ANNUAL REPORT 2021

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Ultimately, CDB's pursuit of regional sustainable development is about creating conditions which enable the people of the Caribbean to achieve their full potential through an improved quality of life, increased opportunities for advancement, and functional social and economic systems that facilitate wellbeing and social cohesion.

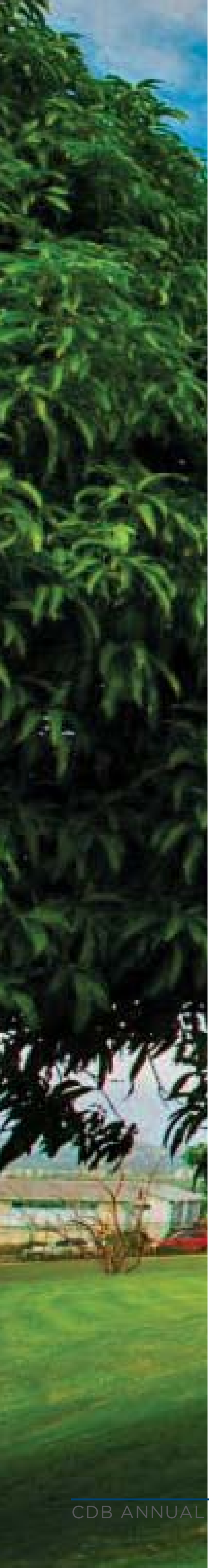
Purpose

“The purpose of the Bank shall be to contribute to the harmonious economic growth and development of the member countries in the Caribbean (hereinafter called the “Region”) and to promote economic co-operation and integration among them, having special and urgent regard to the needs of the less developed members of the Region.”

Article 1 - Agreement establishing the Caribbean Development Bank

Mission Statement

CDB intends to be the leading catalyst for development resources into the Region, working in an efficient, responsive and collaborative manner with our Borrowing Member Countries (BMCs) and other development partners, towards the systematic reduction of poverty in their countries through social and economic development.



Hon. Charles Washington Misick, OBE
Premier, Turks and Caicos Islands
Chairman
Board of Governors
Caribbean Development Bank

Dear Chairman

I enclose the Annual Report of the Caribbean Development Bank for the year ended December 31, 2021, which the Board of Directors, acting pursuant to Paragraph 2 of Article 38 of the Agreement establishing the Caribbean Development 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

Dr Hyginus "Gene" Leon,
President

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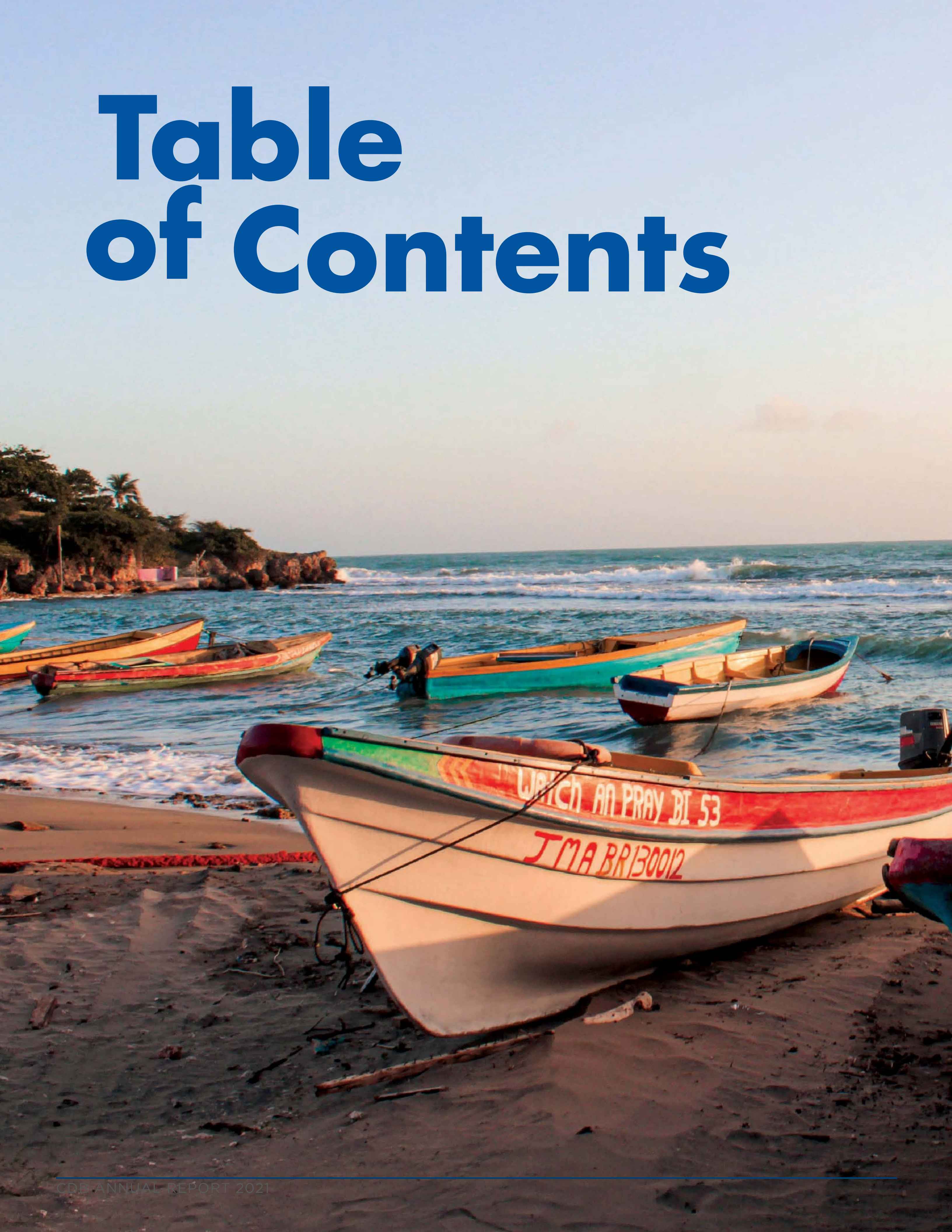


ANNUAL REPORT 2021

Dr Hyginus "Gene" Leon
President
Caribbean Development Bank

ANNUAL REPORT 2021

President's Statement

The deleterious effects of COVID-19 have combined with pre-existing structural weakness to stymie the Region's already sluggish progress towards achieving the Sustainable Development Goals. Surmounting these adversities demands a multifaceted response to complete the rescue of CDB's BMCs from the immediate effects of the pandemic, while accelerating their economic recovery and repositioning for future growth and prosperity.

CDB President Dr Hyginus "Gene" Leon (second left) and Vice President (Corporate Services) and Bank Secretary, Mrs Yvette Lemonias Seale, (far right) met with Chairman of the CDB's Board of Governors, Hon. Charles Washington Misick, (second right) Premier of the Turks and Caicos Islands (TCI) and Deputy Premier and Minister for Finance, Hon. Erwin Saunders during a courtesy visit to TCI in October 2021.

Throughout 2021, the Caribbean continued to contend with the adverse impacts of the COVID-19 pandemic including severe pressure on health and education systems, steep declines in production, significant loss of life and livelihoods, increased social inequity, and worsened conditions for vulnerable groups. In the two years since its onset, the pandemic has taken 6,000 lives, triggered a 7.6% contraction in economic activity and intensified the significant socio-economic challenges already facing the Region.

Despite the unfavourable environment, BMC economies grew by an average of 3.1% in 2021. This growth was spurred by the implementation of unprecedented fiscal stimulus programmes, the roll out of vaccines, and the phased roll back of border controls and internal lockdown measures. Correspondingly, due to GDP growth, the average debt-to-GDP declined to 80.5% compared with 82.5% the prior year.

The total value of CDB projects approved in 2021 was $122.6 million (mn), which represented $71.2 mn in loans and $51.4 mn in grants. Disbursements totalled $256.6 mn with $185 mn in loans and $71.6 mn in grants. For the second consecutive year, the Bank supported its BMCs' pandemic responses and mobilized more than $80 mn to meet COVID-19 specific needs. CDB demonstrated flexibility and dexterity by working with governments to redesign on-going operations to meet short-term requirements without losing sight of longer-term objectives. Through partnerships, the Bank leveraged additional and concessionary resources to fund national level management and responses, including $50 mn for social and economic projects in the BMCS of the Organization of Eastern Caribbean States (OECS), pursuant to an agreement with the Inter-American Development Bank (IDB), and EUR 30 mn for COVID-19 vaccines and other healthcare needs in collaboration with the European Investment Bank (EIB).

Today, while recovery has commenced in both commodity and service-producing economies, growth in the Region remains subpar. The deleterious effects of COVID-19 have combined with pre-existing structural weakness to stymie the Region's already sluggish progress towards achieving the Sustainable Development Goals. Surmounting these adversities demands a multifaceted response to complete the rescue of CDB's BMCs from the immediate effects of the pandemic, while accelerating their economic recovery and repositioning for future growth and prosperity.

Against this backdrop, CDB optimised its approach to address conditions more effectively in this fast-evolving environment. The Bank's enhanced proposition is fully articulated in the Strategic Plan Update 2022-2024, which outlines a new vision for the Caribbean and an upgraded roadmap for achieving regional development outcomes. Arising from this, CDB has already commenced work on several major initiatives to address the systemic weakness that imperil the Region's progress.

