 24.3% decline the previous year. As a percentage of real GDP, agricultural output grew from 5.9% to 6.6%. This expansion was fuelled by an increase in the production of bananas, which accounted for 45.9% of all agricultural output in 2002. Banana production rose by 41.4% inspite of the passage of tropical storm Lili in September 2002 which severely affected production in the last quarter of the year. The increased production of bananas reflected significant recovery of the industry from the effects of dry weather conditions and plant disease which affected production in 2001. Estimated value-added from non-banana agricultural production contracted by 5.3% due largely to a decline in the output of other crops and fish.

Some expansion (1.1%) in the output of manufactured goods was estimated, following two consecutive annual declines. This outturn was partly influenced by an increase in banana output, which resulted in increased production of cardboard boxes. The output of paperboard for non-banana use, wearing apparel, and electrical products, also increased. The contribution of construction activity to GDP fell by 0.7 percentage points to 8.3%, as a result of an estimated 7.7% fall in value-added. The decrease was the result of the winding down of major public sector projects. Consumer spending contracted and this was manifested in a 5% fall in real value added within the wholesale and retail sector, whose contribution to GDP moved to 10.7%, compared with 11.3% measured in 2001.

The CPI at the end of 2002 dipped by 1.1% relative to the position at the end of the previous year. This was influenced by lower average prices for food, furnishing and household equipment, medical care and health, and recreation and entertainment. Higher average prices were recorded for alcoholic beverages and tobacco, fuel and light, and transportation and communication.

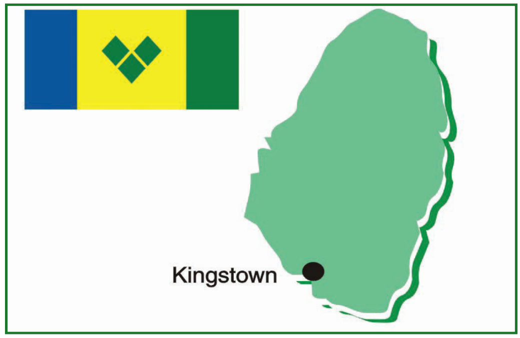
Reduced savings of $12.4 mn (1.9% of GDP) was realised on the operations of Central Government during the year under review, compared with $14.8 mn (2.2% of GDP) during 2001, and was underpinned by slow growth in revenue, while the recorded outlay on transfers grew. Lower collections were recorded for taxes on income and profits, which contracted by 26.2% to $39.9 mn. This fall was due to the decline in output growth during 2001 which affected profit expectations on which corporation tax payments were based. In addition, however, output continued to decline during the first half of the year. Receipts from taxes on international trade and transactions, and from taxes on goods and services rose during the year, but this was largely as a result of increased collections of licences, stamp duties and consumption tax on petroleum. Due to the decline in economic activity, lower collections were, however, recorded for import duties (1.4%), consumption tax on domestic goods (6%), and the hotel occupancy tax (5.6%) among other taxes. Current expenditure climbed due largely to a rise in transfers as the outlay on personal emoluments, goods and services, and interest payments went down. Spending on personal emoluments, goods and services, and interest payments declined by 1.9% ($1.5 mn), 1.1% ($0.3 mn) and 4.8% ($0.8 mn), respectively. Recorded current transfers for the year was higher by 21% ($5.5 mn) as some items which were previously recorded as capital transfers were reclassified as current transfers. Capital spending by the Central Government increased by 7.4% to $48.9 mn, while capital grants grew by more that half to $10.2 mn. Capital revenue amounted to $7.9 mn against the $0.5 mn recorded during the previous year. These movements resulted in a smaller deficit on the capital account. The overall deficit during 2002 rose to $18.4 mn (2.7% of GDP) compared with $25.2 mn (3.8% of GDP) recorded in 2001.

Liquidity in the commercial banking system remained tight during the year under review. The loans to deposit ratio declined marginally from 92.8% at end of 2001 to 92.4% at the end of 2002, remaining above the ECCB's prudential guidelines by 7.4 percentage points. Domestic credit moved up by 3.6% to $530.3 mn at the end of 2002, of which credit to the private sector accounted for $575.4 mn, 0.8% more than at the end of 2001. In July 2002, the ECCB lowered its administered interest rate on savings deposits by one percentage point to 3%. However this had little impact on lending rates. Commercial bank credit to the Central Government rose by 10.3% to $52.8 mn and resulted in lower net deposits of $35.7 mn at the end of 2002. Total monetary liabilities expanded by 3.1% to $471.3 mn, while the net foreign assets within the banking system declined by 10.4% to $40 mn at the end 2002.

The deficit on the external current account balance was estimated to have widened during the year under review owing largely to an estimated 6.1% decline in gross visitor expenditure. The decline in visitor expenditure was largely influenced by the decline in cruise-ship passenger arrivals. Net inflows on the capital and financial account rose, lead by a $42.3 mn rise in public sector borrowing. Private direct investment inflows also increased, moving by $15.7 mn.

Economic prospects for St. Lucia during 2002 rest heavily on its ability to continue to reverse the decline in tourist arrivals which started in 2001 and was worsened by 9/11. The likely outturn for arrivals will, to a large measure, depend on the economic performance of the US and Europe – the major sources of its visitors. However, the island recently embarked on a medium-term marketing programme aimed at spurring activity in the tourism sector. The programme is likely to increase visitor arrivals to the island if growth in the US and Europe does not decline, and provided that no severe attacks on US interest occur around the globe with the potential to increase the fear of travel. In December 2002, the country regained air services from one carrier which had cut services in 2001. In addition, in that same month Air Jamaica which services the destinations, commenced flights to Atlanta through the Montego Bay hub. These developments are likely to boost tourist arrivals during 2003. Agricultural production is likely to decline during the first half of the year due to the damage to the banana industry wrought by tropical storm Lili in September 2002. Output is, however, expected to recover by the second half of the year, leading to an overall increase in 2003. Improved performance of the tourism industry and increased banana output is anticipated to lead to a rise in Central Government revenue and to increased savings.

ST. VINCENT AND THE GRENADINES



In the context of world recession and the aftermath of 9/11, real GDP growth in St. Vincent and the Grenadines 2002 was estimated at 1.2% following growth of 2% and 0.2% in 2000 and 2001, respectively. This outcome reflects substantial growth in banana production, a slight deceleration in the rate of expansion in the construction sector and declines in tourism and manufacturing. Also, performance of non-tourism service exports (informatics and offshore finance) was mixed. Central Government savings improved despite marginal real income growth as the Government embarked on several initiatives to improve the fiscal outturn. With the continuing sluggishness in economic activity, indications are that the rate of unemployment increased. Inflation, however, remained low.

Following contraction of 7.2% in 2001, agricultural output is estimated to have expanded by approximately 3% as a result of the rebound in banana and non-banana production from the severe drought in the early part of 2001. Banana exports increased by an estimated 10.5% in 2002 to 37,342 tn compared with a contraction of 22.6% in 2001. Banana export revenues increased to $15.9 mn, approximately 16% above earnings in 2001. Non-banana production is estimated to have grown marginally in 2001. In the non-crop sub-sector, performance was mixed with livestock and forestry expanding marginally and fishing output contracting by an estimated 5%.

Tourism activity declined in 2002 in the face of continuing sluggishness in the world economy and particularly in the US, a key tourism generating market, together with the lingering effects of 9/11. Total visitor arrivals fell by 4.6% to 242,289 in 2002. The contraction of 11.3% in cruiseship arrivals in 2001 was followed by an even greater contraction of 14.8% in 2002, reaching 76,658 at the end of December 2002. Arrivals by yachts dropped by 5% to 86,451, compared with growth of 21.2% in 2001. Stay-over arrivals, however, increased by 9.8% to 77,634. Tourism expenditure increased by 1.4% to $81.3 mn.

Performance in non-tourism service exports was mixed. Activity in the offshore finance sector suffered a further downturn with the increase in due diligence and regulatory procedures, resulting in the de-licensing of some offshore institutions, particularly offshore banks. The strengthening of the legal and institutional framework was also accompanied by a deceleration in growth of new applications by IBCs. Additionally, there were no new registrations by trusts, mutual funds and international insurance companies in 2002. In the informatics sector, there was a moderate increase in economic activity with the establishment of a call centre at Arnos Vale employing an estimated 45 persons.

Manufacturing contracted by an estimated 8% after a moderate decline in 2001. The main manufacturer – producing flour, rice, animal feed and polypropylene bags – suffered further cutbacks in sales in the domestic and regional markets as a result of increased competition. In the case of flour, domestic and regional market shares contracted further because of continuing competition from regional and non-regional exports. Rice sales were severely hampered by exports by Guyana and Trinidad and Tobago. In the case of the brewery, the second largest manufacturer, indications are that output growth declined in the face of continued import competition.

Growth in construction is estimated to have decelerated to 5% following expansion of 7% in 2001. Central Government investment increased from $16.7 mn (4.8% of GDP) in 2001 to an estimated $24.1 mn (6.7% of GDP) in 2002. Investment by public sector enterprises rose from $13 mn (3.7% of GDP) in 2001 to an estimated $19.3 mn (5.3% of GDP) in 2002. However, private sector construction activity slowed as a result of the prevailing sluggishness in the domestic economy.

Within the context of marginal real income growth, Central Government was able nevertheless to raise fiscal savings to 3.2% of GDP, up from 1.4% of GDP in 2001, as a result of the implementation of several measures in the last quarter of 2001 and in 2002. Government introduced a new fee structure for yacht licences, applied an interest rate levy to all financial institutions (instead of only to commercial banks), increased the consumption tax on several items and raised the airport service charge, registry fees, postal rates and stamp duties. Government also reduced discretionary import duty concessions. Growth in recurrent revenue rose to 12.3% from 7.5% in 2001. On the recurrent expenditure side, Government benefitted from a moratorium on the Ottley Hall debt, essentially suspending payment of approximately $3 mn in 2002, and from a freeze on wages and salaries agreed to by unions in the last quarter of 2001 as part of a fiscal response to 9/11. Growth in recurrent expenditure at 5.9% was moderately below the 7.6% registered in 2001. However, increased capital expenditure led to a widening in the overall budgetary deficit from 1.6% of GDP in 2001 (after grants) to 2% of GDP in 2002.

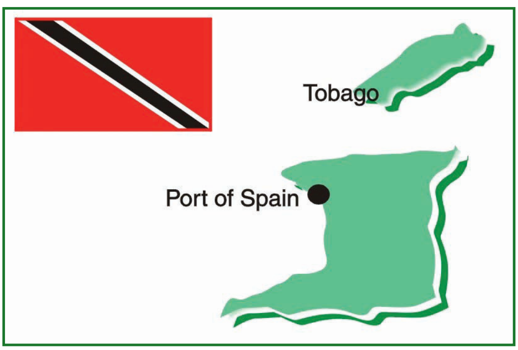
In the commercial banking sector, money supply (M2) grew by an estimated 8.3%, compared with growth of 3% in 2001. Growth in credit to the private sector was 4.6%, compared with 2.3% in 2001. Net lending to the public sector increased with the rise in the overall public sector deficit from 1.4% of GDP in 2001 to 5.3% of GDP in 2002. Nevertheless, the banking system remained quite liquid, leading to some moderation of deposit and lending rates in 2002.

The deficit in the current account of the balance of payments was estimated at 11.8% of GDP in 2002, the same as in 2001. Commodity export revenues declined by 7.3% in the face of continuing difficulties in the banana and manufacturing industries. However, this was significantly compensated for by the fall in commodity imports, leaving the trade balance at the same level as in 2001. The services balance, though still substantially positive, contracted somewhat with the downturn in the tourism and offshore finance industries. Also, current transfers showed marginal improvement with the deceleration in remittances related to the anaemic recovery in economic activity abroad. The stagnation in the current account balance was accompanied by a substantial drop in net capital inflows of approximately 40%, resulting in an overall deficit of 6.1% of GDP, compared with a surplus of 7.2% of GDP in 2001.

Inflation in 2002 was estimated at approximately 0.7%. Contributors to the low inflation rate were the decline in prices for housing (-0.9%), fuel and light (-2%) and personal services (-0.1%). Prices for food (0.7%); household furniture and supplies (0.4%) and education (0.1%) rose moderately. Prices for alcoholic beverages, clothing and footwear, medical care and expenses, transportation and communications and miscellaneous were unchanged.

Medium-term economic prospects are modest. In the banana industry, expectations of increased growth in export volume are countered by prospects of further price declines as a result of international competition. In the manufacturing sector, further growth will depend critically on the outcome of restructuring efforts by the two major firms. There is hope of improved performance by tourism in the cruiseship, yachting and stay-over segments with the return of the cruiseships in the latter part of 2002 and with a further uptake in the latter part of 2003 on the resumption of service by a major cruise line. Also, indications are that yachting activity will increase with the recent establishment of a new marina in the Grenadines. As regards the stay-over segment, much will depend on the medium-term performance of the US economy, which is currently experiencing a sluggish recovery, the outcome of the current confrontation with Iraq and the willingness of tourists to return to air travel. In the case of non-tourism service exports, while the informatics industry is likely to experience moderate growth with the establishment of an additional call centre in 2003, prospects for the offshore finance industry continue to be clouded by the OECD harmful tax competition initiative.

TRINIDAD AND TOBAGO



Trinidad and Tobago recorded its ninth consecutive year of economic growth in 2002. Preliminary data indicate that the economy grew by 2.7%, compared with 3.3% in 2001 and 6.1% in 2000. The continued slowing in economic growth was partly explained by adverse international and regional factors that impacted on all sectors of the economy. As in the previous year, the energy sector provided the main impetus to the economy in 2002, growing by 4.5%, with exploration and production leading the way, with growth of 8.6% and 15.2%, respectively. The rate of economic growth in the agricultural, manufacturing and services sectors was 11.1%, 1.1% and 4.2%, respectively.

Growth in the energy sector was mainly attributed to the performances of oil and gas exploration and production. Output of crude oil and condensate during the first six months increased by 12.6% to 22.4 mn barrels from 19.9 mn barrels for the corresponding period in 2001, mainly as a result of increased condensate production associated with the extraction of liquid natural gas (LNG). The increase in oil and condensate production in 2002 was a significant departure from the previous declining trend that had persisted since the late 1970s. As a result of the increase in oil and condensate production, shipments of crude oil increased by 8.6% to 11 mn barrels from 8.6 mn barrels for the corresponding period in 2001. During the year, the export price for crude oil fluctuated considerably about an upward trend, reflecting ongoing tensions in the Middle East and production restraints by major oil producers, but tempered by continuing concerns over the pace of global economic recovery. In the final quarter of the year, production from the Venezuelan oil industry was severely curtailed by a strike which caused crude oil prices to firm. As a result, the price of West Texas Intermediate crude oil rose by 55.1% during the year to $31.93 a barrel at year-end.

Natural gas production increased, with the second train of the LNG plant coming on-stream in the final quarter of 2002. To strengthen the country's management of its natural gas resources, the Government formulated a natural gas master plan in 2001. It is expected that additional LNG capacity will come on stream in 2003 when LNG train 3 will be commissioned. This will significantly boost the production of gas for export. In addition, negotiations are at an advanced stage for the construction of LNG train 4, an even larger facility than the previous three.

In the petrochemicals sub-sector, the production of nitrogenous fertilisers increased by 2.6% to 2.1 mn tn during the first six months because an additional plant came on stream. Trinidad and Tobago is now the world's largest exporter of ammonia. The export price of ammonia fell during the year, reflecting the impact of the worldwide economic slowdown and supply conditions. Methanol production fell by 2.7% to 1.4 mn tn and the price also fell during the year.

The production of iron and steel fell during the first six months of the year, compared with the corresponding period in 2001. Prices also fell during 2002, reflecting global excess capacity in the industry.

In the manufacturing sector output increased by 1.1% compared with 3.6% in 2001. Contractions in the Food and Beverage and Textile sub-sectors held back the sector's performance. Manufacturing exports to the English-speaking Caribbean fell during the year, reflecting adverse economic conditions.

Output from the agricultural sector increased by 11.1% in 2002, a big improvement from the decline of 2.7% in 2001. Output from the sugar sub-sector rose by 11.6% to 101,078 tn, compared with a decline of 5.3% in 2001. However, despite the increase in sugar production, output was affected by poor cane quality and low sugar content, which adversely impacted on factory milling and processing efficiency. In addition, production of sugar was also affected by a shortage of capital to replace worn or obsolete equipment. For the period January to June 2002, exports of sugar to the EU and US under preferential trade arrangements totalled 54,212 tn. Foreign exchange earned from the sugar exports, at the equivalent of TT$149.9 mn was 4.7% higher than in the previous year.

In the non-sugar export agricultural sub-sector, cocoa increased output by 31.6% to 855,000 kgs because of favourable weather conditions, compared with the previous year. The other major crop in the export agriculture sub-sector, coffee, saw its output stagnate at 330,000 kgs.

Domestic non-sugar agricultural production improved, compared with the previous year. However, within the sub-sector performances were mixed. There were increases in the production of oranges, grapefruits, milk, beef, poultry and pork. The increase in citrus production was attributable to better control of the citrus black fly using biological control methods. Greater efficiency was mainly responsible for the increase in the production of beef, pork and poultry. There was, however, a marginal decline in the production of table eggs.

The performance of tourism was severely affected by 9/11 and the withdrawal of major airlines from the Tobago route in 2001. This downward trend continued into 2002, with a fall-off in the number of stay-over and cruiseship arrivals. Data on stay-over arrivals for January-March indicate that numbers fell by 11.3% to 89,748, compared with the corresponding period in 2001. Overall occupancy rates at hotels and guesthouses fell by 4% to 46%, compared to the same period a year ago. Cruiseship passenger arrivals for the first four months, at 40,939, were 31.4% down on the corresponding period in 2001. Yachting arrivals also declined. It is expected that the performance of the sector will pick up in the final quarter of 2002 because of increased airlift to Tobago following the recommencement of flights from Germany and the UK.

At the end of March 2002, the rate of unemployment fell to 10.3%, compared with 10.7% for the corresponding period in 2001. The overall downward trend evident during the first quarter of the year did not continue into the third quarter. Preliminary data indicate that the rate of unemployment moved upwards to 10.6%, compared with 10.1% for the corresponding quarter in 2001. An increase in the number of unemployed school-leavers was mainly responsible for this upward movement in the rate of unemployment. During the year, the manufacturing sector continued to lose jobs, with output being affected by the impact of the global economic downturn and the fallout of 9/11 on the US and the other economies in the Caribbean.

Inflation, as measured by the retail price index, for the first 10 months increased by 4.2%, compared with 5.8% for the corresponding period in 2001. Increases were seen in the prices of Food, Meals, Drink and Tobacco, Rent, Household Operations and Transportation. Declines were seen in the prices of Clothing and Footwear and the cost of Mortgages. Other sub-indices to experience increases in 2002 included Household Supplies and Services, Health and Personal Care and Reading, Recreation and Education.

Total revenue collected during FY 2001/02 was estimated at TT$14,025.2 mn, or TT$355.8 mn less than what was collected in FY 2000/01. This setback in the revenue performance was linked to a decline in tax revenue, which at TT$11,486.9 mn was TT$676 mn lower than receipts in the previous fiscal year. Lower tax revenue from the oil companies was mainly responsible for this decline. The impact of an unanticipated decline in the price of oil during the first half of 2002 on tax revenue was exacerbated by higher capital allowance claims and the write-off of expenditures incurred for the drilling of dry wells. As a result, tax receipts from the oil companies at TT$2,033.9 mn were TT$796.8 mn below the previous fiscal year's level.

Tax receipts from individuals increased by 11.8% in FY 2001/02 over the previous fiscal year to TT$2,671 mn. This higher revenue collection was mainly as a result of greater compliance because of ongoing improvement in administration at the Board of Inland Revenue. Taxation of goods and services, of which collection of VAT represented 65%, was up by TT$389 mn to TT$3,814.6 mn over the previous fiscal year.

Non-tax revenue was TT$262 mn higher than in FY 2000/01 mainly because of improvements in the profits of the non-financial state enterprises and improved capital receipts, with the latter mainly representing proceeds from the sale of second public offering of National Enterprises Limited shares to the general public in September 2002.

The FY 2001/02 Budget was predicated on an oil price of $22 per barrel, but in the first half of 2002, the average price per barrel fell below $22. Despite the lower than budgeted oil price, Government did not make any withdrawals from the Revenue Stabilisation Fund during FY 2001/02.

Total expenditure and net lending declined marginally in FY 2001/02 to TT$13,956.3 mn from TT$13,990.9 mn. Of the total, recurrent expenditures represented TT$13,213.3 mn and capital expenditure and net lending TT$743 mn. In the recurrent expenditures, the Central Government wage bill increased by 12% to TT$4,224.6 mn and goods and services by 12.2% to TT$1,742 mn. With the exception of these two, all other categories of Central Government expenditures fell during FY 2001/02. Subsidies and transfers fell by 6.1% to TT$4,987.2 mn and interest payments fell by 5.2% to TT$2,259.5 mn. Capital expenditure and net lending fell by 23.7% to TT$743 mn because of capacity and implementation constraints and the need for Government to constrain its overall expenditure.

The theme of the FY 2002/03 Budget was "Vision 2020, People our Priority", with the Government explaining that it had a vision to transform Trinidad and Tobago into a developed country by 2020. Total revenue was projected to increase during the year by 12.1% to TT$15,725 mn from TT$14,025 mn in FY 2001/02, a projection based on an average oil price of $22 per barrel. Total expenditure was projected at TT$20,000.5 mn, but after adjustment for principal repayments/sinking fund of TT$3,652 mn, it translates into an overall deficit of TT$623 mn. Total recurrent expenditure in FY 2002/03 included a one-off payment of TT$600 mn to cover salary arrears, and a 10% and 12.3% increase in spending on health and education, respectively. The allocation for the Tobago House of Assembly was also significantly increased in the Budget. This was done to bridge the economic and social gap between the two islands. Planned borrowing on the domestic market was projected to total TT$2,989 mn, of which, TT$1,989 mn represented the refinancing of high cost Government debt. Contractual external borrowing from multilateral lending institutions is expected to total TT$248 mn, and it is expected that a further TT$930 mn would be borrowed from the international market.

The total public sector stock of debt at the end of FY 2002/02 rose by 3.5% to $4.9 bn. The total debt stock had increased by 1.6% in the previous fiscal year. Central Government debt accounted for $3.3 bn, while contingent liabilities on guaranteed debt comprised the remaining $1.6 bn. Central Government total debt increased by 1.2% in FY 2001/02. External debt of Central Government fell by 3.4% during the fiscal year to $1.5 bn.

Central Government's contingent liabilities on guaranteed debt rose by 8.9% in FY 2001/02 to $1.5 bn, principally because of loans secured by the Airport Authority of Trinidad and Tobago for the airport development project and the Water and Sewerage Authority.

Central Government debt service fell by 36% in FY 2001/02 to TT$3 bn from TT$4.7 bn in FY 2000/01. This decline in debt service obligations was attributable to a 33% reduction in domestic debt service, following Central Government's restructuring of TT$701 mn of debt and the repayment of TT$498 mn of the two-year emoluments bonds for public servants that matured on January 31, 2001. Central Government's external debt service fell by 41% to TT$1.2 bn, primarily because of the repayment of a $125 mn Eurobond in FY 2000/01.

In 2002, the Central Bank attempted to maintain liquidity conditions while at the same time providing a relatively accommodative policy environment to help stimulate economic growth. During the year the Central Bank introduced a new framework to implement monetary policy, featuring an announced over-night interest rate for Central Bank repurchase operations. In May, the Central Bank announced a 'repro rate' of 5.75%, with a reverse 'repro rate' 50 basis points lower. This move was in keeping with its intention to move away from a regime of direct intervention towards a market-based system of open market operations at the 'repro rates'. In August, in response to sluggish demand conditions, low domestic inflation and a strengthening Trinidad and Tobago dollar, the Central Bank lowered its 'repro rates' by 50 basis points. The 3-month Treasury Bill rate moved from 6.5% at the beginning of the year to 4.25% at the end of August in response to liquidity conditions and the cut in the 'repro rates'.

Commercial bank net domestic credit to the private sector increased by 6% to TT$16,224 mn during the first eight months of the year from TT$15,302.2 mn at the beginning of the year. Over the corresponding period a year earlier, commercial bank net domestic credit to the private sector increased by 2.1%, reflecting the slowdown in economic activity. Commercial Bank net domestic credit to the public sector increased 20.9% during the first eight months of the year to TT$3,590.5 mn. Compared with the corresponding period one year earlier, the rate of growth in commercial bank credit to the public sector increased by 86.6%, mainly because of borrowing by the statutory bodies.

The narrowly defined money supply M1 and the broadly defined M2 declined by 8.9% and 2.7%, respectively, during the first eight months of the year to TT$6,099 mn and TT$16,692.6 mn from TT$6,695.6 mn and TT$17,149.6 mn at the beginning of the year. On a year-on-year basis, the narrowly defined and more broadly defined money supply rose by 7.4% and 9.2% in 2002, compared with 39.9% and 16.9%, respectively, over the same period in 2001. This deceleration in the rate of growth in money supply can be attributed to the efforts of the Central Bank to absorb liquidity and to reduce demand for liquid balances by the general public.

Trinidad and Tobago recorded a small overall balance of payments deficit of $3.7 mn during the first quarter of 2002. This was the first quarterly overall balance of payments deficit since the first quarter of 1999. The merchandise trade balance rose by 88% to $125.5 mn from $66.9 mn, compared with the corresponding period in 2001. Merchandise exports rose by $105 mn because of increased exports of fuels, lubricants and petrochemicals. Merchandise imports also rose during the first quarter of the year because of growing imports of machinery and transport equipment for the energy industries. The external current account maintained a surplus of $148.1 mn during the first quarter of 2002, a marginal deterioration on the surplus of $150.5 mn for the corresponding period in 2001.

Unlike the current account of the balance of payments, the capital account recorded a first quarter deficit of $151.8 mn. Inflows of funds from disbursements from Central Government borrowings during the first quarter were marginal, while principal repayments on existing loans increased to $22.3 mn from $9.7 mn during the same period in 2001. Direct investment capital amounted to $182.6 mn.

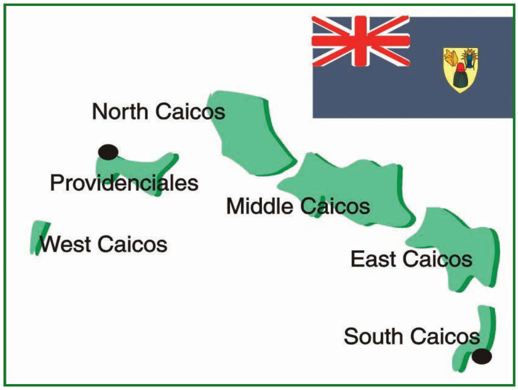
Trinidad and Tobago's medium-term prospects are good, with real GDP expected to expand by 4-6% on present trend and unemployment to decline to below 10% by 2005. Increased output from the energy sector is expected to be the most significant contributor to economic growth. The construction of LNG train 3 in 2003, followed by train 4 will raise the country's LNG capacity to 14 mn tn per year, making it one of the world's top five producers. Oil production is expected to increase significantly after 2004 when production from a recently discovered one billion barrel field comes on stream.

The energy sector is projected to grow by 3% in 2003 mainly because of increased production of LNG, before accelerating in 2004. This increase in output from the energy sector is expected to act as a stimulus to other downstream activities such as petrochemicals and help to generate demand in other sectors of the economy, such as construction and manufacturing. Growth in the non-energy sector is expected to moderate in 2003 before recovering in 2004, with the main contributions coming from Construction, Manufacturing and Services sectors. In recent years the country has become one of the Caribbean region's major financial centres and sources of capital. Over the medium term this trend is expected to continue, with the financial services sector being favourably placed to benefit. The prospects for the agricultural sector are not encouraging, because the sugar operation remains unprofitable and efforts to restructure the state-owned company and to diversify its activities are still at an early stage of development. The inflation rate is expected to fall to about 3% over the medium term, in line with the country's major trading partners.

The current account of the balance of payments is expected to be in surplus throughout the period 2003-2005, as a result of a narrowing of the trade deficit. Exports are expected to grow in response to increased production of LNG, petrochemicals and oil, while imports are expected to fall because of a decline in the need to import capital goods for the energy sector. Overall, the balance of payments surplus is projected to average about 1.4% of GDP throughout the period, allowing for the further accumulation of foreign exchange reserves.

Government will increase its capital expenditure, with greater emphasis being placed on the strengthening of the social infrastructure, particularly health, education, crime prevention and poverty reduction. Economic infrastructure to facilitate private sector growth in the non-energy sector will also be emphasised. Despite the overall increases in capital expenditures over the medium term, the public sector external debt and debt service ratio are expected to decline.

TURKS AND CAICOS ISLANDS



Economic performance in the Turks and Caicos Islands during 2002 slowed compared to previous years. Economic growth continues to be driven mainly by tourism-related construction activities and a resumption of growth in tourism arrivals, as evident in the fourth quarter. Increased accommodation and airlift to the Turks and Caicos Islands, as well as intensified promotional and marketing efforts during the year, were the main contributory factors for the recovery of tourism performance following 9/11, which seriously affected tourism in the last quarter of 2001 and most of 2002. Activity in the offshore sector in 2002 was subdued, with fewer new registrations of companies on account of the regulatory obligations imposed by international agencies. There was further institutional strengthening of public sector financial management with the improvement of revenue administration through the introduction of the Revenue Control Unit and continuation of capacity building programmes.

The level of activity in the construction sector remained buoyant throughout the year with work ongoing on tourism-related projects, commercial and residential properties as well as the PSIP. Construction in the tourism sub-sector was boosted with the completion of the new 5-star hotel, the Turks and Caicos Club, in December and the extension and renovation of several hotel properties, including the Royal West Indies Hotel, Arawak Inn, Grace Bay Club, Trade Winds Condotel, Alexandria Resort, the Renaissance Resort, Ocean Club, Sands Resort and the Miramar Resort. In addition, the construction of a new upscale condominium development, the Palms Grand Resort and Spa, began during the year. Similarly, strong growth was evidenced in the construction of private dwellings and other commercial properties. The PSIP focused on expansion of infrastructure in the education and transport sectors.

Tourism was seriously affected by 9/11, resulting in a 5.8% fall in visitor arrivals in 2002, the first since 1992. After a sharp drop in numbers, arrivals are again tracking 2001 levels. Total visitor arrivals for the period January to December 2002 were 155,605, compared with 165,160 for the corresponding period in 2001. Visitor arrivals showed an improvement from the third quarter, and the last quarter recorded higher levels than in the corresponding period in 2001. The major market continued to be the US, with approximately 70% of total tourist arrivals, with Canada and Europe accounting for 10% and 9% of total, respectively. The authorities recognised the urgent need to diversify the tourism destination due to the vulnerability of the dependence on one major market. Greater promotional efforts during the year were targeted at the European and Canadian markets. Aggressive promotional and marketing efforts were undertaken to promote the Caribbean, particularly the Turks and Caicos Islands, as a safe and unspoilt destination. Tourism in the Turks and Caicos Islands is concentrated at the high end of the market, with high-quality resort-based tourism as well as marine-based eco-tourism, primarily diving. The two main developments in tourism during 2002 were increased room capacity, with the completion of a number of new projects, completion of the renovation and expansion of hotels and condominiums, and improvement of air access to the Turks and Caicos Islands, especially in the last three months.

The fisheries industry registered mixed performance in FY 2001/02 as compared with the previous year. Lobster landings were 44.4% higher at 900,473 lbs. Exports of whole lobster and lobster tails were 5,480 lbs and 114,500 lbs, respectively. Notwithstanding, the industry continues to be adversely affected by illegal fishing, especially in the 'closed' season. The major challenge the authorities face is monitoring and controlling illegal fishing in the absence of adequate patrols. Conch landings were 1,170,048 lbs, 21% lower than in the previous year. Exports of conch meat and conch trimmings were much lower, at 406,300 lbs and 141,080 lbs, respectively, compared with 504,900 lbs and 187,401 lbs, respectively. Conch exports to the US were lower on account to the resumption of exports by Jamaica and Honduras. Consequently, the US market price declined and export earnings from the sector were much lower.

Environmental management programmes continued in 2002. The Coastal Resource Management Programme was expanded, with a focus on co-management arrangements with community-based environmental management initiatives with support from major sector organisations and stake-holders. Several micro-projects, particularly with an environmental focus, were undertaken during the year. There has also been progress with the advancement of plans for the National Solid Waste Management project with the completion of the study by the consultants.

The Government, in recognition of the structural imbalance between revenue and expenditure programmes, has strengthened the institutional arrangements for public sector financial management during 2002. Revenue administration was strengthened with the establishment of the Revenue Control Unit, and continuation of ongoing capacity building programmes for local staff and recruitment of additional professional staff. Plans for the introduction of the new revenue accounting software were advanced during the year. Expenditure control measures were intensified by bringing on-line additional departments onto the new computerised accounting system, which was part of the OT Governments Accounting Reform project. The need for closer monitoring of budget performance and tightening of social sector expenditure is evident. The strengthening of financial management of the public sector was necessary during 2002 in order to build up the level of reserves. Reserves are required to be 20% of outstanding debt under the prudent guidelines agreed between the UK and its OTs in order to qualify for borrowing. The significant demand for infrastructural projects in Turks and Caicos Islands has placed pressure on the authorities to seek new options for loan financing as well as non-traditional funding, for these projects.

Government finances improved during the first eight months of FY 2002/03, ending November 2002. Recurrent revenue grew by 3.2% to $52.9 mn on account of continued economic growth and higher collections emanating from improvement in revenue administration. Likewise, recurrent expenditure was lower by 2% to $51.9 mn with the intensification of measures to control expenditures, particularly in the health sector. A surplus of $3.5 mn is projected in FY 2000/01, compared with a deficit for FY 2001/02. The Government recognises that there is the urgent need to further improve revenue collection for financing the development programme. The significant demand for infrastructure projects for continued growth in the economy will force the authorities to increase recurrent savings to finance the capital programme and/or seek new modalities for attracting investment in infrastructure in context of the limitation placed by the borrowing requirements.

Growth in the financial services sector in the Turks and Caicos Islands has moderated with a deceleration of incorporations during 2002. Legislation enacted to combat money laundering through immobilising bearer shares, the requirement for company managers to know the beneficial owners of companies incorporated and registered in Turks and Caicos Islands, as well as the sharing of information with overseas regulatory authorities, may have accounted for the deceleration. The authorities continued to emphasise quality in the provision of services rather than quantity in the areas where it has niche expertise. There were eight licensed banks and 18 licensed trust companies registered in the Turks and Caicos Islands in 2002. One niche financial market for which Turks and Caicos Islands specialises is credit life or producer-owned reinsurance companies (PORCs). These are small insurance businesses that can be set up quickly and inexpensively to allow foreign concerns to provide credit life insurance for their customers. PORCs are represented by local agents of the Turks and Caicos Islands but use direct writers in the US to handle underwriting and claims. The Turks and Caicos Islands also offers the formation of IBCs to facilitate the growth of its offshore finance industry. The authorities have been determined to ensure that the Turks and Caicos Islands meets internationally acceptable standards and best practices on financial regulation. The Financial Service Commission became operational as an independent statutory body during 2002.

Medium-term economic prospects remain favourable in the Turks and Caicos Islands, supported primarily by continued expansion in tourism and tourism-related construction. Strong growth in tourism is anticipated with the expansion of hotel capacity, increased promotional campaigns and marketing, increased air access and the introduction of cruiseship tourism negating the adverse effects of war between the US and Iraq. Efforts at diversification in the tourism destination will continue to be a focal point in the future. More cruiseship arrivals are expected in 2003 and the construction of berthing facilities will commence in 2003. Infrastructural development remains a major challenge, particularly given the archipelagic nature of the country and the rapid growth of economic activities in Providenciales. The continuation of the construction of the Leeward Highway, as well as the expansion of the airport facilities at Providenciales and the reconstruction of the airport at Grand Turk, will be the major public sector infrastructural projects in 2003. However, the shortage of human resources continues to significantly constrain development in the Turks and Caicos Islands.

A new Aerial Tram tourist attraction at Laudat in the rain forest may assist in improved performance of the Dominica economy. Utilising CDB funds through the AID Bank the project progressed in 2002 with work on its Base Station, Bull Wheel, Generator Room and other facilities.

II
REVIEW OF ACTIVITIES

A. OPERATIONS

MAIN THRUSTS AND INITIATIVES

Poverty Reduction

CDB's response to poverty is predicated on the recognition that it is a complex human phenomenon involving a number of economic and social factors. These factors which, *inter alia*, create an absence of opportunity and a lack of capability in people, debilitate them in making changes to improve their living conditions. The Bank's current initiatives in poverty reduction, therefore, involve studies to better understand the nature of poverty in its BMCs and projects that enhance the capability of the poor, reduce their vulnerability to economic volatility and disasters and promote good governance.

From 1995, the Bank has been spear-heading the conduct of Country Poverty Assess-ments (CPA) in order to obtain information on living conditions and the nature of poverty in the BMCs. CPAs have been completed in Belize, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Turks and Caicos Islands, with support from CIDA, DFID and UNDP. CPAs for Anguilla, the British Virgin Islands and Dominica began with DFID's support in the second quarter of 2002. They are scheduled to be completed in the first quarter of 2003.

The CPAs have shown that several socio-economic characteristics are common amongst the poor. These include rural residence, large family size, low levels of education and employ-ment in low-paying occupations including the informal sector. Significant proportions of women and young men exhibited some of these characteristics.

In response to this situation, the CDB has adopted approaches to sustainable poverty reduction with the potential of enhancing the capability of the poor. These include Rural Enterprise Development Projects that facilitate the strengthening of rural communities for participation in the development process. These projects also help to enhance the capacity of production and marketing service providers and ensure credit and TA to improve access to financial resources by rural entrepreneurs. Five such projects are currently at different stages of implementation.

The Bank is also contributing to the building of human capital in the Region, through the provision of financing for Human Resource Development, including student loans and skills training. Special provision is also made for students from poor households. Support is also provided to settlement development and other projects which address basic health care and disease prevention. Lines of credit in development and commercial banks that facilitate the development of small and micro enterprises, and technical assistance from the Caribbean Technological Consultancy Services (CTCS) Network, are other areas of support that help to provide the technical skills required for efficient operation and expansion of small and micro businesses.

The BNTF and Social Investment/Poverty Reduction Funds financed by the Bank provide resources for residents in rural communities and depressed urban neighbourhoods to participate in the provision and improvement of social infrastructure such as roads, water, drainage and sanitation. By promoting the active involvement of beneficiaries, these projects help build the capabilities of the individuals and the communities involved, while at the same time, contribute to improvement in the physical living conditions under which the residents live and work. Greater emphasis is being placed on targeting for poverty reduction in the BNTF through the incorporation of national Poverty Reduction Action Plans. In this way, activities financed under the programme will have a more direct relationship with the participating countries' poverty reduction objectives.

Recognising that for countries to effectively address the macro-social and economic factors that contribute to poverty, project interventions must also be accompanied by appropriate social and economic policy frameworks, support is being given to the Government of St. Kitts and Nevis in the formulation of a national Poverty Reduction Strategy. The Bank is also collaborating with other regional and international development institutions through the Development Partners Poverty Working Group (DPPWG), coordinated by UNDP in

Barbados. Through the DPPWG, CDB has participated in the preparation of a Regional project to help build the capacity of its member countries in the conduct of Surveys of Living Conditions, the compilation, analysis and dissemination of social data and in the formulation of Poverty Reduction Policies.

The Bank's capacity to conduct social assessments and to incorporate the social dimensions of development in its work was enhanced further by the training of professional staff in the use of social impact assessment guidelines and by the engagement of a consultant social researcher under a technical cooperation agreement with the Government of the United Kingdom. Social assessments were conducted for seven capital projects approved by the Board of Directors in 2002, and appropriate mitigation measures included in project design to reduce the cost of social work.

2. LENDING OPERATIONS

Technical Assistance

During the year 32 TA programme operations, totalling $5.393 mn were approved. Draft appraisal reports have been completed for nine other TA projects, review and approval of which have been delayed due to unforeseen developments.

The focus on Institutional Strengthening and Training operations continued during 2002 with these areas accounting for 93.75% of the 32 projects approved.

Of the $5.393 mn in total approvals, one project costing $0.234 mn was financed on a loan basis. The remaining $5.16 mn financed 30 operations on a non-reimbursable basis. Eighteen (18) were for regional activities amounting to $3.061 mn or 60% of non-reimbursable funding.

During 2002, $3.412 mn was disbursed as at December 31, 2002. Of this amount, $2.37 mn related to grant-funded projects (including $284,839 under the CTCF programme, while the remaining $1.042 pertained to loan-financed TA operations.

The Table shows a breakdown of operations on a Sectoral basis. Regional projects accounted for almost 62% of the total funding approved.

Sectoral Breakdown

Sector	Allocated Amount ($'000)	Percentage (%)
Total	**4.655**	**100**
Multi-Sector	2.918	62.69
Transport and Communications	0.592	12.71
Agriculture, Forestry and Fishing	0.250	5.37
Financing	0.173	3.72
Education	0.158	3.39
Environment	0.344	7.39
Health	0.220	4.73

3. BRIEF ON CAPITAL AND TECHNICAL ASSISTANCE PROJECTS IN 2002 BY COUNTRY

ANGUILLA

Implementation/Operation Highlights

CDB has approved 15 capital loans, one contingently recoverable loan and 22 TA grants for Anguilla, the equivalent of $23.1 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation/communication, housing, education, basic needs and disaster rehabilitation. At year-end 2002, there was the equivalent of $4.5 mn in undrawn balances of committed resources for CDB-financed projects.