Senior officials of the CDB and the EIB held discussions at the EIB Headquarters in Kirchberg, Luxembourg in November 2021. (From left) Dr Shelton Nicholls, Senior Advisor to the President, CDB; Ms María Shaw-Barragán, Director, EIB; Dr Hyginus "Gene" Leon, President, CDB; Dr Werner Hoyer, President, EIB, Mr Isaac Solomon, Vice President (Operations), CDB; Mr Daniel Best, Director of Projects, CDB; and Mr Luca Lazzaroli, Director-General, EIB.

Principally, the Bank recognizes that significant resources are required to treat conditions rather than symptoms and in 2021 CDB made bold prescriptions regarding the level of finance needed to reform economic structures in its BMCs. By CDB's estimates, countries will need to invest about $10 billion annually to halve regional poverty by 2030, which necessitates tripling current funding allocations. Bridging this gap will require an extraordinary effort by the Bank, its BMCs, and bilateral and multilateral development partners to marshal the required finance. At the root of CDB's proposition is the formulation of innovative instruments which will provide access to finance under terms that recognize BMCs' unique conditions as small states, with their vulnerabilities occasioned by both historic and geographic factors.

A prime example is CDB's Recovery Duration Adjuster (RDA), a proposed measurement framework which utilises a resilience-adjusted Gross National Income measure for Small Island Developing States to access concessional finance. The CDB launched the RDA at the 26th United Nations Climate Change Conference (COP26), held in the United Kingdom in November 2021. Work on the RDA will be accelerated in 2022, as CDB continues to refine the framework and pursue partnerships for its development and wide adoption.

Another major thrust which commenced in 2021 is the elevation of knowledge acquisition to promote a shift to evidence-based decision-making, a key driver for sustainable development. CDB is advocating for the amalgamation of digital, searchable, and interactive knowledge facilities for greater access to information on key aspects of the Caribbean economy, environment, and society. Improved access to refined data and enhanced analytics will facilitate the use of reliable, high-quality knowledge solutions to ensure the Region's development efforts and achieve intended outcomes.

CDB is pursuing deeper engagement with its BMCs to more effectively devise policy prescriptions and programmatic solutions. At the same time, the Bank will leverage the competitive advantages of its regional presence to forge partnerships with international organisations to better support the Caribbean's economic agenda. In this regard, CDB undertook several missions and outreach visits throughout 2021 to ensure greater alignment with regional and international stakeholders, strengthening existing ties and building new alliances.

Ultimately, CDB's pursuit of regional sustainable development is about creating conditions which enable the people of the Caribbean to achieve their full potential through an improved quality of life, increased opportunities for advancement, and functional social and economic systems that facilitate wellbeing and social cohesion. Achieving this will require an ecosystemic approach formulated to bolster social, institutional, productive, environmental, and financial resilience. While progress to this outcome was made in 2021, it will take the full extent of CDB's ingenuity and resourcefulness to realise this primary goal. As CDB works towards this and other objectives, the team is aware that substantial action is required to achieve the best outcomes in the shortest possible time.

I am grateful to the staff of CDB, our Board of Governors, Board of Directors and all our partners whose support enabled the Bank to deliver a solid performance in 2021. Moving forward, we pledge to accelerate our efforts to safeguard the Region's future.

HIGHLIGHTS AT A GLANCE

PROJECT APPROVALS

Total value of projects approved	**$122.6 mn**
Loans including $32.5 mn in Policy-Based Loans	**$71.2 mn**
Grants	**$51.4 mn**

LARGEST BENEFICIARIES

Antigua and Barbuda	**$25.0 mn**
Commonwealth of Dominica	**$40.66 mn**
Saint Vincent and the Grenadines	**$17.29 mn**

BASIC NEEDS TRUST FUND (BNTF)

BNTF's Ninth Cycle

- 102 classrooms in basic schools were built or upgraded providing resilient infrastructure and modern facilities to 1,251 students which include 444 females.

- 216 teachers (201 females and 15 males) trained in elements of basic education.

- 1,373 households benefitted from improved water supply and sanitation services and hygiene training.

- 49 kilometres (km) of water pipeline was installed and 557 m3 of water storage facilities provided to improve reliability and safety of water supply.

- 17.18 km of community roads were upgraded mainly within underserved rural communities, improving life and commercial livelihood for 3,445 persons including 1,654 women.

BNTF's Tenth Cycle

- More than US$47 mn committed to finance 114 sub-projects in nine countries: Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Lucia, Saint Vincent and the Grenadines and Suriname.

COVID-19 RESPONSE

- **$50 mn** made available, in partnership with the IDB, for health, education, social protection and economic projects

- EUR **$30 mn** in loan financing provided, in partnership with European Investment Bank (EIB), for purchase of COVID-19 vaccines and new healthcare investments in BMCs

- **$10.34 mn** loan financing Special COVID-19 line of credit for micro, small and medium-sized enterprises (MSMEs) in Commonwealth of Dominica

- **$8.95 mn** loan for the Safety Net for Vulnerable Populations affected by COVID-19 in Grenada

- **$887,380** in grants awarded to **61** export ready MSMEs affected by COVID 19

EDUCATION

- Launched Let's REAP: Regional Learning Recovery and Enhancement Programme, a roadmap to address COVID-19 learning losses.

- Completion of science and technology block at Dr JP Eustace Memorial Secondary School in Saint Vincent and the Grenadines, enabling delivery of ICT, Chemistry, and other subjects to 500 students including 210 girls.

- Construction of an automotive workshop at the Campden Park Technical Institute in Saint Vincent and the Grenadines facilitating delivery of CVQ Level I and 2 automotive programmes.

- 30 Science and TVET workshops at six secondary schools in St. Kitts and Nevis upgraded and equipped to provide training and certification in Electrical Engineering, Construction, Technical Drawing, Information Technology, Cosmetology, and food and beverage preparation, among other areas.

DISASTER RECOVERY

$5 mn Immediate Response Loan and $300,000 Emergency Assistance Grant for recovery efforts in Saint Vincent and the Grenadines following the La Soufriére volcanic eruption.

PROCUREMENT

- Organisation of Eastern Caribbean States (OECS) Procurement Reform Programme, to modernise procurement laws and regulations, completed

- Accredited procurement training provided for 19 public procurement officials through the Caribbean Procurement Training Programme at the University of Technology, Jamaica

SUPPORT FOR HAITI

- $20 mn disbursed in 2021
- 90,000 health kits provided for students sitting secondary school examinations
- 2,370 secondary students, including 1,400 affected by the August 2021 earthquake, benefitted from Tuition Subsidy Programme
- 650 secondary students served through school feeding programme
- 550 small-scale farmers benefit from improved irrigation and drainage through the Community-based Agriculture and Rural Development Project

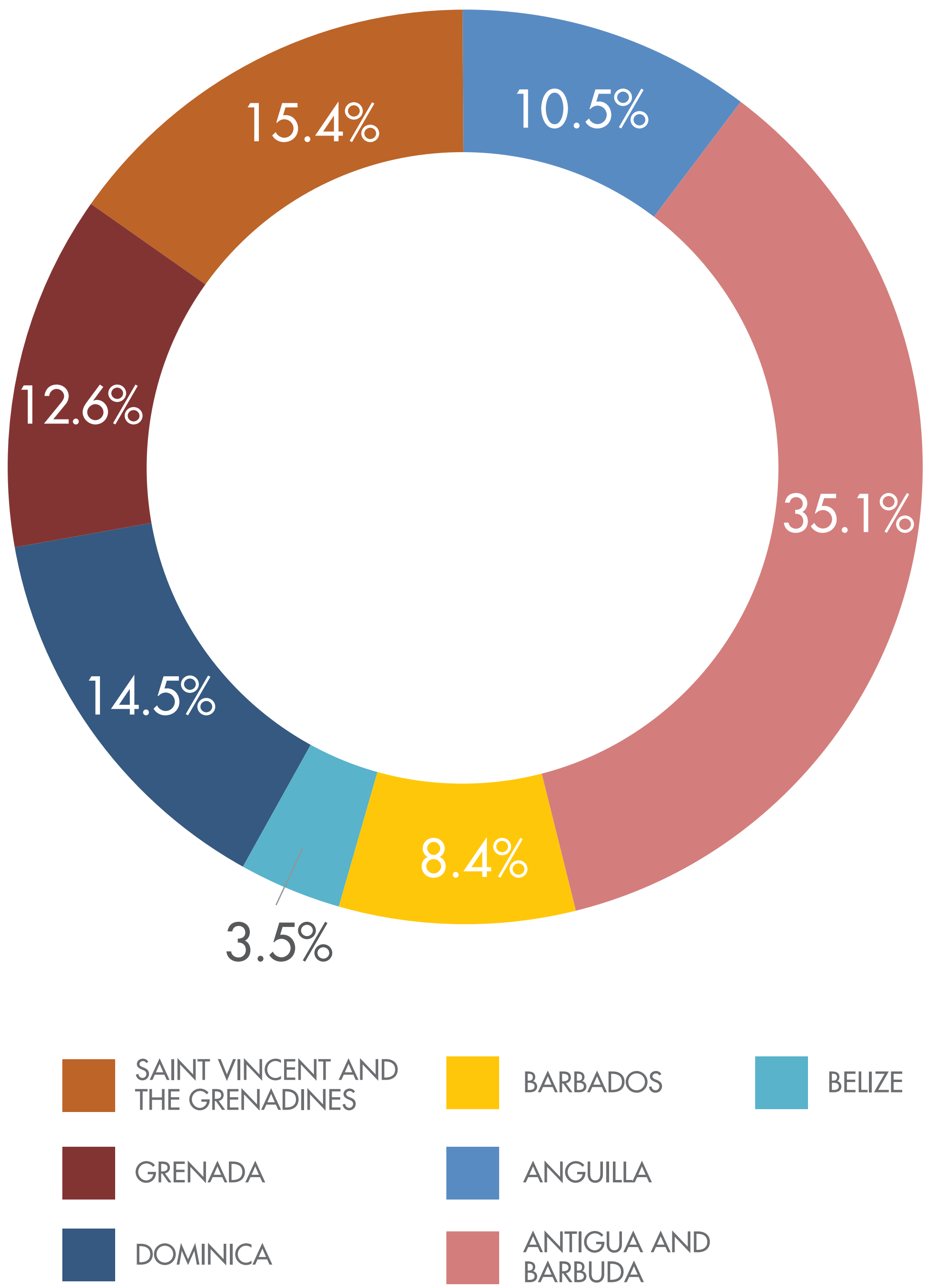
ENERGY, SECURITY AND WATER

- 228 participants in the Eastern Caribbean trained under the regional programme for certification of electrical inspectors and installers of photovoltaic systems
- $11.3 million Dennery North Water Supply Redevelopment Project completed, providing a safe water supply for 2,000 households in Saint Lucia