The following table highlights the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Cons. Line of Credit (4th Loan)	Jul, 98	2.8	0.8
Disaster Management	May, 00	3.7	3.5

ANTIGUA AND BARBUDA

Loan Approvals

Airport and Seaport Security Enhancement - $3.3 mn to the Government to assist in upgrading security at the nation's key air and seaports to meet acceptable international standards.

Basic Education Project (Add. Loan) - $1.4 mn to the Government to assist in meeting counterpart financing requirements for its Basic Education Project, which was designed to improve the learning environment at the secondary level, institutional strengthening of the Ministry of Education to improve its capacity in education planning and management, and for quality improvements in the delivery of education.

Implementation/Operation Highlights

CDB has approved 35 capital loans, one contingently recoverable loan and 25 TA grants for Antigua and Barbuda, the equivalent of $38.5 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, transportation/communication, housing, education, basic needs and disaster rehabilitation. At year-end 2002, there was the equivalent of $16.7 mn in undrawn balances of committed resources for CDB-financed projects.

The following table highlights the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Cons. Line of Credit (4th Loan)	May, 97	4.2	2.5
Basic Education	Dec, 97	10.6	8.6
Airport and Seaport Security Enhancement	Jul, 02	3.3	3.3
Basic Education (Add. Loan)	Oct, 02	1.4	1.4

THE BAHAMAS

Implementation/Operation Highlights

CDB has approved 14 capital loans, one contingently recoverable loan and 23 TA grants for The Bahamas, the equivalent of $53.5 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, water and transportation/communication. At year-end 2002, there was the equivalent of $5.2 mn in undrawn balances of committed resources for CDB-financed projects.

The following table highlights the amount unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Agricultural and Industrial Credit (4th Loan)	Oct, 99	10.0	5.2

BARBADOS

Loan Approval

Industrial Credit - $15 mn to the Government to assist the country's manufacturing sector and other industrial sectors. The Central Bank of Barbados will be the executing agency for the loan, and will channel funds to local businesses through its Industrial Credit Fund.

Implementation/Operation Highlights

CDB has approved 41 capital loans, 4 contingently recoverable loan and 27 TA grants for Barbados, the equivalent of $214.3 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, mining, power/energy, water, transportation/communication, housing, health, education, urban rehabilitation and basic needs. At year-end 2002, there was the equivalent of $91.5 mn in undrawn balances of committed resources for CDB-financed projects.

Education Sector Enhancement Programme (EDUTECH)

Civil works continued for Phase 2 schools, while preliminary activities are underway for those in Phase 3. Significant progress was made in the Quality Enhancement component, particularly with respect to curriculum development, technology mastery training for teachers and academic software evaluation and acquisition.

The following table identifies the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Secondary Education	Dec, 95	12.2	5.0
Education Enhancement	Dec, 98	31.5	28.2
Agricultural and Industrial Credit - CCB	Jul, 00	5.0	4.7
Urban Rehabilitation	Dec, 00	25.2	22.1
Hilton Hotel Project	Dec, 00	7.0	7.0
Urban Rehabilitation (Add. Loan)	May, 01	5.1	5.1
Secondary Education (Add. Loan)	Dec, 01	4.0	4.0
Industrial Credit - Central Bank	Jul, 02	15.0	15.0

BELIZE

Loan Approvals

Enhancement of Technical and Vocational Education and Training Project (Add. Loan) – $2.99 mn to the Government to assist it in meeting its counterpart financing requirements for this project.

Orange Walk By-Pass Road (Add. Loan) – $1.99 mn to the Government to assist it in meeting its counterpart financing requirements for this project.

Disaster Management (Add. Loan) – $775,000 to the Government to assist it in meeting its counterpart financing requirements for this project.

Implementation/Operation Highlights

Belize - Second Road (Orange Walk By-Pass) Project

After some delay, physical work commenced in July 2002 on the Orange Walk By-Pass road project in Northern Belize. The original loan which had been approved and made to the Government of Belize in December 1999 for an amount not exceeding the equivalent of $9.5 mn, was to assist in financing a 7.25 kilometre-long, two-way, two-lane paved by-pass road (including two bridges) located to the east of the Town of Orange Walk. During October 2002, an additional loan of $1.994 mn was made to the Government under CDB's Counterpart Assistance Facility (CAF). At December 31, 2002, the project was approximately 20% complete and a total of $1.66 mn had been disbursed from the loan. Construction is scheduled to be completed in July 2004.

CDB has approved 73 capital loans, 7 contingently recoverable loans, 2 equity participations and 37 TA grants for Belize, the equivalent of $190.3 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation/communication, housing, health, education, disaster management and basic needs. At year-end 2002, there was the equivalent of $47.5 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Water and Sewerage - 2nd Loan	May, 94	13.8	2.3
Rural Development	Jul, 98	3.4	3.0
Line of Credit - 5th Loan	Oct, 98	7.3	1.2
Disaster Management	Oct, 99	8.5	5.8
Orange Walk By-Pass Road	Dec, 99	9.5	7.8
Enhancement of Technical and Vocational Education	Oct, 00	13.1	13.0
Health Sector Reform Programme	Dec, 00	5.6	5.6
Orange Walk By-Pass Road (Add. Loan)	Oct, 02	2.0	2.0
Enhancement of Technical and Vocational Education (Add Loan)	Oct, 02	3.0	3.0

BRITISH VIRGIN ISLANDS

Implementation/Operation Highlights

CDB has approved 23 capital loans, 2 contingently recoverable loans and 12 TA grants for the British Virgin Islands, the equivalent of $53.3 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation/communication, housing, education and disaster rehabilitation. At year-end 2002, there was the equivalent of $10.8 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Line of Credit - 5th Loan	Oct, 93	3.4	2.3
Airport Expansion Project	Dec, 99	19.6	6.9
Student Loan - 5th Loan	Dec, 99	1.5	1.5

CAYMAN ISLANDS

Implementation/Operation Highlights

CDB has approved 21 capital loans and 4 TA grants for Cayman Islands, the equivalent of $48.5 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, mining, water, transportation/communication, housing, education and health. At year-end 2002, there was the equivalent of $5.0 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the amount unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Mortgage Finance	Dec, 01	5.0	5.0

DOMINICA

Loan Approvals

Student Loan Scheme - Seventh Loan – $7 mn to Dominica Agricultural and Industrial Development Bank, under the guarantee of the Government of Dominica to provide loans to students under CDB's Student Loan Scheme. The objective of the scheme is to upgrade skills at the professional, technical and vocational levels, in order to assist in improving Dominica's human resource capacity.

Natural Disaster Management, Rehabilitation - Hurricane Lenny (Add. Loan) – $830,000 to the Government to assist in financing the additional costs of post-Hurricane Lenny rehabilitation.

Rehabilitation of Hurricane Damage (Add. Loan) - Third Loan - $1.55 mn to the Government to assist in meeting additional costs associated with hurricane rehabilitation work. The original loan equivalent to $3.55 mn was approved in 1995.

Implementation/Operation Highlights

CDB has approved 75 capital loans, 7 contingently recoverable loans and 50 TA grants for Dominica, the equivalent of $140.8 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation/communication, sea defence, housing, education, health, disaster rehabilitation and basic needs. At year-end 2002, there was the equivalent of $26.9 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Natural Disaster Management	May, 00	9.5	7.0
Consolidated Line of Credit - 7th Loan	Oct, 00	7.0	4.1
Shelter Development	Dec, 01	2.3	2.1
Student Loan Scheme - 7th Loan	May, 02	7.0	5.9
Rehabilitation of Hurricane Damage - 3rd (Add. Loan)	Oct, 02	1.6	1.6

GRENADA

Loan Approvals

Student Loan Scheme - Sixth Loan – $3.55 mn to the Government of Grenada to provide loans under the CDB Student Loan Scheme for vocational, technical and professional pro-grammes. The Grenada Development Bank (GDB) will provide credit and administrative services in respect of the loan.

Bridge and Road Improvement Project (Add. Loan) – $2.6 mn to assist the Government in meeting its counterpart financing requirements under this project.

Natural Disaster Management - Immediate Response Loan – $500,000 to the Government to assist in financing the clearing and cleaning of areas affected by the passage of tropical storm Lili, and to the emergency restoration of essential services.

Technical Assistance

Institutional Strengthening for the Grenada Development Bank - $48,000 to GDB to assist the bank in financing a programme to improve its institutional capacity.

Implementation/Operation Highlights

CDB has approved 50 capital loans, 7 contingently recoverable loans and 53 TA grants for Grenada, the equivalent of $126.8 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, mining, tourism, power/energy, water, transportation/communication, housing, education, health, disaster rehabilitation and basic needs. At year-end 2002, there was the equivalent of $32 in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Natural Disaster Management	May, 00	9.0	3.3
Rural Enterprise Development	May, 01	2.3	2.3
Bridge and Road Improvement	Dec, 01	17.1	17.1
Student Loan Scheme - 6th Loan	Oct, 02	3.5	3.5
Bridge and Road Improvement (Add. Loan)	Oct, 02	2.6	2.6

GUYANA

Implementation/Operation Highlights

CDB has approved 20 capital loans, 7 contingently recoverable loans and 27 TA grants for Guyana, the equivalent of $141.2 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation/communication, sea defence, housing, education, disaster rehabilitation and basic needs. At year-end 2002, there was the equivalent of $16.8 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Sea Defences Berbice	Dec, 91	7.4	1.4
Drainage and Irrigation	Oct, 93	5.1	4.9
Water Rehabilitation	Dec, 94	8.8	5.9
Rural Support Services	May, 98	5.1	4.0

JAMAICA

Loan Approvals

Irrigation Development Project – $8.1 mn to the Government of Jamaica to assist in financing an irrigation development project, as part of a pilot phase of the National Irrigation Development Plan. The project will provide the appropriate irrigation infrastructure and services to support agricultural production and marketing activities.

Emergency Works and Rehabilitation of Flood Damage – $25 mn to the Government to assist in financing emergency and rehabilitation works in the transport sector, following heavy rains and floods which occurred in October and November 2001. The project is designed to assist in the speedy recovery of the island's road infrastructure.

Natural Disaster Management, Immediate Response Loan – $500,000 to the Government assist in financing the clearing and cleaning of affected areas and the emergency restoration of essential services in the wake of extensive flooding.

Emergency Works and Rehabilitation of Flood Damage (Add. Loan) – $10 mn to the Government to assist in financing additional rehabilitation of road infrastructure, as well as to undertake revisions to the scope of works of the project for which the original loan was approved.

Natural Disaster Management, Immediate Response Loan – $500,000 to the Government following the passage of tropical storms Isidor and Lili, to assist in financing the clearing and cleaning of affected areas and the emergency restoration of essential services.

Implementation/Operation Highlights

Jamaica - Emergency Works and Rehabilitation of Flood Damage

At December 31, 2002, $4.8 mn of the $25 mn loan had been disbursed, mainly in respect of retroactive payments made to contractors and suppliers for undertaking emergency works during the immediate aftermath of the disaster.

Between May 22 and June 2, 2002, Jamaica again experienced heavy continuous rainfall which resulted in extensive flooding across the island. Several rain gauging stations recorded rainfall levels which exceeded the 100-year return period. All 14 parishes were affected and Government again requested CDB's intervention which was manifested in a speedy staff appraisal and the Board of Directors approving an additional loan of $10 mn in October 2002, to further assist in rehabilitation and island-wide restoration of the country's road infrastructure and it productive capacity. No disbursements from the additional $10 mn had been made at December 31, 2002.

CDB has approved 54 capital loans, 1 contingently recoverable loan and 29 TA grants for Jamaica, the equivalent of $340.8 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, mining, power/energy, water, transportation/communication, housing, education, health, disaster rehabilitation and basic needs. At year-end 2002, there was the equivalent of $75.1 in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Social Investment Fund	Dec, 99	14.1	6.1
Citrus Replanting	May, 00	9.9	9.1
Financial Sector Reform	Oct, 00	30.0	4.5
Enhancement of Basic Schools	Dec, 01	13.4	13.2
Irrigation Development	Mar, 02	8.1	8.1
Rehabilitation of Flood Damage	May, 02	25.0	20.2
Rehabilitation of Flood Damage (Add. Loan)	Oct, 02	10.0	10.0

MONTSERRAT

Implementation/Operation Highlights

CDB has approved 18 capital loans, 1 contingently recoverable loan and 29 TA grants for Montserrat, the equivalent of $16.3 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, mining, power/energy, transportation/communication, housing, education, disaster rehabilitation and basic needs. At year-end 2002, there was the equivalent of $1.9 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the amount unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Second Line of Credit	Dec, 93	2.0	1.4

ST. KITTS AND NEVIS

Loan Approvals

Power Project - Nevis (Add. Loan) – $1.6 mn to the Nevis Electricity Company Limited (NEVLEC). It is intended to assist the Nevis Island Administration in meeting its counterpart financing requirements for this project, which is designed to strengthen NEVLEC's operational and institutional capacities.

Basic Education Project - St. Kitts and Nevis (Add. Loan) – $3 mn to the Government. The additional financing is needed to complete the project which was first approved in 1996, because of three successive years of hurricane damage.

Implementation/Operation Highlights

Basic Education Project

The project is near completion in St. Kitts, while the pace of implementation of civil works in Nevis improved significantly in 2002, as preliminary—and in one case, final—designs for four outstanding works became available.

CDB has approved 65 capital loans, 6 contingently recoverable loans, one equity participation and 43 TA grants for St. Kitts and Nevis, the equivalent of $127.2 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, mining, power/energy, transportation/communication, housing, education, health, disaster rehabilitation and basic needs. At year-end 2002, there was the equivalent of $28.6 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Basic Education Project	May, 96	11.2	4.0
Road Improvement and Maintenance	Dec, 97	7.0	4.4
Natural Disaster Management	May, 00	3.0	3.0
Power Project, Nevis	May, 01	6.0	2.0
Road Improvement and Maintenance (Add. Loan)	Jul, 01	3.8	3.8
OECS Solid Waste Project (Add. Loan)	Oct, 01	4.9	2.3
Consolidated Line of Credit - 7th Loan	Dec, 01	9.9	9.0
Basic Education Project (Add. Loan)	Oct, 02	3.0	3.0

ST. LUCIA

Loan Approvals

Natural Disaster Management - Rehabilitation, Landslide (Add. Loan) – $569,000 to the Government of St. Lucia to assist in meeting the counterpart financing requirements for this project.

Water Supply - Fifth Loan (Add. Loan) – $0.73 mn to the Government to assist in meeting the counterpart financing requirements for this project.

Roads Development Programme (Add. Loan) – $2.84 mn to the Government to assist in meeting the counterpart financing requirements for this project.

Banana Recovery Programme – $4.5 mn to Government for this project which will provide technical, managerial, agronomic and financial support to improve production and productivity in the banana industry.

Tourism Marketing Development Project – $3.36 mn to the Government to help finance the Tourism Marketing Development Project component of CDB's Economic Reconstruction Programme for the country.

Natural Disaster Management, Immediate Response Loan – $500,000 to the Government to assist in financing the clearing and cleaning of areas affected by the passage of tropical storm Lili, and the restoration of emergency services.

Technical Assistance

Improvement to Drainage System – $234,000 to the Govenrment to assist in financing consultancy services to carry out work related to the improvement of drainage systems in Castries and Anse La Raye.

Implementation/Operation Highlights

CDB has approved 85 capital loans, 3 contingently recoverable loans and 44 TA grants for St. Lucia, the equivalent of $230.7 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation/communication, housing, education, health, disaster rehabilita-tion and basic needs. At year-end 2002, there was the equivalent of $83.1 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
OECS Waste Management	Jul, 95	2.4	1.2
Basic Education - 2nd Loan	Dec, 99	6.4	3.1
Road Development	Dec, 99	27.5	24.3
7th Consolidated Line of Credit	Dec, 99	10.0	5.8
AIC Line of Credit - NCB	Dec, 00	5.0	4.0
Shelter Development Project	Dec, 00	10.8	10.6
Natural Disaster Management	Mar, 01	4.0	2.7
Water Supply - 5th Loan	May, 01	4.5	4.5
Student Loan Scheme - 6th Loan	Dec, 01	12.0	10.6
Banana Recovery Project	Oct, 02	4.5	4.5
Road Development (Add. Loan)	Oct, 02	2.8	2.8
Tourism Marketing Development (ERP)	Dec, 02	3.4	3.4

ST. VINCENT AND THE GRENADINES

Loan Approvals

Student Loan Scheme – $3.5 mn to the Government of St. Vincent and the Grenadines to assist in improving that country's human resource base. The National Commercial Bank (SVG) Limited will be the executing agency, and will provide credit and administrative services in respect of the loan.

Grenadines Multi-Project - Third Loan (Add. Loan) – $557,000 to the Government to assist the Government in meeting its counterpart financing requirements for this project.

Windward Highway Reconstruction - $10.6 mn to the Government to finance this project, which involves the reconstruction of approximately 23 kilometres of the Windward Highway; the realignment of the road at six locations, widening and lining of the Byera tunnel to allow for single-lane pedestrian access; and rehabilitation of 13 bridges.

Natural Disaster Management, Immediate Response Loan - $500,000 to the Government to assist in financing the clearing and cleaning of areas affected by the passage of tropical storm Lili, and the emergency restoration of essential services.

Implementation/Operation Highlights

Basic Education Project

The project is in the final stages of implementation. Its major highlights in 2002 were centred around the completion and furnishing of two replacement primary schools: the Pamilus Burke Government School in the Byera Community and the Sandy Bay Primary School, named after the community in which it is situated. The schools were officially opened in the third and fourth quarters of 2002, greatly enhancing the teaching and learning environment for their 890 pupils, and heightening the interest of the communities in the role and significance of the school in their educational and cultural development. The project was scheduled to be completed by December 31, 2002, but because of inadequate responses to the procurement of equipment and educational materials, a sixth-month extension of the terminal disbursement date of the loan has been granted to fulfill this critical need of the schools.

CDB has approved 75 capital loans, 6 contingently recoverable loans, 2 equity participations and 57 TA grants for St. Vincent and the Grenadines, the equivalent of $122.3 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, mining, power/energy, water, transportation/ communication, housing, education, health, disaster rehabilitation and basic needs. At year-end 2002, there was the equivalent of $19.6 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Line of Credit - 3rd Loan	Feb, 98	2.5	1.0
Third Grenadines Multi-Project	Dec, 00	5.6	1.0
Student Loan Scheme	May, 02	3.5	3.5
Third Road, Windward Highway Reconstruction	Dec, 02	10.6	10.6

TRINIDAD AND TOBAGO

Technical Assistance

Development of a Master Plan for the College of Science, Technology and Applied Arts of Trinidad and Tobago – $1 mn to the Government to assist it in meeting the cost of consultancy services required for preparing a Development Master Plan and related project preparation activities for this tertiary-level institution.

Implementation/Operation Highlights

CDB has approved 21 capital loans, 1 contingently recoverable loan, and 12 TA grants for Trinidad and Tobago, the equivalent of $131.4 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, mining, water, transportation/communication, education and health. At year-end 2002, there was the equivalent of $20.0 in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Southern Roads Development (Add. Loan)	Jul, 98	17.4	5.9
Agricultural and Industrial Credit, FINCOR	Oct, 99	7.0	4.7
T&T Institute of Technology	Jul, 00	7.5	1.8
Agricultural and Industrial Credit - 2nd Loan, DFL	Dec, 00	5.0	5.0

TURKS AND CAICOS ISLANDS

Implementation/Operation Highlights

Turks and Caicos Islands - Further Education Development Project

The year 2002 saw the implementation of this project drawing to a close, with most of the fellowship training for key staff members of Turks and Caicos Islands Community College (TCICC) completed and contributing to the enhanced operations of the College; follow-up initiatives arising from nine consultancies carried out; and the highlight of the year being the official opening and dedication of the renovated, furnished and equipped campus facilities of the TCICC. Previously, the main campus was housed in rented, incommodious facilities in Grand Turk.

CDB has approved 16 capital loans, 3 contingently recoverable loans, and 20 TA grants for Turks and Caicos Islands, the equivalent of $21.9 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, transportation/communication, housing, education and basic needs. At year-end 2002, there was the equivalent of $5 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Shelter Development	Dec, 97	1.6	1.1
Line of Credit - 4th Loan	Jul, 00	4.1	3.4

REGIONAL

Implementation/Operation Highlights

CDB has approved 13 capital loans, 6 equity participations and 407 TA grants for Regional programmes, the equivalent of $139.6 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation/communication, housing, education, health and basic needs. At year-end 2002, there was the equivalent of $3.7 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the amount unwithdrawn:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Second Line of Credit, CFSC	Oct, 94	5.0	2.8

4. POST-IMPLEMENTATION EVALUATION (PIEU)

Impact of Industrial Estate Programmes in CDB's BMCs, 1995-2000

During 2002, PIEU commenced work on the second phase of the evaluation of the impact of industrial estate (IE) programmes in CDB's BMCs over the period 1995-2000. The first phase assessed the impact of IEs in Belize, Grenada, Jamaica and St. Kitts and Nevis. The second phase examines the experiences of Antigua and Barbuda, Barbados, Dominica, St. Lucia and St. Vincent and the Grenadines.

The main objectives and goals of the IE programmes financed by CDB were essentially to stimulate investment activity in the manufacturing sectors and to increase employment in the respective project areas. Additional benefits expected to be derived from the IE programmes included net foreign exchange earnings and savings and the encouragement of local entrepreneurship.

The economic benefits of the IE programmes examined in the first phase of the evaluation were less than appraised. Occupancy levels and the number of persons employed in the industrial estates were generally lower than projected. The preliminary findings of the evaluation of IE programmes in those countries examined of the second phase of the evaluation are much the same. However, the IE programmes have contributed to the economic development of the respective BMCs in which the investments were made in terms of employment generation and foreign exchange earnings through exports.

Canadian Technical Cooperation Fund (CTCF)

PIEU continued its ongoing evaluation of TA projects funded under the CTCF programme which was established in 1996 based on an agreement between CDB and the Government of Canada. The resources for the Fund were provided by the transfer by the Government of Canada to the Fund of the remaining contributed resources of the Commercial Livestock Production Fund amounting to approximately $2.4 mn. The objectives of the Fund are to provide TA to support Bank activities of interest to Canada in regional BMCs.

The main thematic areas for funding under the amended Agreement are:

(i) Primary health;

(ii) Basic education;

(iii) Gender;

(iv) Governance;

(v) Economic competitiveness, including micro, small and medium enterprise development (with the exception of guarantee funds);

(vi) Environment; and

(vii) Other activities which represent innovative programming approaches in which the Bank has a competitive advantage as agreed between Canada and the Bank on a case by case basis.

The evaluation is examining the procedures, project selection and criteria employed in executing the TA projects and assessing the efficacy, administration of the CTCF programme and the short-term impact of the projects financed. A summative evaluation will be completed when all the TA projects have been evaluated. The TA projects evaluated so far have shown that the projects have been worthwhile and objectives of the Fund have thereby been achieved.

Project Cycle Management System (PCMS) in Jamaica

During 2002, a consultant was engaged by CDB to undertake a diagnostic study of the PCMS in Jamaica which updated an earlier review by PIEU.

In 1990, the Government of Jamaica sought the advice of CDB on improving the performance of its capital development projects. CDB responded by undertaking an analysis of bottlenecks that impeded the flow of funds to capital development projects and provision of a grant of an amount not exceeding $283,000 from its SDF to implement some of the recommendations of that report.

Achievements under the extended, jointly-financed PCMS project include:

(i) updating Jamaica's National Economic Parameters and training a cadre of persons in the use of a methodology for subsequent updates;

(ii) training persons in Project Preparation and Appraisal, Project Management and Implementation and Project Finan cial and Economic Analysis;

(iii) Recommendations for reorganising the institutional arrangements and responsibilities for management of the project cycle were prepared by a systems analyst; and

(iv) establishing user requirements and the technical feasibility of an integrated project database (the PDB).

The consultant concluded that completion of the PDB is important for maximising the benefits from other PCMS improvement efforts. It is recommended that its completion be given a high priority in the allocation of funds from CDB and other International Financial Institutions and the Government's budget. Savings that would accrue from the speeding up of project implementation for $100 mn worth of investments by one year could cover the capital cost of establishing the PDB.

D. SPECIAL ACTIVITIES

BASIC NEEDS TRUST FUND (BNTF)

BNTF 4 - Status of Implementation

The fourth BNTF programme was authorised by the BOD in May 1996, and provides $25.5 mn over the period October 1996 to September 2003, the extended Terminal Disbursement Date. An amount of $18 mn is being provided by CDB from SDF resources, $10 mn of which is for the Group 3 countries, $5 mn for Group 4 (Guyana), and an incentive amount of $3 mn for Group 3 countries (Belize, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and the Turks and Caicos Islands) on the basis of individual performance. Local contributions of the equivalent of $7.5 mn are being provided by the nine beneficiary Governments.

Arising out of the findings and recommendations of the Mid-Term Evaluation Review of BNTF 4 which was completed in 1999 by independent Consultants, amendments to the Grant Agreements were signed in early 2000. The amendments were for incentive amounts which were allocated to Group 3 countries on December 9, 1999 and provides an amount of $2,521,272 from CDB for implementation of additional sub-projects and $478,728 to retain consultancy services for design and technical inspection of these additional sub-projects.

In 1997, the United States Agency for International Development (USAID) approved initial contributions to BNTF 4 of $800,000, for use by the four Windward islands, (Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines) arising out of the visit to the Region by the President of the US. The contribution to BNTF was increased to $1.7 mn by re-allocating $900,000 in 2002. Further allocations were made by CDB to the four countries and amendments made to each of the four Grant Agreements. The USAID contributions were matched by the four Governments with almost $ 1 mn in local counterpart funds. CDB re-allocated funding on approved sub-projects in these countries to enable use of all of the USAID contributions by the Terminal Disbursement Date. The total amount of the USAID contribution was disbursed by November 2002, and funded 45 sub-projects.

Approvals

During 2002, 64 sub-projects were approved for a CDB contribution of $1.47 mn. The rate of sub-project submissions to CDB and approvals continued to decrease, due to staff and counterpart funding constraints, as the fourth programme comes to a close. By December 31, 2002, cumulative approvals under BNTF 4 reached 782 sub-projects, for CDB funding of $16.1 mn of which 610 (78%) sub-projects were completed and in operation. Sub-projects have to the end of 2002 benefited over 540,000 persons and provided approximately 160,000 person weeks of employment in the 9 participating BMCs.

Disbursements

Disbursements under BNTF 4 commenced in the third quarter of 1997. The rate of implementation has been uneven due mainly to greater beneficiary participation; the ad hoc nature of submissions of sub-project profiles for approval by CDB; and consultants, country project staff and PSC members who needed time to understand and adopt new methodologies necessary to implement the new thrust of BNTF 4. Disbursements for BNTF 4 for the year ending December 31, 2002 totalled $1.6 mn.

BNTF 5

Board Approval

The Fifth Programme was approved by the Board of Directors at their Meeting on December 11, 2001, for the existing nine participating BMCs, to be implemented over a period of six years (2002-2007). An amount of $32 mn was allocated by CDB from SDF V resources: $25.775 mn of which is for country projects which includes $4.775 mn for technical services and $1.1 mn for local institutional strengthening; an amount of $1.225 for regional coordination by CDB; and an increased incentive amount of $5 mn for distribution among all nine beneficiary countries at mid-term based on an independent evaluation of the performance of each country project. Local counterpart contributions have been halved to 20% on account of fiscal difficulties being experienced by BMCs. This counterpart will amount to the equivalent of $9.315 mn being provided by the nine beneficiary Governments.

Initiatives of the 5th Programme

BNTF 5 introduces several initiatives to build on social development objectives started in BNTF 4. These initiatives were discussed with representatives from all nine Beneficiary countries at a 2-day regional programme design workshop in October 2001. The workshop was preceded by a discussion paper on the main changes proposed. It was widely distributed to major stakeholders for feedback. The recommendations of the independent mid-term evaluation of BNTF 4 were also incorporated into the new programme design, where applicable. The main enhancements include:

– strengthening of local institutional arrangements to build capacity;
– introduction of new targeting and planning tools *viz.* a Poverty Reduction Action Plan (PRAP) to prioritise selection of interventions, an Annual Work Plan and Budget and an Operations Manual for improved project management;
– broadening representation within the Project Steering Committee to facilitate the bottom-up approach;
– providing specific procedures for more effective monitoring and evaluation; and
– increasing CDB funding for a larger proportion of sub-project and local management costs.

Special consideration has been placed on implementation procedures that:

– improve good governance;
– facilitate better environmental screening of sub-projects; and
– include disaster mitigation principles and techniques to reduce vulnerability of poor communities, in partnership with CDB's recently launched DMFC.

Disbursements/Status

All nine Grant Agreements were signed by the BNTF 5 beneficiary Governments by May 7, 2002. Disbursements commenced in early 2002 under the "CDB Regional Coordination" component and amounted to $33,308 for staff travel and administrative support expenses. This low rate of disbursement, during the first year of implementation of BNTF 5 was anticipated in the Staff Report to the BOD, since intensive work on conditions precedent, especially local institutional strengthening efforts, staffing, the preparation of the Operations Manual and the PRAPs for each participating BMC, had first to be undertaken. CDB staff and consultants have assisted in these efforts which are on-going. It is to be noted that the preparation of the PRAPs has engaged civil society in a wide-ranging dialogue to tailor BNTF to more effectively address poverty reduction objectives. The use of the PRAPs to allocate funds in line with poverty reduction targets will prove to be an important and innovative tool for BNTF 5.

During the last quarter of 2002, consultants were engaged to develop the Management Information System (MIS) software for BNTF 5. This assignment includes installation of the MIS in each participating BMC; training of BNTF staff in its use; development of an extranet facility on the BNTF website which was launched in May 2002 to facilitate programme monitoring and evaluation, reporting, and sharing of best practices among participating BMCs and CDB. The website can be viewed at www.caribank.org/Projects/ Programmes/BasicNeedsTrust Fund.

Proposed Government of Canada Contribution to BNTF 5

At its October 10, 2002 meeting, the BOD approved the submission of a proposal from CDB to the Government of Canada, through CIDA, which would enable Canada to make a contribution of Canadian $38 mn to CDB's BNTF, to fund sub-projects similar to those under BNTF 5 in the existing nine BNTF participating BMCs and Jamaica. This proposal was initiated by CIDA staff who held formal discussions with CDB in May/June, 2002. The proposed Programme is consistent with CIDA's partnership strategy and CDB's own Strategic Plan objective of promoting greater multi-bilateral cooperation. The proposed Programme will be delivered through a six-year Cooperation Framework Agreement to be negotiated between CIDA and CDB, with CDB as the coordinating regional agency. In turn, CDB will execute grant agreements with the existing nine BNTF participating BMCs and with Jamaica.

CARIBBEAN TECHNOLOGICAL CONSULTANCY SERVICES (CTCS)

The most outstanding impact of CTCS continues to be its contribution to the enhancement of the technical skills of the Region's entrepreneurs. During the year, the CTCS has had tremendous impact on the operational effectiveness and efficiency of Cooperating Institutions (CIs), mainly within the OECS, through the conduct of training sessions specifically targeted at staff of developmental agencies. This has contributed to their readiness to assume responsibility for CTCS administration when the pilot phase ends.

For 2002, the CTCS received and responded to 177 requests for TA, 34 of which were for written information, while 143 required placement of consultants in the field to provide customised TA (78) and facilitate workshops (65). Replies were despatched in response to all the information requests (IRs) recorded. Of the 78 TAs requiring field interventions 63 have been processed to completion, reports are due for nine, three have been deferred to 2003, one has been cancelled and two are at various stages of implementation. Of the 65 workshops planned, 57 have been successfully executed, two are in progress and six have been postponed.

Of the 11 TA requests deferred from the year 2001 or which were in progress at the end of that year, six have been processed completely. Reports are still outstanding for four and one has not been activated. For the period under review, therefore, 69 TA interventions have been processed completely and 57 workshops have been successfully delivered.

Sixteen (16) requests for TA were received and processed from St. Vincent and the Grenadines, 13 from Jamaica, 12 from St. Lucia and 7 from St. Kitts. Fewer requests were received from the other BMCs.

Fourteen (14) workshops were delivered in St. Vincent and the Grenadines, 13 in St. Lucia and 12 in the twin islands of St. Kitts and Nevis and 5 in Tobago. St. Vincent and the Grenadines and St. Lucia are two countries in which the CTCS is operating the pilot phase of decentralisation of administration activities.

Consultants were contracted to deliver technical assistance in areas such as the conversion of glass containers to make glazed gift items; use of the potter's wheel and production of concrete products; and the training of staff in the management of a web page. In addition, they provided market assessments for natural soaps and massage-oils; a coconut milk and cream; developed business plan and financial proposal for hand soap and massage-oil manufacture; and a full service event-planning entity, among other things.

Other information transfer activities included the publication of articles on the web page and the planning, organising and facilitating/sponsorship of 59 national training programmes. These programmes were mainly conducted as workshops and seminars covering 25 subject areas which included several training sessions in two types of art and craft viz., balata, basketry and straw, floral and gift basket design, concrete products and pottery/ceramics. Some of the training was focused on the orientation of local professionals to prepare them to assume the roles of Resource Persons (RP) in the delivery of TA to the micro and small enterprise (MSE) sub-sector within their respective countries. Institutional strengthening of local service organisations was also undertaken, to enable them to provide better service to their clients in the MSE sub-sector and function effectively as CIs for CTCS. The workshops were presented by contracted consultants and CTCS staff.

The year's activities have demonstrated the increased effort by CTCS staff to strengthen the local CIs and thereby increase their capability to effectively assume the role of CIs for the CTCS Network. This is partial fulfilment of the CTCS objective in embarking on the pilot phase of the decentralisation programme. The net result has been the honing of skills and increased productivity within the CIs to the benefit of the local, and by extension the regional small business sub-sector.

Some of the workshops and seminars were: Needs Assessment Seminars for the Agriculture and Restaurant and Bakery Sectors; Credit Risk Assessment; Presentation Techniques; Decorative Pottery and Ceramic Artwork; Client Management; Delinquency Portfolio Management; Cake Decorating; Pastry Making; Management Techniques for Skilled Artisans/Entertainers; Hotel Management Practices and Procedures; Customer Relations; Introduction to AUTO-CAD; Needs Analysis for HR Development and Team Building; Garment Construction/ Production; Financial Statement Analysis, Budgeting and Fore-casting; Farm and Agro-business Management and Post Harvest Handling; Positioning for Leadership; Training of Trainers for Entrepreneurial Development; Introduction to Basic Computer Forensics; Marketing Contemporary Concepts and Practices; Management

Techniques for Entertainers/Artisans; Day Care Techniques; and Financial Management for Small and Medium-sized Businesses. Analysis of the gender representation showed a larger number of women than men participating at these training sessions.

DISASTER MITIGATION FACILITY FOR THE CARIBBEAN

During the year under review, CDB officially launched the Disaster Mitigation Facility for the Caribbean (DMFC) and hosted the first meeting of its Technical Advisory Committee. The programme will be implemented in CDB's 17 BMCs; however, detailed project activities will be implemented in six primary core partner countries (Belize, Dominica, Grenada, Jamaica, St. Kitts and Nevis and St. Lucia) and six secondary core partner countries (Antigua and Barbuda, The Bahamas, Barbados, Guyana, St. Vincent and the Grenadines and Trinidad and Tobago).

For the year 2002, the Disaster Mitigation Desk (DMD) contributed to 12 appraisal/staff reports and TA papers to incorporate disaster mitigation issues into development projects. These included:

(a) St. Lucia Flood Mitigation Project;

(b) Landslide Rehabilitation - Black Mallet, St. Lucia;

(c) St. Lucia Economic Reconstruction Programme;

Rehabilitation of Primary Schools and Health Centres;

(d) Education Sector Enhancement Project, Grenada;

(e) Basic Needs Trust Fund CDB-CIDA Partnership Proposal for Additional Funding; and

(f) Catastrophe Risk Management and Insurance Reform Project, OECS and Barbados.

In the case of (a) and (b) above, a requirement for a natural hazard impact assessment was included as a means to appraise natural hazard risk. These represent the first two instances that CDB has made such a requirement for its capital projects. Criteria developed for the preselection of schools and health centers for funding under (c) and (d) above included a combination of natural hazards and social issues. As part of (e) DMD will support the implementation of vulnerability reduction programmes, including safer building, in BNTF communities. In keeping with the strategy to develop and finance TA to strengthen the disaster mitigation components of development projects, the DMFC will provide TA for a vulnerability assessment of 23 emergency shelters in Grenada as part of project preparation for a proposed project to retrofit emergency shelters.

During 2002 DMD conducted missions to Belize, Grenada, Jamaica, St. Lucia and Trinidad and Tobago to inform the development of TA projects to be funded under the DMFC. A total of 18 TA projects were developed, of which three have been completed, 9 are being processed or are under review. These include:

– Updating of the Caribbean Uniform Building Code (CUBiC)
– Development of a model hazard mitigation policy for adaptation in BMCs; in collaboration with the Caribbean Disaster Emergency Response Agency (CDERA)
– Integration of the OECS draft post-disaster Rapid Environmental Assessment Manual and Guidelines into disaster response systems; in collaboration with the OECS-Environment and Sustainable Development Unit (ESDU)
– Integrating climate change and natural hazard impact assessment into EIA; in collaboration with the CIDA-funded Adaptation to Climate Change Project (ACCP)
– Advanced Diploma in Coastal Zone Engineering and Management, the University of the West Indies (UWI)
– Capacity building in the assessment of socioeconomic and environmental impacts of disasters, St. Lucia
– Programme of action for natural hazard vulnerability reduction: severe weather systems and earthquakes, Jamaica
– Landslide hazard impact assessment, Carellie, and Slope Stability Assessment, Black Mallet Landslide, St. Lucia
– Training workshop: Vulnerability reduction of low-volume roads to flood and landslide hazards.

Three TA projects were approved over the period to a value of $69,000.

During 2002, DMD organized the following workshops:

(1) Stakeholder Meeting in Natural Hazard Risk Management in the Caribbean: The Way Forward, in collaboration with CDERA and UNDP; and

(2) First CDB Vulnerability Assessment Forum. This forum focused on coastal vulnerability and consisted of the Third Vulnerability Assessment Techniques III Workshop, held in collaboration with the Organisation of American States and the National Oceanic and Atmospheric Administration (NOAA); and a Regional Workshop on the Role of Coastal Zone Management in Managing Natural Hazards, held in association with NOAA and Coastal Zone Management Unit, Ministry of Physical Development and Environment, Barbados.

The Forum is intended to be the initial of a series of annual events, the objective of which is to promote the mainstreaming of vulnerability assessment into development planning as a key strategy for risk reduction in BMCs.

DMD delivered a presentation to staff in CDB's Projects and Economics Departments on social vulnerability to natural hazards and disasters. Approximately 20 CDB staff also benefited from sensitization in natural hazards risk management and vulnerability assessment through attendance at the workshops referenced in (1) and (2) above.

TRAINING

Operations of the Human Resource Development Unit (HRDU)

During 2002, the Human Resource Development Unit (HRDU), conducted and/or collaborated in the delivery of eight training courses, workshops and seminars for Bank Staff and officials from the BMCs. Training was conducted over a period of 41 days for a total of 200 participants. The details of the courses and seminars are shown below:

Training Activity	Duration (Days)	No. of Persons
Project Management, Erdiston College, Barbados:		
Jan 28-29	2	27
Jan 31- Feb 1	2	26
Project Management, Belize:		
April 15-26	10	26
April 25-26	2	15
Project Preparation and Management National Union of Public Workers - Barbados	4	22
Project Implementation and Management - Grenada: Oct. 28 - Nov 15	15	30
FIDIC Seminar - Regional: November 20 -22	2	22
CDB/IDB Procurement - June 11 - 14	4	33
Total	**41**	**201**

In response to a build-up in undisbursed loan balances, the focus of the Project Cycle training during 2002, was on providing institutional support to promote a surge in the pace of project implementation and, consequently, to boost the rate of disbursement. The main areas of concern were: procurement, where the emphasis was on strengthening understanding of the FIDIC contract documents; and project management, where the aim was to assist project implementation teams in Belize, Grenada and among select project teams in Barbados. The assistance provided in Barbados was mainly to the EDUTECH 2000 project, via the provision of support to implementers being trained by Erdiston College. There was also a special workshop addressing procurement issues among project implementers working on projects financed in Barbados by both CDB and the IDB. In the case of Belize, the central objective was to strengthen implementation capacity for the Technical and Vocational Education project, the Health project, the Rural Development project and the Disaster Management project.

The direct financial cost of delivering the training programme in 2002 was $50,000, in addition to the expenses of the core training staff. The funding source continued to be the SDF(U).

COOPERATION WITH GOVERNMENTS AND OTHER ORGANISATIONS

Governments

Through its collaboration with governments and other organisations during 2002, the Bank was able to implement a number of initiatives.

Cooperation between CDB and the Government of China has led to the establishment of a Chinese Technical Cooperation Fund, through which there will be financing for Chinese consultants to provide assistance to the Bank's BMCs. The agreement establishing the Fund was signed in December 2002.