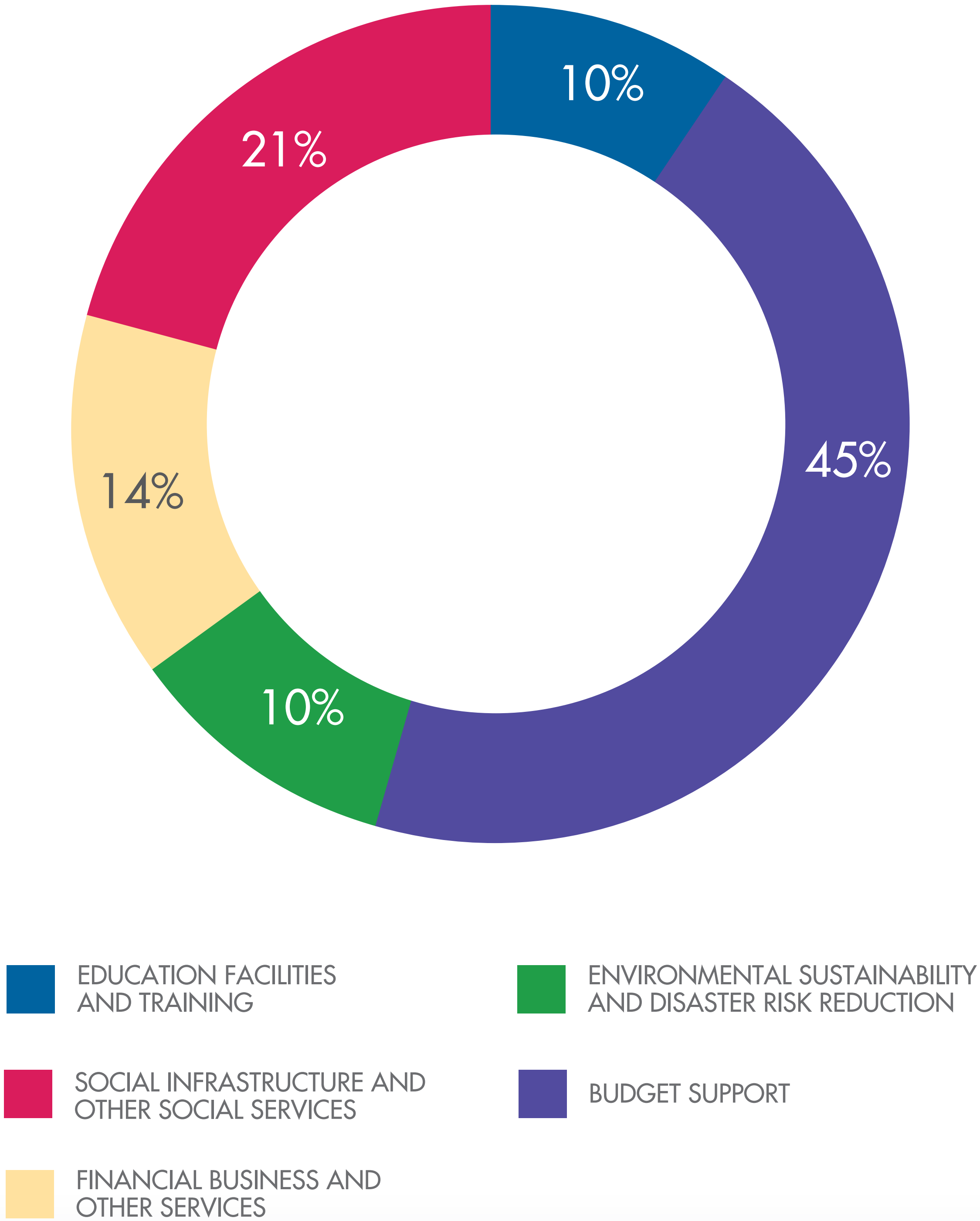
INTEGRITY COMPLIANCE AND ACCOUNTABILITY

- 2nd annual Caribbean Conference on Corruption, Compliance and Cybercrime held to build anti-corruption capacity in BMCs. Participants included over 1,000 attendees and 50 subject matter experts from 46 countries.
- Discourse on corruption broadened to include impacts on GDP, SDG support, climate financing and other areas critical to BMCs.

LOANS APPROVED BY COUNTRY
January 1, 2021 - December 31, 2021



LOANS APPROVED BY SECTOR
January 1, 2021 - December 31, 2021



Section 1
Caribbean Economic Review and Outlook 2022

- Overview
- BMCs Performance
- Labour Markets
- Prices
- Fiscal and Debt Performance
- Outlook
- Policy insights to support recovery, repositioning and resilience as BMCs prepare for the post-pandemic economy

Overview

BMCs began to emerge from the shadow of COVID-19 in 2021, while continuing to grapple with the evolving pandemic, with many experiencing sporadic surges in infections[1] throughout the year. Amid region-wide immunisation efforts, BMCs gradually eased public health restrictions, and reopened national borders. This, along with the continued rollout of fiscal stimulus packages, a rebound in tourism and higher commodity prices, sparked a return to growth and a partial recovery from the economic haemorrhaging endured in 2020. Regional gross domestic product (GDP) expanded by 3.1%. Although still below the 2019 pre-pandemic level, this nascent recovery has buoyed tax performance and reduced some of the fiscal pressures confronting governments, facilitating the start of a gradual consolidation from historically high deficits in 2020.

Natural hazards caused substantial losses during the year. A 7.2 magnitude earthquake in Haiti claimed the lives of over 2,000 Haitians. The eruption of La Soufriére volcano in Saint Vincent and the Grenadines in April caused widespread devastation and forced the evacuation of homes and communities while its ashfall affected neighbouring islands. Hurricane Elsa made landfall in Barbados in July, causing extensive damage to structures and disruptions in the power and water supply, and severe flooding impacted thousands of households in Guyana and Suriname.

CDB is projecting GDP growth of 9.2% across its 19 BMCs in 2022, accelerating the Region's economic recovery, which started in 2021. However, the progression of the pandemic is still clouded with uncertainty and the risks to the outlook are slanted to the downside with the sporadic resurgence of infections from new variants of the coronavirus, outweighing the upsides.

[1] Since the start of the pandemic, more than 446,000 positive cases have been recorded in the region with more than 10,000 related deaths at year-end