Other Organisations

CDB's cooperation with other organisations during the year has also redounded to the benefit of the Bank's BMCs in a number of areas. For example, collaboration with CIDA has led to the contribution of additional funding to poverty reduction initiatives under the Bank's BNTF programme.

The Bank has also been able to undertake a borrowing of $20 mn from the IDB to establish a global credit for small Caribbean states, which will benefit BMCs eligible for funding under IDB's Fund for Special Operations but are not members of IDB.

A team from the World Bank visited CDB to examine its investment operations and conduct an evaluation, with a view to making recommendations for improvements were necessary.

CDB also collaborated with the UN Food and Agriculture Organisation (FAO) to help finance the cost of services provided by the FAO in preparing an agricultural diversification project in St. Kitts and Nevis.

In the sphere of CDB-CARICOM cooperation, the Bank accepted a mandate from the Heads of Government of CARICOM to raise $100 mn on the international market to establish a trust fund, the income from which will be used to finance the operations of the proposed Caribbean Court of Justice on a sustainable basis. The Bank is to on-lend the money raised to participating states, so that they can meet their obligations to the court.

The Bank also provided a TA grant to assist in financing the establishment of a dedicated Services Trade Unit within the Caribbean Regional Negotiating Machinery.

Canadian Technical Cooperation Fund

There was increased activity in 2002 under this Canadian Government technical assistance programme in CDB which was begun in 1997 and has had a positive impact on many areas of Caribbean life, facilitating institutional strengthening, skills acquisition, small business expansion, improvement in health and living conditions and preliminary studies vital to the development of major capital projects.

In the four years to 2001, the Fund approved the equivalent of $1.8 mn towards the financing of 21 TA projects and by the end of that year disbursements had exceeded $1.3 mn. For 2002 alone, there was $464,250 in approvals for six projects, with disbursements reaching $284,839. Additional resources of almost $17,000 were provided to an ongoing project for reform in the health sector of Belize.

Again, as in previous years, the broad span of the Fund's assistance was reflected in the activities it helped to finance in 2002, with CDB itself being among the direct beneficiaries, mainly through an in-depth review of the Bank's system of management by objectives.

Among others were a feasibility study for establishing a craft market in Grenada, initial work for a data base on HIV/AIDS-related programmes in the Region, and the design and execution of technology commercialisation workshops at the University of Technology in Jamaica.

The Fund's value comes from the areas of its focus: poverty reduction, human resource development, environmental protection, health improvement, policy formulation and economic development, with its assistance being almost evenly split between institutional strengthening and project-related activities.

Agriculture in several BMCs took a battering from storms and floods in late-2001 and early-2002; but by year-end 2002, fields had been rehabilitated and output was increasing.

Health and energy help to make classwork a joy at the Morne Jaloux R.C. School in Grenada, a CDB/BNTF sub-project – just one of the many hundreds of social facilities, in mostly rural communities, financed under this very popular programme.

III FINANCE

Overall Bank Performance

Increased loan approvals and disbursements were major elements of the Bank's improved performance in 2002. For the fifth consecutive year, there was a net transfer of resources to its BMCs amounting to $25.8 mn ($25.5 mn in 2001). The Bank also recorded a significant reduction in its OCR administrative expense ratio which fell from 1.7% in 2001 to 1.46% in 2002.

A. APPROVALS, DISBURSEMENTS AND REPAYMENTS

Gross approvals of loans, equity investments and grants in 2002 totalled $128.8 mn (2001 - $141.4 mn). Cancellations were $13.8 mn (2001 - $22.2 mn). Net approvals amounted to $115 mn in 2002, a decrease of 3.5% from the comparative amount of $119.2 mn in 2001.

Disbursements for 2002 were $119 mn (2001 - $111.8 mn) with OCR funded projects accounting for $74 mn (2001 - $62 mn) and SFR funded projects decreasing to $45.0 mn from the 2001 figure of $49.8 mn.

Table 3.1 details the levels of approvals and disbursements on loans, equity investments and grants during 2002 and 2001.

Loan Approvals

Net loan approvals in 2002 amounted to $106.1 mn for 30 projects, compared with $81.3 mn in 2001 for 28 projects.

Grant Approvals

In 2002, CDB approved $6.7 mn in respect of 55 grant-funded projects, while in 2001 net approvals were $35.4 mn in respect of 48 grant-funded projects.

Cumulative Financing

Net cumulative financing (loans, contingent loans, equity and grants) as at December 31, 2002 was $2,158.9 mn. Of this amount, $1,252.9 mn, or 58%, went to the LDCs ($1,189.7 mn, or 57.6%, in 2001).

Net cumulative loan and equity financing (Table 3.2 refers) to date, excluding grant financing, totalled $1,983.1 mn, of which $1,104.1 mn, or 55.7%, went to the LDCs ($1,045.2 mn, or 55.8%, at the end of 2001).

TABLE 3.1: APPROVALS AND DISBURSEMENTS OF LOANS AND GRANTS DURING 2002 AND 2001 ($'000)

Activity/ Source of Funds	Approvals 2002 Gross Approvals	Approvals 2002 Cancel-lations	Approvals 2002 Net Approvals	Approvals 2001 Gross Approvals	Approvals 2001 Cancel-lations	Approvals 2001 Net Approvals	Disbursements 2002	Disbursements 2001
A. Loans								
Ordinary Operations	**89,345**	**10,603**	**78,742**	**64,875**	**15,897**	**48,978**	**74,010**	**62,047**
OCR	89,345	10,603	78,742	64,875	15,897	48,978	74,010	62,047
SFR	**29,761**	**2,361**	**27,400**	**38,161**	**5,791**	**32,370**	**40,258**	**41,743**
SDF	29,761	1,830	27,931	38,161	5,095	33,066	36,530	37,469
OSF	0	531	(531)	0	696	(696)	3,728	4,274
Total	**119,106**	**12,964**	**106,142**	**103,036**	**21,688**	**81,348**	**114,268**	**103,790**
B. Equity	3,000	0	3,000	3,000	0	3,000	0	0
C. Grants	6,705	838	5,867	35,355	488	34,867	4,757	7,963
Total Financing	**128,811**	**13,802**	**115,009**	**141,391**	**22,176**	**119,215**	**119,025**	**111,753**

TABLE 3.2: NET APPROVALS (LOANS, CONTINGENT LOANS AND EQUITY)
($'000)

	Total Approvals 1970-2002			Approvals from Special Funds Resources between MDCs and LDC's 1970-2002		
Year	**MDC's**	**LDC's**	**Total**	**MDC's**	**LDC's**	**Total**
1970-74	21,840	40,407	62,247	1,100	33,875	34,975
1975-79	104,265	90,418	194,683	46,362	82,845	129,207
1980-84	97,689	127,431	225,120	36,168	103,674	139,842
1985-89	100,495	146,261	246,756	36,811	118,312	155,123
1990-94	208,131	185,338	393,469	87,275	95,942	183,217
1995-99	184,213	302,877	487,090	13,407	94,660	108,067
2000	90,791	89,483	180,274	8,505	41,710	50,215
2001	21,342	63,006	84,348	8,148	27,222	35,370
2002	50,216	58,926	109,142	12,831	17,569	30,400
Total 1970-2002	**878,982**	**1,104,147**	**1,983,129**	**250,607**	**615,809**	**866,416**
% Distribution	**44.3**	**55.7**	**100**	**28.9**	**71.1**	**100**

The major part of loan approvals to the LDCs continued to come from the SFR. At December 31, 2002, 55.8% of total loans approved to the LDCs of $615.8 mn were allocated from the SFR, compared with 57.2% at December 31, 2001.

Cumulative grant financing at the end of 2002 was $193.6 mn with the focus again being on the LDCs which received $149.6 mn, or 77.3%, of grant funds.

Cumulative Disbursements

Cumulative disbursements, including grants (Table 3.3 refers), increased by 8.0% in 2002 to $1,608.9 mn, from $1,489.9 mn in 2001.

The comparative analysis of cumulative disbursements shows that CDB's Ordinary Operations accounted for 47% of the funding (2001 - 45.7%) with the SFR share of funding decreasing to 53% in 2002 from 54.3% in 2001.

The distribution of cumulative disbursements between MDCs and LDCs is provided at Table 3.4. At the end of 2002, total disbursements to MDCs increased 6.4% to $674.3 mn from $633.9 mn in 2001.

Cumulative disbursements to LDCs increased 9.2% to $934.6 mn from $856 mn in 2001. At December 31, 2002, the LDCs' share of cumulative disbursements was 58.1% (2001 - 57.5%).

The MDCs accounted for 58.2% and the LDCs for the remaining 41.8% of disbursements from CDB's Ordinary Operations. However, the LDCs received 72.5% of disbursements from CDB's Special Operations, while the MDCs received 27.5%.

TABLE 3.3: DISBURSEMENTS 1970–2002
($'000)

Source of Funds	**1970-79**	**1980-89**	**1990-99**	**1970-02**	**2001**	**2002**
Ordinary Operations	**40,197**	**159,026**	**360,391**	**755,406**	**62,047**	**74,010**
OCR	30,972	151,557	360,391	745,963	62,047	74,010
VTF	9,225	7,469	0	9,443	0	0
Special Operations	**88,864**	**317,850**	**315,986**	**853,490**	**49,706**	**45,015**
SDF	55,958	139,079	253,873	557,588	40,787	38,649
OSF	32,906	178,771	62,113	295,902	8,919	6,366
Total	**129,061**	**476,876**	**676,377**	**1,608,896**	**111,753**	**119,025**

TABLE 3.4: DISTRIBUTION OF CUMULATIVE DISBURSEMENTS TO MDC's AND LDC's 1970-2002 ($'000)

Source of Funds	Total	MDC's	LDC's
Ordinary Operations	**755,406**	**439,763**	**315,643**
OCR	745,963	432,004	313,959
VTF	9,443	7,759	1,684
Special Operations	**853,490**	**234,508**	**618,982**
SDF	557,619	135,901	421,718
OSF	295,871	98,607	197,264
Total	**1,608,896**	**674,271**	**934,625**
% Distribution of total funds	**100**	**41.9**	**58.1**
% Distribution of special funds	**100**	**27.5**	**72.5**

Loan Disbursements

Cumulative loan disbursements totalled $1,445 mn at the end of 2002 (Table 3.5 refers). The ratio of cumulative loan disbursements to cumulative loan approvals was 73.1% at the end of 2002 (2001 - 71.2%).

Grant Disbursements

During 2002, CDB disbursed $4.8 mn in respect of grant-funded operations (2001 - $8 mn). Cumulative grant disbursements of $157.1 mn (2001 - $152.3 mn) accounted for 9.8% of cumulative disbursements in 2002 (2001 - 10.2%).

Cumulative Loan Repayments

At the end of 2002, cumulative capital repayments were $584.5 mn (2001- $523.8 mn) (Table 3.6 refers). Repayments to the OCR during the year amounted to $35.2 mn, bringing the cumulative level to $267.3 mn from $225.9 mn, after taking into account exchange rate fluctuations. SFR cumulative repayments, after exchange rate fluctuations, were $308 mn in 2002 (2001 - $288.6 mn).

CDB's loan portfolio grew by 7.9% to $833.4 mn, from the corresponding amount of $772.1 mn at the end of 2001.

.

Resource Transfers

The net transfer of resources (defined as disbursements less repayments of principal, interest and charges) to its BMCs in 2002 was $25.8 mn ($25.5 mn in 2001).

B. TOTAL RESOURCES

As at December 31, 2002, the resources available to CDB for its ordinary and special

TABLE 3.5: CUMULATIVE LOAN APPROVALS AND DISBURSEMENTS 1970-2002 ($'000)

Year	Cumulative Approvals	Cumulative Disbursements	% Disbursements to Approvals
1970-74	62,247	6,365	10.2
1970-79	256,930	128,175	49.9
1970-84	482,050	296,644	61.5
1970-89	728,806	533,979	73.3
1970-94	1,122,275	791,578	70.5
1970-99	1,609,365	1,132,800	70.4
2000	1,788,745	1,226,995	68.6
2001	1,870,293	1,330,785	71.2
2002	1,976,435	1,445,053	73.1

TABLE 3.6: CUMULATIVE CAPITAL REPAYMENTS ON LOANS ($'000)				
Source of Funds	Cumulative Loan Repayments to December 2001	Translation Adjustments	Repayments in 2002	Cumulative Loan Repayments to December 2002
OCR	225,891	6,148	35,213	267,252
VTF	9,267	0	0	9,267
SFR	288,649	(219)	19,572	308,002
Total	**523,807**	**5,929**	**54,785**	**584,521**

operations amounted to the equivalent of $1,390.5 mn, an increase of $28.8 mn from the previous year. The distribution of these resources is shown at Table 3.7.

Borrowings and Capital Subscriptions – OCR Borrowings

During the year, OCR borrowings outstanding decreased by $34 mn, compared with an increase of $79.7 mn in 2001. Resources undrawn under existing loan contracts amounted to $13.4 mn, compared with $14.6 mn at December 31, 2001.

TABLE 3.7: TOTAL RESOURCES 2002 AND 2001 ($'000)		
	2002	2001
I. Ordinary Capital Resources	**638,526**	**657,976**
(a) Paid-up Capital	155,696	155,696
(b) Ordinary Reserves, Spec. Res., Current Net Income	230,792	216,231
(c) Borrowings Contracted	252,038	286,049
II. Special Funds Resources (excluding VTF)	**751,984**	**703,720**
(a) Special Development Fund	529,178	530,417
(i) Contributions	429,307	441,389
(ii) Borrowings	13,682	14,652
(iii) Accumulated Net Income	64,437	62,520
(iv) Other	21,752	11,856
(b) Other Special Funds	222,806	173,303
(i) Contributions	98,349	49,870
- Canada	1,268	1,257
- USA	2,186	2,186
- Other	94,895	46,427
(ii) Borrowings	83,566	85,012
- Nigeria	1,200	1,400
- T&T	403	460
- USA	16,635	19,073
- IDB	21,721	21,721
- IDA	31,449	31,449
- EU	6,574	5,325
- EIB	5,584	5,584
(iii) Accumulated Net Income & Current Net Income	40,891	38,421
Grand Total	**1,390,510**	**1,361,696**

C. MANAGEMENT DISCUSSION AND ANALYSIS

The MD&A contains forward-looking statements that may be identified by such terms as 'believes', 'expects', 'intends', or words of similar meaning. Such statements involve several assumptions and estimates based on current expectations, which are subject to risks and uncertainties beyond CDB's control. Consequently, actual future results could differ materially from those currently anticipated.

In pursuing its objectives, CDB provides different forms of financial assistance to its BMCs. The main instruments are loans, TA, grants, and equity investments, which are met through various funding sources such as CDB's OCR which is the main topic of this MD&A its SFR and OSF. The Charter requires that each funding resource be kept separate.

Ordinary Capital Resources

These resources are provided by private capital markets and multilateral financial institutions in the form of borrowings, paid-in capital provided by member governments, and retained earnings (reserves), which provide a buffer for risk arising from operations.

Financial Policies

The most important financial risk facing CDB as a multilateral development bank (MDB) is country credit risk. CDB has devised policy instruments that provide the operational framework for addressing this risk, as well as an income and reserves policy and a liquidity policy. The income and reserves policy addresses the potential losses caused by a major default by borrowers, while the liquidity policy addresses the risks associated with delays in access to capital markets.

The interest coverage ratio (ICR) and the reserve to loan ratio (RLR)

The ICR is the ratio of net income to financial expenses plus a factor of one. It measures the extent to which net income can fall without jeopardizing CDB's ability to service its financial expenses from current income. The minimum policy level for the ICR is 1.5. The RLR is the ratio of total reserves to the sum of outstanding loans, equity investments, and guarantees. The RLR measures the adequacy of CDB's earning base relative to its loan assets. The policy maintains an RLR of 30%.

To ensure the adequacy of its risk-bearing capacity, CDB reviews its income outlook annually. Based on the review, Management recommends to the Board of Governors the portion of the previous year's actual net income for allocation to reserves, to ensure that the level of reserves is commensurate with the policy level.

CDB's existing liquidity policy requires that the liquidity level should not be less than 40% of the undisbursed balance of loans to ensure that operations will not suffer from disruption in CDB's access to capital markets due to unfavourable market conditions.

Basis of financial reporting

Statutory reporting: CDB prepares its financial statements in accordance with International Accounting Standards (IAS). Effective January 1, 2001 CDB adopted IAS No. 39, Accounting for Derivative Instruments. As defined and required by IAS 39, CDB has marked all derivative instruments to fair value and reported in the balance sheet.

Under IAS 39, two options exist in accounting for derivative instruments: hedge or non-hedge accounting. In hedge accounting, changes in the fair value of certain hedge instruments have to be reflected in current income, while others have to be reflected in the balance sheet. In non-hedge accounting, all changes in the fair value of derivative instruments need to be recognized as current income. CDB manages its balance sheet by selectively using derivatives to minimize the interest rate and currency risks associated with its financial assets and liabilities. CDB uses interest rate and currency swaps in its borrowing and liquidity management to take advantage of cost-savings opportunities in the capital markets to lower its funding cost and ultimately its on-lending rate to its borrowers. These derivatives are used to modify the interest rate and/or currency characteristics of the borrowing portfolio.

Operating Activities

CDB's objective is not to maximize profit, but to earn adequate net income to ensure its financial strength and to sustain its development activities on an ongoing basis.

CDB's financial strength is based on the support it receives from its shareholders and on its array of financial policies and practices. Shareholder support for CDB is reflected in the capital backing it has received from its members and in the record of its borrowing members in meeting their debt-service obligations to it. The financial policies and practices have ensured that reserves have been consistently increased, funding sources have been diversified, the Bank's liquid portfolio is adequate, and the various risks, including credit, market and liquidity risks, are effectively managed.

The Table below presents selected financial data for the last five fiscal years.

Loans

As at December 31, 2002, cumulative loans outstanding after allowance for losses amounted to $462.3 mn.

There were no public sector loans in non-accrual status; however, there was one private sector loan in non-accrual status. The total outstanding balance of these private sector loans was $0.6 mn. This represents 0.3% of the total OCR loans outstanding.

Equity

Total shareholders' equity grew from $365.8 mn as of December 31, 2001 to $384.5 mn as at December 31, 2002. This was primarily due to net income for the year of $14.1 mn, in addition to favourable translation adjustments of $0.4 mn, while subscriptions which matured during the year added $4.2 mn.

Table 3.8 : Selected Financial Data for the Last Five Years

For the Year ($ mn)	2002	2001	2000	1999	1998
Loan Income	28.0	30.9	26.4	22.0	19.0
Provision for losses	-	(0.0)	(0.3)	1.0	0.1
Investment Income	4.2	6.8	6.5	4.0	5.9
Borrowing Expenses	(11.6)	(12.1)	(11.8)	(8.1)	(5.5)
Other Income	1.4	0.7	0.4	0.1	0.6
Administrative Expense	(6.4)	(6.6)	(5.8)	(5.4)	(5.0)
Operating Income	15.6	19.7	15.4	13.5	15.2
Effects of applying IAS 39	(1.5)	(6.8)	-	-	-
Net Income	**14.1**	**12.8**	**15.4**	**13.5**	**15.2**
Performance Ratios (%)					
Gross Return on:					
Average Outstanding Loans	5.89	7.43	6.98	7.01	6.75
Average Cash and Investment	3.37	5.22	5.99	4.21	6.95
Average Cost of Borrowings	4.23	5.41	6.85	6.10	7.00
Interest Coverage Ratio	2.4	2.6	2.3	2.7	3.8
after the effects of IAS 39	2.2	2.1	-	-	-
Return on Usable Capital	2.64	3.77	1.71	2.02	4.06
after effects of IAS 39	2.18	1.55	-	-	-
Reserves-to-Loans Ratio	46.70	47.80	50.70	57.20	64.70
Total at Year-end ($ mn)					
Total Assets	657.6	664.3	546.2	492.4	467.0
after the effects of IAS 39	719.8	712.9	-	-	-
Cash and Liquid Investments	114.3	162.2	94.3	75.8	119.0
Loans Outstanding	462.3	422.5	378.8	335.9	277.0
Borrowings Outstanding	238.6	271.4	182.3	134.8	125.9
after the effects of IAS 39	300.8	320.0	-	-	-
Total Equity	**384.5**	**365.8**	**343.6**	**350.5**	**333.1**

Borrowings

In July 2002, the Board of Directors approved a market-borrowing programme of $60 mn equivalent. CDB's borrowing strategy focuses on the core objective of ensuring the availability of long-term funds at the lowest cost possible for CDB's lending operations. CDB employs a funding strategy that involves interest rate and currency swaps, allowing CDB to transform structured borrowings into plain 'vanilla' liabilities on a fully hedged basis. As part of its diversification strategy, CDB borrows on a number of markets, including the Japanese and US capital markets.

Liquidity Portfolio Management

The liquidity portfolio helps to ensure the uninterrupted availability of funds to meet loan disbursements, debt servicing, and other cash requirements. It also contributes to CDB's earning base. The investment policies which have been approved by the Board of Directors govern liquid asset investments. The primary objective of these policies is to ensure the security and liquidity of funds invested, as CDB seeks to maximize returns on its liquidity portfolio investment. CDB's investments are made in the same currencies in which they are received. In compliance with its Charter, CDB does not convert currencies for investment. CDB's liquid assets are held in obligations of governments and other official entities, time deposits, and other unconditional obligations of banks and financial institutions. In addition, the Bank maintains lines of credit with independent financial institutions.

Summary of Financial Performance and Allocation of Net Income

Income and expenses: Operating income decreased by 20.8%, from $19.7 mn in 2001 to $15.6 mn in 2002 because of a decrease in loan and investment income. Of the total gross income, $28 mn was generated by the loan portfolio, $4.2 mn by the investment portfolio, $1.3 mn in unrealized exchange gains, and $135,000 from other sources.

Total operating expenses, (excluding net derivative expense) were $17.8 mn, down by $773,000, or 4.1% from the previous year of $18.7 mn. The reduction in expenses resulted from a $518,000 decrease in charges on borrowings, and a $231,000 decrease in administrative expenses.

Charges on borrowings decreased by $0.5 mn to $11.6 mn for the year ended December 31, 2002 from $12.1 mn for 2001. Although the average borrowing portfolio increased by approximately 22.5% to $273.3 mn from $223.9 mn over the same period, the fall in interest rates during 2002 was responsible for lower rate of increase in actual costs to the Bank. For the year to December 31, 2002, the average cost of borrowing was 4.23%, a decrease of 118 basis points from 5.41% for the corresponding period last year.

IAS 39 adjustments: The IAS 39 adjustment of $6.8 mn reflected the initial transition entry on adoption of IAS 39 in 2001. The $1.5 mn trading expense on derivatives for 2002 arose from valuation movements on US dollar interest rate swaps with fixed interest receivable and floating interest payable. The steep fall in US dollar interest rates during 2002 meant that these derivatives gained significantly in value.

Net Income

For the year ended December 31, 2002, the reported net income was $14.1 mn, compared with $12.8 mn in 2001. The increase of $1.3 mn (representing 10.1% increase) in net income is primarily due to the reduction in borrowing expenses, as well as in the net trading expense on derivatives.

Allocation of net income: During the year, in accordance with the income and reserves policy, CDB reviewed its income outlook and allocation of 2001 net income. Based on the review, the Board of Governors approved that the entire net income of $12.8 mn for 2001 be allocated to reserves.

Special Funds

CDB is authorized by its Charter to establish and administer Special Funds. Special Funds Resources being administered as of December 31, 2002 were the Special Development Fund (Unified) (SDFU); the Special Development Fund (Other) SDF(O); and the Other Special Funds (OSF).

D. SPECIAL FUNDS RESOURCES (SFR) SPECIAL DEVELOPMENT FUND (SDF)

Net income for the year ended December 31, 2002 for the two components of the SDF – the SDF(U) and the SDF(O) – totalled $2.9 mn compared with $4.9 mn for the year ended December 31, 2001.

Interest Income

SDF(U) income from loans for the year ended December 31, 2002 was $7.2 mn, compared with $6.7 mn for the year ended December 31, 2001. This increase was mainly due to an increase in the average loan balance from $259.2 mn at December 31, 2001, to $291 mn at December 31, 2002.

Investment Income

The average duration of the SDF portfolio was 1.95 years, compared with 0.65 years for the OCR. The longer duration profile allowed for higher returns than the OCR. The composite yield for SDF was 4.93% after un-realised gains and losses, compared with 3.37% on the OCR. The actual investment income for the year was $5.3 mn, or $1.8 mn less than in 2001. This is consistent with the significant declines in the US dollar interest rates in 2002.

Administrative Expenses

SDF administrative expenses for the year under review amounted to $9.8 mn ($9.9 mn in 2001).

E. OTHER SPECIAL FUNDS

OSF net income for the year ended December 31, 2002 was $2.7 mn, a decrease of $0.8 mn from $3.5 mn for the year to December 31, 2001. This decrease in net income was mainly due to lower investment income of $1.6 mn which was partially offset by a reduction in administrative expenses from $2.1 mn for the year to December 31, 2001 to $1.4 mn for 2002. This was largely due to a reduction in the amount allocated to the OSF from the administrative expense allocation formula.

Investment Income

The average duration of the OSF investment portfolio was 1.57 years for the year under review. Returns before and after unrealised gains and losses were 3.84% and 4.39%, respectively. Actual investment income for the year under review was $4.4 mn or $1.5 mn less than in 2001.

F. FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT ACCOUNTANTS

The Financial Statements and Reports of Independent Accountants in respect of the OCR, SDF and OSF are shown at Appendix IV.

IV
ORGANISATION AND ADMINISTRATION

Membership

Early in the year, efforts to widen the Bank's membership base continued with visits by a CDB Delegation headed by the President to a number of European capitals, where discussions were held with senior Government officials. Discussions were also held with representatives of multilateral financial institutions based in Brussels to explore possibilities of forging partnership arrangements, including the option of using CDB as an intermediary for channelling development assistance to the Region.

Bank Management will continue to pursue those opportunities for cementing partnerships which appear to be materialising.

Some progress was made in the movement towards expanding the Bank's borrowing membership. Haiti was admitted in July 2002 to CARICOM, thereby satisfying a key requirement for becoming a borrowing member of the Bank. Work is now in progress towards ensuring that Haiti can take its place among the members of the Bank in May 2003.

Follow-up discussions continued with Suriname, and various options are being examined to determine how best can that country be assisted in finally completing its already advanced membership process.

Board of Governors

The Thirty-Second Annual Meeting of the Board of Governors was held in George Town, Grand Cayman, Cayman Islands, on May 15 and 16, 2002. The Meeting was hosted by the Government of the Cayman Islands.

In his Annual Statement to the Board of Governors, President Bourne, spoke on the theme **"Building Enterprise Capacity in the Caribbean".** He expressed the view that Caribbean enterprises are at a serious disadvantage in globalised marketplaces, and that this situation can only be overcome by a concerted effort to create and sustain enterprise capacity. Dr. Bourne described enterprise capacity as "the ability (or capability) to produce and sell goods and services in a competitive environment".

Dr. Enrique Iglesias, President of IDB, also addressed the Meeting on the subject "Financing the Restructuring of Caribbean Economies in the Context of Globalisation".

The Governor for St. Kitts and Nevis was elected Chairman, and the Governors for Italy and Mexico were elected Vice-Chairmen for the period up to and including the next Annual Meeting.

The Board accepted an invitation from the Government of St. Kitts and Nevis to host the Thirty-Third Annual Meeting of the Board of Governors in 2003.

A list of resolutions adopted by the Board of Governors during 2002 is shown at Appendix X, and a list of Governors and Alternate Governors is shown at Appendix VII.

Board of Directors

The Board of Directors held five scheduled meetings during 2002, and also met twice as a budget committee to consider the budget options and the medium-term planning framework for the preparation of the administrative and capital budgets for the ensuing year. Twenty-nine project loans totalling $119.1 mn, including several loans for disaster mitigation, were approved during the year. In addition, the Board approved 1 equity investment of $3 mn and 54 TA grants totalling $6.8 mn. The Board also approved a $124 mn Economic Reconstruction Programme for the Region, a 3-year Country Strategy Programme for Guyana of $85 mn, a contribution from CIDA of $24 mn to CDB's highly-regarded BNTF Programme which focuses on poverty reduction, a borrowing of $20 mn from IDB for global credit for the less developed BMCs, the establishment of a Chinese Technical Cooperation Fund in CDB, and a Private Sector Development Strategy for the Bank.

In addition, the Board approved CDB's "Work Programme and Administrative and Capital Budgets for 2003". Directors devoted considerable attention to efforts at reorganising the Bank and reforming its policies, procedures and processes. Approval was given to conduct Bank-wide process studies aimed at improving efficiency. Other initiatives approved included the establishment of a system of results-based management and a Change Management Programme (CMP) to oversee the implementation of the recommendations of the previously completed Operations Audit.

Representatives of the Board and staff were appointed to the CMP Task Force, to monitor and support the CMP.

A seminar on corporate governance was organised to sensitise Board members to current issues in this area, coming against a background of corporate scandals in the US. The seminar was facilitated by the accounting firm PriceWaterhouseCoopers.

A list of Directors and Alternate Directors is shown at Appendix VIII.

Interest Rate

Twice a year, CDB reviews the interest rate charged on loans from its OCR. These reviews are conducted in May for implementation from July 1, and in October for implementation from January 1 of the following year. In May 2002, the Board of Directors agreed that for the six-month period beginning July 1, 2002, the rate would remain the same as for the previous six-month period. The rate was 5.75% for loans approved after April 1, 1984, to the public sector and to private sector financial intermediaries, and after April 1, 1984—but before March 15, 1991—directly to the private sector. The rate was 7.75% for all loans approved directly to the private sector after March 15, 1991.

In October, the Board accepted a recommendation that for the six-month period beginning January 2003, that the corresponding rates be reduced to 5.5% and 7.5%, respectively.

Change Management Programme

During 2002, a team of Change Management Experts engaged by CDB began the task of developing a Change Management Programme (CMP) for the Bank. The CMP will encompass implementation of approved recommendations from the Operations Audit which was completed in 2000, subsidiary process studies, streamlining and efficiency plans and the Bank's Strategic Plan 2000-2004. The consultants have been working collaboratively with a Project Steering Committee, a Change Management Task Force involving representatives from the Board of Directors and Staff, and a Change Management Team consisting of Staff members nominated by their peers. Activities undertaken to date have involved all Staff and their input and feedback have been actively encouraged. Facilities have been established on the intranet to keep Staff informed of decisions taken and planned activities in the change project, which moves into its implementation phase in 2003.

Audit and Post-Evaluation Committee

The Audit and Post-Evaluation Committee consists of four members of the Board of Directors who were appointed by the Board for the following two-year terms:

2001/2003

(a) the representative from the more developed BMCs - the Director for Trinidad and Tobago; and

(b) the representative from the regional non-borrowing Members - the Director for Colombia

2002/2004

(a) the representative from the non-regional, non-borrowing Members - the Director for Italy; and

(b) the representative from the lesser developed BMCs - the Director for Dominica and St. Lucia.

The main function of this advisory committee is to assist in determining the efficiency and adequacy of financial and lending practices and procedures, thereby enhancing the credibility and objectivity of financial, audit and post-implementation evaluation reports, as well as the capacity for the Bank to learn from its own experiences.

During the two meetings which were held in 2002, the Committee reviewed the 2001 Audited Financial Statements and the proposed timetable and work plan for the 2002 audit which were presented by the external auditors, PriceWaterhouseCoopers, as well as reports prepared by the Internal Audit and Post-Implementation Evaluation Units.

Depositories

Article 37 of the Agreement establishing CDB provides that each member shall designate its Central Bank, or such other institution as may be agreed with CDB, as depository with which CDB may keep any of its holdings of currency of that member, as well as other assets of CDB. A list of Depositories and their addresses is shown at Appendix VI.

Channels of Communication

The list of official entities with which CDB may communicate in connection with any matter arising under the Agreement is shown at Appendix VI.

Information and Technology Management Services

During 2002, the Information and Technology Management Services Division (I&TMSD) continued its implementation of the Information and Communication Technology Strategy (ICTS) in support of CDB's corporate objectives. With regard to the eight critical technologies of Communications, i.e. internet, intranet, extranet, e-commerce, location transparency, data warehousing, and knowledge management, which were identified for implementation in the Strategic Plan, work progressed satisfactorily and in, some areas, significant progress has been made.

Targeted at strengthening CDB's institutional capability and efficiency and improving the Bank's responsiveness, the following were the major achievements for the year 2002.

Application Development and Implementation

The budget management process was significantly improved with implementation of the Budgets and Funds Control financial applications which have enhanced management capability through the provision of online, timely and up-to-date information on budgeting and expense analysis.

Within the Portfolio Performance and Management System (PPMS), the harmonized project performance evaluation system was implemented and used to analyse the loans/ projects portfolio, and to support users in the monitoring and supervising of the project cycle, as well as in the early identification of projects at risk. Other management and project supervision reports were also generated by the programme.

Work began on the Business Requirements for a Cash Flow Projection System and it is expected to be developed in 2003 to provide more effective cash management and reporting.

Enhancements and modifications which will significantly improve the functionalities and reporting capabilities of the Loans, Grants, Contributions, Borrowings, and Subscriptions modules of the Bank's Financial Information Management System (FIMS) application were identified during the last quarter of the year.

These were subjected to development and user-acceptance testing and are scheduled to be fully implemented by the end of March 2003, to provide greater efficiencies in the processing and administration of loan receipts, payments, disbursements, contributions, borrowings, and grants as well as in the sharing and reporting of financial information within CDB and between CDB and its BMCs.

Improved Telecommunications Infrastructure

The effective use of ICTs has been identified as a means of improving responsiveness to BMCs. To this end, the Bank continues to leverage appropriate up-to-date technology innovations so as to impove communication with, and dissemination of information to all stakeholders. Additionally, voice-over internet protocol and satellite communication technologies were explored with a view to providing dependable communications at reduced costs.

Intranet

The CDB Intranet was launched and all of the functionality planned for the first phase, including a leave application module, was implemented. Two departmental web pages were developed and the web page of the Caribank Co-operative Credit Union was launched. The other online functionalities such as staff movements schedule, manuals and bulletin boards were implemented and have been very well received. The Change Management communication strategy is now being supported through the Intranet, and the Resource Reservation Management functionality will be launched during 2003.

Data Warehousing and Corporate Reporting

The Bank's data warehousing strategy continued, with the addition of SmartStream financial data and PPMS project management data to the Corporate repository. The expense analysis reports introduced to management during the year are actually part of the corporate reporting exercise and by year-end, a web-based delivery of the existing reports from the Corporate Repository was completed. The framework now exists to add more reports to the current portfolio as they are defined by Bank Management, Staff and various consultancies being carried out within the Bank. The end result will be a large library of reports and executive information that can be used to improve the Bank's functioning and responsiveness.

System Interfaces

Significant progress has been made in completing and automating six application interfaces. In addition, a bi-directional spread-sheet interface to FAME was developed and implemented. The implementation of these interfaces was in response to a number of recommendations from the Operations Audit and has greatly supported the corporate reporting facility which so far has been implemented to provide access to expense analysis and other budget reports, country economic and statistical data, and other financial and project data. A web-factory facility has been implemented to enhance FAME and to allow users to access economic and statistical data for analysis and reporting.

Data and System Security

Technologies have been leveraged and continuously upgraded to minimise the Bank's vulnerability to internet and virus security risks. These anti-virus and internet security management practices and monitoring systems proved effective in protecting the Bank's systems in a year when virus and other internet-based undesirable activity was at an unprecedented high level.

Training

User training was conducted at different levels of staff for the financial, intranet and extranet applications implemented and user manuals developed and published. One-on-one orientation training was conducted for seven new staff members. The skills base of some technical staff was enhanced through training in database, system administration and internet technologies.

Knowledge Management

Data consolidation and warehousing undertaken constitute some foundation building for knowledge management and the harnessing of intellectual assets for continuous business improvement and the capturing of lessons to be learnt. A draft 'Knowledge Management Strategy' has been prepared and is intended to guide the implementation of knowledge management within CDB.

Access to corporate records has been improved through the provision of an enhanced indexing structure. The populating of the ARMS database continues to progress satisfactorily.

Improving Responsiveness to BMCs - Extranet

The electronic distribution of Board documents system was completed, fully implemented and in use for all Board Meetings in 2002, facilitating early and cost-effective dissemination of Board papers.

The construction and implementation phase of the BNTF extranet project will commence in the first quarter of 2003. The project—when completed in approximately 18 months—will allow CDB to gather information on the management of BNTF projects in the nine beneficiary countries. The information will be gathered locally in each country by the BNTF management software, which will include a feature allowing the information gathered to be sent to CDB in a secure manner via the internet. This information will be consolidated in the BNTF multicountry database at CDB for management and reporting purposes. Each BNTF office has had an input to the development of the software and during the implementation period, each office will receive training on the use of the software.

The objective of this development is to improve project monitoring and management capacity while at the same time providing additional information related to the impact of the project on key performance indicators within each BNTF country.

Human Resources Management

Staff

The following table represents the total CDB staff positions as at December 31, 2002. Of those staff provided to CDB under TA, two were financed by the UK and USAID.

During 2002, the main focus of the Human Resources Unit (HRU) was on support for

Staff						
	Established Positions	Budgeted Staff in Place	OCR Consultants	Provided to CDB	Provided by CDB to Member Countries	Total in Place
MPS	99	86	10	4	2	102
SS	98	97	0	0	0	97
Total	**197**	**183**	**10**	**4**	**2**	**199**

CDB's programme for internal reform which began with the Operations Audit in 2002. These reforms are deemed necessary for the successful achievement of the objectives in the Strategic Plan 2002-2004. A number of subsidiary consultancies assisted in carrying forward this work and HRU has been heavily engaged in the process of selecting and engaging firms of consultants and coordination of the various consultancies. A broad Change Management programme got underway in May, with its main objective being to provide Change Management expertise to CDB's Management in implementing the recommendations of the Operations Audit and subsidiary studies. It also supports transition of the organisation by fostering new behaviours necessary for sustained change and achievement of the strategic objectives.

In August, work began under another consultancy to develop a new integrated Performance Management System comprising a bank-wide results-based management system and, at the individual level, a Continuous Performance Improvement (CPI) System. The CPI system aims to ensure the achievement of CDB's strategic objectives through the continuous development of key staff competencies and the achievement of individual performance objectives and performance standards.

Strong emphasis is placed on self development in order to keep skills at the cutting edge and ensure adaptability to the changing needs of the Bank's clients. The individual performance process will be implemented in the first quarter of 2003 with results-based management being introduced later in the year.

On-site training was delivered to Staff in institutional and organisational assessment, social impact assessment and in the use of the contracts developed by the International Federation of Consulting Engineers (FIDIC) in supervision of construction projects. Staff also participated in a programme run by the Institution of Occupational Safety and Health as part of the information-gathering phase for the development of an in-house policy on occupational safety and health.

Individual Staff members benefitted from training overseas in international financial law, investment portfolio management, safety management and investment appraisal and risk analysis.

Process Study

In November, consultants began a review of the business processes and organisation structure of the Legal Department, Human Resources and Administration Division and the Bank Secretariat to identify ways in which these could be improved to promote greater efficiency, effectiveness and enhance the quality of service provided by these areas to their customers. The final report is to be presented in 2003.

Re-organisation of Projects Department

Work in preparation for the re-organisation of Projects Department with effect from January 2003 was conducted during 2002 by Staff, with some assistance from the Human Resource Department of the World Bank. The re-organisation seeks to improve client responsiveness, productivity and internal efficiency by restructuring the long process lines.

A key feature of the re-organisation is the absence of a formal unit structure which it is expected will allow for more rapid decision-making and improved utilisation of the department's human resources by building-in greater flexibility in the deployment of these resources. The "new" Projects Department will have two divisions: Project Financing, and

Project Supervision, as well as a Private Sector Development Unit reporting directly to the Director of the Department.

In 2002, CDB maintained a significant level of recruitment, leading to the filling of 20 Staff and consultant positions.

Awards

The annual Long Service and Distinguished Performance Awards dinner was held in October to acknowledge the contribution of long-serving members of staff and those whose performance in 2001 had earned them the President's Distinguished Performer Award. On this occasion, the Bank honoured 7 persons with 25 years' service, 4 with 20 years' service, 6 with 15 years' service, 8 with 10 years' service and 3 Distinguished Performers.

Information

A considerable proportion of the information programme for the year under review was internally focused, as the Information Officer worked with consultants overseeing the CMP, to develop a Communications Strategy and a Plan, to keep staff up to date on planned activities directly related to the change programme as well as to inform them of the results of those activities.

The President held his annual news conference in the first quarter to inform the local and regional media of the performance of the Bank, as well as that of its BMCs, during the preceding year. The Bank's corporate profile was updated in a number of international directories, thus advertising it to the wider international business community. CDB also participated in international publications such as the Institutional Investor, which carried an interview with the President.

In preparation for the Annual Meeting, which was held in the Cayman Islands, media kits on various aspects of the Bank were distributed to the media. The Opening Ceremony was carried live on commercial television, while there was also coverage by the print and electronic media in the Cayman Islands. In addition, arrangements were made for the daily dissemination of radio and television reports on the proceedings to participating media houses in the Region. A full-length television programme was later produced and broadcast on television in Barbados.

The Annual Report was distributed initially at the Annual Meeting, and subsequently to persons and institutions on the Bank's mailing list. A CD-ROM version of the report was also produced.

News releases and the CDB News were disseminated to inform the public about decisions taken by the Board of Governors and the Board of Directors, as well as other significant developments and events at the Bank. Three issues of the CDB News were published during the year.

Well-trained staff and a weekly incentive scheme served to keep productivity high at the Blue Skye Communications Call Centre at the Otley Hall Marina and Shipyard, Kingstown, St. Vincent and the Grenadines. It began operations in late 2002 with CDB funding through the local Development Bank.

APPENDICES

I-A Gross Loan Approvals by Country and by Fund Resources - 2002
I-B Gross Equity Approvals by Country and by Fund Resources - 2002
I-C Gross Grant Approvals by Country and by Fund Resources - 2002
I-D Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Fund - 2002
I-E Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund - 2002
I-F Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Sector - 2002
I-G Distribution of Loans Approved (Net) by Country and by Fund - 2002
I-H Distribution of Loans Approved (Net) by Sector and by Fund - 2002
I-I Gross Loan Approvals by Country, Financing, CDB Cost Component and Channel - 2002
I-J Gross Loan Approvals by Project and Loan Equivalent - 2002
I-K Cancellations of Loans and Grants and Adjustments - 2002
I-L Disbursements of Loans, Contingent Loans, Equity and Grants by Country and by Fund - 2002
II-A Summary of Total Financing Approved (Net) Loans, Contingent Loans, Equity and Grants (1970-2002)
II-B Summary of Total Financing Approved (Net) by Sector, Loans, Contingent Loans, Equity and Grants - 1970-2002
II-C Summary of Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund (1970-2002)
II-D Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Fund (1970-2002)
II-E Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund (1970-2002)
II-F Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Sector (1970-2002)
II-G Approvals of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Year (1970-2002)
II-H Summary of Loans, Contingent Loans, Equity and Grants Approved by Fund (1970-2002)
II-I Distribution of Loans Approved (Net) by Country and by Fund (1970-2002)
II-J Distribution of Loans Approved (Net) by Sector and by Fund (1970-2002)
II-K Distribution of Loans Approved (Net) by Country and by Sector (1970-2002)
II-L Gross Loan Approvals by Country, Financing, CDB Cost Component and Channel (1970-2002)
II-M Disbursements of Loans, Contingent Loans, Equity, Secondary Mortgages and Grants by Country and by Fund (1970-2002)
II-N Summary of Loans Approved by Fund (1970-2002)
II-O Contingent Loans Approved (Net):
(1) by Country and by Fund (1970-2002)
(2) by Fund and by Year (1970-2002)
(3) by Sector and by Fund (1970-2002)
(4) by Country and by Year (1970-2002)
II-P Equity Approved (Net) by Country (1970-2002)
II-Q Grants Approved (Net):
(1) by Country and by Fund (1970-2002)
(2) by Fund and by Year (1970-2002)
(3) by Sector and by Fund (1970-2002)
(4) by Country and by Year (1970-2002)
II-R (1) Capital Loans Withdrawn/Not Taken Up or Transferred During Each Year (1970-2002)
(2) Contingent Loans Withdrawn/Not Taken Up or Transferred During Each Year (1970-2002)
(3) Grants Withdrawn/Not Taken up During Each Year (1970-2002)
III Administrative Budget for the Year Ending December 31, 2002
IV Financial Statements and Reports of Independent Accountants for 2002
IV-A Ordinary Capital Resources
(1) Report of the Independent Accountants on Ordinary Capital Resources
(2) Balance Sheet
(3) Statement of Changes in Equity
(4) Statement of Income
(5) Statement of Cash Flows
(6) Summary Statement of Investments
(7) Summary Statement of Loans
(8) Statement of Subscriptions to Capital Stock and Voting Power
(9) Summary Statement of Borrowings

APPENDIX I–A

Gross Loan Approvals by Country and by Fund Resources – 2002
($'000)

		OCR		Special Funds Resources			
	Borrower	**E & M**	**Total**	**Unified SDF**	**Other SDF VEN**	**Total**	**Grand Total**
Antigua and Barbuda							
Airport and Seaport Security Enhancement	Government	3300	3,300	-	-	-	3,300
Basic Education (Add. Loan)	Government	825	825	-	565	565	1,390
Sub-Total		**4,125**	**4,125**	**-**	**565**	**565**	**4,690**
Barbados							
Industrial Credit	Central Bank	15,000	15,000	-	-	-	15,000
Sub-Total		**15,000**	**15,000**	**-**	**-**	**-**	**15,000**
Belize							
Technical and Vocational Education (Add. Loan)	Government	1,580	1,580	-	1,410	1,410	2,990
Orange Walk By-Pass Road (Add. Loan)	Government	1,994	1,994	-	-	-	1,994
Disaster Management (Add. Loan)	Government	353	353	-	402	402	755
Sub-Total		**3,927**	**3,927**	**-**	**1,812**	**1,812**	**5,739**
Dominica							
Student Loan - 7th Loan	DAIDB	5,000	5,000	2,000	-	2,000	7,000
Natural Disaster Management, Rehabilitation following Hurricane Lenny (Add. Loan)	Government	230	230	-	600	600	830
Rehabilitation of Hurricane Damage (Add. Loan) - 3rd	Government	-	-	-	1,550	1,550	1,550
Sub-Total		**5,230**	**5,230**	**2,000**	**2,150**	**4,150**	**9,380**
Grenada							
Student Loan Scheme - 6th Loan	GDB	3,000	3,000	500	-	500	3,500
Institutional Strengthening for the Development Bank	Development Bank	-	-	48	-	48	48
Bridge and Road Improvement Project (Add. Loan)	Government	2,481	2,481	-	168	168	2,649
Natural Disaster Management, Immediate Response	Government	-	-	500	-	500	500
Sub-Total		**5,481**	**5,481**	**1,048**	**168**	**1,216**	**6,697**

Gross Loan Approvals by Country and by Fund Resources – 2002
($'000)

	Borrower	OCR		Special Funds Resources			
		E & M	Total	Unified SDF	Other SDF VEN	Total	Grand Total
Jamaica							
Irrigation Development Project	Government	7,283	7,283	831	-	831	8,114
Emergency Works and Rehabilitation of Flood Damage	Government	20,000	20,000	3,000	2,000	5,000	25,000
Natural Disaster Management, Immediate Response	Government	-	-	500	-	500	500
Emergency Works and Rehabilitation of Flood	Government						
Damage (Add. Loan)	Government	5,000	5,000	5,000	-	5,000	10,000
Natural Disaster Management, Immediate Response	Government	-	-	500	-	500	500
Sub-Total		**32,283**	**32,283**	**9,831**	**2,000**	**11,831**	**44,114**
St. Kitts and Nevis							
Power Project - Nevis (Add. Loan)	Government	1,617	1,617	-	-	-	1,617
Basic Education Project	Government	1,500	1,500	-	1,500	1,500	3,000
Sub-Total		**3,117**	**3,117**	**-**	**-**	**1,500**	**4,617**
St. Lucia							
Improvement to Drainage Systems - TA	Government	-	-	234	-	234	234
Natural Disaster Management - Rehabilitation, Landslide (Add. Loan)	Government	103	103	-	466	466	569
Water Supply - 5th Loan (Add. Loan)	Government	-	-	-	730	730	730
Roads Development Programme (Add. Loan)	Government	2,838	2,838	-	-	-	2,838
Banana Recovery Programme	Government	1,300	1,300	3,200	-	3,200	4,500
Tourism Marketing Development Project	Government	3,360	3,360	-	-	-	3,360
Natural Disaster Management, Immediate Response	Government	-	-	500	-	500	500
Sub-Total		**7,601**	**7,601**	**3,934**	**1,196**	**5,130**	**12,731**

Gross Loan Approvals by Country and by Fund Resources – 2002
($'000)

		OCR		Special Funds Resources			
	Borrower	**E & M**	**Total**	**Unified SDF**	**Other SDF VEN**	**Total**	**Grand Total**
St. Vincent and the Grenadines							
Student Loan Scheme	Government/NCB	2,000	2,000	1,500	-	1,500	3,500
Grenadines MultiProject - 3rd Loan (Add. Loan)	Government	-	-	-	557	557	557
Third Road, Windward Highway Reconstruction	Government	10,581	10,581	-	-	-	10,581
Natural Disaster Management, Immediate Response	Government	-	-	500	-	500	500
Sub-Total		**12,581**	**12,581**	**2,000**	**557**	**2,557**	**15,138**
Trinidad and Tobago							
Development of a Master Plan for the College of Science, Technology and Applied Arts - TA	Government	-	-	1,000	-	1,000	1,000
Sub-Total		**-**	**-**	**1,000**	**-**	**1,000**	**1,000**
Grand Total		**89,345**	**89,345**	**19,813**	**9,948**	**29,761**	**119,106**
Average Interest Rate (% per annum)		**5.90**	**5.90**	**2.63**	**2.51**	**2.60**	**5.06**
Distribution by Country Groups							
Group 1		15,000	15,000	1,000	-	1,000	**16,000**
Group 2		4,125	4,125	-	565	565	**4,690**
Group 3		70,220	70,220	18,813	9,383	28,196	**98,416**
Group 4		-	-	-	-	-	-

APPENDIX I–B

Gross Equity Approval by Country and by Fund Resources - 2002
($'000)

Country/Purpose	OSF Private Sector Fund
Regional	
Caribbean Equity Investment Fund	3,000
Total	**3,000**

APPENDIX I–C

Gross Grant Approvals by Country and by Fund Resources - 2002
($'000)

Country/Purpose	SDFU	Venezuela	UK	CTCF	Total
Anguilla					
Caribbean Technological Consultancy Services	24	-	-	-	24
Sub-Total	**24**	**-**	**-**	**-**	**24**
Antigua and Barbuda					
Estimation of the Impact of, and Administrative Requirement for, the Introduction of Transactions-Based Tax	182	-	-	-	182
Caribbean Technological Consultancy Services	6	-	-	-	6
Sub-Total	**188**	**-**	**-**	**-**	**188**
Bahamas, The					
Caribbean Technology Consultancy Services	33	-	-	-	33
Sub-Total	**33**	**-**	**-**	**-**	**33**
Barbados					
Caribbean Technological Consultancy Services	21	-	-	-	21
Sub-Total	**21**	**-**	**-**	**-**	**21**
Belize					
Project Management Services for Health Sector Reform Project	0	-	-	98	98
Sub-Total	**-**	**-**	**-**	**98**	**98**
Dominica					
Revenue System Reform	114	-	-	-	114
Caribbean Technological Consultancy Services	28	-	-	-	28
Sub-Total	**142**	**-**	**-**	**-**	**142**
Grenada					
Feasibility Study for Establishing Craft Markets	-	-	-	100	100
Natural Disaster Management, Consultancy Services - Tropical Storm Lili	20	-	-	-	20
Caribbean Technological Consultancy Services	30	-	-	-	30
Sub-Total	**50**	**-**	**-**	**100**	**150**
Guyana					
Institutional Strengthening of Revenue Authority	300	-	-	-	300
Tourism Market Survey and Action Plan	104	-	-	-	104
Caribbean Technological Consultancy Services	13	-	-	-	13
Sub-Total	**417**	**-**	**-**	**-**	**417**
Jamaica					
Supplementary Supervision and Comprehensive Interim Review of the Irrigation Development Project	120	-	-	-	120
Study of Potentially Hazardous Substances in Jamaican Soil	150	-	-	-	150

Gross Grant Approvals by Country and by Fund Resources - 2002
($'000)

Country/Purpose	SDFU	Venezuela	UK	CTCF	Total
Jamaica (cont'd)					
Consultancy Services for Damage Assessment of Severe Flooding	50	-	-	-	50
Natural Disaster Emergency Relief from Severe Floods, CDERA	40	-	-	-	40
Review of Electricity Legislation and Generation of Market Study	240	-	-	-	240
Immediate Response, Natural Disaster Management, Flooding	20	-	-	-	20
Disaster Relief and Damage Assessment, Extensive Flooding	100	-	-	-	100
Study of Informal Sector	148	-	-	-	148
Design and Execution of Technology Commercialisation Workshops	-	-	-	75	75
Natural Disaster Management, Emergency Relief	50	-	-	-	50
Natural Disaster Management, Consultancy Services - Tropical Storm Lili	20	-	-	-	20
Caribbean Technological Consultancy Services	79	-	-	-	79
Sub-Total	**1,017**	**-**	**-**	**75**	**1,092**
Montserrat					
Caribbean Technological Consultancy Services	10	-	-	-	10
Sub-Total	**10**	**-**	**-**	**-**	**10**
St. Kitts and Nevis					
CDB/FAO Preparation of Agricultural Development Project	149	-	-	-	149
Caribbean Technological Consultancy Services	62	-	-	-	62
Sub-Total	**211**	**-**	**-**	**-**	**211**
St. Lucia					
Banana Recovery, Public Relations Consultant	80	-	-	-	80
Natural Disaster Management, Consultancy Services - Tropical Storm Lili	20	-	-	-	20
Caribbean Technological Consultancy Services	103	-	-	-	103
Sub-Total	**203**	**-**	**-**	**-**	**203**
St. Vincent and the Grenadines					
Institutional Strengthening of the Ministry of Finance and Planning	150	-	-	-	150
Natural Disaster Management, Consultancy Services - Tropical Storm Lili	20	-	-	-	20
Establishment of an Agricultural Development Fund	19	-	-	-	19
Caribbean Technological Consultancy Services	70	-	-	-	70
Sub-Total	**259**	**-**	**-**	**-**	**259**

APPENDIX I–C (cont'd)

Gross Grant Approvals by Country and by Fund Resources - 2002
($'000)

Country/Purpose	SDFU	Venezuela	UK	CTCF	Total
Trinidad and Tobago					
Caribbean Technological Consultancy Services	26	-	-	-	26
Sub-Total	**26**	**-**	**-**	**-**	**26**
Regional					
Commodity Development, Regional Transformation Programme for Agriculture	250	-	-	-	250
Review of Regional Health Institutions	300	-	-	-	300
Private Sector Summit 2002, "Competitive Private Sector Development: An Imperative for the Future"	97	-	-	-	97
CARICOM Single Market and Economy - Assessment of Region's Support Needs	81	-	-	-	81
Forward Together Civil Society Conference	52	-	-	-	52
Association of Caribbean States Language Training, Pilot for OECS Countries	128	-	-	-	128
Development of a Plan for Promoting the Financial Independence and Sustainability of the Caribbean Court of Justice	17	-	-	-	17
Economic Reconstruction Programme, Preparation Assistance	150	-	-	-	150
Publication of CARICOM Reader	45	-	-	-	45
Research Project on Gender Differentials in Enrolment and Performance in Caribbean Educational Systems	212	-	-	-	212
URI Research Projects, 2001 -2002	97	-	-	-	97
Pension Reform in the English-Speaking Eastern Caribbean	147	-	-	-	147
Agricultural Scholarships Tenable at Simon Bolivar United World College of Agriculture Phase 2	-	1361	-	-	1,361
Establishment of a Services Trade Unit in the Caribbean Regional Negotiating Machinery	300	-	300	-	600
Institutional Strengthening of OECS Environmental Management	122	-	-	-	122
Review of CDB's System of Management by Objectives	-	-	-	100	100
Consultancy to Prepare Report on the Architecture and Financing of the Caribbean Regional Research Funding Agency	-	-	-	27	27
Development of an Electronic Database on HIV/AIDS	-	-	-	45	45
Sub-Total	**1,998**	**1,361**	**300**	**172**	**3,831**
Grand Total	**4,099**	**1,361**	**300**	**445**	**6,750**
Group 1	80	-	-	-	80
Group 2	212	-	-	-	212
Group 3	1,892	-	-	273	2,165
Group 4	417	-	-	-	417
Regional	1,998	1,361	300	172	3,831

APPENDIX I–D

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Fund - 2002 ($'000)

Country	Ordinary Capital Resources	Special Develop-ment Fund	Other Special Funds	Total	Percentage of Total
Anguilla	-	(81)	-	(81)	(0.1)
Antigua and Barbuda	4,125	753	-	4,878	4.2
Bahamas, The	-	33	-	33	0.0
Barbados	14,908	21	-	14,929	13.0
Belize	3,927	1,770	98	5,795	5.0
Dominica	5,230	4,279	(87)	9,422	8.2
Grenada	5,481	1,260	19	6,760	5.9
Guyana	-	417	-	417	0.4
Jamaica	32,283	12,847	75	45,205	39.3
Montserrat	-	10	-	10	0.0
St. Kitts and Nevis	3,117	1,565	-	4,682	4.1
St. Lucia	5,199	3,666	(70)	8,795	7.6
St. Vincent and the Grenadines	12,416	2,798	(250)	14,964	13.0
Trinidad and Tobago	(7,920)	1,026	-	(6,894)	(6.0)
Regional :					
LDC Focus	-	250	(9)	241	0.2
LDC/MDC Focus	(23)	2,692	3,322	5,991	5.2
Total	**78,743**	**33,306**	**3,098**	**115,147**	
Percentage of Total	68.4	28.9	2.7		100.0
Distribution by Country Groups					
Group 1	6,988	1,080	-	8,068	7.0
Group 2	4,125	672	-	4,797	4.2
Group 3	67,653	28,195	(215)	95,633	83.1
Group 4	-	417	-	417	0.4
Regional	(23)	2,942	3,313	6,232	5.4

APPENDIX I–E

Distribution of Loans, Contingent Loans, Equity and Grants Approved Net by Sector and by Fund - 2002 ($'000)

Sector	Ordinary Capital Resources	Special Develop- ment Fund	Other Special Funds	Total
Total All Sectors	**78,743**	**33,306**	**3,098**	**115,147**
Agriculture, Forestry and Fishing	**8,583**	**4,608**	**-**	**13,191**
Crop Farming	1,300	3,423	-	4,723
Drainage and Irrigation	7,283	1,185	-	8,468
Manufacturing	**(1,955)**	**(1,326)**	**-**	**(3,281)**
Sugar	(22)	-	-	(22)
Industrial Estates	(1,933)	(1,326)	-	(3,259)
Tourism	**3,290**	**79**	**-**	**3,369**
Integrated Tourism Facilities	(70)	-	-	(70)
Tourism Supporting Services	3,360	79	-	3,439
Transportation, Communication and Sea Defence	**21,029**	**620**	**(9)**	**21,640**
Transport:				
Road Transport	17,729	725	-	18,454
Water Transport	830	-	-	830
Air Transport	2,470	(105)	-	2,365
Communication	-	-	(9)	(9)
Power, Energy and Water	**1,617**	**970**	**-**	**2,587**
Power and Energy:				
Electric Power	1,617	240	-	1,857
Water Supply	-	730	-	730
Social Services	**3,882**	**6,319**	**(100)**	**10,101**
Health	-	286	143	429
Education	3,882	6,033	(243)	9,672
Multi-Sector and Other	**25,686**	**18,307**	**3,394**	**47,387**
Disaster Rehabilitation	25,686	15,760	-	41,446
Structural Adjustment Programme	-	-	100	100
Other	-	2,547	3,294	5,841
Financing and Distribution	**16,611**	**3,729**	**(187)**	**20,153**
Agriculture	(3,960)	-	-	(3,960)
Industry and Tourism	11,040	-	-	11,040
Micro and Small-Scale Enterprises	-	-	(187)	(187)
Education	9,531	3,729	-	13,260

APPENDIX I–F

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net)
by Country and by Sector - 2002
($'000)

Country	Directly Productive Sectors				Economic Infrastructure and Other						Multi-Sector	Total
	Agriculture, Forestry and Fishing	Manufacturing	Tourism	Sub-Total	Power and Energy	Water	Transportation and Communication	Education (including Student loans)	Health and Sanitation	Sub-Total		
Anguilla	-	-	-	**-**	-	-	(105)	-	-	**(105)**	24	**(81)**
Antigua and Barbuda	-	-	-	**-**	-	-	3,300	1,390	-	**4,690**	188	**4,878**
Bahamas, The	-	-	-	-	-	-	-	-	-	-	33	**33**
Barbados	-	14,978	(70)	**14,908**	-	-	-	-	-	**-**	21	**14,929**
Belize	-	-	-	**-**	-	-	1,994	2,990	94	**5,078**	717	**5,795**
Cayman Islands	-	-	-	**-**	-	-	-	-	-	**-**	-	**-**
Dominica	-	-	-	**-**	-	-	-	6,913	-	**6,913**	2,509	**9,422**
Grenada	(6)	-	-	**(6)**	-	-	2,649	3,419	-	**6,068**	698	**6,760**
Guyana	-	-	104	**104**	-	-	-	-	-	**-**	313	**417**
Jamaica	8,234	-	-	**8,234**	240	-	-	74	-	**314**	36,657	**45,205**
Montserrat	-	-	-	**-**	-	-	-	-	-	**-**	10	**10**
St.Kitts and Nevis	149	-	(6)	**143**	1,617	-	-	2,998	-	**4,615**	(76)	**4,682**
St. Lucia	4,783	(3,290)	3,360	**4,853**	-	730	2,838	(740)	-	**2,828**	1,114	**8,795**
St.Vincent and the Grenadines	(62)	(63)	-	**(125)**	-	-	10,973	3,500	-	**14,473**	616	**14,964**
Trinidad and Tobago	(3,960)	(3,960)	-	**(7,920)**	-	-	-	1,000	-	**1,000**	-	**(6,894)**
Turks and Caicos Islands	-	-	-	**-**	-	-	-	-	-	**-**	-	**-**
Regional :												
LDC Focus	-	-	-	**-**	-	-	(9)	128	-	**119**	122	**241**
LDC/MDC Focus	-	-	(19)	**(19)**	-	-	-	1,260	335	**1,595**	4,415	**5,991**
Total	**9,138**	**7,665**	**3,369**	**20,172**	**1,857**	**730**	**21,640**	**22,932**	**429**	**47,588**	**47,387**	**115,147**
Distribution by Country Groups												
Group 1	(3,960)	11,018	(70)	6,988	-	-	-	1,000	-	1,000	80	8,068
Group 2	-	-	-	-	-	-	3,195	1,390	-	4,585	212	4,797
Group 3	13,098	(3,353)	3,354	13,099	1,857	730	18,454	19,154	94	40,289	42,245	95,633
Group 4	-	-	104	104	-	-	-	-	-	-	313	417
Regional	-	-	(19)	(19)	-	-	(9)	1,388	335	1,714	4,537	6,232

**Distribution of Loans Approved (Net)
by Country and by Fund - 2002
($'000)**

Country	Ordinary Capital Resources	Special Develop-ment Fund	Other Special Funds	Total	Percentage of Total
Anguilla	-	(105)	-	(105)	(0.1)
Antigua and Barbuda	4,125	565	-	4,690	4.4
Barbados	14,908	-	-	14,908	14.0
Belize	3,927	1,812	-	5,739	5.4
Dominica	5,230	4,150	(87)	9,293	8.7
Grenada	5,481	1,216	(81)	6,616	6.2
Jamaica	32,283	11,831	-	44,114	41.5
St. Kitts and Nevis	3,117	1,500	-	4,617	4.3
St. Lucia	5,199	3,533	(62)	8,670	8.2
St. Vincent and the Grenadines	12,416	2,557	(125)	14,848	14.0
Trinidad and Tobago	(7,920)	1,000	-	(6,920)	(6.5)
Regional	(23)	(128)	(50)	(201)	(0.2)
Total	**78,743**	**27,931**	**(405)**	**106,269**	
Percentage of Total	74.1	26.3	(0.4)		100.0
Distribution by Country Groups					
Group 1	6,988	1,000	-	7,988	7.5
Group 2	4,125	460	-	4,585	4.3
Group 3	67,653	26,599	(355)	93,897	88.4
Group 4	-	-	-	-	0.0
Regional	(23)	(128)	(50)	(201)	(0.2)

APPENDIX I–H

Distribution of Loans Approved (Net)
by Sector and by Fund - 2002
($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**78,743**	**27,931**	**(405)**	**106,269**
Agriculture, Forestry and Fishing	**8,583**	**4,265**	**-**	**12,848**
Crop Farming	1,300	3,200	-	4,500
Drainage and Irrigation	7,283	1,065	-	8,348
Manufacturing	**(1,955)**	**(1,326)**	**-**	**(3,281)**
Sugar	(22)	-	-	(22)
Industrial Estates	(1,933)	(1,326)	-	(3,259)
Tourism	**3,290**	**-**	**-**	**3,290**
Integrated Tourism Facilities	(70)	-	-	(70)
Tourism Supporting Services	3,360	-	-	3,360
Transportation, Communication and Sea Defence	**21,029**	**620**	**-**	**21,649**
Transport:				
Road Transport	17,729	725	-	18,454
Water Transport	830	-	-	830
Air Transport	2,470	(105)	-	2,365
Power, Energy and Water	**1,617**	**730**	**-**	**2,347**
Power and Energy:				
Electric Power	1,617	-	-	1,617
Water Supply	-	730	-	730
Social Services	**3,882**	**4,347**	**(218)**	**8,011**
Education	3,882	4,347	(218)	8,011
Multi-Sector and Other	**25,686**	**15,566**	**-**	**41,252**
Disaster Rehabilitation	25,686	15,518	-	41,204
Other	-	48	-	48
Financing and Distribution	**16,611**	**3,729**	**(187)**	**20,153**
Agriculture	(3,960)	-	-	(3,960)
Industry and Tourism	11,040	-	-	11,040
Micro and Small-Scale Enterprises	-	-	(187)	(187)
Education	9,531	3,729	-	13,260

Gross Loan Approvals by Country, Financing
CDB Cost Component and Channel - 2002
($'000)

Country	No. of Loan Projects	Estimated Project Cost	Financing			CDB Cost Component		Channel		
			CDB	Local	Other Foreign	Local	Foreign	Public	Private Direct	Private Indirect
Antigua and Barbuda	2 a/	5,333	4,690	643	-	1,641	3,049	4,690	-	-
Barbados	1	36,133	15,000	14,138	6,995	7,000	8,000	-	-	15,000
Belize	3 b/	5,739	5,739	-	-	2,933	2,806	5,739	-	-
Dominica	3 b/	17,878	9,380	8,498	-	1,530	7,850	2,380	-	7,000
Grenada	4 c/	6,990	6,697	293	-	1,949	4,748	3,197	-	3,500
Jamaica	5 d/	52,241	44,114	8,107	20	29,104	15,010	44,114	-	-
St. Kitts and Nevis	2 a/	6,934	4,617	2,317	-	1,617	3,000	4,617	-	-
St. Lucia	7 e/	20,076	12,731	7,267	78	5,814	6,917	12,731	-	-
St. Vincent and the Grenadines	4 a/	23,137	15,138	3,179	4,820	5,500	9,638	11,638	-	3,500
Trinidad and Tobago	1 b/	1,305	1,000	-	-	-	1,000	1,000	-	-
Total	32	**175,766**	**119,106**	**44,747**	**11,913**	**57,088**	**62,018**	**90,106**	**-**	**29,000**
Group 1	2	37,438	16,000	14,443	6,995	7,000	9,000	1,000	-	15,000
Group 2	2	5,333	4,690	643	-	1,641	3,049	4,690	-	-
Group 3	28	132,995	98,416	29,661	4,918	48,447	49,969	84,416	-	14,000

a/ Includes one additional loan.
b/ Additional loan/s.
c/ Includes one additional loan and one technical assistance loan.
d/ Includes two additional loans.
e/ Includes three additional loans and one technical assistance loan.

APPENDIX I–J

Gross Loan Approvals by Project and Loan Equivalent – 2002
($'000)

Project Name	Country	OCR		SDF Unified		SDF Venezuela		Total
		Amount	Loan Equivalent	Amount	Loan Equivalent	Amount	Loan Equivalent	
1. Airport and Seaport Security Enhancement	Antigua and Barbuda	3,300	1.00	-	-	-	-	3,300
2. Basic Education (Add. Loan)	Antigua and Barbuda	825	0.59	-	-	565	0.41	1,390
3. Industrial Credit	Barbados	15,000	1.00	-	-	-	-	15,000
4. Technical and Vocational Education (Add. Loan)	Belize	1,580	0.53	-	-	1,410	0.47	2,990
5. Orange Walk By-Pass Road (Add. Loan)	Belize	1,994	1.00	-	-	-	-	1,994
6. Disaster Management (Add. Loan)	Belize	353	0.47	-	-	402	0.53	755
7. Student Loan Scheme - 7th Loan	Dominica	5,000	0.71	2,000	0.29	-	-	7,000
8. Natural Disaster Management, Rehabilitation (Add. Loan)	Dominica	230	0.28	-	-	600	0.72	830
9. Rehabilitation of Hurricane Damage (Add. Loan)	Dominica	-	-	-	-	1,550	1.00	1,550
10. Student Loan Scheme - 6th Loan	Grenada	3,000	0.86	500	0.14	-	-	3,500
11. Institutional Strengthening of the Development Bank	Grenada	-	-	48	1.00	-	-	48
12. Bridge and Road Improvement (Add. Loan)	Grenada	2,481	0.94	-	-	168	0.06	2,649
13. Natural Disaster Management, Rehabilitation (Add. Loan)	Grenada	-	-	500	1.00	-	-	500
14. Irrigation Development	Jamaica	7,283	0.90	831	0.10	-	-	8,114
15. Emergency Works and Rehabilitation of Flood Damage	Jamaica	20,000	0.80	3,000	0.12	2,000	0.08	25,000
16. Natural Disaster Management, Immediate Response	Jamaica	-	-	500	1.00	-	-	500
17. Energency Works and Rehabilitation of Flood Damage (Add. Loan)	Jamaica	5,000	0.50	5,000	0.50	-	-	10,000
18. Natural Disaster Management, Immediate Response	Jamaica	-	-	500	1.00	-	-	500
19. Nevis Power Project (Add. Loan)	St. Kitts and Nevis	1,617	1.00	-	-	-	-	1,617
20. Basic Education (Add. Loan)	St. Kitts and Nevis	1,500	0.50	-	-	1,500	0.50	3,000
21. Improvement of Drainage Systems - TA	St. Lucia	-	-	234	1.00	-	-	234
22. Natural Disaster Management/Rehabilitation (Add. Loan)	St. Lucia	103	0.18	-	-	466	0.82	569
23. Water Supply - 5th Loan (Add. Loan)	St. Lucia	-	-	-	-	730	1.00	730
24. Roads Development Programme (Add. Loan)	St. Lucia	2,838	1.00	-	-	-	-	2,838
25. Banana Recovery Programme	St. Lucia	1,300	0.29	3,200	0.71	-	-	4,500
26. Tourism Marketing Development Programme	St. Lucia	3,360	1.00	-	-	-	-	3,360
27. Natural Disaster Management, Immediate Response	St. Lucia	-	-	500	1.00	-	-	500

Gross Loan Approvals by Project and Loan Equivalent – 2002
($'000)

Project Name	Country	OCR		SDF Unified		SDF Venezuela		Total
		Amount	Loan Equivalent	Amount	Loan Equivalent	Amount	Loan Equivalent	
28. Student Loan Scheme - 6th Loan	St. Vincent and the Grenadines	2,000	0.57	1,500	0.43	-	-	3,500
29 Multi-Project - 3rd Loan (Add. Loan)		-	-	-	-	557	1.00	557
30. Third Road, Windward Highway Reconstruction	" " "	10,581	1.00	-	-	-	-	10,581
31. Natural Disaster Management, Immediate Response	" " "	-	-	500	1.00	-	-	500
32. Development of a Master Plan for the College of Science,Technology and Applied Arts - TA	Trinidad and Tobago	-	-	1,000	1.00	-	-	1,000
Total		**89,345**	**15.11**	**19,813**	**10.29**	**9,948**	**6.60**	**119,106**
Distribution by Country Groups								
Group 1		15,000	2.06	-	-	967	0.94	17,145
Group 2		4,125	1.00	-	-	-	-	3,300
Group 3		70,220	12.05	19,813	10.29	8,981	5.66	98,661
Proportion of Lending by Fund Resources								
(a) Group 1		0.17		-		0.10		0.14
(b) Group 2		0.05		-		-		0.03
(c) Group 3		0.79		1.00		0.90		0.83
Total		**0.75**		**0.17**		**0.08**		**1.00**

Cancellations of Loans and Grants, and Adjustments – 2002
($'000)

Country	Project	Loan Number	OCR	SDFU	OSF	Total
LOAN CANCELLATIONS:						
Anguilla	Consultancy for Port Management Study	8/SFR-AG	-	105	-	105
Barbados	Sugar Industry Revitalisation Project	9/OR-BD	22	-	-	22
	Feasibility Study of Carlisle Bay, Folkstone and Marine Reserve	11/OR-BD	70	-	-	70
Dominica	Technical and Vocational Education Project	44/SFR-DO	-	-	87	87
Grenada	Technical and Vocational Education Project	25/SFR-GR	-	-	81	81
St. Lucia	Consolidated Line of Credit - 6th Loan	19/SFR-OR-SL	-	-	62	62
	Consolidated Line of Credit - 5th Loan	17/SFR-OR-SL	143	58	-	201
	Student Loan Scheme - 5th Loan	9/SFR-OR-SL	21	93	-	114
	Industrial Estate - 8th Loan	11/SFR-OR-SL	1,933	1,326	-	3,259
	Consolidated Line of Credit - 4th Loan	14/SFR-OR-SL	305	120	-	425
St. Vincent and the Grenadines	Consolidated Line of Credit - 3rd Loan	9/SFR-OR-SV	-	-	125	125
	Multi-Project - 3rd Loan	10/SFR-OR-SV	165	-	-	165
Trinidad and Tobago	Agricultural and Industrial Credit - 2nd Loan	13/OR-TT	2,420	-	-	2,420
	Agricultural and Industrial Credit - RMB	15/OR-TT	5,500	-	-	5,500
Regional	Continuing Studies and Distance Education	1/SFR-OR-R	23	128	50	201
Total Loan Cancellations			**10,602**	**1,830**	**405**	**12,837**

Cancellations of Loans and Grants, and Adjustments – 2002
($'000)

Country	Project	OCR	SDFU	OSF	Total
GRANT CANCELLATIONS:					
Belize	Family Health Study	-	4	-	4
	Emergency Relief, Hurricane Keith	-	38	-	38
Dominica	Study on Local Government Reform	-	13	-	13
Grenada	Insectary for Biological Control of Pink Mealy Bug	-	6	-	6
Jamaica	Institutional Strengthening of the Maritime Sector	-	1	-	1
St. Kitts and Nevis	Historical Fortifications in the Caribbean	-	6	-	6
	TA for Basic Education Project	-	2	-	2
	Emergency Relief, Hurricane Georges	-	10	-	10
	Institutional Strengthening of Planning Unit	-	128	-	128
St. Lucia	TA to the Development Bank for MSE Project	-	63	8	71
	Institutional Strengthening of NDC	-	7	-	7
St. Vincent and the Grenadines	TA to National Commercial Bank, 3rd LOC	-	-	125	125
	Institutional Strengthening, Ministry of Trade	-	18	-	18
Regional	Conference on Governance in the Contemporary Caribbean	-	8	-	8
	Consultancy Services for Review of CARDI	-	7	-	7
	Training Workshop on Strengthening Capabilities in Environmental Health Assessment	-	10	-	10
	Institutional Strengthening of CARDI	-	12	-	12
	Seminar for Farmers' Organisation on Meteorological Operations for Efficient Agricultural Production	-	3	-	3
	Conference on World Heritage Convention	-	31	-	31
	Second Meeting of the UNESCO/WTO Cultural Programme on Slave Route	-	17	-	17
	Tourism Training Needs Assessment in the Caribbean	-	19	-	19
	Emergency Relief following Hurricane Lenny for Integrated Rural Development	-	50	-	50
	Development of a Common Curriculum for the Teaching of Spanish and French	-	-	100	100
	Review of the Sector Policy, Regulatory Framework for Tariff Policy in OECS Telecommunications	-	9	9	
	Programme of Support for Montserratian Evacuees	-	29	-	29
	Study of the Health, Ageing and Well Being of Elderly in Barbados	-	49	-	49
	Training on the Uruguay Round and Future Negotiations	-	2	-	2
	First Biennial Conference, UWI Faculty of Medical Science	-	8	-	8
	Feasibility Study on the Use of Broadcasting for Open Distance Education	-	44	-	44
Total Grant Cancellation		**-**	**585**	**242**	**827**
Total Cancellations		**10,602**	**2,415**	**647**	**13,664**

Disbursements of Loans, Contingent Loans, Equity and Grants by Country and by Fund - 2002
($'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Funds Resources	Total
Anguilla	76	0	149	225
Antigua and Barbuda	712	0	471	1,183
Bahamas	3,591	0	19	3,610
Barbados	3,827	0	29	3,856
Belize	4,668	0	2,901	7,569
British Virgin Islands	2,434	0	0	2,434
Cayman Islands	0	0	0	0
Dominica	2,149	0	5,234	7,383
Grenada	1,029	0	4,376	5,405
Guyana	0	0	6,272	6,272
Jamaica	18,658	0	5,676	24,334
Montserrat	0	0	59	59
St. Kitts and Nevis	13,821	0	6,393	20,214
St. Lucia	10,020	0	7,493	17,513
St. Vincent and the Grenadines	2,445	0	3,090	5,535
Trinidad and Tobago	7,804	0	24	7,828
Turks and Caicos Islands	605	0	755	1,360
Regional	2,170	0	2,075	4,245
Total	**74,009**	**0**	**45,016**	**119,025**
Distribution by Country Groups				
Group 1	15,222	0	72	15,294
Group 2	3,222	0	620	3,842
Group 3	53,395	0	35,977	89,372
Group 4	0	0	6,272	6,272
Regional	2,170	0	2,075	4,245

APPENDIX II–A

Summary of Total Financing Approved (Net)
Loans, Contingent Loans, Equity and Grants
(1970 - 2002)
($'000)

Items	1970-2001	2002	Total
Loans	1,849,336	106,269	1,955,605
Contingent Loans	5,060	-	5,060
Equity	19,790	3,000	22,790
Grants	171,491	5,878	177,369
Total	**2,045,677**	**115,147**	**2,160,824**

APPENDIX II–B

Summary of Total Financing Approved (Net) by Sector
Loans, Contingent Loans, Equity and Grants
(1970-2002)
($'000)

Sector	1970-2001	2002	Total
Agriculture, Forestry and Fishing	111,518	13,191	124,709
Mining and Quarrying	35,897	-	35,897
Manufacturing	129,346	(3,281)	126,065
Tourism	63,796	3,369	67,165
Transportation, Communication and Sea Defence	466,044	21,640	487,684
Power, Energy and Water	158,500	2,587	161,087
Social Services	256,970	10,101	267,071
Multi-Sector and Other	369,526	47,387	416,913
Financing and Distribution	454,080	20,153	474,233
Total	**2,045,677**	**115,147**	**2,160,824**

Summary of Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund (1970-2002) ($'000)

Sector	Loans					Contingent Loans	Equity	Grants	Total Financing Approved
	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop-ment Fund	Other Special Funds	Total Loans				
Agriculture, Forestry and Fishing	34,603	-	62,985	20,163	**117,751**	594	1,442	4,922	**124,709**
Mining and Quarrying	31,220	-	3,173	436	**34,829**	759	-	309	**35,897**
Manufacturing	43,833	2,205	36,950	41,067	**124,055**	220	560	1,230	**126,065**
Tourism	49,678	4,725	9,008	-	**63,411**	304	1,091	2,359	**67,165**
Transportation and Communication	297,540	-	123,078	44,994	**465,612**	1,926	-	5,290	**472,828**
Sea Defence	1,901	-	9,955	3,000	**14,856**	-	-	-	**14,856**
Power, Energy and Water	73,585	3,248	69,711	9,255	**155,799**	834	-	4,454	**161,087**
Social Services	124,241	-	68,700	53,203	**246,144**	-	-	20,927	**267,071**
Multi-Sector and Other	114,888	-	141,255	3,250	**259,393**	423	19,250	137,847	**416,913**
Financing and Distribution	311,540	7,487	133,928	20,800	**473,755**	-	447	31	**474,233**
Total	**1,083,029**	**17,665**	**658,743**	**196,168**	**1,955,605**	**5,060**	**22,790**	**177,369**	**2,160,824**