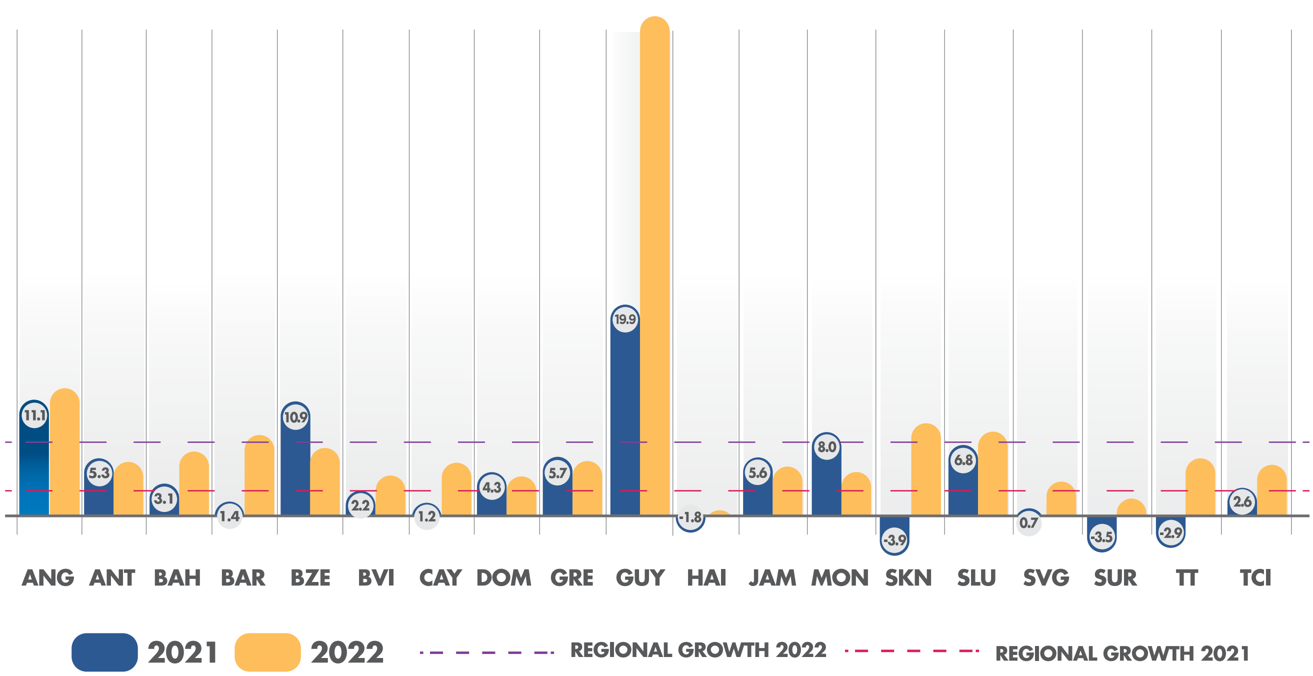
BMCs Performance

Evidence points to a modest rebound in economic activity across most BMCs in 2021, with growth evenly balanced between commodity and service-exporting economies. Regulatory and fiscal policy measures rolled out since the onset of the pandemic have supported recovery, preserved the solvency of households and businesses, and averted market instability and scarring. Despite being shrouded by downside factors that could dent recovery, CDB anticipates an uptick in the Region’s pace of recovery in 2022. Still, this resurgence will be insufficient to fully regain the loss in income and welfare experienced since the onset of the pandemic.

CDB estimates the Region grew by an average of 3.1%, with both commodity and service-producing economies exhibiting clear signs of a broad-based recovery. This return to growth has been underpinned by expansions across several economic sectors, including, mining, manufacturing, and utilities (23.4%), wholesale and retail trade (12.8%), agriculture (4.1%) and hotel and restaurants (3.0%). It has also been supported by increased activity in the real estate, rental and business activities, transport, storage and communication and construction sectors. In the financial sector, banks’ gross non-performing assets moderated while capital buffers, as well as profitability indicators, mostly improved. Subdued credit growth, however, revealed a more nuanced picture, indicative of pandemic scarring on aggregate demand.

Service-exporting economies grew by 3.3%, reflecting a moderate rebound in tourism, driven by an upswing in international visitor arrivals in the last quarter of the year. This had positive knock-on effects on ancillary sectors. The return of tourists was facilitated by the easing of travel protocols for the safe entry of visitors, robust vaccination rates in main source markets and pent-up demand for the Region’s tourism product. Anguilla and Belize led the recovery among service-exporting economies, expanding by 11.1% and 10.9%, respectively. A few BMCs maintained closed borders for most of the year, which inhibited inbound travel. Despite the fall in tourist arrivals in Grenada and the Cayman Islands, these managed to register growth of 5.7% and 1.2% respectively, while GDP dipped in St. Kitts and Nevis (-3.9%), due to the pandemic’s disruptions on domestic activity. Notably, the eruption of La Soufriére volcano in Saint Vincent and the Grenadines and a destructive earthquake in Haiti kept domestic conditions depressed and stymied the recovery effort in those countries.

CHART 1: REAL GDP GROWTH 2021 AND 2022



Source: Central Banks, Ministries of Finance, Statistical Offices, IMF, CDB

The performance of commodity-exporting economies was mixed, with average growth of 2.7%. This was largely because of the 19.9% growth recorded for Guyana, which offset the declines observed in other economies. Guyana's strong performance emanated from increased crude oil production, which rose to 120,000 barrels per day, and was supported by modest growth in the non-oil sectors of agriculture and manufacturing.

In contrast, the economies of Suriname and Trinidad and Tobago contracted by 3.5% and 2.9%, respectively. Repeated waves of COVID-19 infections prompted lengthy and restrictive lockdowns in both countries, severely hampering domestic demand and disrupting output. In Trinidad and Tobago, crude production was boosted by higher international prices, but overall output was weighed down by sluggish natural gas production and weak downstream activity due to the closure of facilities for upgrades and maintenance. In Suriname, ongoing fiscal consolidation efforts, coupled with depreciations in the exchange rate, reduced domestic purchasing power. This reduction, combined with the effects of prolonged lockdowns and curfews, resulted in the contraction of GDP in that country.

Fiscal stimulus and relief packages had immediate, direct implications for budgetary balances, borrowing needs, and debt levels.

Labour Markets

Although updated unemployment statistics are not available for most BMCs, the Bank's preliminary assessment suggests that labour market conditions improved and unemployment declined, which is largely consistent with the rebound in economic activity. CDB anticipates that much of the jobs created were in the service industries, particularly the tourism sector, which endured sizable retrenchments in 2020.

In Barbados, for instance, a 4.5 percentage point decline in unemployment to 15.9% was estimated during the second quarter of the year. Similar trends were observed for Grenada, Belize, and Jamaica, which recorded decreases of 11.8%, 4.5% and 4.1%, respectively, although unemployment rates remain elevated.

The pandemic has exacerbated pre-existing gender disparities. A case in point was Jamaica where although unemployment declined to 8.5% in July 2021, from 12.6% the year before, the male segment of the labour force benefitted from 42,000 new jobs compared to the 14,200 new jobs recorded for female workers.

COVID-19 also adversely affected employment prospects for youth, particularly those graduating during the pandemic. In light of these circumstances, some BMCs implemented second rounds of the income support programmes introduced in 2020. Such programmes were launched in the Cayman Islands, Grenada, Jamaica and St. Kitts and Nevis during the year.

Prices

The average price of goods and services increased slightly for nearly all BMCs but was more pronounced in Jamaica and Guyana, which recorded inflationary peaks of 8.5% and 5.0%, respectively during the year. Higher international crude and freight costs due to supply-chain interruptions and imported inflation from main trading partners, particularly the United States, fed through to BMC's consumer baskets. The sub-components most impacted were food and non-alcoholic beverages, transport, housing and utilities and gas and fuel, which constitute the most significant share of the consumer price index for the majority of BMC's.

In some countries, domestic factors also contributed to the higher inflationary environment, such as a one-off increase in regulated transport and energy prices in Jamaica while weather-related shocks in Guyana impacted supply and the final price of agricultural produce. In Jamaica, inflation in the second half of the year breached the upper limit of 6.0% for the inflation target set by the Bank of Jamaica, which prompted a 200 basis points increase in the overnight policy rate from 0.5% to 2.5%.

Fiscal and Debt Performance

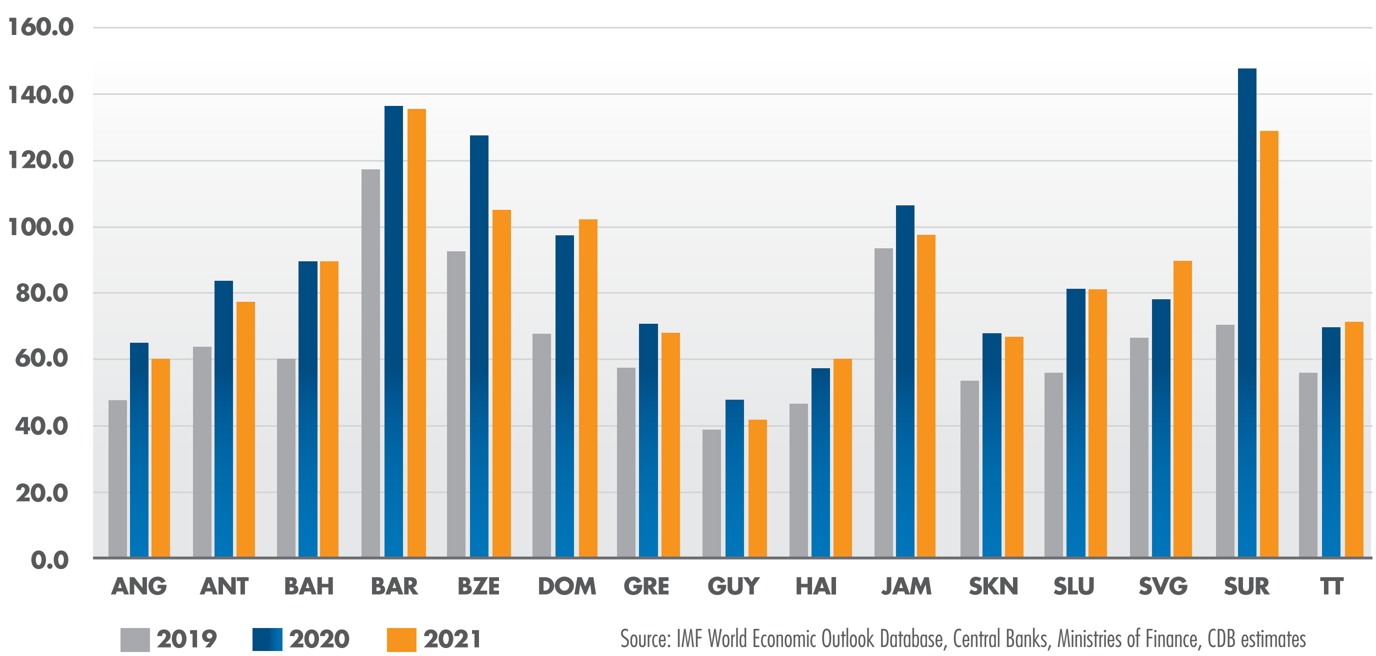
After significant fiscal deterioration in 2020, most BMCs reported improvement, but imbalances persist. An average primary surplus of 4.2% of GDP was recorded, a turnaround from the average deficit position of 2.1% in 2020. The partial economic recovery across most of the Region yielded higher government revenue from indirect taxes, which allowed six BMCs to record primary surpluses and others to narrow their primary deficits. The Government of Barbados continued to meet adjusted fiscal targets agreed under the IMF-financed economic reform programme toward achieving the long-term debt target of 60% of GDP by the fiscal year 2035/36. The Governments of Guyana and Trinidad and Tobago benefitted from increased revenues from the energy sector partly due to higher commodity prices. Large citizenship-by-investment (CBI) receipts in Dominica and St. Kitts and Nevis augmented government revenues.