APPENDIX II–D

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net)
by Country and by Fund
(1970 - 2002)
($'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Development Fund	Agricultural Fund	Housing Funds	Counterpart Contribution Fund	Other Special Funds	Total	Percentage of Total
Anguilla	10,631	-	11,231	-	-	-	1,240	23,102	1.1
Antigua and Barbuda	17,717	-	14,623	905	657	32	4,533	38,467	1.8
Bahamas, The	47,402	3,248	2,837	-	-	-	20	53,507	2.5
Barbados	186,597	3,646	6,601	882	-	-	16,588	214,314	9.9
Belize	87,566	750	85,178	8,162	2,062	512	6,109	190,339	8.8
British Virgin Islands	34,760	-	15,902	997	-	-	1,603	53,262	2.5
Cayman Islands	40,003	-	4,508	313	515	-	3,186	48,525	2.2
Dominica	31,032	-	84,665	3,626	1,663	1,279	18,543	140,808	6.5
Grenada	40,818	-	65,126	891	975	427	18,594	126,831	5.9
Guyana	20,632	1,591	100,287	-	-	-	18,667	141,177	6.5
Jamaica	212,652	5,896	84,217	-	962	-	37,110	340,837	15.8
Montserrat	1,087	-	12,392	743	86	32	1,995	16,335	0.8
St. Kitts and Nevis	49,629	259	63,811	59	285	358	12,832	127,233	5.9
St. Lucia	110,643	677	86,190	3,849	-	617	28,851	230,827	10.7
St. Vincent and the Grenadines	39,269	1,598	58,609	4,140	931	620	17,200	122,367	5.7
Trinidad and Tobago	126,620	-	4,506	-	-	-	283	131,409	6.1
Turks and Caicos Islands	8,641	-	12,879	-	-	-	388	21,908	1.0
Regional :									
LDC Focus	-	-	26,291	189	-	-	18,070	44,550	2.1
MDC Focus	7,353	-	6,621	-	-	-	10,484	24,458	1.1
LDC/MDC Focus	9,977	-	28,573	1,460	-	-	30,558	70,568	3.3
Total	**1,083,029**	**17,665**	**775,047**	**26,216**	**8,136**	**3,877**	**246,854**	**2,160,824**	
Percentage of Total	50.1	0.8	35.9	1.2	0.4	0.2	11.4		100.0
Distribution by Country Groups									
Group 1	435,382	6,894	34,354	2,192	515	-	21,680	501,017	23.2
Group 2	36,989	-	38,733	905	657	32	6,161	83,477	3.9
Group 3	572,696	9,180	540,188	21,470	6,964	3,845	141,234	1,295,577	60.0
Group 4	20,632	1,591	100,287	-	-	-	18,667	141,177	6.5
Regional	17,330	-	61,485	1,649	-	-	59,112	139,576	6.5

APPENDIX II–E

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund (1970 - 2002) ($'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop-ment Fund	Other Special Funds	Total
Total All Sectors	**1,083,029**	**17,665**	**775,047**	**285,083**	**2,160,824**
Agriculture, Forestry and Fishing	**34,603**	**-**	**65,763**	**24,343**	**124,709**
Crop Farming	19,059	-	24,234	9,244	52,537
Agriculture (excluding Crop Farming)	4,214	-	266	3,182	7,662
Mixed Farming	-	-	8,580	-	8,580
Drainage and Irrigation	7,283	-	2,498	-	9,781
Fishing	-	-	2,444	992	3,436
Land Settlement and Rural Development	373	-	4,138	428	4,939
Forestry	-	-	348	-	348
Feeder Roads	3,674	-	23,255	10,497	37,426
Mining and Quarrying	**31,220**	**-**	**3,871**	**806**	**35,897**
Fossil Fuels	30,673	-	-	-	30,673
Metal Ores	547	-	31	-	578
Non-Metallic Minerals	-	-	3,840	806	4,646
Manufacturing	**43,833**	**2,205**	**37,801**	**42,226**	**126,065**
Food, Beverages and Tobacco	92	-	5,247	32,942	38,281
Sugar	15,734	1,500	3,762	2,628	23,624
Textile, Wearing Apparel and Leather Goods	-	259	250	53	562
Wood and Wood Products	4,498	-	499	79	5,076
Paper and Paper Products	3,651	-	-	10	3,661
Chemical and Chemical Products	-	446	11	18	475
Non-Metallic Mineral Products	3,009	-	73	130	3,212
Miscellaneous Manufacturing and Repairs	-	-	-	43	43
Industrial Estates	16,849	-	27,959	6,323	51,131
Tourism	**49,678**	**4,725**	**10,639**	**2,123**	**67,165**
Hotels and Lodging Places	28,997	4,725	244	1,220	35,186
Cruiseship Piers and Marinas	8,944	-	-	-	8,944
Integrated Tourism Facilities	8,377	-	6,943	78	15,398
Tourism Supporting Services	3,360	-	3,452	825	7,637
Transportation, Communication and Sea Defence	**299,441**	**-**	**136,300**	**51,943**	**487,684**
Transport:					
Road Transport	175,856	-	56,647	17,242	249,745
Water Transport	23,716	-	41,563	19,713	84,992
Air Transport	89,718	-	27,778	11,882	129,378
Communication	8,250	-	357	106	8,713
Sea Defence	1,901	-	9,955	3,000	14,856

APPENDIX II–E (cont'd)

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund (1970 - 2002) ($'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop- ment Fund	Other Special Funds	Total
Power, Energy and Water	**73,585**	**3,248**	**70,918**	**13,336**	**161,087**
Power and Energy:					
Electric Power	30,905	-	30,875	2,404	64,184
Alternative Energy	-	-	500	3,060	3,560
Water Supply	42,680	3,248	39,543	7,872	93,343
Social Services	**124,241**	**-**	**79,947**	**62,883**	**267,071**
Housing	4,101	-	7,222	17,936	29,259
Health	23,058	-	20,152	9,364	52,574
Education	97,082	-	52,573	35,583	185,238
Multi-Sector and Other	**114,888**	**-**	**235,880**	**66,145**	**416,913**
Urban Development	35,241	-	104	5,528	40,873
Disaster Rehabilitation	47,524	-	77,916	1,632	127,072
Distributive Trade	-	-	52	2,757	2,809
Structural Adjustment Programme	-	-	46,603	-	46,603
Other	32,123	-	111,205	56,228	199,556
Financing and Distribution	**311,540**	**7,487**	**133,928**	**21,278**	**474,233**
Agriculture	113,503	4,760	25,848	12,967	157,078
Industry and Tourism	112,981	2,727	28,788	5,199	149,695
Micro and Small-Scale Enterprises	-	-	6,838	-	6,838
Housing	52,083	-	23,726	3,112	78,921
Education	32,973	-	48,728	-	81,701

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Sector (1970-2002) ($'000)

Country	Directly Productive Sectors					Economic Infrastructure and Other								Multi-Sector	Total
	Agriculture, Forestry and Fishing	Manufacturing	Tourism	Mining	Sub-Total	Power and Energy	Water	Transportation and Communication	Sea Defence	Housing	Education (including Student loans)	Health and Sanitation	Sub-Total		
Anguilla	1,721	4,869	773	-	**7,363**	5,939	288	2,220	-	450	1,659	-	**10,556**	5,183	**23,102**
Antigua and Barbuda	3,528	6,730	1,833	-	**12,091**	272	-	3,501	-	3,485	14,685	-	**21,943**	4,433	**38,467**
Bahamas, The	10,052	10,816	2,187	-	**23,055**	-	15,248	14,705	-	-	-	37	**29,990**	462	**53,507**
Barbados	5,970	47,243	11,957	100	**65,270**	105	765	52,459	-	1,387	54,976	3,240	**112,932**	36,112	**214,314**
Belize	25,634	14,726	1,227	-	**41,587**	19,674	22,546	42,945	-	13,701	22,189	5,845	**126,900**	21,852	**190,339**
British Virgin Islands	4,509	5,770	349	-	**10,628**	4,537	-	30,629	-	4,000	2,791	-	**41,957**	677	**53,262**
Cayman Islands	1,372	1,562	6,283	388	**9,605**	-	2,775	23,091	-	5,515	460	7,000	**38,841**	79	**48,525**
Dominica	23,869	12,155	3,302	-	**39,326**	6,159	8,995	10,762	7,456	13,598	17,432	6,738	**71,140**	30,342	**140,808**
Grenada	16,528	7,691	4,298	450	**28,967**	158	2,472	50,965	-	5,099	7,626	5,495	**71,815**	26,049	**126,831**
Guyana	21,793	17,713	232	-	**39,738**	3,558	8,895	16,392	7,400	1,127	2,433	-	**39,805**	61,634	**141,177**
Jamaica	80,195	63,232	15,414	864	**159,705**	8,902	6,546	15,515	-	17,684	20,163	2,000	**70,810**	110,322	**340,837**
Montserrat	1,704	2,022	132	87	**3,945**	992	-	4,762	-	1,250	1,238	-	**8,242**	4,148	**16,335**
St.Kitts and Nevis	6,941	10,414	1,710	240	**19,305**	7,991	84	32,247	-	11,552	31,038	9,867	**92,779**	15,149	**127,233**
St. Lucia	26,216	26,653	14,081	62	**67,012**	1,417	19,110	52,209	-	19,119	41,662	5,556	**139,073**	24,742	**230,827**
St.Vincent and the Grenadines	14,645	16,796	363	2,896	**34,700**	6,727	2,717	41,804	-	3,589	15,559	5,480	**75,876**	11,791	**122,367**
Trinidad and Tobago	29,089	24,576	-	30,673	**84,338**	-	2,615	34,937	-	-	8,556	512	**46,620**	451	**131,409**
Turks and Caicos Islands	630	2,145	1,302	18	**4,095**	-	-	3,150	-	6,322	6,060	-	**15,532**	2,281	**21,908**
Regional :															
LDC Focus	1,135	1,312	448	119	**3,014**	677	75	25,201	-	242	623	310	**27,128**	14,408	**44,550**
MDC Focus	43	-	-	-	**43**	-	-	14,637	-	-	9,764	-	**24,401**	14	**24,458**
LDC/MDC Focus	6,670	5,716	1,274	-	**13,660**	636	212	697	-	60	8,025	494	**10,124**	46,784	**70,568**
Total	**282,244**	**282,141**	**67,165**	**35,897**	**667,447**	**67,744**	**93,343**	**472,828**	**14,856**	**108,180**	**266,939**	**52,574**	**1,076,464**	**416,913**	**2,160,824**
Distribution by Country Groups															
Group 1	50,992	89,967	20,776	31,161	**192,896**	4,642	21,403	155,821	-	10,902	66,783	10,789	**270,340**	37,781	**501,017**
Group 2	5,879	13,744	3,908	18	**23,549**	6,211	288	8,871	-	10,257	22,404	-	**48,031**	11,897	**83,477**
Group 3	195,732	153,689	40,527	4,599	**394,547**	52,020	62,470	251,209	7,456	85,592	156,907	40,981	**656,635**	244,395	**1,295,577**
Group 4	21,793	17,713	232	-	**39,738**	3,558	8,895	16,392	7,400	1,127	2,433	-	**39,805**	61,634	**141,177**
Regional	7,848	7,028	1,722	119	**16,717**	1,313	287	40,535	-	302	18,412	804	**61,653**	61,206	**139,576**

Approvals of Loans, Contingent Loans, Equity and Grants (Net)
by Country and by Year
(1970–2002)
($'000)

Country	1970-1995	1996	1997	1998	1999	2000	2001	2002	Total
Anguilla	12,022	90	-	2,993	-	7,956	17	24	**23,102**
Antigua and Barbuda	17,237	7	15,152	726	-	59	408	4,878	**38,467**
Bahamas, The	43,128	41	23	177	10,027	78	-	33	**53,507**
Barbados	92,375	4,960	869	54,213	22	37,727	9,127	15,021	**214,314**
Belize	94,989	12,227	22,275	13,487	18,140	19,311	4,073	5,837	**190,339**
British Virgin Islands	32,119	3	-	-	21,131	9	-	-	**53,262**
Cayman Islands	38,155	5,370	-	-	-	-	5,000	-	**48,525**
Dominica	79,772	5,348	14,026	7,502	39	17,032	7,567	9,522	**140,808**
Grenada	73,416	1,333	3,813	6,221	1,808	11,863	21,530	6,847	**126,831**
Guyana	121,484	5,079	21	5,691	515	439	7,531	417	**141,177**
Jamaica	189,318	6,042	659	26,422	17,354	41,567	14,269	45,206	**340,837**
Montserrat	14,565	464	3	4	196	11	1,082	10	**16,335**
St. Kitts and Nevis	59,340	15,998	7,064	4,020	6,083	3,772	26,128	4,828	**127,233**
St. Lucia	116,948	2,324	7,298	4,149	46,410	17,020	23,744	12,934	**230,827**
St. Vincent and the Grenadines	76,369	14,607	411	4,932	79	5,753	4,819	15,397	**122,367**
Trinidad and Tobago	57,453	18,826	5,006	25,455	11,088	12,555	-	1,026	**131,409**
Turks and Caicos Islands	10,850	414	5,763	88	-	4,058	735	-	**21,908**
Regional :									
LDC Focus	36,840	4,489	375	100	2,115	284	97	250	**44,550**
MDC Focus	24,458	-	-	-	-	-	-	-	**24,458**
LDC/MDC Focus	21,888	445	2,488	4,624	11,568	7,539	15,435	6,581	**70,568**
Total	**1,212,726**	**98,067**	**85,246**	**160,804**	**146,575**	**187,033**	**141,562**	**128,811**	**2,160,824**
Distribution by Country Groups									
Group 1	263,230	29,200	5,898	79,845	42,268	50,369	14,127	16,080	**501,017**
Group 2	40,109	511	20,915	3,807	0	12,073	1,160	4,902	**83,477**
Group 3	704,717	58,343	55,549	66,737	90,109	116,329	103,212	100,581	**1,295,577**
Group 4	121,484	5,079	21	5,691	515	439	7,531	417	**141,177**
Regional	83,186	4,934	2,863	4,724	13,683	7,823	15,532	6,831	**139,576**

Note: Cancellations are deducted

APPENDIX II–H

Summary of Loans, Contingent Loans, Equity and Grants Approved by Fund
(1970–2002)
($'000)

Fund Sources	1970-1995	1996	1997	1998	1999	2000	2001	2002	Total
Gross Approvals									
OCR (incl. Secondary Mortgages)	645,377	66,361	56,498	120,830	119,883	131,075	65,075	89,345	1,294,444
VTF	26,701	-	-	-	-	-	-	-	26,701
SDF	554,588	37,909	28,602	33,840	31,050	48,520	73,396	35,721	843,626
Agricultural Fund	36,147	-	-	-	-	-	-	-	36,147
Housing Funds	9,741	-	-	-	-	-	-	-	9,741
Counterpart Contribution Fund	4,431	-	-	-	-	-	-	-	4,431
IDB-Global Line of Credit	19,112	-	-	3,320	4,250	6,500	-	-	33,182
IDB/CDB Pre-Investment Fund	9,532	-	356	86	478	-	-	-	10,452
European Investment Bank Fund	-	-	625	-	-	894	-	-	1,519
Caribbean Development Facility	66,432	-	-	-	-	-	-	-	66,432
Technical Assistance Fund	5,762	-	-	-	-	-	-	-	5,762
Canadian Technical Cooperation Fund	-	-	-	221	270	233	120	445	1,289
UK Special Trust Fund	5,338	-	-	-	-	-	-	-	5,338
UK Technical Cooperation Fund	120	-	-	-	-	-	-	-	120
Nigerian Loan	4,797	40	100	-	-	-	-	300	5,237
USAID-Basic Human Needs Fund	11,294	-	-	-	-	-	-	-	11,294
USAID-Caribbean Education Dev.	3,545	-	-	-	-	-	-	-	3,545
USAID-Employment Investment									
- Technical Assistance	8,830	500	225	250	-	100	-	-	9,905
- Technology Research	964	-	-	-	-	-	-	-	964
USAID-Alternative Energy Systems	2,365	-	-	-	-	-	-	-	2,365
Basic Needs Trust Fund	26,200	-	-	-	-	-	-	-	26,200
European Development Fund	13,029	-	-	-	-	-	-	-	13,029
International Dev. Association	37,785	-	2,087	-	-	-	-	-	39,872
Private Sector Fund	-	-	-	3,000	10,000	-	3,000	3,000	19,000
IDB/CDB Technical Cooperation	390	-	-	-	-	-	-	-	390
General Development Fund	-	-	738	172	58	-	-	-	968
German Technical Assistance	502	-	-	-	-	-	-	-	502
United Nations Dev. Programme	2,412	-	-	-	-	-	-	-	2,412
Total	**1,495,394**	**104,810**	**89,231**	**161,719**	**165,989**	**187,322**	**141,591**	**128,811**	**2,474,867**

Summary of Loans, Contingent Loans, Equity and Grants Approved by Fund
(1970–2002)
($'000)

Fund Sources	1970-1995	1996	1997	1998	1999	2000	2001	2002	Total
Withdrawals/Cancellations									
OCR (incl. Secondary Mortgages)	110,258	5,305	30,922	24,608	13,543	1,016	15,897	10,602	212,151
VTF	9,036	-	-	-	-	-	-	-	9,036
SDF	38,219	8,254	3,073	5,399	118	1,429	5,583	2,415	64,490
Agricultural Fund	7,021	-	5	-	-	-	-	-	7,026
Housing Funds	1,605				-	-	-	-	1,605
Counterpart Contribution Fund	550	-	-	-	-	-	-	-	550
Caribbean Development Facility	905	-	-	-	-	-	-	-	905
USAID-Employment Investment and MSE	1,809	-	-	-	-	-	-	320	2,129
IDB/CDB Pre-Investment Fund	919	-	-	-	-	-	-	109	1,028
IDB-Global Line of Credit	7,878	-	-	-	-	-	-	-	7,878
Technical Assistance Fund	794	-	-	-	-	-	-	-	794
USAID-Alternative Energy Systems	101	-	-	-	-	-	-	-	101
International Dev. Association	2,207	18	-	3,200	-	-	696	168	6,289
Nigerian Loan	-	-	-	-	-	11	-	50	61
Total	**181,302**	**13,577**	**34,000**	**33,207**	**13,661**	**2,456**	**22,176**	**13,664**	**314,013**
Net Approvals	1,314,092	91,233	55,231	128,512	152,328	184,866	119,415	115,147	2,160,824
Cumulative Net Approvals	1,314,092	1,405,325	1,460,556	1,589,068	1,741,396	1,926,262	2,045,677	2,160,824	

APPENDIX II–I

Distribution of Loans Approved (Net)
by Country and by Fund
(1970–2002)
($'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop-ment Fund	Agri-cultural Fund	Housing Funds	Counter-part Contri-bution Fund	Other Special Funds	Total	Per-centage of Total
Anguilla	10,631	-	10,703	-	-	-	500	21,834	1.1
Antigua and Barbuda	17,717	-	13,828	902	657	32	741	33,877	1.7
Bahamas, The	47,402	3,248	2,375	-	-	-	-	53,025	2.7
Barbados	186,597	3,646	5,442	882	-	-	15,689	212,256	10.9
Belize	87,566	750	76,748	6,720	2,062	512	1,278	175,636	9.0
British Virgin Islands	34,760	-	15,395	994	-	-	1,020	52,169	2.7
Cayman Islands	40,003	-	4,364	313	515	-	3,154	48,349	2.5
Dominica	31,032	-	78,315	3,505	1,663	1,279	11,185	126,979	6.5
Grenada	40,818	-	58,249	891	975	427	13,094	114,454	5.9
Guyana	20,632	1,591	79,095	-	-	-	18,400	119,718	6.1
Jamaica	212,652	5,896	80,645	-	962	-	36,228	336,383	17.2
Montserrat	1,087	-	8,974	743	86	32	197	11,119	0.6
St. Kitts and Nevis	49,629	259	58,306	59	285	358	8,100	116,996	6.0
St. Lucia	110,643	677	78,920	3,849	-	617	23,023	217,729	11.1
St. Vincent and the Grenadines	39,269	1,598	51,503	3,686	931	620	11,146	108,753	5.6
Trinidad and Tobago	126,620	-	4,265	-	-	-	-	130,885	6.7
Turks and Caicos Islands	8,641	-	10,222	-	-	-	-	18,863	1.0
Regional :									
LDC Focus	-	-	15,681	-	-	-	7,372	23,053	1.2
MDC Focus	7,353	-	5,672	-	-	-	10,484	23,509	1.2
LDC/MDC Focus	9,977	-	41	-	-	-	-	10,018	0.5
Total	**1,083,029**	**17,665**	**658,743**	**22,544**	**8,136**	**3,877**	**161,611**	**1,955,605**	
Percentage of Total	55.4	0.9	33.7	1.2	0.4	0.2	8.3		100.0
Distribution by Country Groups									
Group 1	435,382	6,894	31,841	2,189	515	-	19,863	496,684	25.4
Group 2	36,989	-	34,753	902	657	32	1,241	74,574	3.8
Group 3	572,696	9,180	491,660	19,453	6,964	3,845	104,251	1,208,049	61.8
Group 4	20,632	1,591	79,095	-	-	-	18,400	119,718	6.1
Regional	17,330	-	21,394	-	-	-	17,856	56,580	2.9

APPENDIX II–J

Distribution of Loans Approved (Net)
by Sector and by Fund (1970–2002)
($'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop-ment Fund	Other Special Funds	Total
Total All Sectors	**1,083,029**	**17,665**	**658,743**	**196,168**	**1,955,605**
Agriculture, Forestry and Fishing	**34,603**	**-**	**62,985**	**20,163**	**117,751**
Crop Farming	19,059	-	22,528	7,174	48,761
Agriculture (excluding Crop Farming)	4,214	-	101	1,378	5,693
Mixed Farming	-	-	8,580	-	8,580
Fishing	-	-	2,222	814	3,036
Drainage and Irrigation	7,283	-	2,378	-	9,661
Land Settlement and Rural Development	373	-	4,138	398	4,909
Feeder Roads	3,674	-	23,038	10,399	37,111
Mining and Quarrying	**31,220**	**-**	**3,173**	**436**	**34,829**
Fossil Fuels	30,673	-	-	-	30,673
Metal Ores	547	-	-	-	547
Non-Metallic Minerals	-	-	3,173	436	3,609
Manufacturing	**43,833**	**2,205**	**36,950**	**41,067**	**124,055**
Food, Beverages and Tobacco	70	-	5,083	32,319	37,472
Sugar	15,756	1,500	3,542	2,553	23,351
Textile, Wearing Apparel and Leather Goods	-	259	-	2	261
Wood and Wood Products	4,498	-	450	-	4,948
Paper and Paper Products	3,651	-	-	-	3,651
Chemical and Chemical Products	-	446	-	-	446
Non-Metallic Mineral Products	3,009	-	-	-	3,009
Industrial Estates	16,849	-	27,875	6,193	50,917
Tourism	**49,678**	**4,725**	**9,008**	**-**	**63,411**
Hotels and Lodging Places	29,417	4,725	47	-	34,189
Cruiseship Piers and Marinas	8,944	-	-	-	8,944
Integrated Tourism Facilities	7,957	-	6,393	-	14,350
Tourism Supporting Services	3,360	-	2,568	-	5,928
Transportation, Commuinication and Sea Defence	**299,442**	**-**	**133,033**	**47,994**	**480,469**
Transport:					
Main Roads and Bridges	175,857	-	56,130	17,180	249,167
Water Transport	23,716	-	40,050	19,147	82,913
Air Transport	89,718	-	26,857	8,667	125,242
Communication	8,250	-	41	-	8,291
Sea Defence	1,901	-	9,955	3,000	14,856
Power, Energy and Water	**73,585**	**3,248**	**69,711**	**9,255**	**155,799**
Power and Energy:					
Electric Power	30,905	-	30,343	1,984	63,232
Alternative Energy	-	-	460	-	460
Water Supply	42,680	3,248	38,908	7,271	92,107

Distribution of Loans Approved (Net)
by Sector and by Fund
(1970–2002)
($'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop-ment Fund	Other Special Funds	Total
Social Services	**124,241**	**-**	**68,700**	**53,203**	**246,144**
Housing	4,101	-	6,891	17,789	28,781
Health	23,058	-	18,930	9,058	51,046
Education	97,082	-	42,879	26,356	166,317
Multi-Sector and Other	**114,887**	**-**	**141,255**	**3,250**	**259,392**
Urban Development	35,240	-	-	-	35,240
Disaster Rehabilitation	47,524	-	76,699	1,000	125,223
Distributive Trade	-	-	-	2,250	2,250
Structural Adjustment Programme	-	-	45,000	-	45,000
Other	32,123	-	19,556	-	51,679
Financing and Distribution	**311,540**	**7,487**	**133,928**	**20,800**	**473,755**
Agriculture	113,503	4,760	25,848	12,744	156,855
Manufacturing	112,981	2,727	28,788	4,975	149,471
Micro and Small-Scale Enterprises	-	-	6,838	-	6,838
Housing	52,083	-	23,726	3,081	78,890
Education	32,973	-	48,728	-	81,701

APPENDIX II–K

Distribution of Loans Approved (Net) by Country and by Sector (1970–2002)
($'000)

Country	Directly Productive Sectors: Agriculture, Forestry and Fishing	Manufacturing	Tourism	Mining	Total	Economic Infrastructure and Other: Power and Energy	Water	Transportation and Communication	Sea Defence	Housing	Health and Sanitation	Education (including Student loans)	Total	Multi-Sector	Total
Anguilla	1,721	4,869	683	-	**7,273**	5,816	288	2,220	-	450	-	1,500	**10,274**	4,287	**21,834**
Antigua and Barbuda	3,507	6,712	1,833	-	**12,052**	-	-	3,501	-	3,485	-	13,840	**20,826**	999	**33,877**
Bahamas, The	10,032	10,816	2,187	-	**23,035**	-	15,248	14,705	-	-	37	-	**29,990**	-	**53,025**
Barbados	5,800	47,114	11,510	100	**64,524**	-	765	52,188	-	1,387	3,225	54,926	**112,491**	35,241	**212,256**
Belize	23,932	14,720	948	-	**39,600**	19,320	22,435	42,668	-	13,701	5,591	21,368	**125,083**	10,953	**175,636**
British Virgin Islands	4,444	5,770	349	-	**10,563**	4,431	-	30,394	-	4,000	-	2,781	**41,606**	-	**52,169**
Cayman Islands	1,372	1,562	6,283	291	**9,508**	-	2,775	23,091	-	5,515	7,000	460	**38,841**	-	**48,349**
Dominica	23,594	12,088	3,174	-	**38,856**	5,720	8,907	10,395	7,456	13,578	6,520	15,627	**68,203**	19,920	**126,979**
Grenada	16,516	7,586	4,198	330	**28,630**	-	2,292	50,724	-	5,099	5,270	6,569	**69,954**	15,870	**114,454**
Guyana	21,403	17,640	113	-	**39,156**	3,342	8,801	16,392	7,400	1,127	-	1,500	**38,562**	42,000	**119,718**
Jamaica	79,813	63,115	14,789	547	**158,264**	8,628	6,479	15,515	-	17,684	2,000	19,989	**70,295**	107,824	**336,383**
Montserrat	1,704	2,022	-	-	**3,726**	679	-	4,533	-	1,250	-	931	**7,393**	-	**11,119**
St.Kitts and Nevis	6,782	10,191	1,668	123	**18,764**	7,853	-	31,610	-	11,426	9,867	30,225	**90,981**	7,251	**116,996**
St. Lucia	25,757	26,610	14,065	-	**66,432**	1,332	18,906	51,991	-	19,058	5,556	40,599	**137,442**	13,855	**217,729**
St. Vincent and the Grenadines	13,850	16,441	309	2,765	**33,365**	6,571	2,596	41,495	-	3,589	5,480	14,522	**74,253**	1,135	**108,753**
Trinidad and Tobago	29,073	24,547	-	30,673	**84,293**	-	2,615	34,937	-	-	500	8,540	**46,592**	-	**130,885**
Turks and Caicos Islands	930	1,845	1,302	-	**4,077**	-	-	2,460	-	6,322	-	5,946	**14,728**	58	**18,863**
Regional :															
LDC Focus	-	1,260	-	-	**1,260**	-	-	21,971	-	-	-	-	**21,971**	-	**23,231**
MDC Focus	-	-	-	-	**-**	-	-	14,613	-	-	-	8,695	**23,308**	-	**23,308**
LDC/MDC Focus	5,000	5,000	-	-	**10,000**	-	-	41	-	-	-	-	**41**	-	**10,041**
Total	**275,230**	**279,908**	**63,411**	**34,829**	**653,378**	**63,692**	**92,107**	**465,444**	**14,856**	**107,671**	**51,046**	**248,018**	**1,042,834**	**259,393**	**1,955,605**
Distribution by Country Groups															
Group 1	50,721	89,809	20,329	31,064	**191,923**	4,431	21,403	155,315	-	10,902	10,762	66,707	**269,520**	35,241	**496,684**
Group 2	6,158	13,426	3,818	-	**23,402**	5,816	288	8,181	-	10,257	-	21,286	**45,828**	5,344	**74,574**
Group 3	191,948	152,773	39,151	3,765	**387,637**	50,103	61,615	248,931	7,456	85,385	40,284	149,830	**643,604**	176,808	**1,208,049**
Group 4	21,403	17,640	113	-	**39,156**	3,342	8,801	16,392	7,400	1,127	-	1,500	**38,562**	42,000	**119,718**
Regional	5,000	6,260	-	-	**11,260**	-	-	36,625	-	-	-	8,695	**45,320**	-	**56,580**

Gross Loan Approvals by Country, Financing, CDB Cost Component and Channel (1970–2002)
($'000)

Country	Estimated Project Cost	Financing			CDB Cost Component		Channel		
								Private	
		CDB	Local	Other Foreign	Local	Foreign	Public	Direct	Indirect
Anguilla	45,867	27,420	13,401	5,046	4,007	23,413	18,155	715	8,550
Antigua and Barbuda	49,143	37,872	10,883	388	14,183	23,689	27,500	1,445	8,927
Bahamas, The	211,098	91,136	97,503	22,459	20,831	70,305	62,736	5,400	23,000
Barbados	694,944	226,582	330,270	138,092	89,024	137,558	185,362	18,146	23,074
Belize	357,253	193,308	90,571	73,374	64,564	128,744	143,374	5,732	44,202
British Virgin Islands	136,402	63,636	48,943	23,823	8,073	55,563	47,454	-	16,182
Cayman Islands	108,014	57,226	50,788	-	11,859	45,367	47,625	944	8,657
Dominica	300,423	152,723	111,064	36,636	38,613	114,110	111,123	771	40,829
Grenada	176,882	120,341	38,352	18,189	35,977	84,364	96,770	4,473	19,098
Guyana	195,303	148,120	31,246	15,937	43,106	105,014	131,088	7,721	9,311
Jamaica	1,154,518	425,397	352,650	376,471	170,237	255,160	322,091	13,343	89,963
Montserrat	40,752	24,599	10,217	5,936	3,195	21,404	18,007	-	6,592
St. Kitts and Nevis	192,422	130,203	53,785	8,434	46,481	83,722	95,308	472	34,423
St. Lucia	454,096	251,615	140,309	62,172	69,350	182,265	175,907	5,237	70,471
St. Vincent and the Grenadines	212,545	129,300	63,983	19,262	33,636	95,664	114,431	295	14,574
Trinidad and Tobago	320,166	163,008	86,232	70,926	51,522	111,486	103,047	2,070	57,891
Turks and Caicos Islands	29,782	19,566	8,121	2,095	1,793	17,773	8,638	1,390	9,538
Regional	123,109	78,613	24,693	19,803	5,423	73,190	29,254	36,099	13,260
Total	**4,802,719**	**2,340,665**	**1,563,011**	**899,043**	**711,874**	**1,628,791**	**1,737,870**	**104,253**	**498,542**
Distribution by Country Groups									
Group 1	1,470,624	601,588	613,736	255,300	181,309	420,279	446,224	26,560	128,804
Group 2	124,792	84,858	32,405	7,529	19,983	64,875	54,293	3,550	27,015
Group 3	2,888,891	1,427,486	860,931	600,474	462,053	965,433	1,077,011	30,323	320,152
Group 4	195,303	148,120	31,246	15,937	43,106	105,014	131,088	7,721	9,311
Regional	123,109	78,613	24,693	19,803	5,423	73,190	29,254	36,099	13,260

Disbursements of Loans, Contingent Loans, Equity, Secondary Mortgages and Grants by Country and by Fund (1970–2002) ($'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Funds Resources	Total
Anguilla	8,884	0	9,421	18,305
Antigua and Barbuda	4,893	0	14,533	19,426
Bahamas, The	41,532	1,658	2,892	46,082
Barbados	95,135	1,868	22,793	119,796
Belize	51,624	380	77,783	129,787
British Virgin Islands	23,415	0	16,971	40,386
Cayman Islands	39,077	0	7,872	46,949
Dominica	15,133	0	89,865	104,998
Grenada	22,557	0	65,058	87,615
Guyana	17,154	848	86,774	104,776
Jamaica	144,808	3,386	84,836	233,030
Montserrat	3,245	0	10,080	13,325
St. Kitts and Nevis	20,825	133	55,052	76,010
St. Lucia	46,516	347	85,677	132,540
St. Vincent and the Grenadines	22,019	823	70,430	93,272
Trinidad and Tobago	98,362	0	3,883	102,245
Turks and Caicos Islands	5,804	0	9,075	14,879
Regional	10,970	0	95,480	106,450
Total	**671,953**	**9,443**	**808,475**	**1,489,871**
Distribution by Country Groups				
Group 1	227,463	3,526	37,100	268,089
Group 2	21,123	0	38,377	59,500
Group 3	267,328	5,069	482,104	754,501
Group 4	17,154	848	75,950	93,952
Regional	9,852	0	89,169	99,021

Summary of Loans Approved by Fund
(1970–2002)
($'000)

Fund Sources	1970-1995	1996	1997	1998	1999	2000	2001	2,002	Total
Gross Approvals									
OCR (incl. Secondary Mortgages)	645,377	66,361	56,498	120,830	119,883	131,075	65,075	89,345	1,294,444
VTF	26,701	-	-	-	-	-	-	-	26,701
SDF	507,552	18,731	25,575	29,698	26,135	44,049	38,161	29,761	719,662
Agricultural Fund	29,565	-	-	-	-	-	-	-	29,565
Housing Funds									
- Primary Market	6,616	-	-	-	-	-	-	-	6,616
- Secondary Market	3,125	-	-	-	-	-	-	-	3,125
Counterpart Contribution Fund	4,427	-	-	-	-	-	-	-	4,427
Consolidated TA Fund	5,356	-	-	-	-	-	-	-	5,356
IDB-Global Line of Credit	20,274	-	-	3,320	4,250	6,500	-	-	34,344
IDB/CDB Pre-Investment Fund	1,778	-	-	-	-	-	-	-	1,778
Caribbean Development Facility	66,326	-	-	-	-	-	-	-	66,326
Technical Assistance Fund	422	-	-	-	-	-	-	-	422
UK Special Trust Fund	5,338	-	-	-	-	-	-	-	5,338
Nigerian Loan	4,797	40	-	-	-	-	-	-	4,837
USAID-Basic Human Needs Fund	2,000	-	-	-	-	-	-	-	2,000
USAID-Employment Investment	10,105	-	63	125	-	-	-	-	10,293
European Development Fund	10,344	-	-	-	-	-	-	-	10,344
International Dev. Association	36,138	-	2,087	-	-	-	-	-	38,225
Total	**1,386,241**	**85,132**	**84,223**	**153,973**	**150,268**	**181,624**	**103,236**	**119,106**	**2,263,803**

APPENDIX II–N (cont'd)

Summary of Loans Approved by Fund
(1970–2002)
($'000)

Fund Sources	**1970-1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**Total**
Withdrawals/Cancellations									
OCR (incl. Secondary Mortgages)	110,258	5,305	30,186	24,608	13,543	1,016	15,897	10,602	211,415
VTF	9,036	-	-	-	-	-	-	-	9,036
SDF	37,226	6,905	3,464	5,277	97	1,217	4,903	1,830	60,919
Agricultural Fund	7,021	-	-	-	-	-	-	-	7,021
Housing Funds									
- Primary Market	1,561	-	-	-	-	-	-	-	1,561
- Secondary Market	44	-	-	-	-	-	-	-	44
Counterpart Contribution Fund	550	-	-	-	-	-	-	-	550
Caribbean Development Facility	905	-	-	-	-	-	-	-	905
USAID-Employment Investment	1,809	-	-	-	-	-	-	187	1,996
IDB/CDB Pre-Investment Fund	439	-	-	-	-	-	-	-	439
IDB-Global Line of Credit	7,878	-	-	-	-	-	-	-	7,878
Technical Assistance Fund	84	-	-	-	-	-	-	-	84
International Dev. Association	2,207	18	-	3,200	-	-	696	168	6,289
Nigerian Loan	-	-	-	-	-	11	-	50	61
Total	**179,018**	**12,228**	**33,650**	**33,085**	**13,640**	**2,244**	**21,496**	**12,837**	**308,198**
Net Approvals	1,207,223	72,904	50,573	120,888	136,628	179,380	81,740	106,269	1,955,605
Cumulative Net Approvals	1,207,223	1,280,127	1,330,700	1,451,588	1,588,216	1,767,596	1,849,336	1,955,605	

APPENDIX II–O(1)

Contingent Loans Approved (Net) by Country and by Fund (1970–2002) ($'000)

Country	Special Development Fund	IDB/CDB Pre-Investment Fund	Technical Assistance Fund	Total
Anguilla	90	95	-	185
Antigua and Barbuda	4	-	-	4
Barbados	466	-	156	622
Belize	443	-	52	495
British Virgin Islands	-	164	50	214
Dominica	521	-	351	872
Grenada	241	-	120	361
Guyana	73	-	-	73
Jamaica	286	-	-	286
Montserrat	87	-	-	87
St. Kitts and Nevis	323	10	154	487
St. Lucia	60	-	50	110
St. Vincent and the Grenadines	301	-	131	432
Trinidad and Tobago	-	200	-	200
Turks and Caicos Islands	632	-	-	632
Total	**3,527**	**469**	**1,064**	**5,060**
Distribution by Country Groups				
Group 1	466	364	206	1,036
Group 2	726	95	-	821
Group 3	2,262	10	858	3,130
Group 4	73	-	-	73

APPENDIX II–O(2)

Contingent Loans Approved (Net) by Fund and by Year (1970–2002) ($'000)

Fund	1970-1996	1997	1998	1999	2000	2001	2002	Total
Special Development Fund	3,719	-	-	-	-	(192)	-	3,527
IDB/CDB Pre-Investment Fund	469	-	-	-	-	-	-	469
Technical Assistance Fund	1,064	-	-	-	-	-	-	1,064
Total	**5,252**	**-**	**-**	**-**	**-**	**(192)**	**-**	**5,060**

APPENDIX II–O(3)

Contingent Loans Approved (Net) by Sector and by Fund
(1970–2002)
($'000)

Sector	Special Development Fund	IDB/CDB Pre-Investment Fund	Technical Assistance Fund	Total
Total-All Sectors	**3,527**	**469**	**1,064**	**5,060**
Agriculture, Forestry and Fishing	**434**	**10**	**150**	**594**
Crop Farming	181	10	52	243
Fishing	181	-	-	181
Feeder Roads	72	-	98	170
Mining and Quarrying	**508**	**-**	**251**	**759**
Non-Metallic Minerals	508	-	251	759
Manufacturing	**220**	**-**	**-**	**220**
Sugar	75	-	-	75
Textile, Wearing Apparel and Leather Goods	52	-	-	52
Non-Metallic Mineral Products	73	-	-	73
Industrial Estates	20	-	-	20
Tourism	**256**	**-**	**48**	**304**
Hotels and Lodging Places	45	-	48	93
Integrated Tourism Facilities	125	-	-	125
Tourism Supporting Services	86	-	-	86
Transportation and Communication	**1,724**	**164**	**38**	**1,926**
Transport:				
Road Transport	294	-	38	332
Water Transport	1,051	164	-	1,215
Air Transport	379	-	-	379
Power, Energy and Water	**318**	**95**	**421**	**834**
Power and Energy:				
Electric Power	107	95	156	358
Alternative Energy	40	-	237	277
Water Supply	171	-	28	199
Multi-Sector and Other	**67**	**200**	**156**	**423**
Multi-Sector				
Urban Development	67	-	156	223
Other	-	200	-	200

APPENDIX II–O(4)

Contingent Loans Approved (Net) by Country and by Year
(1970–2002)
($'000)

Country	1970-1996	1997	1998	1999	2000	2001	2002	Total
Anguilla	185	-	-	-	-	-	-	185
Antigua and Barbuda	4	-	-	-	-	-	-	4
Barbados	622	-	-	-	-	-	-	622
Belize	495	-	-	-	-	-	-	495
British Virgin Islands	214	-	-	-	-	-	-	214
Dominica	872	-	-	-	-	-	-	872
Grenada	553	-	-	-	-	(192)	-	361
Guyana	73	-	-	-	-	-	-	73
Jamaica	286	-	-	-	-	-	-	286
Montserrat	87	-	-	-	-	-	-	87
St. Kitts and Nevis	487	-	-	-	-	-	-	487
St. Lucia	110	-	-	-	-	-	-	110
St. Vincent and the Grenadines	432	-	-	-	-	-	-	432
Trinidad and Tobago	200	-	-	-	-	-	-	200
Turks and Caicos Islands	632	-	-	-	-	-	-	632
Total	**5,252**	**-**	**-**	**-**	**-**	**(192)**	**-**	**5,060**
Distribution by Country Groups								
Group 1	822	-	-	-	-	-	-	822
Group 2	403	-	-	-	-	-	-	403
Group 3	3,954	-	-	-	-	-	-	3,762
Group 4	73	-	-	-	-	-	-	73

APPENDIX II–P

Equity Approved (Net) by Country
(1970–2002)
($'000)

Country	OSF				Sector				Total
	European Investment Bank	Special Develop-ment Fund	Agri-cultural Fund	Private Sector Fund	Agri-culture	Industry	Tourism	Multi-Sector	
Barbados									
2000	447	-	-	-	-	-	447	-	**447**
Sub-Total	**447**	**-**	**-**	**-**	**-**	**-**	**447**	**-**	**447**
Belize									
1977	-	-	650	-	650	-	-	-	650
1982	-	-	792	-	792	-	-	-	792
Sub-Total	**-**	**-**	**1,442**	**-**	**1,442**	**-**	**-**	**-**	**1,442**
Jamaica									
1997	625	-	-	-	-	-	625	-	625
Sub-Total	**625**	**-**	**-**	**-**	**-**	**-**	**625**	**-**	**625**
St. Kitts and Nevis									
1978	-	155	-	-	-	155	-	-	155
1980	-	34	-	-	-	34	-	-	34
Sub-Total	**-**	**189**	**-**	**-**	**-**	**189**	**-**	**-**	**189**
St. Vincent and the Grenadines									
1977	-	19	102	-	-	102	19	-	121
1979	-	-	269	-	-	269	-	-	269
Sub-Total	**-**	**19**	**371**	**-**	**-**	**371**	**19**	**-**	**390**
Regional									
1994	-	-	250	-	-	-	-	250	250
1998	-	-	-	3,000	-	-	-	3,000	3,000
1999	-	-	-	10,000	-	-	-	10,000	10,000
2000	447	-	-	-	223	224	-	-	447
2001	-	-	-	3,000	-	-	-	3,000	3,000
2002	-	-	-	3,000	-	-	-	3,000	3,000
Sub-Total	**447**	**-**	**250**	**19,000**	**223**	**224**	**-**	**19,250**	**19,697**
Grand Total	**1,519**	**208**	**2,063**	**19,000**	**1,665**	**784**	**1,091**	**19,250**	**22,790**

APPENDIX II–Q(1)

Grants Approved (Net) by Country and by Fund
(1970–2002)
($'000)

Country	Special Development Fund	Agri-cultural Fund	Technical Assistance Fund	Other Special Funds	Total
Anguilla	438	-	60	585	1,083
Antigua and Barbuda	791	3	64	3,728	4,586
Bahamas, The	462	-	20	-	482
Barbados	693	-	112	184	989
Belize	7,987	-	166	4,613	12,766
British Virgin Islands	507	3	52	317	879
Cayman Islands	144	-	-	32	176
Dominica	5,627	121	227	6,733	12,708
Grenada	6,636	-	208	5,119	11,963
Guyana	21,119	-	1	266	21,386
Jamaica	1,243	-	-	257	1,500
Montserrat	3,331	-	19	1,779	5,129
St. Kitts and Nevis	4,993	-	239	4,329	9,561
St. Lucia	7,210	-	247	5,531	12,988
St. Vincent and the Grenadines	6,786	83	291	5,632	12,792
Trinidad and Tobago	241	-	-	83	324
Turks and Caicos Islands	2,025	-	77	311	2,413
Regional:					
LDC Focus	10,482	189	416	10,232	21,319
MDC Focus	949	-	-	-	949
LDC/MDC Focus	5,404	1,210	659	10,502	17,775
Total	**87,068**	**1,609**	**2,858**	**60,233**	**151,768**
Distribution by Country Groups					
Group 1	2,047	3	184	616	2,850
Group 2	3,254	3	201	4,624	8,082
Group 3	43,813	204	1,397	33,993	79,407
Group 4	21,119	-	1	266	21,386
Regional	16,835	1,399	1,075	20,734	40,043

APPENDIX II–Q(2)

Grants Approved (Net) by Fund and by Year
(1970–2002)
($'000)

Fund	1970-1996	1997	1998	1999	2000	2001	2002	Total
Technical Assistance Fund	2,858	-	-	-	-	-	-	2,858
Special Development Fund	56,592	2,682	4,020	4,894	4,259	34,747	5,375	112,569
Agricultural Fund	1,614	(5)	-	-	-	-	-	1,609
Consolidated Technical Assistance Fund	-	-	172	58	-	-	-	230
USAID -								
Basic Human Needs Fund	9,294	-	-	-	-	-	-	9,294
Caribbean Education Development Fund	3,545	-	-	-	-	-	-	3,545
Employment Investment Promotion -								
Technical Assistance	1,884	62	125	-	100	-	(133)	2,038
Technology Research Assistance	964	-	-	-	-	-	-	964
Alternative Energy Systems Fund	2,264	-	-	-	-	-	-	2,264
Nigerian Fund	-	100	-	-	-	-	-	100
Basic Needs Trust Fund	26,200	-	-	-	-	-	-	26,200
UK Technical Cooperation Fund	120	-	-	-	-	-	300	420
IDB/CDB Technical Cooperation Fund	390	-	-	-	-	-	-	390
Canadian Technical Cooperation Fund	-	738	221	270	233	120	445	2,027
German Technical Assistance Fund	701	-	-	-	-	-	-	701
IDB/CDB Pre-Investment Fund	6,152	356	86	478	-	-	(109)	6,963
United Nations Development Programme	2,412	-	-	-	-	-	-	2,412
European Development Fund	2,685	-	-	-	-	-	-	2,685
Total	**117,675**	**3,933**	**4,624**	**5,700**	**4,592**	**34,867**	**5,878**	**177,269**

Grants Approved (Net) by Sector and by Fund
(1970–2002)
($'000)

Sectors	Special Development Fund	Agri-cultural Fund	Technical Assistance Fund	Other Special Funds	Total
Total - All Sectors	**112,569**	**1,609**	**2,858**	**60,233**	**177,269**
Agriculture, Forestry and Fishing	**2,344**	**823**	**515**	**1,240**	**4,922**
Crop Farming	1,525	657	355	996	3,533
Agriculture (excl. crop farming)	165	133	28	201	527
Fishing	41	3	132	43	219
Drainage and Irrigation	120	-	-	-	120
Land Settlement and Rural Development	-	30	-	-	30
Forestry	348	-	-	-	348
Feeder Roads	145	-	-	-	145
Mining and Quarrying	**190**	**-**	**-**	**119**	**309**
Metal Ores	31	-	-	-	31
Non-Metallic Minerals	159	-	-	119	278
Manufacturing	**442**	**52**	**264**	**472**	**1,230**
Food (excluding sugar)	164	9	-	243	416
Sugar	145	-	75	-	220
Textile, Wearing Apparel and Leather Goods	9	-	-	51	60
Wood and Wood Products	49	-	10	69	128
Paper and Paper Products	-	-	-	10	10
Chemicals and Chemical Products	11	-	-	18	29
Non-Metallic Mineral Products	-	-	49	81	130
Miscellaneous Manufacturing and Repairs	-	43	-	-	43
Industrial Estates	64	-	130	-	194
Tourism	**1,356**	**-**	**45**	**958**	**2,359**
Hotels and Lodging Places	133	-	-	100	233
Integrated Tourism Facilities	159	-	-	78	237
Tourism Supporting Services	1,064	-	45	780	1,889
Transportation and Communicatio	**1,543**	**100**	**406**	**3,241**	**5,290**
Transport:					
Main Roads and Bridges	223	-	-	24	247
Water Transport	462	75	327	-	864
Air Transport	542	-	79	3,136	3,757
Communication	316	25	-	81	422

APPENDIX II–Q(3) (cont'd)

Grants Approved (Net) by Sector and by Fund
(1970–2002)
($'000)

Sectors	Special Development Fund	Agri-cultural Fund	Technical Assistance Fund	Other Special Funds	Total
Power, Energy and Water	**889**	**40**	**367**	**3,158**	**4,454**
Power and Energy:					
Electric Power	425	40	81	48	594
Alternative Energy	-	-	-	2,823	2,823
Water Supply	464	-	286	287	1,037
Social Services	**11,247**	**109**	**508**	**9,063**	**20,927**
Housing	331	-	77	70	478
Health	1,222	-	10	296	1,528
Education	9,694	109	421	8,697	18,921
Multi-Sector and Other	**94,558**	**485**	**722**	**41,982**	**137,747**
Urban Development	37	-	-	5,372	5,409
Disaster Rehabilitation	1,217	-	-	632	1,849
Distributive Trade	52	14	208	285	559
Structural Adjustment Programme	1,603	-	-	-	1,603
Other	91,649	471	514	35,693	128,327
Financing and Distribution	**-**	**-**	**31**	**-**	**31**
Housing	-	-	31	-	31

Grants Approved (Net) by Country and by Year
(1970–2002)
($'000)

Country	1970-1996	1997	1998	1999	2000	2001	2002	Total
Anguilla	994	-	12	-	36	17	24	1,083
Antigua and Barbuda	4,087	110	129	-	59	13	188	4,586
Bahamas, The	308	(141)	177	27	78	-	33	482
Barbados	858	(1)	23	22	49	17	21	989
Belize	8,699	6	307	144	179	3,375	56	12,766
British Virgin Islands	910	(40)	-	-	9	-	-	879
Cayman Islands	176	-	-	-	-	-	-	176
Dominica	10,435	109	23	40	42	2,132	129	12,910
Grenada	8,668	246	271	188	548	1,898	144	11,963
Guyana	12,979	21	597	515	434	6,423	417	21,386
Jamaica	1,329	34	368	326	354	41	1,091	3,543
Montserrat	3,823	3	4	196	11	1,082	10	5,129
St. Kitts and Nevis	7,777	166	205	111	98	1,139	65	9,561
St. Lucia	9,165	243	324	174	190	2,767	125	12,988
St. Vincent and the Grenadines	9,109	260	250	97	204	2,756	116	12,792
Trinidad and Tobago	251	6	18	8	15	-	26	324
Turks and Caicos Islands	1,495	95	88	-	-	735	-	2,413
Regional:								
LDC Focus	18,098	384	100	2,132	290	74	241	21,319
MDC Focus	949	-	-	-	-	-	-	949
LDC/MDC Focus	17,565	2,432	1,728	1,720	1,996	12,398	3,192	41,031
Total	**117,675**	**3,933**	**4,624**	**5,700**	**4,592**	**34,867**	**5,878**	**177,269**
Distribution by Country Groups								
Group 1	2,503	(176)	218	57	151	17	80	2,850
Group 2	6,576	205	229	-	95	765	212	8,082
Group 3	59,005	1,067	1,752	1,276	1,626	15,190	1,736	81,652
Group 4	12,979	21	597	515	434	6,423	417	21,386
Regional	36,612	2,816	1,828	3,852	2,286	12,472	3,433	63,299

APPENDIX II–R(1)

Capital Loans
Withdrawn/Not Taken Up Or Transferred During Each Year
(1970–2002)
($'000)

Year Withdrawn	Ordinary Capital Resources	Venezuelan Trust Fund	Special Development Fund	Other Special Funds	Total
1970-1996	115,563	9,036	44,131	22,516	191,246
1997	30,186	-	3,464	-	33,650
1998	24,608	-	5,277	3,200	33,085
1999	13,543	-	97	-	13,640
2000	1,016	-	1,217	11	2,244
2001	15,897	-	4,903	696	21,496
2002	10,602	-	1,830	405	12,837
Total	**211,415**	**9,036**	**60,919**	**26,828**	**308,198**

APPENDIX II–R(2)

Contingent Loans
Withdrawn/Not Taken Up Or Transferred During Each Year
(1970–2002)
($'000)

Year Withdrawn	Special Development Fund	Other Special Funds	Total
1970-1996	368	357	725
1997	-	-	-
1998	-	-	-
1999	-	-	-
2000	-	-	-
2001	192	-	192
2002	-	-	-
Total	**560**	**357**	**917**

APPENDIX II–R(3)

Grants
Withdrawn/Not Taken Up During Each Year
(1970–2002)
($'000)

Year Withdrawn	Special Development Fund	Technical Assistance Fund	Other Special Funds	Total
1970-1996	1,974	361	573	2,908
1997	345	-	5	350
1998	122	-	-	122
1999	21	-	-	21
2000	212	-	-	212
2001	488	-	-	488
2002	585	-	242	827
Total	**3,747**	**361**	**820**	**4,928**

APPENDIX III

Administrative Budget for the Year Ending December 31, 2002
(With Revised 2002 Budget and Comparisons to 2001)
($'000)

Item	Actuals 2000	Actuals 2001	Actuals 2002	Estimate Original 2002	Estimate Revised 2002	Estimate Budget 2003
Operational Expenses	**14,147**	**15,167**	**14,834**	**16,271**	**16,129**	**16,975**
Board of Governors	175	198	233	248	233	226
Board of Directors	146	123	124	197	152	175
Staff	8,538	9,112	8,672	9,362	9,759	10,509
Recruitment & Relocation	153	210	90	329	295	407
Travel	580	619	589	709	703	654
Other Operational and Admin. Expenses						
(a) Communication	402	396	391	395	395	374
(b) Utilities & Office Maintenance	528	682	630	694	682	722
(c) Supplies & Printing	185	169	150	202	183	253
(d) Contract Services	637	752	941	753	815	777
(e) Computer Services	625	612	587	572	561	566
(f) Depreciation	1,483	1,640	1,798	2,132	1,677	1,627
(g) Other Overhead Expenses	695	654	629	678	674	685
Technical Assistance Expenses	2,294	2,364	2,261	2,588	2,507	2,680
Staff Expenses	1,957	2,068	2,005	2,238	2,192	2,349
Travel	247	242	229	302	265	281
Other Expenses	90	54	27	48	50	50
Total Administrative Expenses	16,441	17,531	17,095	18,859	18,636	19,655
Less: Technical Assistance Recoverables	(2,294)	(2,364)	(2,261)	(2,588)	(2,507)	(2,680)
Less: Other Recoverables	(8,395)	(8,582)	(8,480)	(9,435)	(9,265)	(9,744)
Net Administrative Expenses	5,752	6,585	6,354	6,836	6,864	7,231
Income:						
From Loans	26,419	30,859	28,024	32,897	28,285	28,400
From Investments	6,455	6,793	4,169	5,753	4,238	4,800
Other	229	165	135	200	200	100
Exchange Gain/(Loss)	123	570	1,261	(200)	678	0
Total	**33,226**	**38,387**	**33,589**	**38,650**	**33,401**	**33,300**
Deduct:						
Interest and Commitment Fee on Borrowings and Service Fee on Mortgages	11,801	12,125	11,607	13,071	12,259	11,300
Net Trading Expense	0	6,818	1,499	0	0	0
Provision for Losses	251	24	0	800	0	0
Total	**12,052**	**18,967**	**13,106**	**13,871**	**12,259**	**11,300**
Net Income on Loans and Investments	21,174	19,420	20,483	24,779	21,142	22,000
Net Administrative Expenses	(5,820)	(6,585)	(6,354)	(6,836)	(6,864)	(7,231)
Surplus	**15,354**	**12,835**	**14,129**	**17,943**	**14,278**	**14,769**

Mr. Adrian Deane (right), operates two farms which were part-financed with CDB funds acquired through Dominica's Agricultural Industrial and Development Bank.

APPENDIX IV

FINANCIAL STATEMENTS AND REPORTS OF THE INDEPENDENT ACCOUNTANTS FOR 2002

APPENDIX IV–A(1)

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
The Financial Services Centre
Bishop's Court Hill
P.O. Box 111
St. Michael
Barbados, W.I.
Telephone (246) 431-2700
(246) 436-7000
Facsimile (246) 429-3747
(246) 436-1275

February 28, 2003

AUDITORS' REPORT
TO THE BOARD OF GOVERNORS
CARIBBEAN DEVELOPMENT BANK

We have audited the accompanying financial statements of the Ordinary Capital Resources of the Caribbean Development Bank as of December 31, 2002, and for the year then ended as set out on pages 152 to 174. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ordinary Capital Resources of the Caribbean Development Bank as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

PricewaterhouseCoopers
CHARTERED ACCOUNTANTS

APPENDIX IV–A(2)

ORDINARY CAPITAL RESOURCES
BALANCE SHEET
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

		2002	2001
ASSETS			
DUE FROM BANKS		19,227	8,997
INVESTMENTS - Trading (Schedule 1) - Note B		95,050	153,192
LOANS (Schedule 2) - Note A		462,283	422,521
DERIVATIVE FINANCIAL INSTRUMENTS - Note		66,247	49,634
RECEIVABLE FROM MEMBERS			
Non-negotiable demand notes (Schedule 3) - Note C	47,045		46,326
Amounts required to meet maintenance of value on currency holdings - Note D	6,214		7,924
Amounts required to meet maintenance of value on currency holdings out on loans - Note D	1,366		2,057
Subscriptions in arrears	727		204
		55,352	56,511
RECEIVABLES - OTHER			
Accounts receivable including interfund receivables	8,488		6,237
Accrued income on investments and demand notes	1,567		2,912
Accrued income on loans	3,988		4,106
		14,043	13,255
OTHER ASSETS			
Property and equipment - Note E		7,551	8,777
		$719,753	$712,887

ORDINARY CAPITALRESOURCES
BALANCE SHEET
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	2002		2001
LIABILITIES AND EQUITY			
LIABILITIES			
Obligation for repurchase of shares - Note G		8,470	8,470
Accounts payable including interfund payables		8,994	5,541
Accrued charges on borrowings		2,102	2,735
Amounts required to meet maintenance of value on currency holdings - Note D		50	65
Amounts required to meet maintenance of value on currency holdings out on loans - Note D		15	32
		19,631	16,843
DERIVATIVE FINANCIAL INSTRUMENTS - Note F		14,796	10,252
BORROWINGS (Schedule 4) - Note F		300,811	320,022
		335,238	347,117
EQUITY			
Capital stock (Schedule 3) - Note G			
Authorised capital - 118,526 (2001 - 118,526) shares			
Subscribed capital - 107,971 (2001 - 107,971) shares	705,041		705,041
Less callable capital - 84,328 (2001 - 84,328) shares	549,345		549,345
Paid-up capital - 23,643 (2001 - 23,643) shares	155,696		155,696
Less subscriptions not yet matured	1,973		6,157
Subscriptions matured	153,723		149,539
Retained earnings - Note H	216,682		202,121
Reserves - Note I	14,110		14,110
		384,515	365,770
		$719,753	$712,887

Approved by: Compton Bourne, Ph.D.
President

Wm. Warren Smith
Director, Finance & Corporate Planning

Date: February 28, 2003

ORDINARY CAPITAL RESOURCES
STATEMENT OF CHANGES IN EQUITY
December 31, 2002 and 2001
Expressed in thousands of United States Dollars - Note A

	Capital stock	Retained earnings	Reserves	Total
Balance at January 1, 2001				
as previously reported	145,357	191,999	6,254	343,610
Effect of adopting IAS 39:				
- derivative instruments	-	(2,414)	-	(2,414)
- provision for losses on loans	-	7,856	-	7,856
Transfer to reserves	-	(7,856)	7,856	-
As restated	145,357	189,585	14,110	349,052
Currency translation adjustments	-	(299)	-	(299)
Net income for the year	-	12,835	-	12,835
Subscriptions matured during the year	4,182	-	-	4,182
Balance at December 31, 2001	149,539	202,121	14,110	365,770
Balance at January 1, 2002	149,539	202,121	14,110	365,770
Currency translation adjustments	-	432	-	432
Net income for the year	-	14,129	-	14,129
Subscriptions matured during the year	4,184	-	-	4,184
Balance at December 31, 2002	153,723	216,682	14,110	384,515

ORDINARY CAPITAL RESOURCES
STATEMENT OF INCOME
For the years ended December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note - A

	2002		2001
INCOME			
From loans			
Interest	25,414		28,378
Commitment fee and other charges	2,610		2,481
Total		28,024	30,859
From investments and cash balances - Note B		4,169	6,793
From other sources		135	165
Exchange		1,261	570
GROSS INCOME		33,589	38,387
EXPENSES			
Charges on borrowings			
Interest expenses	8,278		11,912
Other financial expenses	3,329		213
Total		11,607	12,125
Administrative expenses 1/ - Notes A, K and L		6,354	6,585
Net trading expense - Notes A and F		1,499	6,818
Provision for losses on loans - Note J		-	24
TOTAL EXPENSES		19,460	25,552
NET INCOME FOR THE YEAR		$14,129	$12,835

1/ *Administrative expenses are shown net of expenses allocated to Special Funds Resources of $8,529,000 (2001 - $8,562,000) and of other recoverables of $36,000 (2001 - $20,000).*

APPENDIX IV–A(5)

ORDINARY CAPITAL RESOURCES
STATEMENT OF CASH FLOWS
For the years ended December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	2002	2002	2001
Operating activities:			
Net income for the year		14,129	12,835
Adjustments for non-cash items:			
Unrealised loss/(gain) on trading portfolio	131		(249)
Depreciation	1,799		1,640
Amortisation of finance costs	81		135
Net increase in trading expense	1,499		6,818
Interest income	(29,811)		(35,299)
Interest expense	11,526		11,990
Provision for losses on loans	-		24
Increase in accounts receivable including interfund receivables	(2,329)		(3,234)
Increase/(decrease) in accounts payable including interfund payables	3,453		(2,856)
Net additions to property and equipment	(573)		(1,279)
Net decrease/(increase) in trading securities	42,505		(83,320)
Total adjustments		28,281	(105,630)
Interest received		31,274	33,379
Interest paid		(12,159)	(11,862)
Net cash provided by/(used in) operating activities		61,525	(71,278)
Investing activities:			
Disbursements on loans	(74,010)		(62,047)
Principal repayments to the Bank on loans	35,213		25,561
(Increase)/decrease in loans resulting from exchange rates fluctuations	(965)		582
Net cash used in investing activities		(39,762)	(35,904)
Financing activities:			
Borrowings:			
Drawdowns	4,513		102,648
Repayments	(37,290)		(13,521)
Decrease in borrowings resulting from exchange rates fluctuations	(2)		(1)
Finance costs paid	(3)		(2)
Capital subscriptions	4,184		4,182
Decrease/(increase) in amounts required to maintain the value of currency holdings	2,369		(2,332)
(Increase)/decrease in other receivables from members	(1,242)		849
Net cash (used in)/provided by financing activities		(27,471)	91,823
Translation adjustments		432	(299)
Net decrease in cash and cash equivalents		(5,276)	(15,658)
Cash and cash equivalents at beginning of year		45,759	61,417
Cash and cash equivalents at end of year		40,483	45,759
Represented by:			
Due from banks		19,227	8,997
Time deposits		21,256	36,762
		40,483	45,759

APPENDIX IV–A(6)
SCHEDULE 1

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF INVESTMENTS
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	2002				
	USD	EUR	CAD	Other Currencies	All Currencies
Government and Agency Obligations	50,529	10,190	3,478	2,680	66,877
Supranationals	2,870	2,167	1,880	-	6,917
Time Deposits	11,023	2,825	-	7,408	21,256
TOTAL	**$64,422**	**$15,182**	**$5,358**	**$10,088**	**$95,050**

	2001				
	USD	EUR	CAD	Other Currencies	All Currencies
Government and Agency Obligations	96,004	7,226	2,110	1,504	106,844
Supranationals	5,836	1,871	1,879	-	9,586
Time Deposits	22,962	3,857	520	9,423	36,762
TOTAL	**$124,802**	**$12,954**	**$4,509**	**$10,927**	**$153,192**

RESIDUAL TERM TO CONTRACTUAL MATURITY

	2002	2001
January 1, 2003 to December 31, 2003	*55,756*	*113,076*
January 1, 2004 to December 31, 2008	*39,294*	*40,116*
TOTAL	***$95,050***	***$153,192***

APPENDIX IV–A(7)
SCHEDULE 2

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF LOANS
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

Member countries in which loans have been made	Total loans approved 1/	Loans approved but not yet effective	Effective Loans: Signed agree- ments	Principal repaid to Bank	Undis- bursed	Out- standing 2/	Percent- age of total loans out- standing
Anguilla	10,614	-	10,614	1,702	1,671	7,241	1.6
Antigua and Barbuda	17,147	-	17,147	3,449	11,686	2,012	0.4
Bahamas, The	49,177	-	49,177	23,235	5,167	20,775	4.5
Barbados	187,539	-	187,539	35,778	90,938	60,823	13.1
Belize	86,142	3,927	82,215	9,574	26,484	46,157	10.0
British Virgin Islands	34,603	-	34,603	7,299	8,985	18,319	4.0
Cayman Islands	42,721	-	42,721	24,819	5,126	12,776	2.8
Dominica	29,753	-	29,753	2,815	12,524	14,414	3.1
Grenada	40,707	2,481	38,226	5,120	14,691	18,415	4.0
Guyana	15,963	-	15,963	15,405	-	558	0.1
Jamaica	205,739	5,000	200,739	73,314	41,171	86,254	18.6
Montserrat	485	-	485	485	-	-	0.0
St. Kitts and Nevis	49,292	1,500	47,792	3,284	13,606	30,902	6.6
St. Lucia	112,651	7,601	105,050	15,383	48,950	40,717	8.8
St. Vincent and the Grenadines	39,538	10,581	28,957	4,658	4,640	19,659	4.2
Trinidad and Tobago	124,882	-	124,882	31,874	19,013	73,995	16.0
Turks and Caicos Islands	8,766	-	8,766	2,102	2,560	4,104	0.9
Regional	15,748	-	15,748	6,956	2,918	5,874	1.3
	1,071,467	31,090	1,040,377	267,252	310,130	462,995	100.0
Provision for losses	(712)	-	(712)	-	-	(712)	
TOTAL - 2002	**$1,070,755**	**$31,090**	**$1,039,665**	**$267,252**	**$310,130**	**$462,283**	
TOTAL - 2001	**$981,561**	**$52,312**	**$929,249**	**$225,891**	**$280,837**	**$422,521**	

1/Net of lapses and cancellations.

2/Includes overdue instalments of principal amounting to $313,000 (2001 - $629,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

SUMMARY OF CURRENCIES RECEIVABLE ON ACCRUED INCOME ON LOANS

Currency	2002	2001
United States	3,940	4,048
Other	48	58
	3,988	**4,106**

APPENDIX IV–A(7)
SCHEDULE 2

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF LOANS (continued)
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

Currencies Receivable	Loans Outstanding 2001	Translation Adjustments	Disbursements	Sub-Total	Repayments	Provision for Losses	Loans Outstanding 2002
Bahamian dollars	81	-	-	81	(26)	-	55
Barbados dollars	217	-	-	217	(35)	-	182
Belize dollars	71	-	-	71	(11)	-	60
Canadian dollars	3,884	32	30	3,946	(443)	-	3,503
Cayman Islands dollars	3	-	-	3	(1)	-	2
Euros	3,868	717	89	4,674	(936)	-	3,738
East Caribbean dollars	1,574	-	228	1,802	(187)	-	1,615
IBRD Units	7,183	-	-	7,183	(678)	-	6,505
Jamaica dollars	19	-	-	19	(7)	-	12
Japanese yen	235	25	-	260	(154)	-	106
Pounds sterling	1,533	173	545	2,251	(277)	-	1,974
Swiss francs	173	36	-	209	(113)	-	96
Trinidad and Tobago dollars	2,659	(18)	-	2,641	(168)	-	2,473
United States dollars	401,733	-	73,118	474,851	(32,177)	-	442,674
Sub-Total	423,233	965	74,010	498,208	(35,213)	-	462,995
Provision for losses	(712)	-	-	(712)	-	-	(712)
TOTAL - 2002	**$422,521**	**$965**	**$74,010**	**$497,496**	**($35,213)**	**$0**	**$462,283**
TOTAL - 2001	**$378,785**	**($582)**	**$62,047**	**$440,250**	**($25,561)**	**$7,832**	**$422,521**

MATURITY STRUCTURE OF LOANS OUTSTANDING

January 1, 2003 to December 31, 2003	*21,003*
January 1, 2004 to December 31, 2004	*35,623*
January 1, 2005 to December 31, 2005	*37,110*
January 1, 2006 to December 31, 2006	*42,112*
January 1, 2007 to December 31, 2007	*42,142*
January 1, 2008 to December 31, 2012	*160,085*
January 1, 2013 to December 31, 2017	*96,791*
January 1, 2018 to December 31, 2029	*28,129*
TOTAL	***$462,995***

APPENDIX IV–A(8)
SCHEDULE 3

ORDINARY CAPITAL RESOURCES
STATEMENT OF SUBSCRIPTION TO CAPITAL STOCK AND VOTING POWER
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Sub-scriptions Matured	Voting Power No. of votes	Voting Power % of Total votes	Receivable from Members Non-negotiable Demand Notes
Regional States and Territories:									
Jamaica	19,342	17.91	116,666	91,122	25,544	25,545	19,492	17.54	12,829 1/
Trinidad and Tobago	19,342	17.91	116,666	91,122	25,544	25,545	19,492	17.54	11,009
Bahamas, The	5,703	5.28	34,399	26,865	7,534	7,534	5,853	5.27	1,720
Guyana	4,167	3.85	25,134	19,633	5,501	5,501	4,317	3.89	3,180
Colombia	3,118	2.89	18,807	14,687	4,120	4,120	3,268	2.93	627
Mexico	3,118	2.89	18,807	14,687	4,120	4,120	3,268	2.93	-0
Venezuela	3,118	2.89	18,807	14,687	4,120	4,120	3,268	2.93	1,863
Barbados	3,630	3.36	21,895	17,100	4,795	4,796	3,780	3.40	1,070
Belize	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	-0
Dominica	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	286
Grenada	736	0.68	4,439	3,468	971	971	886	0.80	213
St. Lucia	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	360
St. Vincent and the Grenadines	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	97
Antigua and Barbuda	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	296
St. Kitts and Nevis	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	238
Anguilla 2/	182	0.17	1,098	857	241	241	)	)	15
Montserrat 2/	213	0.20	1,285	1,002	283	283	1,184	1.07	-
British Virgin Islands 2/	213	0.20	1,285	1,002	283	283	)	)	-
Cayman Islands 2/	213	0.20	1,285	1,002	283	283	)	)	9
Turks and Caicos Islands 2/	213	0.20	1,285	1,002	283	283	)	)	-
	68,462	63.43	412,944	322,518	90,426	90,429	70,862	63.75	33,812
Non-Regional States:									
Canada	10,402	9.63	62,742	49,002	13,740	13,740	10,552	9.50	4,957
United Kingdom	10,402	9.63	62,742	49,002	13,740	13,740	10,552	9.50	2,150
Italy	6,235	5.77	37,608	29,374	8,234	8,234	6,385	5.75	577
Germany	6,235	5.77	37,608	29,374	8,234	8,234	6,385	5.75	5,549
China	6,235	5.77	37,608	29,374	8,234	9,551	6,385	5.75	-
	39,509	36.57	238,308	186,126	52,182	53,499	40,259	36.25	13,233
SUB-TOTAL	107,971	100.00	651,252	508,644	142,608	143,928	111,121	100.00	47,045
ADDITIONAL SUBSCRIPTIONS									
China			18,804	14,688	4,116	823			
Colombia			1,810	905	905	905			
Germany			12,546	9,681	2,865	2,865			
Italy			12,546	9,681	2,865	2,865			
Mexico			6,273	4,841	1,432	1,432			
Venezuela			1,810	905	905	905			
SUB-TOTAL	-	-	53,789	40,701	13,088	9,795	-	-	-
TOTAL – 2002	**107,971**	**100.00**	**$705,041**	**$549,345**	**$155,696**	**$153,723**	**111,121**	**100.00**	**$47,045**
TOTAL – 2001	**107,971**	**100.00**	**$705,041**	**$549,345**	**$155,696**	**$149,539**	**111,121**	**100.00**	**$46,326**

1/ Includes interest-bearing notes of $37,000 (2001- $39,000).

2/ In accordance with Article 3 paragraph 4 of the Agreement establishing the Bank, and Board of Governors Resolution No. 4/81, these territories are considered as a single member of the Bank for the purpose of Articles 26 and 32 of the Agreement

APPENDIX IV–A(9)
SCHEDULE 4

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF BORROWINGS
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	Original amounts 1/	Trans-lation adjust-ments	Repay-ments to date	Currency swap agreements	Undrawn	Out-stand-ing	Cost of borrow-ings %	Due Dates
CDB Market Borrowing:								
8.00% Notes - US$	30,000	-	(30,000)	-	-	-	2.30	1997-2002
7.14% Notes - US$	35,000	-	(35,000)	-	-	-	11.17	2001-2006
6.00% Notes - US$	50,000	-	-	-	-	50,000	2.32	2008
4.35% Notes - US$	60,000	-	-	20,095	-	80,095	5.92	2030
2.75% Notes - US$	100,000	-	-	42,087	-	142,087	2.54	2022
	275,000	-	(65,000)	62,182	-	272,182		
European Investment Bank								
Global Loan II - A - US$	24,972	(4,001)	-	-	(7,937)	13,034	3.35	2003-2011
	24,972	(4,001)	-	-	(7,937)	13,034		
International Bank for Reconstruction and Development:								
Loan 3200 CRG - US$	14,508	(1,016)	(12,425)	-	-	1,067	2.37	1995-2007
	14,508	(1,016)	(12,425)	-	-	1,067	2.37	1995-2007
Inter-American Development Bank								
Loan 30/VF-RG - US$	7,180	(4,027)	(3,153)	-	-	-	7.94	1985-2005
Loan 926/OC-RG - US$	20,000	-	-	-	(5,472)	14,528	2.02	2003-2021
	27,180	(4,027)	(3,153)	-	(5,472)	14,528		
TOTAL - 2002	**$341,660**	**($9,044)**	**($80,578)**	**$62,182**	**($13,409)**	**$300,811**		
TOTAL - 2001	**$344,660**	**($12,315)**	**($46,296)**	**$48,614**	**($14,641)**	**$320,022**		

1/ Net of cancellations and borrowings fully repaid.

APPENDIX IV–A(9)
SCHEDULE 4

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF BORROWINGS (continued)
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

Currencies repayable	Outstanding borrowings December 2001	Translation adjustments	Drawdowns	Currency swap agreements	Repayments	Outstanding borrowings December 2002
United States dollars	271,404	-	4,513	62,182	(37,288)	300,811
Venezuelan bolivars	4	(2)	-	-	(2)	-
TOTAL - 2002	**$271,408**	**($2)**	**$4,513**	**$62,182**	**($37,290)**	**$300,811**
TOTAL - 2001	**$182,282**	**($1)**	**$102,648**	**$48,614**	**($13,521)**	**$320,022**

MATURITY STRUCTURE OF BORROWINGS OUTSTANDING 1/

January 1, 2003 to December 31, 2003	*1,811*
January 1, 2004 to December 31, 2004	*2,141*
January 1, 2005 to December 31, 2005	*2,180*
January 1, 2006 to December 31, 2006	*2,221*
January 1, 2007 to December 31, 2007	*2,140*
January 1, 2008 to December 31, 2012	*59,128*
January 1, 2013 to December 31, 2017	*2,906*
January 1, 2018 to December 31, 2022	*102,906*
January 1, 2023 to December 31, 2033	*63,196*
TOTAL	***$238,629***

1/ *Without effect of currency swap agreements.*

APPENDIX IV–A(10)

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with and comply with International Accounting Standards.

Use of Estimates

Preparation of financial statements in conformity with International Accounting Standards requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Significant judgements have been used in the computation of estimated and fair values of loans, borrowings, derivative financial instruments, the determination of the adequacy of the provision for loan losses, the determination of net periodic income from pension and other post-retirement benefit plans and the present value of benefit obligations.

Translation of Currencies

The financial statements are expressed in United States dollars solely for the purpose of summarising the Bank's financial position and the results of its operations.

Assets and liabilities in currencies other than United States dollars are translated into United States dollars either at the par values established for those currencies with the International Monetary Fund, or where no par values are maintained, at rates which have been determined by the Bank to be appropriate for translation. In general, the rates so determined will be the approximate market rates of exchange prevailing at the dates of the financial statements. Differences in the United States dollar equivalents of opening reserves arising from changes in exchange rates applied at the beginning of the year and at the end of the year are included as translation adjustments in reserves.

Income and expenses in currencies other than United States dollars are translated into United States dollars at applicable rates of exchange on the transaction dates. This practice approximates the application of average rates in effect during the year. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the determination of net income for the year.

Capital Stock

In the Agreement establishing the Bank (the Agreement), the capital stock of the Bank is expressed in terms of United States dollars of the weight and fineness in effect on September 1, 1969 (the 1969 dollar). However, with effect from April 1, 1978, the Second Amendment to the Articles of Agreement of the International Monetary Fund came into force, as a result of which currencies no longer have par values in terms of gold. Prior to December 1986, the Bank had not taken a decision on the implications of this change on the valuation of its capital stock and had translated its capital stock into current United States dollars at the rate of 1.206348 current United States dollars (current dollars) per 1969 dollar. On December 11, 1986, the Board of Directors of the Bank agreed that, until such time as the Agreement may be amended in respect of the standard of value, the expression "United States dollars of the weight and fineness in effect on September 1, 1969" be interpreted, pursuant to Article 59 of the Agreement, to mean the "Special Drawing Right" (SDR) introduced by the International Monetary Fund as the SDR was valued in terms of United States dollars immediately before the introduction of the basket method of valuing the SDR on July 1, 1974, such value being 1.206348 current dollars for one SDR as at June 30, 1974 (the 1974 SDR).

For the purposes of the financial statements, the Bank has expressed the value of its capital stock on the basis of the 1974 SDR. This will not have any effect on the financial position or results of the operations of the Bank.

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

All investment securities are held in a trading portfolio and reported at fair market value. Trading securities are initially recognised at cost (which includes transaction costs) and subsequently re-measured at fair value based on quoted market prices. All related realised and unrealised gains and losses are included in investment income. Interest earned whilst holding trading securities is reported as interest income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the Bank commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs.

Loans

The Bank is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans. The Bank has two categories of loans: (a) variable-rate loans; and (b) fixed-rate loans. The interest rate on variable loans is reset semi-annually. The Bank does not currently sell its loans nor does it believe there is a comparable market for its loans. The estimated fair value of loans incorporates CDB's estimate of the probable expected cash flows of these instruments to CDB. The estimated cash flows from principal repayments and interest are discounted by the Bank's effective interest rate at the balance sheet date.

All loans by the Bank are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are repayable to the Bank in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member country in which the loans are made. Loans to the private sector are secured by other forms of securities deemed appropriate by the Bank.

A provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

The effective interest rates earned on loans outstanding was 5.89% (2001 - 7.43%).

At December 31, 2002, loans with principal balances outstanding of $526,000 (2001 - $527,000) were impaired. Interest on these loans was $67,000 (2001 - $63,000).

Derivative Financial Instruments and Hedging

CDB uses interest rate and currency swaps in its borrowings and liability management to take advantage of cost-saving opportunities in the capital markets to lower its funding costs and ultimately the onlending rate to its borrowers. These derivatives are used to modify the interest rate and/or currency characteristics of the borrowing portfolio. Derivative financial instruments are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. All derivatives are carried as assets when fair value is positive as liabilities when fair value is negative. Changes in the fair value of derivatives held for trading are included in net trading income/expense. While CDB believes that its hedging strategies achieve its objectives, the application of IAS 39 qualifying hedge criteria would not make fully evident the risk management strategy that CDB employs.

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On the date the derivative contract is entered into, the Bank designates certain derivatives as either (1) a hedge of the fair value of a recognised asset or liability (fair value hedge); or, (2) a hedge of a future cash flow attributable to a recognised asset or liability, a forecasted transaction or a firm commitment (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Bank's criteria for a derivative instrument to be accounted for as a hedge include:

(a) formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship is prepared before hedge accounting is applied;

(b) the hedge is documented showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the reporting period; and

(c) the hedge is effective on an on-going basis.

Changes in the fair value of derivatives that are designated and qualified as fair value hedges and that prove to be highly effective in relation to hedged risk are recorded in the income statement, along with the corresponding change in fair value of the hedged asset or liability that is attributable to that specific hedged risk.

Certain derivative transactions, while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses reported in income.

Prior to the adoption of IAS 39, derivatives were reported off balance sheet at their fair value.

CDB has a potential risk of loss if a swap counterparty fails to perform its obligations, and in order to reduce such credit risk, CDB only enters into long-term swap transactions with counterparties eligible under CDB's swap guidelines which include the requirement that counterparties have a credit rating of AA or higher. CDB does not anticipate that any of its counterparties will fail to perform their obligations under such agreements.

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in banks and other depositories and time deposits with less than 90 days maturity from the date of acquisition.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Property and Equipment

Property and equipment are stated at cost and depreciation is provided on the straight-line basis at rates considered adequate to write-off cost of the assets, less salvage, over their useful lives as follows:

APPENDIX IV–A(10)

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Years
Buildings	25
Furniture and Equipment	4-8
Computers	4
Motor Vehicles	4

Land is not depreciated as it is deemed to have an indefinite life.

Borrowings

To ensure funds are available for lending and liquidity purposes, CDB borrows institutionally and from the private placement market. CDB issues medium and long-term debt instruments with fixed and floating interest rates. Borrowings are carried on the balance sheet at cost, adjusted for any unamortised premiums or discounts and the effect of hedging instruments. Issuance costs associated with a bond offering are deferred and amortised over the life of the bond.

Pension Obligations

The Bank operates a defined benefit scheme and a hybrid scheme, the assets of which are generally held in separate trustee-administered funds. The pension schemes are generally funded by payments from employees and by the Bank, taking account of the recommendations of independent qualified actuaries.

For defined benefit schemes, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who value the plans once every three years. All actuarial gains and losses are spread forward over the average remaining service lives of employees.

Other Post-retirement Obligations

The Bank provides post-retirement health care benefits to their retirees. Entitlement to these benefits is based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefit pension plan. Valuation of these obligations is carried out by independent qualified actuaries.

Administrative Expenses

Administrative expenses incurred by the Bank are allocated between the Ordinary Capital Resources and the Special Funds Resources in accordance with a method of allocation notified to the Board of Directors.

Comparative Amounts

Comparative amounts have been restated to conform with current year presentation.