Governments across the region continued to face added expenses related to the pandemic. Healthcare expenditure remained a priority, and governments provided additional income support to the unemployed and most vulnerable to cushion the prolonged impacts. Since the start of the pandemic, it is estimated that BMCs have allocated on average 4.8% of fiscal expenditures to COVID-19-related response measures. The natural disasters in Haiti and Saint Vincent and the Grenadines compounded the fiscal situation for those countries. The Governments of Grenada[2] and St. Kitts and Nevis rolled out a second round of stimulus spending while robust CBI revenue receipts in Dominica and Grenada supported their public sector capital investment programmes for stimulating economic activity and creating jobs. The Government of Jamaica, through the Social and Economic Recovery and Vaccine (SERVE) programme – the country's flagship COVID-19 response strategy – also allocated a second round of cash grants and support to MSMEs.

Fiscal stimulus and relief packages had immediate, direct implications for budgetary balances, borrowing needs, and debt levels. CDB continued to provide financial support to meet these critical expenditures. Policy-based loans of US$7.5 million (mn) and US$25 mn were disbursed to Anguilla, and Antigua and Barbuda, respectively, and an immediate response loan of US$5 mn was granted to Saint Vincent and the Grenadines to help enable a resilient recovery. Dominica also benefitted from a US$25 mn COVID-19 response loan, and lines of credit were approved for Antigua and Barbuda, Grenada, Dominica and Saint Vincent and the Grenadines.

[2] Grenada's second programme was supported by CDB through a CDB/IDB line of credit.

CHART 2: DEBT-TO-GDP (%)



Source: IMF World Economic Outlook Database, Central Banks, Ministries of Finance, CDB estimates

Debt sustainability remains a concern. After climbing sharply in 2020[3], the region's average debt-to-GDP ratio declined from 82.5% in 2020 to 80.3% in 2021. Debt ratios started to stabilise for many BMCs following the fast-paced debt accumulation in 2020, but much of this improvement was due to higher nominal GDP. In Belize, the Government restructured its debt, the fourth such undertaking over the past fifteen years, this time through the issuance of a blue bond[4], which shaved 11.0 percentage points off the public sector debt-to-GDP ratio. This, along with the increase in nominal GDP led to a fall in public debt to 104.8% in 2021 compared with 127.9% in 2020. In 2021, 13 of the Bank's 19 BMCs' debt ratios were above 60%.

Outlook

The economic prospects for BMCs in 2022 are favourable, with growth expected to gain momentum to around 9.2% but characterised by a two-speed recovery. Commodity-exporting economies are projected to outpace their regional peers, growing three times as fast at 17.5% on account of increased energy production in Guyana and, to a lesser extent, Trinidad and Tobago. Service-exporting economies are forecasted to grow at a more subdued rate of 4.8%, anchored on the continued rebound in tourism and the effective management of outbreaks without resorting to strict lockdowns. Construction will play a supportive and critical role as governments ramp up public sector investment programmes over the medium-term.

As the macroeconomic environment improves, governments will be expected to scale back fiscal stimulus support amid a legacy of higher debt and focus on the fiscal and debt sustainability efforts disrupted during the pandemic. Progress is being made in Anguilla towards broadening the tax base through implementing a Goods and Services Tax in 2022. The Government of Antigua and Barbuda has embarked on an ambitious reform programme, initiated in 2021, in which key reforms target a strengthening in revenue mobilisation over the medium-term. The Government of Belize is implementing a home-grown economic recovery plan, which includes cuts in public expenditure, based mainly on reductions in public sector salaries and in spending on goods and services. In Suriname, an acceleration in reform is expected following the approval of a 36-month International Monetary Fund (IMF) Extended Fund Facility in December 2021. The Trinidad and Tobago Revenue Authority was established in 2021, paving the way for meaningful changes in the national tax administration system to optimise revenue collection and minimise tax leakages by making the tax regime more efficient and enhancing taxpayer compliance.

While the banking sector has weathered the COVID-19 disruptions well, cushioned by extraordinary regulatory and fiscal policies, the sector does face prospects of a possible rise in non-performing loans, particularly in the small and medium enterprises and retail portfolios, as regulatory support scales down. Since 2020, measures such as moratoria on payment of loan instalments alleviated stress and helped banks to continue to provide credit to productive sectors. A persistently high level of non-performing loans in some BMCs increases banks' vulnerability and can impose significant stress on the financial system once forbearance is removed, although economic growth can provide counterbalancing impacts.

Several headwinds cloud the growth forecast. Two years into the pandemic, the Omicron variant has spread rapidly, a sobering reminder of the risks. The emergence of other more virulent strains and uncertainties regarding the efficacy of existing vaccines to blunt severe disease, coupled with the prevailing low rates of immunisation in the Region, could continue to place BMC's public health systems under tremendous strain unless trends are reversed. At the same time, developments in the international community will weigh heavily on the growth prospects for BMCs, including inflationary pressures, which are expected to intensify and impact domestic prices, geopolitical tensions, the tightening of monetary policy in advanced economies, and the ever-present threat of natural hazards. As economies are revived, renewed focus will need to be placed on building up adequate buffers and remaining vigilant of the evolving risks.

[3] Prior to the pandemic, the average BMC debt ratio had been steadily declining. In 2020, the ratio jumped by 17.7 percentage points to 82.5% of GDP, due both to an increase in debt contracted and to the base effect of a sharp drop in GDP caused by the pandemic.

[4] The Government of Belize repurchased its $552 mn superbond at a 45% discount. This transaction was funded by the issue of a $364 mn blue bond, on which the Government will pay interest only until 2032, with the principal paid down over the following eight years. As well as buying out the superbond holders, the issue will prefund a $24 mn marine conservation endowment account, which will fund environmental protection activity from 2041.

Policy insights to support recovery, repositioning and resilience as BMCs prepare for the post-pandemic economy

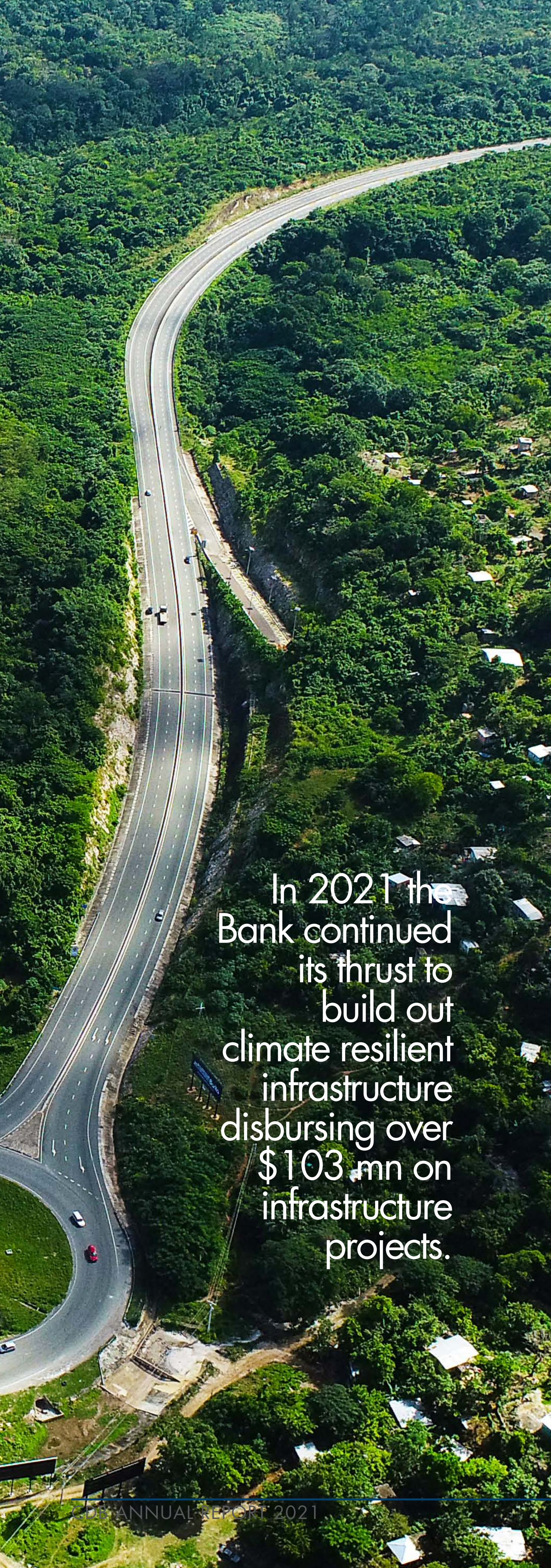
The near-term priority is to contain the pandemic and support the nascent economic recovery that commenced in 2021. An expected rebound in tourism sets the stage for a strengthening in 2022. To reinforce recovery, public policy needs to be consistent with the longer-term repositioning of the region's economies to build resilience across all development dimensions. As near-term pandemic risks lessen, BMCs must deepen and accelerate structural reforms needed to diversify productive bases, raise productivity growth, boost economic competitiveness, and develop human capital to reduce the region's acute vulnerability to global economic shocks. Climate change and technological innovations pose medium-term challenges to BMCs which will need to be addressed through carefully crafted strategies. In this context, CDB offers the following policy insight for addressing the challenges ahead:

- Continue, in the near term, to support public health care systems and consolidate gains to contain the public health impact of the pandemic to save lives and livelihoods of impending spreads
- Seek out sustainable financing where there is limited fiscal space to support recovery
- Commence a gradual unwinding of large, temporary fiscal relief and support response measures once the economic recovery has fully materialised and is firmly rooted, in favour of more targeted and strengthened social safety nets to address poverty and aid the newly impoverished
- Commit to a credible path of fiscal consolidation to restore debt and fiscal sustainability while unwinding and resume rebuilding fiscal buffers
- Continue to improve public financial management and advances in transparency and rules-based structural reform to strengthen confidence in public institutions and boost private sector activity going forward.
- Continue to make public sector regulatory processes and service delivery more efficient, accessible, and easier to navigate by improving and digitising full business processes
- Prioritise the development of sustainable energy options to support stabilising or reducing energy costs and promoting energy security
- Upgrade logistics quality by continuing to improve road networks, ports, storage facilities, trade-related processes, and connectivity to reduce the cost to exchange goods, services, and ideas
- Modernise education to prepare students for the future of work through digitalisation
- Scale-up efforts to retrain and re-skill the labour force to help minimise the long-term implications of the pandemic on human capital development, and re-open in-person schools when it is safe and practical to do so
- Continue to invest in carbon-reducing and climate resilience projects
- Strengthen resolution frameworks to consolidate and take over stressed debt from banks, and to resolve legacy assets
- Continue to improve bank supervisory functions, measures to strengthen off-site surveillance, on-site examination, and skill development
- Exploit the full potential of the larger protected CARICOM Single Market and Economy. This requires, in addition to the foregoing, cooperating, and synchronising standards, procedures, processes and infrastructure to facilitate intra-regional trade and the development of regional supply chains.

Section 2

Projects Performance Review

- Economic Infrastructure
- Environmental Sustainability
- Private Sector
- Sustainable Energy
- Education
- Citizen Security
- Youth Development
- Agriculture and Rural Development
- Mainstreaming Gender
- Operations in Haiti
- COVID-19 Response Projects
- Basic Needs Trust Fund
- Procurement
- Features



Economic Infrastructure

Approved Financing

In 2021, the Bank continued to invest in critical economic infrastructure. In this regard, the Government of the Commonwealth of Dominica benefitted from a grant of GBP22 mn through the United Kingdom Caribbean Infrastructure Partnership Fund (UKCIF). The grant will assist in financing the enhancement of the climate resilience of water supply and distribution infrastructure and a wastewater system, as well as improving the operational capacity of the Dominica Water and Sewerage Company Limited.

In addition, $5 mn was approved for Saint Vincent and the Grenadines as an Immediate Response Loan to support the country's recovery following the eruption of the La Soufriére volcano. The funds were used for clean-up and recovery works, and for technical assistance to prepare designs to repair and rebuild infrastructure damaged by the eruption.

Key Results

In 2021 the Bank continued its thrust to build out climate resilient infrastructure to support sustainable development in BMCs, disbursing over $103 mn on infrastructure projects.

Transportation

Despite challenges caused by the Covid 19 pandemic, BMCs made considerable progress on several road projects. In Belize, works on the Coastal Highway Upgrade Project (6th Road Project) advanced steadily. Works also progressed on several roads in Antigua and Barbuda, Dominica and Saint Vincent and the Grenadines. Upon completion, these projects will benefit over 150,000 Caribbean citizens.

In Barbados, the $40 mn Grantley Adams International Airport (GAIA) Pavement Rehabilitation and Expansion Project was completed. Some 300,000 square metres of pavements were upgraded and expanded including the runway, taxiways, car park, landside roads, and the aircraft parking aprons. Energy consumption at the facility has been reduced by 12MWh per month with the installation of energy-efficient lighting on the airfield and parking aprons. In addition, with the development of a Sustainability Management Plan, the institutional capacity of GAIA has been enhanced.

Water Supply

In 2021, the Bank was also very active in the water supply sector, with the ongoing implementation of water infrastructure projects in Barbados, Dominica, Saint Lucia, and the Bahamas. Infrastructure constructed or installed included water treatment plants, water transmission pipes, and water storage tanks. Among these initiatives was the $11.3 million Dennery North Water Supply Redevelopment Project in Saint Lucia which has resulted in the availability of a safe water supply for approximately 2,000 households.

Energy

In the energy sector, works to modernise the power distribution infrastructure in Belize continued, whilst in Antigua, the Government reduced its energy consumption, and thereby its importation of fossil fuels, by installing over 15,000 streetlights which were financed by loans and grants from CDB totalling over $6 mn.

Environmental Sustainability

During 2021, CDB continued to apply its environmental and social review procedures to assess the environmental and social risks and impacts of investment projects financed by the Bank.

In addition, the Bank maintained its focus on disaster risk reduction and climate change adaptation, assisting BMCs to reduce their vulnerability to the impacts of climate change. All investment projects were systematically screened for climate risks and climate vulnerability and risk assessments were undertaken as required. In addition, country engagement strategies prepared over the period were assessed for climate risks. Climate change adaptation and/or mitigation measures were integrated into investment projects.

In October 2021, ahead of COP26, CDB issued a statement on the status of its alignment with the goals of the Paris Agreement. CDB confirmed that its lending and other operations are consistent with these goals which relate to adaptation, mitigation, and financial flows. The Bank will continue to reinforce existing partnerships and develop new ones, scale up its climate finance to pursue transformational investments and further increase its capacities to enhance the effectiveness of its climate action. At COP26, CDB also endorsed the joint statement by multilateral development banks (MDBs) on nature, people, and the planet.

President of the CDB Dr. Hyginus "Gene" Leon (second right) and Prime Minister of Saint Vincent and the Grenadines (SVG) Dr. Ralph Gonsalves, (centre) display symbolic agreement instruments after CDB announced an Immediate Response Loan of US$5 mn and an Emergency Assistance Grant of US$300,000 to support the response to the La Soufriére volcanic eruption. The support package was announced during a CDB Mission to SVG in July 2021. On hand for the announcement were Minister of Finance, Economic Planning and Information Technology, Camillo Gonsalves, (far left) who serves as CDB Governor for SVG, CDB's Vice President, (Operations), Isaac Solomon (second left) and Dorla Humes, then Advisor to the CDB President.

The Bank also provided a technical assistance grant to the Caribbean Community Climate Change Centre and the OECS Commission to support the Caribbean Agenda at COP26. The grant was used to assist with regional COP 26 preparation and the establishment of a Caribbean pavilion to allow CARICOM countries to caucus on negotiating positions. The Pavilion also permitted the Bank and BMCs to showcase their climate work programmes.

CDB continued to strengthen strategic partnerships to harness expertise and mobilise concessional climate finance to scale up investment in climate change adaptation and mitigation. In 2021, CDB's Board of Directors approved the Caribbean Action for Resilience Enhancement Programme (CARE) financed by the European Union (EU). CARE is a five-year Programme that will provide EUR $14 mn in grant financing to support initiatives to reduce the impacts of climate change and disasters in BMCs. CARE is focused on improving governance of disaster risk management and climate change adaptation as well as strengthening evidence-based and gender-sensitive decision-making and the financial response of BMCs. The Programme also supports enhancements to community infrastructure, and livelihood resilience to climate change effects and natural hazards.

The Bank continued implementation of the Canada-CARICOM Climate Adaptation Fund (CCAF), financed by Global Affairs Canada. A total of US$8,535,817 was disbursed to the Caribbean Catastrophe Risk Insurance Facility (CCRIF) for 2020/21 and 2021/22 insurance premium payments, on behalf of seven CCRIF member countries that are eligible for support under the CCAF. The Bank provided support to the Government of Haiti with a grant of US$6 mn to meet the cost of its annual insurance premium to CCRIF. CDB also initiated a comprehensive diagnostic of gender-sensitive, innovative disaster risk finance instruments to determine a range of suitable instruments that can be implemented to strengthen BMCs' financial and social resilience to disasters.

CDB has been working with BMCs to develop an ambitious pipeline of programmes and projects for co-financing from the Green Climate Fund (GCF), which will be catalytic in scaling up investment in climate action in the Caribbean. In 2021, the Bank secured approval of a new Project Preparation Facility (PPF) grant from GCF. Altogether, CDB has mobilised PPF grants to support the development of three large-scale capital projects to increase access to concessional credit for local small businesses, with a focus on greening the tourism sector, to enhance the resilience of water supply and water infrastructure, and to ramp up investment in distributed energy resources such as rooftop solar photovoltaic and battery energy storage systems to enhance energy sector resilience and reduce greenhouse gas emissions.