APPENDIX IV–A(10)

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE B – INVESTMENTS

As part of its overall portfolio management strategy, CDB invests in government and government-guaranteed obligations and time deposits. For the government and agency obligations, CDB may only invest in obligations issued or unconditionally guaranteed by governments of countries with a minimum credit rating of AA; however, if such obligations are denominated in the home currency of the issuer, no rating is required. Investments are permitted in supranational institutions and US Government Agencies that are rated AAA.

The annualised rate of return on the average investments held during the year, including gains and losses both realised and unrealised, was 3.37% (2001 - 5.22%). Realised losses on investments traded during 2002 totalled $258,703 (2001 – gain of $52,560), while unrealised losses for 2002 were $130,566 (2001 – gain of $249,035).

NOTE C - NON-NEGOTIABLE DEMAND NOTES

The Agreement permits the Bank to accept from a member non-negotiable, non-interest bearing demand notes in place of part of the member's subscription to the paid-up capital which shall be payable in the member's currency and maintenance of value in respect of such part, provided that such currency is not required for the conduct of the operations of the Bank. A member which has issued such demand notes may, at the request of the Bank, convert any of them into interest-bearing notes or into cash to be invested in government securities of that member.

NOTE D - MAINTENANCE OF VALUE

In accordance with Article 24 of the Agreement, each member is required to maintain the value of its currency held by the Bank and consisting of or derived as repayments of principal from currencies originally paid to the Bank by the member in respect of capital subscriptions. The Bank is also required to repay to any member an amount of currency equal to the increase in value of its currency which is held by the Bank in respect of capital subscriptions. The Agreement expressed the standard of value for those purposes in terms of the 1969 dollar and, as indicated in Note A above, on December 11, 1986, the Board of Directors, pursuant to Article 59 of the Agreement, agreed that, until the Agreement be amended in respect of the standard value, the 1969 dollar be interpreted to mean the 1974 SDR, valued as aforesaid. Maintenance of value (MOV) is therefore being determined on the basis of the 1974 SDR, and is treated in the financial statements on this basis. For the purposes of effecting settlement, MOV obligations are established at December 31 in each year. The Board of Directors has agreed that MOV obligations on any part of a member's paid up capital which is represented by loans outstanding be postponed and become payable on each portion of the principal of such loans when such portion is repaid to the Bank. MOV obligations which are not so deferred are due for settlement within 12 months of the date established.

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE E - PROPERTY AND EQUIPMENT

($'000)

Cost	Buildings	Computers	Furniture and Equipment	Motor Venicles	Total
At January 1, 2002	8,416	4,129	3,797	110	16,452
Additions	10	445	101	19	575
Disposals	-	-	-	(21)	(21)
At December 31, 2002	8,426	4,574	3,898	108	17,006
Accumulated depreciation					
At January 1, 2002	3,166	1,873	2,596	40	7,675
Disposals	-	-	-	(19)	(19)
Depreciation expense	332	1,017	421	29	1,799
At December 31, 2002	3,498	2,890	3,017	50	9,455
Net book values					
At December 31, 2002	4,928	1,684	881	58	7,551
At December 31, 2001	5,250	2,256	1,201	70	8,777

NOTE F - BORROWINGS AND DERIVATIVE FINANCIAL INSTRUMENTS

Borrowings by the Bank for use in the Ordinary operations are limited by resolution of the Board of Governors to the extent of the investment grade callable capital plus paid-in capital and retained earnings amounting to approximately $760,442,000 (2001 - $747,720,000). The Board of Directors has restricted such borrowings to 65% of total capitalisation.

The effective cost of borrowings outstanding, including short-term borrowings, during the fiscal year ended December 31, 2002 was 4.23% (2001 - 5.41%).

The Bank utilises the following derivative instruments for both hedging and non-hedging purposes:

Currency and Interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). Except for a certain currency swaps, no exchange of principal takes place. The Bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an on-going basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

The fair value of derivative instruments held at December 31, 2002 are shown below:

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE F - BORROWINGS AND DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	($'000)		
	Notional Amount	Fair values Assets	Liabilities
Cross Currency Swaps	160,000	62,182	14,796
Interest Rate Swaps	50,000	4,065	-
	210,000	**66,247**	**14,796**

Net derivative expense of $1,499 is represented by:

	($'000)		
	January 1, 2002	**December 31, 2002**	**Profit/(Loss)**
Cross Currency Swaps	10,252	14,796	(4,544)
Interest Rate Swaps	(1,020)	(4,065)	3,045
	9,232	**10,731**	**(1,499)**

NOTE G - CAPITAL STOCK

In the Agreement, the capital stock of the Bank is expressed in terms of the 1969 dollar. On December 11, 1986, the Board of Directors, pursuant to its powers of interpretation under Article 59 of the Agreement, agreed that the 1969 dollar be interpreted to mean the 1974 SDR valued as mentioned in Note A and that the value of the capital stock of the Bank be expressed on the basis of the 1974 SDR.

On April 27, 2000, France gave notice of its withdrawal from membership of the Bank. Under Article 42-2 of the Charter, the withdrawal became effective on October 27, 2000. The Charter also provides for CDB to repurchase the shares of France at a price as shown on the books of the Bank on the date of cessation of membership. A review of the financial statements has determined the book value of the shares as at October 27, 2000 to be $8,470,000 after netting off non-negotiable demand notes and maintenance of value amounting to $3,200,000 and $1,400,000 respectively. Under Article 42-3 no amount due to France was to be paid before April 27, 2001. At December 31, 2002, no amounts have been paid to France.

At December 31, 2002, the Bank's authorised capital consisted of 118,526 shares (2001 - 118,526) of which 10,555 shares were unassigned. Each share has a par value of 5,000 1974 SDRs valued at the rate of $1.206348 per 1974 SDR. Of the authorised capital, 107,971 shares have been subscribed, of which 84,328 are callable capital and 23,643 are paid-up capital. In accordance with the principles set out in Note A - Capital Stock, the value of the subscribed capital expressed in dollars is $705,041,000 comprising callable capital of $549,345,000 and paid-up capital of $155,696,000.

In accordance with Resolutions of the Board of Governors, some members admitted subsequent to the establishment of the Bank were required to pay additional subscriptions on the basis of the 1969 dollar. Consequent on the abovementioned decision of the Board of Directors on December 11, 1986, these subscriptions valued on the basis of the 1974 SDR total $53,789,000 of which $40,701,000 is callable and $13,088,000 is paid-up. These additional subscriptions are subject to the MOV provisions described in Note D.

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE G - CAPITAL STOCK (continued)

The callable capital is subject to call only as and when required by the Bank to meet its obligations incurred on borrowings included in, or guarantees chargeable to, the Ordinary Capital Resources of the Bank.

The paid-up capital is payable by instalments and of each instalment 50% is payable in gold or in a convertible currency which is freely and effectively usable in the operations of the Bank or in a currency which is freely and fully convertible into such a currency, provided that, if the currency of a member meets either of these requirements, such payments shall be made in the currency of that member, and 50% shall be paid in the currency of the member subject to the option outlined in Note C.

NOTE H - RETAINED EARNINGS

Retained earnings comprise the following elements at December 31, 2002 and December 31, 2001:

	($'000)	
	2002	**2001**
Ordinary reserves	190,473	177,937
Currency translation adjustments	432	(299)
Surplus	11,648	11,648
Unallocated Net Income	14,129	12,835
	$216,682	**$202,121**

In accordance with Article 39 of the Agreement, the Board of Governors shall determine at least annually the disposition of the net income of the Bank arising from its Ordinary operations. In previous years the net income has been allocated to the Ordinary Reserves of the Bank which may be used, *inter alia*, to meet possible future losses on loans and guarantees made by the Bank in its Ordinary operations and possible future losses from currency devaluations.

NOTE I - RESERVES

Special

In accordance with Article 18 of the Agreement, commissions and guarantee fees received on loans made out of the Ordinary Capital Resources of the Bank are required to be set aside in a Special Reserve which shall be kept for meeting liabilities of the Bank. The assets of the Special Reserve are to be held in such liquid form as the Board of Directors may decide.

At the One Hundred and Nineteenth Meeting of the Board of Directors held on July 21, 1988, the Board decided that appropriations to the Special Reserve should be discontinued with effect from January 1, 1989. Pursuant thereto, no commission is charged on loans approved after January 1, 1989 and all amounts received after that date as commission on loans approved before that date are treated as interest and accounted for as such. During 1993, the Special Reserve was converted into United States dollars and is valued at $6,254,000.

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE I - RESERVES (continued)

General Banking Reserve

Loan loss provisions amounting to $7,856,000 are deemed to be a provision for general banking risks and were transferred to a general banking reserve.

NOTE J - PROVISION FOR LOSSES ON LOANS

The Bank charges income with a provision for losses determined by the policy as stated in Note A - Loans above.

The movements on the provision for loans during the years ended December 31, 2002 and 2001 were as follows:

	($'000)
Balance at January 1, 2001	8,544
Adjustment re IAS 39 at January 1, 2001	(7,856)
	688
Provision taken during the year	24
Balance at December 31, 2001	712
Provision taken during the year	-
Balance at December 31, 2002	$712

NOTE K - STAFF COSTS

	($'000) 2002	2001
Salaries and allowances	6,876	7,151
Pension costs - hybrid scheme - Note L	332	369
Pension costs - defined benefit plan - Note L	1,278	1,295
Other post-retirement benefits - Note L	198	228
	8,684	**9,043**

Pension costs of $314,000 (2001 - $291,000) are included in the administrative expenses for the Unified Special Development Fund.

NOTE L - PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS

Pension Schemes

The Bank has a defined benefit scheme and a hybrid scheme for securing retirement pensions and other benefits for the eligible employees of the Bank. Both schemes are final salary defined benefit plans. These Plans are valued by independent actuaries every three years using the projected unit credit method. The most recent actuarial valuations were carried out as at January 1, 1999.

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE L - PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS (continued)

The amounts recognised in the balance sheet are as follows:

	($'000) 2002	2001
Present value of funded obligations	30,012	25,063
Fair value of plan assets	(25,701)	(23,884)
	4,311	1,179
Unrecognised actuarial loss	(3,895)	(817)
Unrecognised transitional liability	(30)	(61)
	386	301

The amounts recognised in the income statement are as follows:

	2002	2001
Current service cost	1,621	1,709
Interest cost	1,837	1,545
Expected return on plan assets	(1,888)	(1,621)
Amortisation of transitional liability	31	31
Amortisation of actuarial loss	9	-
	1,610	1,664
Actual return on the plan assets	913	2,322

Movement in the liability recognised in the balance sheet:

	2002	2001
At January 1, 2002	301	60
Pension cost	1,610	1,664
Contributions paid	(1,525)	(1,423)
At December 31, 2002	386	301

The principal actuarial assumptions used for accounting purposes were:

	%	%
Discount rate	5.0	7.5
Expected return on plan assets	5.0-6.0	7.5-8.5
Future salary increases	4.0	6.5
Future pension increases	0-2.5	0-2.5

Other Retirement Obligations

The Bank also operates a post-retirement medical plan. The method of accounting and frequency of valuations are similar to those used for the Bank pension schemes.

The amounts recognised in the balance sheet are as follows:

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE L - PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS (continued)

	($'000)	
	2002	**2001**
Present value of obligations	1,027	867
Unrecognised actuarial loss	(379)	(333)
Unrecognised transitional liability	(68)	(136)
	580	398

The amounts recognised in the income statement are as follows:

Current service cost	53	82
Interest cost	60	70
Amortisation of actuarial loss	17	8
Amortisation of transitional liability	68	68
	198	228

Movement in the liability recognised in the balance sheet:

At January 1, 2002	398	180
Benefit cost	198	228
Premiums paid	(16)	(10)
At December 31, 2002	580	398

The principal actuarial assumptions used for accounting purposes were:

	%	%
Annual discount rate	7	7
Annual increase in benefit	4	4

NOTE M - FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value. Bid prices are used to estimate fair values of assets, whereas offer prices are applied for liabilities.

	Carrying Value		Fair Value	
	2002	**2001**	**2002**	**2001**
Financial Assets				
Due from other banks	19,227	8,997	19,227	8,997
Loans	462,283	422,521	542,256	401,680
Non-negotiable demand notes	47,045	46,326	47,045	46,326
Financial Liabilities				
Borrowings	300,811	320,022	255,635	219,863

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE M - FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Due From Other Banks

Due from other banks includes cash and overnight deposits. The fair value of floating rate placements and overnight deposits is their carrying amount.

Loans

Loans are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Non-negotiable Demand Notes

Non-negotiable demand notes are due on demand and their fair values are deemed to be equal to their carrying amount.

Borrowings

The estimated fair values are based on quoted market prices where such prices are available. Where no quoted market price is available, the fair value is estimated based on the cost at which the Bank could currently undertake borrowings with similar terms and remaining maturities. The fair value of swaps represents the estimated cost of replacing these contracts at that date.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
The Financial Services Centre
Bishop's Court Hill
P.O. Box 111
St. Michael
Barbados, W.I.
Telephone (246) 431-2700
(246) 436-7000
Facsimile (246) 429-3747
(246) 436-1275

February 28, 2003

AUDITORS' REPORT
TO THE BOARD OF GOVERNORS
CARIBBEAN DEVELOPMENT BANK

We have audited the accompanying special purpose financial statements of the Special Development Fund of the Caribbean Development Bank as of December 31, 2002 as set out on pages 176 to 192. These special purpose statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying special purpose financial statements of the Special Development Fund of the Caribbean Development Bank as of December 31, 2002 have been properly prepared in all material respects, in accordance with the accounting policies set out in Note A.

Without qualifying our opinion, we emphasise that the accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of International Accounting Standards.

PricewaterhouseCoopers
CHARTERED ACCOUNTANTS

APPENDIX IV–B(2)

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
BALANCE SHEET
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	2002			2001		
	UNIFIED	OTHER	TOTAL	UNIFIED	OTHER	TOTAL
ASSETS						
DUE FROM BANKS	5,575	5,267	10,842	643	6,199	6,842
INVESTMENTS (Schedule 1)	36,684	66,238	102,922	36,657	63,136	99,793
LOANS (Schedule 2)	300,576	22,634	323,210	282,505	23,224	305,729
RECEIVABLE FROM CONTRIBUTORS						
Non-negotiable demand notes (Schedule 3)	126,002	-	126,002	119,284	-	119,284
Contributions in arrears	7,829	-	7,829	6,267	-	6,267
	133,831	-	133,831	125,551	-	125,551
RECEIVABLES - OTHER						
Accounts receivable including interfund receivables	251	119	370	263	92	355
Accrued income on investments	355	879	1,234	348	1,050	1,398
Accrued income on loans	577	59	636	473	53	526
	1,183	1,057	2,240	1,084	1,195	2,279
	$477,849	$95,196	$573,045	$446,440	$93,754	$540,194
LIABILITIES AND FUNDS						
LIABILITIES						
Contributions in advance	3,410	-	3,410	-	-	-
Accounts payable including interfund payables	39,459	963	40,422	7,661	2,079	9,740
Accrued charges on contributions	-	35	35	-	37	37
	42,869	998	43,867	7,661	2,116	9,777
FUNDS						
Contributed resources (Schedule 3)						
Contributions	564,763	54,467	619,230	477,662	54,945	532,607
Less amounts not yet made available	(55,675)	-	(55,675)	-	-	-
Amounts made available	509,088	54,467	563,555	477,662	54,945	532,607
Allocation to technical assistance and grant resources	(119,000)	(1,566)	(120,566)	(75,000)	(1,566)	(76,566)
	390,088	52,901	442,989	402,662	53,379	456,041
Accumulated net income (Schedule 4)	23,223	41,214	64,437	24,555	37,965	62,520
Technical assistance and grant resources	21,669	83	21,752	11,562	294	11,856
	$434,980	$94,198	$529,178	$438,779	$91,638	$530,417
	$477,849	$95,196	$573,045	$446,440	$93,754	$540,194

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
STATEMENT OF INCOME AND ACCUMULATED NET INCOME
For the years ended December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	2002			2001		
	UNIFIED	OTHER	TOTAL	UNIFIED	OTHER	TOTAL
INCOME						
From loans	7,180	643	7,823	6,697	694	7,391
From investments and cash balances	1,805	3,453	5,258	3,173	3,955	7,128
GROSS INCOME	8,985	4,096	13,081	9,870	4,649	14,519
EXPENSES						
Administrative expenses	8,625	1,150	9,775	8,641	1,244	9,885
Charges on contributions	-	402	402	-	428	428
Exchange	(68)	70	2	(678)	5	(673)
TOTAL EXPENSES	8,557	1,622	10,179	7,963	1,677	9,640
NET INCOME FOR THE YEAR	428	2,474	2,902	1,907	2,972	4,879

STATEMENT OF CHANGES IN ACCUMULATED NET INCOME

	2002 UNIFIED	2002 OTHER	2002 TOTAL	2001 UNIFIED	2001 OTHER	2001 TOTAL
ACCUMULATED NET INCOME - BEGINNING OF YEAR	24,555	37,965	62,520	27,554	40,213	67,767
Currency translation adjustments	(1,760)	775	(985)	594	(333)	261
Appropriations	-	-	-	(5,500)	(4,887)	(10,387)
Net income for the year	428	2,474	2,902	1,907	2,972	4,879
ACCUMULATED NET INCOME - END OF YEAR	23,223	41,214	64,437	24,555	37,965	62,520

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT fUND (UNIFIED)
STATEMENT OF CASH FLOWS
For the years ended December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

		2002	2001
Operating activities:			
Net income for the year		428	1,907
Adjustments for non-cash items:			
Unrealised gains on trading portfolio	(453)		(224)
Interest income	(8,482)		(9,646)
Decrease in accounts receivable including interfund receivables	12		72
Increase/(decrease) in accounts payable including interfund payables	31,798		(6,019)
Allocation/appropriations for technical assistance and grant operations	-		(5,500)
Total adjustments		22,875	(21,317)
Interest received		8,371	10,219
Net (increase)/decrease in trading securities		(489)	16,997
Net cash provided by operating activities		31,185	7,806
Investing activities:			
Disbursements on loans	(33,592)		(37,700)
Principal repayments to the Bank on loans	15,548		14,023
(Increase)/decrease in loans resulting from exchange rates fluctuations	(27)		59
Technical assistance disbursements	(1,908)		(2,683)
Net cash used in investing activities		(19,979)	(26,301)
Financing activities:			
Contributions:			
(Decrease)/increase in contributions for loans	(25,972)		7,409
Increase/(decrease) in contributions resulting from exchange rates fluctuations	13,398		(5,074)
(Increase)/decrease in receivables from contributors	(4,870)		14,935
Technical assistance allocation	12,015		81
Net (cash used in)/provided by financing activities		(5,429)	17,351
Translation adjustments		(1,760)	594
Net increase/(decrease) in cash and cash equivalents		4,017	(550)
Cash and cash equivalents at beginning of year		6,686	7,236
Cash and cash equivalents at end of year		$10,703	$6,686
Represented by:			
Due from banks		5,575	643
Time deposits		5,128	6,043
		$10,703	$6,686

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND (OTHER)
STATEMENT OF CASH FLOWS
For the years ended December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	2002		2001
Operating activities:			
Net income for the year		2,474	2,972
Adjustments for non-cash items:			
Unrealised gain on trading portfolio	(715)		(189)
Interest income	(3,375)		(4,460)
Interest expense	402		428
(Increase)/decrease in accounts receivable including interfund receivables	(27)		12
Decrease in accounts payable including interfund payables	(1,116)		(1,538)
Appropriations	-		(4,887)
Total adjustments		(4,831)	(10,634)
Interest received		3,540	4,873
Interest paid		(404)	(431)
Net increase in trading securities		(1,758)	(2,937)
Net cash used in operating activities		(979)	(6,157)
Investing activities:			
Disbursements on loans	(2,938)		(2,235)
Principal repayments to the Bank on loans	4,024		3,736
(Increase)/decrease in loans resulting from exchange rates fluctuations	(496)		216
Technical assistance disbursements	(211)		(260)
Net cash provided by investing activities		379	1,457
Financing activities:			
Borrowings:			
Repayments of contributions	(1,623)		(1,467)
Increase/(decrease) in contributions resulting from exchange rates fluctuations	1,145		(462)
Net cash used in financing activities		(478)	(1,929)
Translation adjustments		775	(333)
Net decrease in cash and cash equivalents		(303)	(6,962)
Cash and cash equivalents at beginning of year		10,847	17,809
Cash and cash equivalents at end of year		$10,544	$10,847
Represented by:			
Due from banks		5,267	6,199
Time deposits		5,277	4,648
		$10,544	$10,847

APPENDIX IV–B(6)
SCHEDULE 1

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF INVESTMENTS
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	2002			2001		
	Market value			Market value		
	UNIFIED	OTHER	TOTAL	UNIFIED	OTHER	TOTAL
Government and Agency Obligations	27,472	50,718	78,190	27,753	50,450	78,203
Supranationals	4,084	10,243	14,327	2,861	8,038	10,899
Time Deposits	5,128	5,277	10,405	6,043	4,648	10,691
TOTAL	**$36,684**	**$66,238**	**$102,922**	**$36,657**	**$63,136**	**$99,793**

RESIDUAL TERM TO CONTRACTUAL MATURITY

	2002	*2001*
January 1, 2003 to December 31, 2003	*29,615*	*19,078*
January 1, 2004 to December 31, 2008	*70,120*	*69,861*
January 1, 2009 to December 31, 2013	*3,187*	*10,854*
TOTAL	***$102,922***	***$99,793***

APPENDIX IV–B(7)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND (UNIFIED)
SUMMARY STATEMENT OF LOANS
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

			Effective Loans				
Member countries in which loans have been made	Total loans approved 1/	Loans approved but not yet effective	Signed agree-ments	Principal repaid to Bank	Undis-bursed	Out-standing 2/	Percent-age of total loans out-standing
Anguilla	9,142	-	9,142	2,763	2,610	3,769	1.2
Antigua and Barbuda	11,014	-	11,014	4,249	4,430	2,335	0.8
Bahamas, The	1,530	-	1,530	1,171	-	359	0.1
Barbados	5,383	-	5,383	2,789	509	2,085	0.7
Belize	47,470	-	47,470	10,731	14,760	21,979	7.3
British Virgin Islands	11,433	-	11,433	3,719	1,766	5,948	2.0
Cayman Islands	3,791	-	3,791	3,160	362	269	0.1
Dominica	65,298	-	65,298	12,797	12,084	40,417	13.4
Grenada	53,940	-	53,940	13,041	14,297	26,602	8.9
Guyana	81,347	-	81,347	4,684	16,797	59,866	19.9
Jamaica	72,412	5,500	66,912	9,988	21,400	35,524	11.8
Montserrat	9,677	-	9,677	2,567	1,823	5,287	1.8
St. Kitts and Nevis	47,051	-	47,051	7,740	10,844	28,467	9.5
St. Lucia	58,573	3,200	55,373	9,662	15,503	30,208	10.1
St. Vincent and the Grenadines	40,409	-	40,409	10,668	3,449	26,292	8.7
Trinidad and Tobago	5,064	1,000	4,064	2,577	16	1,471	0.5
Turks and Caicos Islands	8,856	-	8,856	2,303	2,227	4,326	1.4
Regional	9,325	-	9,325	3,263	690	5,372	1.8
TOTAL - 2002	**541,715**	**9,700**	**532,015**	**107,872**	**123,567**	**300,576**	**100.0**
TOTAL - 2001	**$526,608**	**$30,119**	**$496,489**	**$98,408**	**$115,576**	**$282,505**	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to $200,000 (2001 - $509,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

APPENDIX IV–B(7)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND (OTHER)
SUMMARY STATEMENT OF LOANS (continued)
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

			Effective Loans				
Member countries in which loans have been made	Total loans approved 1/	Loans approved but not yet effective	Signed agree-ments	Principal repaid to Bank	Undis-bursed	Out-standing 2/	Percent-age of total loans out-standing
Anguilla	1,435	-	1,435	1,222	83	130	0.6
Antigua and Barbuda	3,529	-	3,529	2,964	565	-	-
Bahamas, The	773	-	773	740	-	33	0.2
Barbados	1,596	-	1,596	1,568	-	28	0.1
Belize	27,841	1,812	26,029	15,498	507	10,024	44.3
British Virgin Islands	4,049	-	4,049	3,073	-	976	4.3
Cayman Islands	535	-	535	480	-	55	0.2
Dominica	12,909	1,550	11,359	9,781	669	909	4.0
Grenada	4,391	168	4,223	3,591	-	632	2.8
Guyana	22	-	22	22	-	-	-
Jamaica	6,871	-	6,871	4,101	2,000	770	3.4
Montserrat	780	-	780	772	-	8	-
St. Kitts and Nevis	11,666	1,500	10,166	5,020	1,037	4,109	18.2
St. Lucia	21,069	1,196	19,873	16,696	-	3,177	14.0
St. Vincent and the Grenadines	12,304	-	12,304	9,677	888	1,739	7.7
Turks and Caicos Islands	1,478	-	1,478	1,434	-	44	0.2
Regional	2,519	-	2,519	2,519	-	-	-
TOTAL - 2002	**113,767**	**6,226**	**107,541**	**79,158**	**5,749**	**22,634**	**100.0**
TOTAL - 2001	**$100,273**	**-**	**$100,273**	**$72,578**	**$4,471**	**$23,224**	

1/ Net of lapses and cancellations

2/ There were no overdue instalments of principal (2001 - $32,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

APPENDIX IV–B(7)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS (continued)
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

			Effective Loans				
Analysis by contributor	Total loans approved 1/	Loans approved but not yet effective	Signed agree-ments	Principal repaid to Bank	Undis-bursed	Out-standing 2/	Percent-age of total loans out-standing
SPECIAL DEVELOPMENT FUND - UNIFIED							
MEMBERS/CONTRIBUTORS	540,965	9,700	531,265	107,872	122,817	300,576	100.0
TOTAL SDF - (UNIFIED)	**$540,965**	**$9,700**	**$531,265**	**$107,872**	**$122,817**	**$300,576**	
SPECIAL DEVELOPMENT FUND - OTHER							
MEMBERS							
Colombia	8,615	-	8,615	7,291	83	1,241	5.5
Germany	15,568	-	15,568	13,704	-	1,864	8.2
Mexico	9,281	-	9,281	4,729	466	4,086	18.1
Venezuela	53,267	6,226	47,041	26,917	5,200	14,924	65.9
	86,731	6,226	80,505	52,641	5,749	22,115	
OTHER CONTRIBUTORS							
Sweden	4,203	-	4,203	3,798	-	405	1.8
United States of America	22,833	-	22,833	22,719	-	114	0.5
	$27,036	-	$27,036	$26,517	-	$519	100.0
TOTAL - SDF (OTHER)	**$113,767**	**$6,226**	**$107,541**	**$79,158**	**$5,749**	**$22,634**	
TOTAL SDF - 2002	**$654,732**	**$15,926**	**$638,806**	**$187,030**	**$128,566**	**$323,210**	
TOTAL SDF - 2001	**$626,881**	**$30,119**	**$596,762**	**$170,986**	**$120,047**	**$305,729**	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to $200,000 (2001 - $541,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

APPENDIX IV–B(7)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS (continued)
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

Currencies receivable	Loans outstanding 2001	Translation adjustments	Disbursements	Sub-Total	Repayments	Loans outstanding 2002
(a) SPECIAL DEVELOPMENT FUND - UNIFIED						
Canadian dollars	441	1	29	471	(140)	331
Pounds sterling	226	26	-	252	(217)	35
Euros	-	-	217	217	-	217
United States dollars	281,838	-	33,346	315,184	(15,191)	299,993
TOTAL - 2002	**282,505**	**27**	**33,592**	**316,124**	**(15,548)**	**300,576**
TOTAL - 2001	**$258,887**	**($59)**	**$37,700**	**$296,528**	**($14,023)**	**$282,505**
(b) SPECIAL DEVELOPMENT FUND - OTHER						
Euros	2,092	388	493	2,973	(1,109)	1,864
Swedish kroners	549	108	-	657	(252)	405
United States dollars	20,583	-	2,445	23,028	(2,663)	20,365
TOTAL - 2002	**23,224**	**496**	**2,938**	**26,658**	**(4,024)**	**22,634**
TOTAL - 2001	**$24,941**	**($216)**	**$2,235**	**$26,960**	**($3,736)**	**$23,224**

MATURITY STRUCTURE OF LOANS OUTSTANDING

January 1, 2003 to December 31, 2003	*11,748*
January 1, 2004 to December 31, 2004	*16,129*
January 1, 2005 to December 31, 2005	*16,651*
January 1, 2006 to December 31, 2006	*15,252*
January 1, 2007 to December 31, 2007	*14,399*
January 1, 2008 to December 31, 2012	*66,171*
January 1, 2013 to December 31, 2017	*63,177*
January 1, 2018 to December 31, 2022	*51,367*
January 1, 2023 to December 31, 2042	*68,316*
TOTAL	***$323,210***

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

APPENDIX IV–B(8)
SCHEDULE 3

CONTRIBUTORS	Total approved 1/	Approved but not yet effective 2/	Total contribution agreed	Amounts not yet made available	Amounts made available	Receivable from members non-negotiable demand notes
SDF - UNIFIED						
Members						
Trinidad and Tobago	17,700	-	17,700	2,500	15,200	8,569
Bahamas, The	9,930	-	9,930	1,405	8,525	3,406
Barbados	9,930	-	9,930	1,405	8,525	2,001
Jamaica	15,520	-	15,520	2,500	13,020	4,700
Guyana	9,930	-	9,930	1,405	8,525	3,406
Antigua and Barbuda	1,232	320	912	-	912	348
Belize	2,640	-	2,640	420	2,220	979
Dominica	2,640	-	2,640	420	2,220	1,025
St.Kitts and Nevis	2,640	-	2,640	420	2,220	979
St. Lucia	2,640	-	2,640	420	2,220	1,078
St.Vincent and the Grenadines	2,652	-	2,652	420	2,232	1,059
Grenada	2,640	840	1,800	-	1,800	1,167
Montserrat	1,020	-	1,020	320	700	248
British Virgin Islands	1,020	-	1,020	160	860	261
Turks and Caicos Islands	1,020	-	1,020	320	700	-
Cayman Islands	920	-	920	160	760	497
Anguilla	1,020	320	700	-	700	219
Colombia	19,933	-	19,933	3,600	16,333	2,130
Venezuela	15,382	3,600	11,782	-	11,782	3,228
Canada	127,072	-	127,072	18,900	108,172	22,840
United Kingdom	106,223	-	106,223	18,900	87,323	24,151
Germany	48,827	-	48,827	-	48,827	14,023
Italy	51,847	3,145	48,702	-	48,702	11,062
China	28,000	-	28,000	2,000	26,000	-
Mexico	11,000	3,000	8,000	-	8,000	-
	493,378	11,225	482,153	55,675	426,478	107,376
Other Contributors						
France	58,710	-	58,710	-	58,710	18,626
Netherlands	23,900	-	23,900	-	23,900	-
	575,988	-	564,763	-	509,088	126,002
Technical Assistance Allocation	(119,000)	-	(119,000)	-	(119,000)	-
SUB-TOTAL	456,988	11,225	445,763	55,675	390,088	126,002
SDF - OTHER						
Members						
Colombia	5,000	-	5,000	-	5,000	-
Germany 3/	3,325	-	3,325	-	3,325	-
Mexico 4/	13,767	-	13,767	-	13,767	-
Venezuela	17,474	-	17,474	-	17,474	-
	39,566	-	39,566	-	39,566	-
Other Contributors						
Sweden	2,978	-	2,978	-	2,978	-
United States of America 3/	10,357	-	10,357	-	10,357	-
	13,335	-	13,335	-	13,335	-
SUB-TOTAL	52,901	-	52,901	-	52,901	-
TOTAL SDF - 2002	**$509,889**	**11,225**	**$498,664**	**55,675**	**$442,989**	**$126,002**
SUMMARY						
Members	413,944	11,225	402,719	55,675	347,044	126,002
Other Contributors	95,945	-	95,945	-	95,945	-
TOTAL SDF - 2002	**$509,889**	**11,225**	**$498,664**	**55,675**	**$442,989**	**$126,002**
TOTAL SDF - 2001	**$456,041**	**-**	**$456,041**	**-**	**$456,041**	**$119,284**

1/ Net of repayments.

2/ Contributions not yet formally pledged by Governments.

3/ Contributions with fixed repayment dates.

4/ Net of appropriation for Technical Assistance of $1,566,000.

APPENDIX IV–B(8)
SCHEDULE 3

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES (continued)
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

Currencies	Amounts made available 2001	Translation adjustments	Drawdowns/ Appropriations from Capital 2/	Sub-total	Repayments	Amounts made available 2002
(a) SPECIAL DEVELOPMENT FUND - UNIFIED						
Canadian dollars	29,990	248	$6,127	36,365	-	36,365
Euros	56,933	10,554	($8,783)	58,704	-	58,704
Pounds sterling	23,075	2,596	$7,049	32,720	-	32,720
United States dollars	292,664	-	(30,365)	262,299	-	262,299
TOTAL - December 31, 2002	**$402,662**	**$13,398**	**($25,972)**	**$390,088**	**-**	**$390,088**
TOTAL - December 31, 2001	**$400,327**	**($5,074)**	**$7,409**	**$402,662**	**-**	**$402,662**
(b) SPECIAL DEVELOPMENT FUND - OTHER						
Euros	3,517	653	-	4,170	(845)	3,325
Swedish kroners	2,486	492	-	2,978	-	2,978
United States dollars	47,376	-	-	47,376	(778)	46,598
TOTAL - 2002	**$53,379**	**$1,145**	**-**	**$54,524**	**($1,623)**	**$52,901**
TOTAL - 2001	**$55,308**	**($462)**	**-**	**$54,846**	**($1,467)**	**$53,379**

1/ Subject to maintenance of value provision on the contribution to the second tranche of the Unified Special Development Fund.

2/ Net of conversions to United States dollars in accordance with the funding Rules of the Unified Special Development Fund.

MATURITY STRUCTURE OF REPAYABLE CONTRIBUTIONS OUTSTANDING*

January 1, 2003 to December 31, 2003	*1,646*
January 1, 2004 to December 31, 2004	*1,670*
January 1, 2005 to December 31, 2005	*1,473*
January 1, 2006 to December 31, 2006	*1,278*
January 1, 2007 to December 31, 2007	*1,305*
January 1, 2008 to December 31, 2012	*5,148*
January 1, 2013 to December 31, 2017	*1,162*
TOTAL	***$13,682***

* *Relates to Germany and the United States of America only.*

APPENDIX IV–B(9)
SCHEDULE 4

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
STATEMENT OF ACCUMULATED NET INCOME
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	ACCUMULATED NET INCOME				
CONTRIBUTORS	Brought forward 2001	Translation Adjustments	Net Income 2002	Appropriations	Carried forward 2002
SPECIAL DEVELOPMENT FUND - UNIFIED	**24,555**	**(1,760)**	**428**	**-**	**23,223**
SPECIAL DEVELOPMENT FUND - OTHER					
Members					
Colombia	3,216	-	238	-	3,454
Germany	6	115	(34)	-	87
Mexico	3,724	-	439	-	4,163
Venezuela	19,739	-	940	-	20,679
	26,685	115	1,583	-	28,383
Other Contributors					
Sweden	3,002	660	284	-	3,946
United States of America	8,278		607	-	8,885
	11,280	660	891	-	12,831
	37,965	775	2,474	-	41,214
TOTAL SDF	**$62,520**	**($985)**	**$2,902**	**-**	**$64,437**
SUMMARY					
Members	51,240	(1,645)	2,011	-	51,606
Other contributors	11,280	660	891	-	12,831
TOTAL SDF - December 31, 2002	**$62,520**	**($985)**	**$2,902**	**-**	**$64,437**
TOTAL SDF - December 31, 2001	**$67,767**	**$261**	**$4,879**	**($10,387)**	**$62,520**

APPENDIX IV–B(10)

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Special Development Fund (SDF) was established to carry out the special operations of CDB by providing resources on concessional terms to assist borrowing members primarily for poverty reduction. Resources are provided by contributions from members and other contributors.

Due to the nature of the SDF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. These financial statements are not intended to be a presentation in accordance with International Accounting Standards. These special purpose financial statements have been prepared in accordance with the accounting policies outlined below.

Preparation of these special purpose financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Translation of Currencies

The financial statements are expressed in United States dollars solely for the purpose of summarising the Bank's financial position and the results of its operations.

Assets, liabilities and contributed resources in currencies other than United States dollars are translated into United States dollars either at the par values established for those currencies with the International Monetary Fund, or where no par values are maintained, at rates which have been determined by the Bank to be appropriate for translation. In general, the rates so determined will be the approximate market rates of exchange prevailing at the dates of the financial statements. Differences in the United States dollar equivalents of opening accumulated net income arising from changes in exchange rates applied at the beginning of the year and at the end of the year are included as translation adjustments in accumulated net income.

Income and expenses in currencies other than United States dollars are translated into United States dollars at applicable rates of exchange on the transaction dates. This practice approximates the application of average rates in effect during the year. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the determination of net income for the year.

Investments

All investments securities are held in a trading portfolio and reported at fair market value. Trading securities are initially recognised at cost (which includes transaction costs) and subsequently re-measured at fair value based on quoted market prices. All related realised and unrealised gains and losses are included in investment income. Interest earned whilst holding trading securities is reported as interest income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the Bank commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs.

Loans

All loans by the Bank are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are repayable to the Bank in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member country in which the loans are made. Loans to the private sector are secured by other forms of securities deemed appropriate by the Bank.

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Bank is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans. The Bank has two categories of loans: (a) variable-rate loans; and (b) fixed-rate loans. The interest rate on variable loans is reset semi-annually. For all loans and related commitments, the Bank is of the opinion that due to its unique position in its lending operations and the absence of a secondary market, it is not practicable to estimate a fair value for the Bank's lending portfolio.

Loans outstanding to the Bank were $323,210,000 (2001 - $305,729,000). The average interest rate earned on loans outstanding was 2.49% (2001 - 2.60%). There were no impaired loans at December 31, 2002.

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in banks and other depositories and time deposits with less than 90 days maturity from the date of acquisition.

Technical assistance and grants

Technical assistance and grants for capital projects to borrowing member countries are provided either from grants received from contributors or from other resources specifically allocated for this purpose.

Administrative Expenses

Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the Ordinary Capital Resources, the Other Special Funds and the Special Development Fund in accordance with a method of allocation notified to the Board of Directors.

Comparatives

Certain comparative figures have been restated in order to conform with changes in presentation in the current year.

NOTE B - INVESTMENTS

As part of its overall portfolio management strategy, the Bank invests in Government, agency, supranational and bank obligations, including time deposits. The Bank limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Bank.

The annualised rate of return on the average investments held during the year, including gains and losses both realised and unrealised, was 4.93% (2001 - 5.93%). Net realised losses on investments traded during 2002 totalled $142,550 (2001 - gain of $441,572) while net unrealised gains totalled $1,165,034 (2001 - $413,000).

APPENDIX IV–B(10)

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE C - FUNDS

In accordance with the Agreement establishing the Bank (the Agreement), Special Funds Resources comprise the Special Development Fund and Other Special Funds established or administered by the Bank, including technical assistance and other grant resources contributed on a non-reimbursable basis. The Special Development Fund was established to receive contributions or loans which may be used to make or guarantee loans of high developmental priority, with longer maturities, longer deferred commencement of repayment and lower interest rates than those determined by the Bank for its Ordinary Operations. As a result of Rules adopted by the Bank in May 1983 for the Special Development Fund, contributions to the Special Development Fund currently comprise funds made available to the Bank subject to the former rules and funds made available to the Bank subject to the new rules. Funds made available to the Bank under the former rules would continue to be governed by such rules except where contributors opt to transfer funds under the new rules.

For the purposes of these financial statements the Special Development Fund has been presented separately from the Other Special Funds in accordance with the Rules for the Special Development Fund. Further, funds made available to the Bank subject to the former rules (referred to herein as "Other") are shown separately from funds made available subject to the new rules (referred to herein as "Unified").

Details of contributions and loan resources to the Special Development Fund are stated at the equivalent in thousands of United States dollars where such contributions and loans have been made in currencies other than United States dollars and are as follows:

(a) SPECIAL DEVELOPMENT FUND - UNIFIED

	2002	2001
Contributions (as per Schedule 3)	$390,088	$402,662

All contributions to the Special Development Fund (Unified) are interest-free with no date for repayment.

Effective October 27, 2000, France ceased to be a member of the Bank, but under the Rules of the Special Development Fund, its contributions are non-reimbursable.

(b) SPECIAL DEVELOPMENT FUND - OTHER

	2002	2001
Colombia	$5,000	$5,000

The contribution is interest-free and was not repayable before 2000. The agreement with the contributor provides that not less than 5% nor more than 10% of the contribution may be used for technical assistance. To date $39,000 (2001- $39,000) has been incurred on technical assistance and has been charged against the income from the contribution.

	2002	2001
Germany		
First Contribution	$8,846	7,463
Less repayments	7,740	6,157
	1,106	1,306
Second Contribution	6,240	5,264
Less repayments	4,021	3,053
	2,219	2,211
	$3,325	$3,517

APPENDIX IV–B(10)

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE C - FUNDS (continued)

(b) SPECIAL DEVELOPMENT FUND - OTHER (continued)

The contributions consist of two loans which are subject to interest at the rate of 2% on the amounts drawn and a commitment fee of 0.25% per annum on the amounts undrawn. The first contribution is repayable during the period 1985 to 2005 and the second contribution is repayable during the period 1993 to 2012.