CDB also provided support for BMCs to mobilise grant financing technical assistance and capacity development projects through the GCF Readiness and Preparatory Support Programme. In parallel, the Bank worked with BMCs to develop additional pipeline initiatives for GCF co-financing and thereby scale up and improve the consistency of climate finance flows over the coming years.

CDB continued to support implementation of the Building Resilience and Adaptation to Climate Change and Climate Vulnerability in the Agriculture Sector in Saint Lucia Project. The intervention is financed through a US$9.9 mn grant from the Adaptation Fund and will contribute to increasing resilience in four agriculture regions in Saint Lucia through improved water security, farm productivity and livelihoods.

In 2021, continued implementation of the African Caribbean Pacific-European Union-CDB Natural Disaster Risk Management in CARIFORUM[5] Countries Programme yielded progress. Highlights include:

- finalisation by Caribbean Disaster Emergency Management Agency (CDEMA) of the Model Guidelines for National Shutdown Procedures for Hydrometeorological Events to help countries improve their emergency response protocols and procedures

- a multi-criteria bushfire index to provide accurate bushfire warning to the communities at risk in Jamaica

[5] The Caribbean Forum subgroup of the Organisation of African, Caribbean and Pacific States

- a climate and geophysical hazard risk profile for the power sector and associated designs to build resilience in the Saint Vincent and the Grenadines national electricity network including hydropower generation

Through the Community Disaster Risk Reduction Fund Seismic Research Centre's Volcano Ready Communities project, CDB provided additional grant funds of US$135,373 to the Government of Saint Vincent and the Grenadines for the acquisition of monitoring and early warning equipment and emergency response items for shelters.

The Bank continued to sensitise key stakeholders and provide training at national and regional levels on climate risks and impacts and to promote best practices for climate change adaptation and mitigation. In June 2021, at its annual meeting of the Board of Governors, the Bank hosted a high-level webinar on "Climate Action in a Post-COVID-19 Environment". The webinar explored barriers to climate action in the Caribbean, and key solutions that may be pursued to scale up climate response over the next five to 10 years.

In 2021, through the Support for Conducting Air-borne Light Detection and Ranging (LIDAR) Surveys and Training Project, financed by CDB and in collaboration with the Caribbean Community Climate Change Centre, 318 planning technicians from 11 BMCs were trained on the acquisition, processing and application of LIDAR data.

Success Story

Development of Bush Fire Warning Index in Jamaica

Jamaica's Meteorological Service is establishing a comprehensive bush fire warning index for effective bush fire management. The Bush Fire Index is currently being tested and as part of this process, the correlations between bush fires and temperature, rainfall, vegetation, and soil type, are being mapped. With the input of location-based data from the Jamaica Fire Brigade, the Index assesses the likelihood of bush fires, based on fire prevalence in a particular area. Forecast accuracy has begun to improve with the inclusion of more meteorological data. Further increases in accuracy are expected with continued development of the Index.

A robust bush fire index will help deliver prompt and accurate warnings to communities at risk in Jamaica, which will reduce property damage, and loss of life and livelihoods. A public education, awareness and outreach campaign was also initiated to sensitise communities on bush fires and actions that can be taken to reduce incidences and potential impacts.

Private Sector

Financial Intermediary Activities

Development Financial Institutions (DFI) have been the conventional medium for CDB to provide support to private sector development in priority areas. However, operational disruptions and closures which resulted from the COVID-19 pandemic, imposed profound constraints on the implementation of ongoing projects and the appraisal of new ones.

The challenges notwithstanding, throughout 2021 CDB prioritised the structuring of credit lines and technical assistance interventions to assist MSMEs experiencing disruptions in their business operations and income because of the pandemic. Among these interventions was the Global Credit facility negotiated with IDB for on-lending to OECS Member Countries under concessional conditions to address short-term financial capacity requirements of MSMEs. This resulted in the approval of a $10 mn line of credit to the Commonwealth of Dominica for on-lending to facilitate MSME access to working capital to overcome temporary liquidity problems and enable the continuation of their operations.

CDB also approved three technical assistance interventions to facilitate BMC access to resources from the GCF. One regional project will finance the development of funding proposals to extend combined CDB and GCF concessional lines of credit to DFIs in Belize, Jamaica, and Saint Lucia to on-lend to MSMEs and homeowners for climate action investments, with a particular focus on renewable energy and energy efficiency, low-emissions transport, climate-resilient agriculture and resilience in buildings. Another intervention will assist Belize's Development Finance Corporation (DFC) in engaging the private sector in climate action through sensitisation activities, assessment of barriers to private investment in adaptation and mitigation actions, and identification of private sector project ideas that can be funded through the GCF. The third initiative will assist Belize's DFC in gaining accreditation to the GCF.

Additionally, after an extended pause due to the pandemic, work resumed on a previously approved technical assistance activity, for the Government of the Turks and Caicos Islands, to determine the feasibility of establishing a partial credit guarantee scheme, aimed at identifying solutions for small and medium-sized enterprises to gain greater access to credit.

Micro, Small and Medium Enterprises

During 2021, CDB continued to forge new partnerships with other development partners and business support organisations in the Region to develop and implement solutions to assist MSMEs in withstanding the continued effects of the pandemic on their operations through innovation, technology adoption, and by increasing access to finance and markets.

A total of $1.83 mn was approved, under CDB's Caribbean Technological Consultancy Services (CTCS) Network, to facilitate eight technical assistance interventions aimed at enhancing the operational capacity and sustainability of MSMEs. These capacity building initiatives included "Future-Tourism: Rethinking Tourism and MSMEs in times of COVID-19", a programme in partnership with the United Nations Development Programme, which seeks to digitise the operations of 300 growth potential tourism-related MSMEs, in Barbados and the OECS, which have been impacted by the pandemic.

The Bank also approved support for an incubator programme, in partnership with the Massy Group and Nudge Caribbean, to increase the competitiveness of participating MSMEs, and to provide access to Massy's distribution networks in Trinidad and Tobago, Barbados and Saint Lucia. Another project approved through CTCS, will aid with the development of innovative products or services that can reduce negative environmental impacts associated with climate change. The areas targeted include renewable energy, energy efficiency, food and agriculture, water, transportation, and industrial technology and tech start-ups. In addition, CDB approved an intervention to assist the Eastern Caribbean Securities Regulatory Commission in developing a Crowdfunding Framework in Eastern Caribbean Currency Union countries to promote access to non-traditional financial products for MSMEs. Also, in partnership with the Caribbean Export Development Agency, $800,000 in grants was awarded to 61 export-oriented MSMEs under a joint COVID-19 response Grant Facility approved in 2020.

Cultural and Creative Industries Innovation Fund

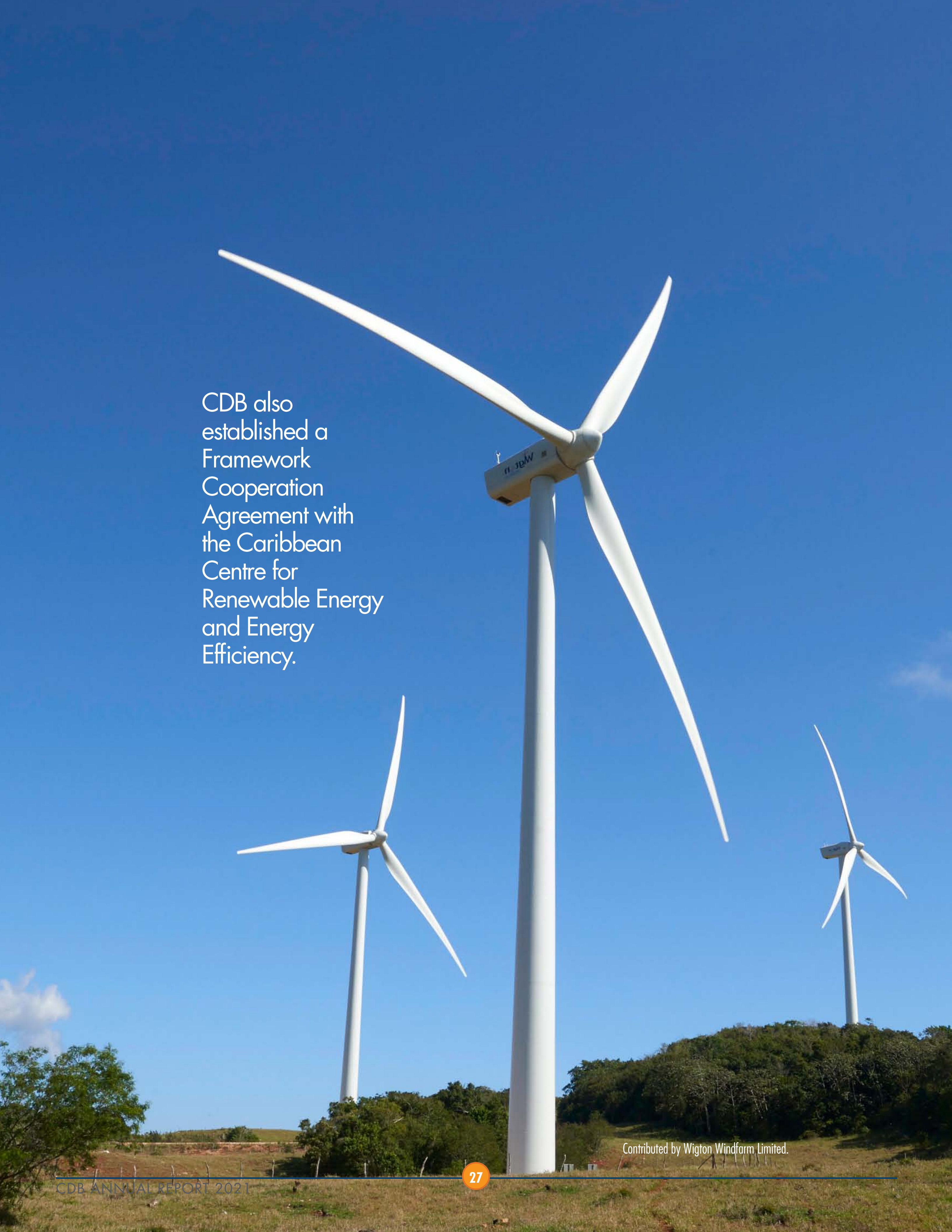
In 2021, the Cultural and Creative Industries Innovation Fund (CIIF) continued to enable the Region's cultural and creative industries to be globally competitive and to support entrepreneurs who demonstrated loss of income from cancelled events because of the pandemic. Technical assistance and grants totalling approximately $480,000, including three accelerator programmes targeting the Music and Visual Arts sub-sectors, were approved to build capacity of creative entrepreneurs in several areas. These included the business of music, digital marketing and developing transversal visual arts projects that speak to issues of identity, gender, climate awareness and resilience, and food sustainability. CIIF also offered two e-learning schemes, in which 180 persons participated. These were entitled, "Proposal Writing for the Cultural and Creative Industries" and "Gender Sensitisation Training for CIIF Grantees".