	2002	2001
Mexico		
First Contribution	7,000	7,000
Less Technical Assistance	1,566	1,566
	5,434	5,434
Second Contribution	5,000	5,000
Third Contribution	3,333	3,333
	$13,767	$13,767
Technical Assistance Resources	$1,566	$1,566

The contributions are interest-free and are not subject to call before 2009.

	2002	2001
Venezuela		
First Contribution	10,000	10,000
Less Technical Assistance	176	176
	9,824	9,824
Second Contribution	7,650	7,650
	$17,474	$17,474

The contributions are interest-free and were not subject to calls before 1999 and 2006 respectively. The agreement with the contributor provides that up to 10% of the first contribution may be used to finance technical assistance on the basis of contingent recovery.

	2002	2001
Sweden	$2,978	$2,486

The contribution is interest-free with no definite date for repayment.

	2002	2001
United States of America		
First Contribution	10,000	10,000
Less repayments	5,685	5,320
	4,315	4,680
Second Contribution	12,000	12,000
Less repayments	5,958	5,545
	6,042	6,455
	$10,357	$11,135

APPENDIX IV–B(10)

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE C - FUNDS (continued)

The contributions are subject to interest at the rate of 2% per annum on the amounts outstanding for the first ten years after first disbursement and thereafter at the rate of 3% per annum. The first contribution is repayable during the period 1982 to 2012 and the second contribution during the period 1984 to 2014.

NOTE D - ACCUMULATED NET INCOME AND NET INCOME FOR THE YEAR

In accordance with the rules of the Special Development Fund, the accumulated net income and net income for the current year form part of the contributed resources of the fund and are not available for allocation by the Board of Governors.

NOTE E - TECHNICAL ASSISTANCE AND GRANT RESOURCES

In accordance with paragraph 4.9.2 of the Rules for the Special Development Fund, allocations/ appropriations of income and capital of the Fund may be made for the purpose of the Bank's technical assistance and grant operations. The movements (expressed in thousands of United States dollars) during the years ended December 31, 2002 and 2001 were as follows:

Balance at January 1, 2001	14,718
Allocations for the year	81
Expenditure for the year	(2,943)
Balance at December 31, 2001	$11,856
Allocations for the year	12,015
Expenditure for the year	(2,119)
Balance at December 31, 2002	$21,752

NOTE F - STAFF COSTS

	2002	2001
Salaries and Allowances	$1,607	$1,627

Administrative expenses include pension costs of $313,000, which were allocated from the OCR to the Unified Special Development Fund.

APPENDIX IV–C(1)

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
The Financial Services Centre
Bishop's Court Hill
P.O. Box 111
St. Michael
Barbados, W.I.
Telephone (246) 431-2700
(246) 436-7000
Facsimile (246) 429-3747
(246) 436-1275

February 28, 2003

AUDITORS' REPORT
TO THE BOARD OF GOVERNORS
CARIBBEAN DEVELOPMENT BANK

We have audited the accompanying special purpose financial statements of the Other Special Funds of the Caribbean Development Bank as of December 31, 2002 as set out on pages 194 to 211. These special purpose statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying special purpose financial statements of the Other Special Funds of the Caribbean Development Bank as of December 31, 2002 have been properly prepared in all material respects, in accordance with the accounting policies set out in Note A.

Without qualifying our opinion, we emphasise that the accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of International Accounting Standards.

PricewaterhouseCoopers
CHARTERED ACCOUNTANTS

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
BALANCE SHEET
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	2002		2001
ASSETS			
DUE FROM BANKS		6,561	1,048
INVESTMENTS (Schedule 1)		98,815	105,798
LOANS (Schedule 2)		47,160	43,128
RECEIVABLES - OTHER			
Accounts receivable including interfund receivables	33,335		5,203
Accrued income on investments	1,190		1,673
Accrued income on loans	207		168
		34,732	7,044
		$187,268	$157,018
LIABILITIES AND FUNDS			
LIABILITIES			
Accounts payable including interfund payables		1,013	864
Accrued charges on contributions		248	257
		1,261	1,121
FUNDS			
Contributed resources (Schedule 3)			
Contributions	84,834		86,269
Less amounts not yet made available	12,960		13,514
Amounts made available	71,874		72,755
Accumulated net income (Schedule 4)	40,891		38,421
		112,765	111,176
Technical assistance and other grant resources (Schedule 5)		73,242	44,721
		$187,268	$157,018

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF INCOME AND ACCUMULATED NET INCOME
For the years ended December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	2002	2001
INCOME		
From loans	769	728
From investments and cash balances	4,385	5,909
From other sources	-	-
GROSS INCOME	**5,154**	**6,637**
EXPENSES		
Administrative expenses	1,351	2,093
Charges on contributions	1,073	1,140
Exchange	(17)	(138)
TOTAL EXPENSES	**2,407**	**3,095**
NET INCOME FOR THE YEAR	**$2,747**	**$3,542**

STATEMENT OF CHANGES IN ACCUMULATED NET INCOME

	2002	2001
ACCUMULATED NET INCOME - BEGINNING OF YEAR	38,421	32,151
Currency translation adjustments	(277)	2,728
Net income for the period	2,747	3,542
ACCUMULATED NET INCOME - END OF YEAR	**$40,891**	**$38,421**

APPENDIX IV–C(4)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUND
STATEMENT OF CASH FLOWS
For the years ended December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	2002		2001
Operating activities:			
Net income for the year		2,747	3,542
Adjustments for non-cash items:			
Unrealised gain on trading portfolio	(550)		(449)
Interest income	(4,447)		(5,981)
Interest expense	1,073		1,140
Decrease in accounts receivable including interfund receivables	3,868		12,024
Increase in accounts payable including interfund payables	149		167
Total adjustments		93	6,901
Interest received		4,891	5,881
Interest paid		(1,082)	(1,160)
Net decrease/(increase) in trading securities		6,702	(14,154)
Net cash provided by/(used in) operating activities		13,351	1,010
Investing activities:			
Disbursements on loans	(3,728)		(4,285)
Principal repayments to the Bank on loans	2,056		3,668
(Increase)/decrease in loans resulting from exchange rates fluctuations	(2,360)		1,024
Technical Assistance disbursements	(5,252)		(7,483)
Net cash used in investing activities		(9,284)	(7,076)
Financing activities:			
Contributions:			
Increase in contributions for loans	274		4,372
Repayments	(4,058)		(5,747)
Decrease/(increase) in contributions resulting from exchange rates fluctuations	2,903		(1,300)
Technical Assistance contributions	1,773		4,927
Net cash provided by financing activities		892	2,252
Translation adjustments		(277)	(39)
Net increase/(decrease) in cash and cash equivalents		4,682	(3,853)
Cash and cash equivalents at beginning of year		4,199	8,052
Cash and cash equivalents at end of year		$8,881	$4,199
Represented by:			
Due from banks		6,561	1,048
Time deposits		2,320	3,151
		$8,881	$4,199

APPENDIX IV–C(5)
SCHEDULE 1

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF INVESTMENTS
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	2002 Market value	2001 Market value
Government and Agency Obligations	67,441	81,012
Supranationals	17,064	14,366
Time Deposits	2,320	3,151
Other Investments	11,990	7,269
TOTAL	**$98,815**	**$105,798**

RESIDUAL TERM TO CONTRACTUAL MATURITY

	2002	*2001*
Janaury 1, 2003 to December 31, 2003	*30,324*	*35,366*
January 1, 2004 to December 31, 2008	*60,894*	*65,173*
January 1, 2009 to December 31, 2013	*7,597*	*5,259*
TOTAL	***$98,815***	***$105,798***

APPENDIX IV–C(6)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

		Effective Loans				
Member countries in which loans have been made	Total loans approved 1/	Signed agree-ments	Principal repaid to Bank	Undis-bursed	Out-standing 2/	Percent-age of total loans out-standing
Anguilla	500	500	175	-	325	0.7
Antigua and Barbuda	2,761	2,761	2,074	-	687	1.4
Barbados	17,611	17,611	17,057	-	554	1.2
Belize	7,822	7,822	7,722	-	100	0.2
British Virgin Islands	1,814	1,814	1,814	-	-	-
Cayman Islands	2,724	2,724	2,724	-	-	-
Dominica	17,778	17,778	8,530	-	9,248	19.6
Grenada	15,062	15,062	4,670	356	10,036	21.3
Guyana	16,155	16,155	15,687	-	468	1.0
Jamaica	38,114	38,114	36,799	-	1,315	2.8
Montserrat	1,168	1,168	1,154	-	14	-
St. Kitts and Nevis	7,506	7,506	2,643	95	4,768	10.1
St. Lucia	27,467	27,467	9,381	6,639	11,447	24.3
St. Vincent and the Grenadines	13,779	13,779	9,158	-	4,621	9.8
Trinidad and Tobago	2,744	2,744	941	-	1,803	3.8
Regional	2,253	2,253	443	36	1,774	3.8
TOTAL - 2002	**$175,258**	**$175,258**	**$120,972**	**$7,126**	**$47,160**	**100.0**
TOTAL - 2001	**$175,146**	**$175,146**	**$117,663**	**$14,355**	**$43,128**	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to $54,000 (2001 - $45,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

APPENDIX IV–C(6)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS (continued)
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

Analysis by Special Fund	Total loans approved 1/	Effective Loans				
		Signed agree-ments	Principal repaid to Bank	Undis-bursed	Out-standing 2/	Percent-age of total loans out-standing
MEMBERS						
Trinidad and Tobago	1,352	1,352	1,328	-	24	0.1
OTHER CONTRIBUTORS						
Caribbean Development Bank	9,602	9,602	6,802	6	2,794	5.9
Nigeria	4,826	4,826	2,911	-	1,915	4.0
United States of America	93,008	93,008	90,947	-	2,061	4.4
Inter-American Development Bank	29,035	29,035	11,477	6,682	10,876	23.1
European Union	8,596	8,596	3,794	36	4,766	10.1
International Development Association	28,839	28,839	3,713	402	24,724	52.4
TOTAL - 2002	**$175,258**	**$175,258**	**$120,972**	**$7,126**	**$47,160**	**100.0**
TOTAL - 2001	**$175,146**	**$175,146**	**$117,663**	**$14,355**	**$43,128**	

1/ *Net of lapses and cancellations.*

2/ *Includes overdue instalments of principal amounting to $54,000 (2001 - $45,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.*

APPENDIX IV–C(6)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS (continued)
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

Currencies Receivable	Loans Out-standing 2001	Trans-lation Adjust-ments	Disburse-ments	Sub-Total	Repay-ments	Provision for Losses	Loans Out-standing 2002
Canadian dollars	224	2	-	226	(43)	-	183
Euros	4,867	902	-	5,769	(544)	-	5,225
Pounds sterling	338	38	-	376	(42)	-	334
Special Drawing Rights	17,784	1,404	-	19,188	(411)	-	18,777
Trinidad and Tobago dollars	48	-	-	48	(24)	-	24
United States dollars	19,791	-	3,728	23,519	(978)	-	22,541
Others	76	14	-	90	(14)	-	76
TOTAL - 2002	**$43,128**	**$2,360**	**$3,728**	**$49,216**	**($2,056)**	**-**	**$47,160**
TOTAL - 2001	**$43,535**	**($1,024)**	**$4,285**	**$46,796**	**($3,668)**	**-**	**$43,128**

MATURITY STRUCTURE OF LOANS OUTSTANDING

January 1, 2003 to December 31, 2003	*1,576*
January 1, 2004 to December 31, 2004	*1,883*
January 1, 2005 to December 31, 2005	*1,829*
January 1, 2006 to December 31, 2006	*1,670*
January 1, 2007 to December 31, 2007	*1,680*
January 1, 2008 to December 31, 2012	*8,413*
January 1, 2013 to December 31, 2017	*8,918*
January 1, 2018 to December 31, 2094	*21,191*
TOTAL	***47,160***

APPENDIX IV–C(7)
SCHEDULE 3

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	Contributions		
Contributors	**Total 1/**	**Amounts not yet made available**	**Amounts made available**
MEMBERS			
Canada 2/	1,268	-	1,268
Trinidad and Tobago	403	-	403
	1,671	-	1,671
OTHER CONTRIBUTORS			
Nigeria	1,200	-	1,200
Inter-American Development Bank 2/	21,721	2,073	19,648
European Investment Bank 2/	5,584	4,536	1,048
United States of America	16,635	-	16,635
European Union	6,574	537	6,037
International Development Association	31,449	5,814	25,635
	83,163	12,960	70,203
TOTAL - 2002	**$84,834**	**$12,960**	**$71,874**
TOTAL - 2001	**$86,269**	**$13,514**	**$72,755**

1/ Net of cancellations and repayments.
2/ Contributions with no fixed date of repayment - $1,939,867.74

MATURITY STRUCTURE OF REPAYABLE CONTRIBUTIONS OUTSTANDING

January 1, 2003 to December 31, 2003	*2,953*
January 1, 2004 to December 31, 2004	*3,113*
January 1, 2005 to December 31, 2005	*3,151*
January 1, 2006 to December 31, 2006	*3,192*
January 1, 2007 to December 31, 2007	*3,295*
January 1, 2008 to December 31, 2013	*15,815*
January 1, 2014 to December 31, 2018	*13,436*
January 1, 2019 to December 31, 2058	*24,979*
TOTAL	***$69,934***

APPENDIX IV–C(7)
SCHEDULE 3

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS (continued)
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

Currencies repayable	Contri-butions made available 2001	Trans-lation adjust-ments	Drawdowns/ Appropria-tions from Capital	Sub-total	Repay-ments	Contri-butions made available 2002
Canadian dollars	1,750	14	-	1,764	(62)	1,702
Euros	6,737	1,249	-	7,986	(371)	7,615
Japanese yen	487	52	-	539	(92)	447
Pounds sterling	791	89	-	880	(58)	822
Special Drawing Rights	18,571	1,467	-	20,038	(287)	19,751
Swedish kroners	176	35	-	211	(16)	195
Trinidad and Tobago dollars	460	(3)	-	457	(54)	403
United States dollars	43,783	-	274	44,057	(3,118)	40,939
Others	-	-	-	-	-	-
TOTAL - 2002	**$72,755**	**$2,903**	**$274**	**$75,932**	**($4,058)**	**$71,874**
TOTAL - 2001	**$75,429**	**($1,300)**	**$4,372**	**$78,502**	**($5,747)**	**$72,755**

APPENDIX IV–C(8)
SCHEDULE 4

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF ACCUMULATED NET INCOME
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

CONTRIBUTORS	Brought forward 2001	Trans-lation Adjust-ments	Net Income 2002	Appro-priations	Carried forward 2002
General Funds	5,157	32	658	-	5,847
Private Sector Fund	394	-	378	-	772
European Investment Bank	94	(81)	17	-	30
European Union	1,307	34	77	-	1,418
Inter-American Development Bank	1,298	(203)	243	-	1,338
International Development Association	375	(52)	4	-	327
Nigeria	6,111	(7)	203	-	6,307
United States of America	23,685	-	1,167	-	24,852
TOTAL - 2002	**$38,421**	**($277)**	**$2,747**	**-**	**$40,891**
TOTAL - 2001	**$34,918**	**($39)**	**3,542**	**-**	**$38,421**

APPENDIX IV–C(9)
SCHEDULE 5

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF TECHNICAL ASSISTANCE AND GRANT RESOURCES
December 31, 2002 and 2001
Expressed in thousands of United States dollars - Note A

	CONTRIBUTIONS				
CONTRIBUTORS	**Total 1/**	**Amounts not yet made available**	**Amounts made available**	**Amounts utilised**	**Net amounts available**
MEMBERS					
Canada	4,279	63	4,216	2,164	2,052
United Kingdom	1,852	-	1,852	1,349	503
Italy	457	-	457	252	205
	6,588	63	6,525	3,765	2,760
OTHER CONTRIBUTORS					
Caribbean Development Bank	118,991	-	118,991	48,555	70,436
United States of America	22,250	2,186	20,064	20,064	0
United Nations Development Programme	141	-	141	141	0
Inter-American Development Bank	21,960	21,590	370	370	0
Nigeria	193	-	193	147	46
Sub-total	163,535	23,776	139,759	69,277	70,482
TOTAL - 2002	**$170,123**	**$23,839**	**$146,284**	**$73,042**	**$73,242**
TOTAL - 2001	**$116,403**	**$3,892**	**$112,511**	**$67,790**	**$44,721**
SUMMARY					
Basic Needs Trust Fund	61,200	-	61,200	56,998	4,202
Other Resources	108,923	23,839	85,084	16,044	69,040
TOTAL - 2002	**$170,123**	**$23,839**	**$146,284**	**$73,042**	**$73,242**
Basic Needs Trust Fund	61,200	-	61,200	55,509	5,691
Other Resources	55,203	3,892	51,311	12,281	39,030
TOTAL - 2001	**$116,403**	**$3,892**	**$112,511**	**$67,790**	**$44,721**

1/ Net of cancellations and resources fully utilised and expended in non-reimbursable operations.

APPENDIX IV–C(9)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Other Special Funds (OSF) were established to carry out the special operations of CDB by providing resources on concessional terms to assist borrowing members primarily for poverty reduction. Resources are provided by contributions from members and other contributors.

Due to the nature of the OSF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. These financial statements are not intended to be a presentation in accordance with International Accounting Standards. These special purpose financial statements have been prepared in accordance with the accounting policies outlined below.

Preparation of these special purpose financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Translation of Currencies

The financial statements are expressed in United States dollars solely for the purpose of summarising the Bank's financial position and the results of its operations.

Assets and liabilities in currencies other than United States dollars are translated into United States dollars either at the par values established for those currencies with the International Monetary Fund, or where no par values are maintained, at rates which have been determined by the Bank to be appropriate for translation. In general, the rates so determined will be the approximate market rates of exchange prevailing at the dates of the financial statements. Differences in the United States dollar equivalents of opening accumulated net income arising from changes in exchange rates applied at the beginning of the year and at the end of the year are included as translation adjustments in accumulated net income.

Income and expenses in currencies other than United States dollars are translated into United States dollars at applicable rates of exchange on the transaction dates. This practice approximates the application of average rates in effect during the year. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the determination of net income for the year.

Investments

All investment securities are held in a trading portfolio and reported at fair market value. Trading securities are initially recognised at cost (which includes transaction costs) and subsequently re-measured at fair value based on quoted market prices. All related realised and unrealised gains and losses are included in investment income. Interest earned whilst holding trading securities is reported as interest income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recognised at trade date, which is the date that the bank commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs.

Loans

All loans by the Bank are made either from currencies available from members’ subscriptions or from currencies borrowed and the principal amounts are payable to the Bank in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member country in which the loans are made. Loans to the private sector are secured by other forms of security deemed appropriate by the Bank.

APPENDIX IV–C(9)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Bank is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans. The Bank has two categories of loans: (a) variable-rate loans; and (b) fixed-rate loans. The interest rate on variable loans is reset semi-annually. For all loans and related commitments, the Bank is of the opinion that due to its unique position in its lending operations and the absence of a secondary market, it is not practicable to estimate a fair value for the Bank's lending portfolio.

Loans outstanding to the Bank at December 31, 2002 were $47,160,000 (2001 - $43,128,000). The average interest rates earned on loans outstanding was 1.66% (2001 - 1.68%). There were no impaired loans at December 31, 2002.

Effective January 1, 2001, the Bank changed its policy on loan loss provisions so that no provision is established due to the concessional nature of the loan portfolio. The effect of this change in accounting policy has been applied retroactively by increasing prior years' retained earnings by $2,767,000. The financial statements for the year ended December 31, 2000 have been restated.

Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash in banks and other depositories and time deposits with less than 90 days maturity from the date of acquisition.

Technical Assistance and Grants

Technical assistance and grants for capital projects to borrowing member countries are provided either from non-reimbursable grants received from contributors or from other resources specifically allocated for this purpose. An amount of $13,000,000 has been included to assist in the relief of Guyana's debt service under the Heavily Indebted Poor Countries Initiative.

Administrative Expenses

Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the Ordinary Capital Resources, the Other Special Funds and the Special Development Fund in accordance with a method of allocation notified to the Board of Directors.

Comparatives

Certain comparative figures have been restated in order to conform with changes in presentation in the current year.

NOTE B - INVESTMENTS

As part of its overall portfolio management strategy, the Bank invests in Government agency, supranational and bank obligations, including time deposits. The Bank limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Bank.

APPENDIX IV–C(9)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE B - INVESTMENTS (continued)

The annualised rate of return on the average investments held during the year, including gains and losses both realised and unrealised, was 4.39% (2001 - 6.23%). Net realised losses on investments amounted to $205,600 (2001 - gain of $207,206), while net unrealised gains amounted to $549,511 (2001 - $448,927).

NOTE C - FUNDS

In accordance with the Agreement establishing the Bank (the Agreement), Special Funds Resources comprise the Special Development Fund and Other Special Funds established or administered by the Bank, including technical assistance and other grant resources contributed on a non-reimbursable basis. For the purposes of these financial statements, the Other Special Funds have been presented separately from the Special Development Fund. The Other Special Funds are established in accordance with agreements between the Bank and contributors and, in general, are for specific types of projects as agreed between the Bank and the contributors. In accordance with the Agreement, each Special Fund, its resources and accounts are kept entirely separate from other Special Funds, their resources and accounts.

For the purpose of presentation in these financial statements, the financial statements of each of the Other Special Funds have been aggregated.

Technical assistance and other grant resources include resources for the Basic Needs Trust Fund and other resources established for specific purposes as determined between the Bank and contributors. An amount of $40,200,000 is included for Basic Needs Trust Fund capital projects in the less developed member countries.

Details of contributions, loans and technical assistance resources of the Other Special Funds are stated at the equivalent in thousands of United States dollars where such contributions, loans and technical assistance grants have been made in currencies other than United States dollars and are as follows:

	2002	2001
Canada		
Agricultural	$1,268	$1,257
The contributions are interest-free with no date for repayment.		
Technical Assistance Resources	$4,279	$4,279
Italy		
Technical Assistance Resources	$457	$457
Trinidad and Tobago		
Counterpart Contribution	1,337	1,346
Less repayments	934	886
	$403	$460

The contribution is subject to interest at the rate of 2.5% and is repayable during the period 1985-2010.

APPENDIX IV–C(9)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE B - FUNDS (continued)

	2002	2001
Nigeria		
Contribution	5,000	5,000
Less repayments	3,800	3,600
	$1,200	$1,400
Technical Assistance Resources	$193	$193

The contribution from Nigeria is subject to interest at the rate of 3% per annum and is repayable during the period 1984-2008.

	2002	2001
United Kingdom		
Technical Assistance Resources	$1,852	$1,222

	2002		2001
Inter-American Development Bank			
First Global loan	7,461		7,116
Less repayments	7,066		6,363
		395	753
Second Global loan	4,344		4,109
Less repayments	2,091		1,837
		2,253	2,272
Pre-investment loan	454		454
Less repayments	454		431
		-	23
975/SF-RG		17,000	6,726
		$19,648	$19,774
Technical Assistance Resources		$21,960	$1,960

The first global loan was subject to interest at the rate of 1% per annum until 1983 and thereafter at 2% per annum and is repayable during the period 1985 to 2003. The second global loan was subject to interest at the rate of 1% per annum until 1994 and thereafter at 2% per annum and is repayable during the period 1995 to 2015.

The pre-investment loan was subject to interest at the rate of 1% per annum up to 1982 and subsequently at 2% per annum and is repayable during the period 1983 to 2002.

Loan 975/SF-RG is subject to interest at the rate of 1% per annum until 2006 and thereafter at 2% per annum and is repayable during the period 2003 to 2036.

The loans are subject to a credit fee of 0.5% per annum on any undrawn balance.

APPENDIX IV–C(9)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE C - FUNDS (continued)

European Investment Bank	**2002**	**2001**
Global Loan II - B	$1,048	$885

Repayable in full in a single instalment on September 30, 2016.

United States of America	**2002**		**2001**	**Due Dates**
Contributions				
Agricultural	7,052		7,052	1988-2018
Less repayments	2,683		2,465	
		4,369	4,587	
Basic Human Needs	2,000		2,000	1991-2001
Less repayments	2,000		2,000	
		-	-	
Caribbean Development Facility				
First Contribution				
Part 1	17,870		17,870	1988-1998
Part 2	2,000		2,000	1988-2008
Subtotal	19,870		19,870	
Less repayments	19,200		19,100	
		670	770	
Second Contribution	17,500		17,500	1990-2000
Less repayments	17,500		17,500	
	-		-	
Third Contribution	16,000		16,000	1991-2001
Less repayments	16,000		16,000	
	-		-	
Fourth Contribution	12,000		12,000	1992-2002
Less repayments	12,000		10,689	
	-		1,311	
		670	2,081	
Employment Investment Promotion	6,732		6,732	1990-2000
Less repayments	2,051		1,954	
		4,581	4,778	
Housing		8,400	8,400	1983-2012
Less repayments		4,469	4,171	
		3,931	4,229	
Regional Agri-business Dev.		6,300	6,300	1991-2021
Less repayments		3,216	2,902	
		3,084	3,398	
		$16,635	$19,703	

APPENDIX IV–C(9)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE C - FUNDS (continued)

All contributions are subject to interest at the rate of 2% per annum on the amount outstanding for the first ten years after first disbursement and thereafter, at the rate of 3% per annum.

	2002		2001
Technical Assistance Resources	$22,250		$22,250
European Union			
First contribution	6,134		5,175
Less repayments	2,038		1,556
		4,096	3,619
Second contribution	22,038		18,592
Less cancellation	19,438		16,398
		2,600	2,194
Less repayments	659		488
		1,941	1,706
		$6,037	$5,325

The contributions are subject to interest at the rate of 1% per annum. The first contribution is repayable during the period 1992-2021 and the second contribution during the period 1994-2024.

Int'l Development Association	2002		2001		Due Dates
Credit No. 960/CRG	6,481		6,481		1990-2029
Less repayments	1,234	5,247	1,037	5,444	
Credit No. 37/CRG (EEC)	785		675		1990-2029
Less repayments	149	636	108	567	
Credit No. 1364/CRG	7,349		6,811		
Less repayments	699	6,650	579	6,232	1993-2033
Credit No. 1785/CRG	6,277		5,817		
Less repayments	345	5,932	262	5,555	1997-2037
Credit No. 2135/CRG	7,545		6,993		2000-2030
Less repayments	377		210		
Credit No. 2640/CRG	-	7,168	-	6,783	2004-2034
		$25,635		$24,581	

The credits are subject to a service charge of 0.75% per annum on amounts outstanding. In addition, the credits totalling $38,201,030 (2001 - $35,404,896) representing 28,200,000 Special Drawing Rights are subject to a commitment fee not exceeding 0.5% per annum on amounts eligible for withdrawal but remain undrawn.

The credit of $636,000 (2001 - $567,000) consisting of various currencies represents resources from the Special Action Credit of the European Commission.

APPENDIX IV–C(9)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE C - FUNDS (continued)

	2002	2001
Caribbean Development Bank		
Technical Assistance Resources	$118,991	$85,901

NOTE D - ACCUMULATED NET INCOME AND NET INCOME FOR THE YEAR

It is normal for the Board of Governors to determine the disposition of the accumulated net income and net income for the current year of each of the Other Special Funds, subject to any rules and regulations governing each Fund and any agreement relating thereto.

RESOLUTIONS OF THE BOARD OF GOVERNORS DURING 2002

No.	Subject	Date of Adoption
1/02	Audited Financial Statements and Reports of the Independent Accountants	May 15, 2002
2/02	Allocation of Net Income	May 15, 2002
3/02	Expenses of Governors and Alternates Attending Meetings of the Board of Governors	May 15, 2002
4/02	Place and Date of Thirty-Third (2003) Annual Meeting	May 15, 2002
5/02	Election of Officers of the Board of Governors	May 15, 2002
6/02	Appreciation	May 16, 2002

APPENDIX VI

DEPOSITORIES AND CHANNELS OF COMMUNICATION

COUNTRY	DEPOSITORY	CHANNEL
Anguilla	Barclays Bank PLC The Valley Anguilla	Director, Finance and Planning Ministry of Finance The Valley Anguilla
Antigua and Barbuda	*ECCB P.O. BOX 89 Headquarters Building Basseterre St. Kitts and Nevis	Permanent Secretary Ministry of External Affairs and Defence St. John's Antigua and Barbuda
The Bahamas	Central Bank of The Bahamas P.O. Box N-4868 Nassau The Bahamas	Financial Secretary Ministry of Finance and Planning P.O. Box N 3017 Nassau The Bahamas
Barbados	Central Bank of Barbados P.O. Box 1016 Bridgetown Barbados	Director of Finance and Economic Affairs Ministry of Finance Government Headquarters Bay Street, St. Michael Barbados
Belize	Central Bank of Belize P.O. Box 852 Belize City Belize	Permanent Secretary Ministry of Economic Development P.O. Box 42, Administrative Building Belmopan Belize
British Virgin Islands	The Treasury Tortola British Virgin Islands	Financial Secretary Ministry of Finance Tortola British Virgin Islands
Canada	234 Wellington Street Ottawa Canada	President Canadian International Development Agency 200 Promenade du Portage Hull, Quebec K1A OG4 Canada
Cayman Islands	*ECCB P.O. BOX 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Office of the Financial Secretary Portfolio of Finance and Economic Development Government Administration Building George Town Grand Cayman Cayman Islands
Colombia	Banco de la Republica Carrera 7a, Numero 14-18 Oficina Principal Bogota Colombia	General Manager Banco de la Republica Carrera 7a, Numero 14-18 Oficina Principal Bogota Colombia

* Eastern Caribbean Central Bank

APPENDIX VI (cont'd)

COUNTRY	DEPOSITORY	CHANNEL
Dominica	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Ministry of Finance, Industry and Planning Government Headquarters Kennedy Avenue Roseau Dominica
Germany (BMZ)	Deutsche Bundesbank P.O. Box 10 06 02 Wilhelm-Epstein Strasse 14	Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung Referat 402 Postfach 12 03 22 D-53045 Bonn Germany
Grenada	*ECCB P.O. Box 89 Basseterre St. Kitts and Nevis	Permanent Secretary Ministry of Finance St. George's Grenada
Guyana	Bank of Guyana Avenue of the Republic Georgetown Guyana	Secretary to the Treasury Ministry of Finance P.O. Box 1073 Georgetown Guyana
Italy	Bank of Italy Casella Postale 2484 00100 Rome Italy	Ministry of the Treasury Via XX Settembre Rome Italy
Jamaica	Bank of Jamaica P.O. Box 621 Kingston Jamaica	Financial Secretary Ministry of Finance and Planning 30 National Heroes Circle Kingston 4 Jamaica
Mexico	Banco de Mexico, S.A. Subgerencia de Control de Operaciones Area Internacional Edificio Guardiola 2 Piso 0659 Mexico, D.F. Mexico	Director General of International Affairs Secretariat of Finance and Public Credit Insurgentes sur, 826 - Piso 10 Colonia del Valle 03100 Mexico D.F. Mexico
Montserrat	Barclays Bank Brades Montserrat	Financial Secretary Ministry of Finance and Economic Development New Administration Building Brades Montserrat
People's Republic of China	International Department People's Bank of China 32 Cheng Fang Street West District Beijing 100800 China	CDB's Desk Economist Division for International Financial Institutions International Department People's Bank of China 32 Cheng Fang Street West District Beijing 100800 China

* Eastern Caribbean Central Bank

COUNTRY	DEPOSITORY	CHANNEL
St. Kitts and Nevis	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Director Planning Unit of St. Kitts P.O. Box 186 Basseterre St. Kitts and Nevis
St. Lucia	Barclays Bank Castries St. Lucia	Director of Finance Ministry of Finance and Economic Affairs Treasury Building Castries St. Lucia
St. Vincent and the Grenadines	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Director of Finance and Planning Ministry of Finance P.O. Box 608 Kingstown St. Vincent and the Grenadines
Trinidad and Tobago	Central Bank of Trinidad and Tobago P.O. Box 1250 Port of Spain	Permanent Secretary Ministry of Finance Eric Williams Finance Building Eric Williams Plaza Independence Square Port of Spain Trinidad and Tobago
Turks and Caicos Islands	Barclays Bank PLC Main Branch Grand Turk Turks and Caicos Islands	Permanent Secretary/Finance Ministry of Finance Front Street Grand Turk Turks and Caicos Islands
United Kingdom	Bank of England Threadneedle Street London EC2R 8AH England	Department for International Development 94 Victoria Street London SW1E 5JL England
Venezuela	Banco Central de Venezuela Esquina de Carmelitas Caracas 105 Venezuela	President Venezuelan Investment Fund Avenida Universidad Traposos a Colón Torre FIV, Piso 7 Caracas 1010 Venezuela

APPENDIX VII

BOARD OF GOVERNORS
(As at December 31, 2002)

Hon. Dr. Denzil Douglas	St. Kitts and Nevis	Chairman
Mr. Giulio Tremonti	Italy	Vice-Chairman
Mr. Francisco Gil Díaz	Mexico	Vice-Chairman

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands	Hon. Ralph T. O'Neal[1/] Chief Minister and Minister of Finance British Virgin Islands	Hon. John Osborne[2/] Chief Minister and Minister of Finance Montserrat
Antigua and Barbuda	Hon. Lester B. Bird Prime Minister and Minister of Finance	Senator the Hon. Asot Michael Minister of State Ministry of Finance
The Bahamas	Hon. James H. Smith, CBE Minister of State Ministry of Finance	Hon. Leslie O. Miller, MP Minister of Trade and Industry
Barbados	Hon. Reginald Farley Minister of Economic Development	Mr. Grantley Smith Director of Finance and Economic Affairs
Belize	Hon. Ralph Fonseca Minister of Budget Management, Investment and Trade	Mr. Joseph D. Waight[3/] Financial Secretary
Canada	Hon. John Manley Minister of Foreign Affairs Department of Foreign Affairs and International Trade	Mr. Bruce Montador Associate Vice-President Multilateral Programmes Branch Canadian International Development Agency
Colombia	Dr. Roberto Junguito Bonnet[4/] Minister of Finance and Public Credit	Mr. Miguel Urrutia Governor Banco de la Republica
Dominica	Hon. Pierre Charles Prime Minister and Minister for Finance and Planning	Mr. Ambrose M.J. Sylvester Financial Secretary

1/ Succeeded Hon. George McCarthy on May 17, 2002
2/ Appointed on June 21, 2002
3/ Succeeded Mr. Keith Arnold on April 25, 2002
4/ Succeeded Dr. Juan Manuel Santos Calderon on August 7, 2002

APPENDIX VII (cont'd)

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Germany	Dr. Uschi Eid Parliamentary State Secretary Federal Ministry for Economic Cooperation and Development	Dr. Rolf Wenzel Deputy Director General Federal Ministry of Finance
Grenada	Hon. Anthony Boatswain Minister of Finance, Trade and Planning	Mr. Timothy Antoine Permanent Secretary Ministry of Finance
Guyana	H.E. Mr. Bharrat Jagdeo President	Hon Saisnarine Kowlessar Minister in the Office of the President Responsible for Finance
Italy	Hon. Giulio Tremonti Minister of the Economy and Finance	Dr. Lorenzo Bini Smaghi Director for International Financial Relations Ministry of the Economy and Finance
Jamaica	Dr. the Hon. Omar Davies Minister of Finance and Planning	Dr. Wesley Hughes Director General Planning Institute of Jamaica
Mexico	Mr. Francisco Gil Díaz Secretary of Finance and Public Credit	Dr. Augustin Carstens Carstens Under-Secretary of Finance and Public Credit
People's Republic of China	Mr. Dai Xianglong Governor People's Bank of China	Mr. Li Ruogu Assistant Governor People's Bank of China
St. Kitts and Nevis	Hon. Dr. Denzil Douglas Prime Minister and Minister of Finance	Hon. Vance Amory Premier and Minister of Finance, Nevis Island Administration
St. Lucia	Dr. the Hon. Kenny D. Anthony Prime Minister and Minister for Finance, Economic Affairs and Information	Dr. Bernard La Corbiniere Permanent Secretary Ministry of Finance and Economic Affairs
St. Vincent and the Grenadines	Dr. the Hon. Ralph Gonsalves Prime Minister and Minister of Finance	Hon. Louis Straker Deputy Prime Minister and Minister of Foreign Affairs, Commerce and Trade

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Trinidad and Tobago	Dr. the Hon. Keith Rowley[5/] Minister of Planning and Development	Mr. Ewart Williams[6/] Governor Central Bank of Trinidad and Tobago
United Kingdom	Rt. Hon. Ms. Clare Short Secretary of State for International Development, Department for International Development	Mr. Hilary Benn, M.P. Parliamentary Under-Secretary of State for International Development Department for International Development
Venezuela	Mr. Jorge Giordani President (Ag.) Venezuelan Economic and Social Development Bank	H.E. Mr. Hernani Escobar Ambassador and Director of Cooperation for the Caribbean and Central America Ministry of Foreign Affairs

5/ Succeeded Senator the Hon. Gerald Yetming on April 22, 2002
6/ Succeeded Mr. Winston Dookeran on September 12, 2002

APPENDIX VIII

BOARD OF DIRECTORS AND VOTING GROUPS
(As at December 31, 2002)
Chairman: Dr. Compton Bourne, O.E.
President

DIRECTOR	ALTERNATE DIRECTOR	COUNTRY OR GROUP OF COUNTRIES
Regional		
Mrs. Leila May Palmer	Mrs. Carol Nelson	Jamaica
Mrs. Victoria Mendez-Charles	Mr. Leroy Mayers	Trinidad and Tobago
Mrs. Ruth Millar	Mr. George Rodgers	The Bahamas
Mr. Hernan Mejia	Mr. Alberto de Brigard	Colombia
Mr. José Barona	Vacant	Mexico
Mr. Wladimir Serrano	H.E. Alessandro Perera	Venezuela
Amb. Havelock Brewster	Mr. Clyde Roopchand	Guyana
Mr. Carson Browne	Vacant	Barbados
Hon. George McCarthy	Mrs. Yvette Alvarez	Belize and Anguilla, British Virgin Islands, Cayman Islands, Montserrat and the Turks and Caicos Islands
Mr. Whitfield Harris, Jr.[1/]	Mr. Wendell Lawrence	Antigua and Barbuda and St. Kitts and Nevis
Mr. Isaac Anthony[2/]	Mr. Ambrose Sylvester	Dominica and St. Lucia
Mr. Timothy Antoine[3/]	Mr. Maurice Edwards	Grenada and St. Vincent and the Grenadines
Non-Regional		
Ms. Joanne Goulet	Mr. William Anderson	Canada
Mr. Desmond Curran	Mr. Paul Mullard[4]	United Kingdom
Mr. Alessandro Legrottaglie	Ms. Susan Battles[5/]	Italy
Mrs. Kirsten Garaycochea	Ms. Maren Bettina Lipps	Germany
Mr. He Jianxiong	Mr. Li Zhijun[6/]	People's Republic of China

1/ Succeeded Mr. Alphonsus Derrick on July 4
2/ Succeeded Dr. Bernard La Corbiniere on October 4
3/ Succeeded Mr. Mervin Haynes on December 2
4/ Succeeded Mr. Andrew Hall on September 24
5/ Appointed on July 19
6/ Succeeded Mr. Jiao Chengyue on October 30

APPENDIX IX

PRINCIPAL OFFICERS OF CDB
December 31, 2002

President	Dr. Compton Bourne*
Finance	
Vice-President	Mr. Neville Grainger**
Operations	
Vice-President	Mr. P. Desmond Brunton**
Finance and Corporate Planning	
Director	Dr. Warren Smith
Deputy Director, Finance	Mr. Dennis Smellie
Deputy Director, Corporate Planning (Ag.)	Mr. Adrian Debique
Economics and Programming Department	
Director	Mr. Alan Slusher
Deputy Director	vacant
Projects Department	
Director (Ag.)	Mr. Carlson Gough
Deputy Director, Productive Sector	vacant
Deputy Director, Social Development (Ag.)	Mr. Clairvair Squires
Corporate Services	
Deputy Director, Information and Technology Management Services	Mrs. Kathleen Gordon
Deputy Director, Human Resources and Administration	Ms. Jennifer Courtenay
Legal Department	
General Counsel	Mr. Ivor Wilkinson
Deputy General Counsel	vacant

* Chairman, Senior Management Group
** Members, Senior Management Group

APPENDIX X

CARIBBEAN DEVELOPMENT BANK
OTHER PUBLICATIONS

1. CDB - Its Purpose, Role and Functions - Twenty Questions and Answers
2. Basic Information
3. Lending Policies
4. Sector Policy Papers - The Environment and Human Resource Development
5. Guidelines for Procurement
6. Procedures for the Selection and Engagement of Consultants by Recipients of CDB Financing
7. Statements by the President
8. CDB News
9. CTCS Newsletter
10. Social and Economic Indicators - BMCs
11. Central Government Finance Statistics of the LDCs
12. External Public Debt - BMCs

These publications are available on request by writing to:

The Vice-President (Finance)
Caribbean Development Bank
P.O. Box 408
Wildey
St. Michael
BARBADOS

Tel: (246) 431-1600
Telefax: (246) 426-7269
Internet Address: http://www.caribank.org
E-mail Address: info@caribank.org

In addition, specific requests for information about CDB and its activities can be sent to the above address.