A total of 286 persons (122 males and 164 females) from 17 BMCs benefitted from CIIF's programming during the year.

Regional Cooperation and Integration

In 2021, CDB approved 17 national projects representing a total value of more than $2.2 mn. Among the initiatives approved was a grant of approximately $500,000 to the Toledo Cacao Growers Association Limited in Belize to provide support to its members to improve productivity, quality, standards, and competitiveness.

Additionally, CDB authorised a grant of $330,000 for The Bahamas Bureau of Standards and Quality. The funds will assist in assessing the calibration demands of the country in relation to existing and proposed infrastructure and to develop a strategy to support the establishment of a sustainable industrial calibration and metrology service in mass and volume. Also, the Bank approved a $250,000 grant to support the Barbados Port Inc. in increasing the efficiency and transparency of its goods clearance and trading processes.



CDB also established a Framework Cooperation Agreement with the Caribbean Centre for Renewable Energy and Energy Efficiency.

Contributed by Wigton Windfarm Limited.

Sustainable Energy

In 2021, the global sustainable energy transition was brought into sharper focus by the wider international debate on the pathways to net-zero carbon emissions in 2050 in the wake of the 6th Assessment Report of the Inter-governmental Panel on Climate Change, and as part of the COP26 negotiations. Internally, CDB's critical role in supporting the energy transition in BMCs was underscored in its updated strategic plan, during discussions on alignment with the Paris Agreement, and in the context of the Bank's increased focus on resilience across various development dimensions. Additionally, in the context of The 2030 Agenda for Sustainable Development, (particularly SDG 7) regarding resilience and modernisation in the energy sector, the Bank's renewable energy and energy efficiency operations were rebranded as sustainable energy to capture the full gamut of energy sector issues. This is being complemented and more fully articulated through the refreshing of the Bank's energy sector policy and strategy.

Capacity Strengthening

CDB's work in the energy sector in 2021 focused heavily on capacity strengthening in BMCs. In this regard, technical assistance projects were approved for:

(i) A GEOBUILD programme to provide backstopping expertise to government, regulators, utilities, and for training of persons interested in participating in geothermal energy (GE) development ($2.8 mn)

(ii) Capacity strengthening of energy sector governance frameworks for energy sector regulators ($12,000)

(iii) Support for the Caribbean Association of Electric Utilities ($200,000)

(iv) Training for a cadre of Haitian engineers in developing a geographic information system masterplan and technical specifications for mini grid projects for the rural regions in Haiti ($748,400). The technical assistance will support Haiti's programme of mini-grid deployment to increase access to electricity for millions of citizens.

As part of its thrust to increase strategic partnerships in capacity strengthening, CDB also established a Framework Cooperation Agreement with the Caribbean Centre for Renewable Energy and Energy Efficiency.

Project Preparation and Implementation

Implementation continued for the regional training programme to certify electrical inspectors and installers of photovoltaic systems in the Eastern Caribbean. Under the training programme 228 people (of which 13% were females) were trained. Also, implementation for renewable energy and energy efficiency and electricity infrastructure investment projects advanced in Belize, Jamaica, Saint Vincent and the Grenadines and Suriname. Project preparation assistance for GE was continued in Dominica, Grenada and St. Kitts and Nevis, with an additional grant of $350,000 to support environmental and social impact assessments in the latter.

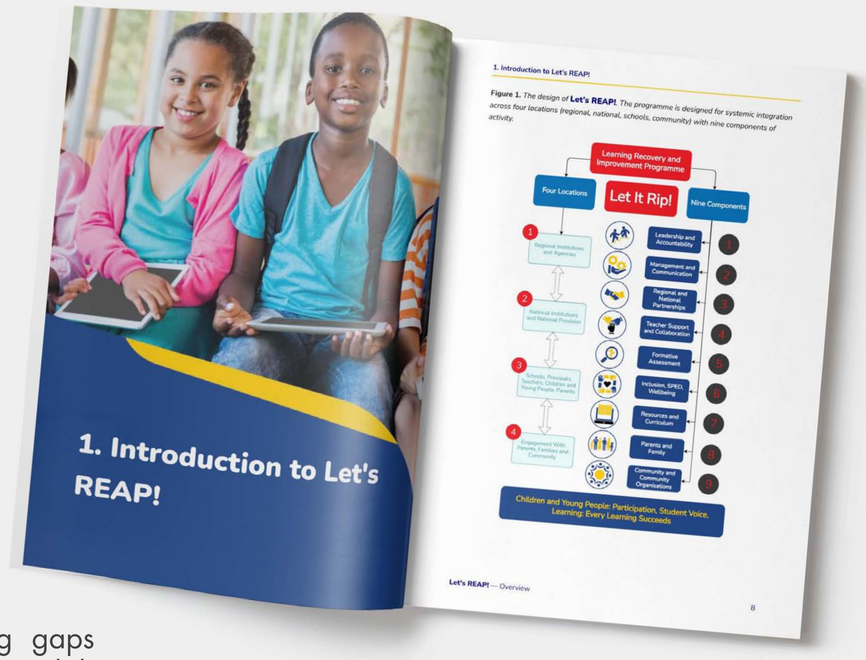
Integrated Utilities Services Programme

The GCF approved an application for funding for a lighthouse initiative called Integrated Utilities Services programme. This programme was developed by CDB in collaboration with partners – Caribbean Community Secretariat, Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation) and the EU. It targets concessional resources of GCF to promote distributed renewable energy and energy efficiency solutions (distributed energy resources) among residential, MSMEs, and commercial customers of the electric utilities. The initiative also addresses many barriers to the participation of the aforementioned categories of customers and will enhance greater inclusiveness in the sustainable energy space.

Education

Supporting Learning Recovery and Transformation in Caribbean Education

In July 2021, the Bank, together with the CARICOM Secretariat and the OECS Commission, prepared the Regional Learning Recovery and Enhancement Programme (Let's REAP) for Caribbean Schools – A Roadmap for Principals. Besides outlining the optimal approach to address the learning loss occasioned by COVID-19, the programme also intends to address long-standing learning gaps and the pedagogical challenges exacerbated by the pandemic. It also aims to build the resilience of national education systems in the face of school disruptions, including the range of natural hazards prevalent in the Region, such as flooding, hurricanes, and volcanic activity.



Let's REAP focuses on recovery, improvement, and transformation for learning. It is a multi-pronged approach, supporting national ministries, principals, teachers, parents, and the community. To date, the programme has been launched in 18 BMCs and the Ministries of Education have appointed or assigned national focal points along with establishing national Let's REAP teams. Key activities for 2022 include capacity-building for focal points, principals and teachers across all BMCs, regional Let's REAP seminars and public outreach, as well as the preparation of a baseline report on the programme.

Promoting Technical and Vocational Education and Training in Secondary and Post-Secondary Education

Saint Vincent and the Grenadines

Under the Technical and Vocational Education and Training (TVET) Development Project, the Science and Technology Block at the Dr JP Eustace Memorial Secondary School was completed. This facility allows for a full suite of programmes to be available to 500 students (210 girls) of the school, which was originally designed to accommodate primary education students. The block includes facilities for information technology, physics, and chemistry, which were lacking in the original building.

At the Campden Park Technical Institute, with the construction of the Automotive Workshop, students will be able to pursue Caribbean Vocational Qualification Level I and Level 2 automotive programmes. This programme, which is available only at the Saint Vincent and the Grenadines Community College, expands access to an area of significant demand for skilled and certified professionals. Approximately 40 male and female students will be accommodated annually in programmes such as automotive repairs, vehicle maintenance, engine systems and motor vehicle air conditioning systems.

St. Kitts and Nevis

In St. Kitts and Nevis, 30 science and TVET workshops were upgraded and equipped in six of the country's eight secondary schools. The upgrades were part of efforts to expand the supply of skilled and employable labour with regionally acceptable certification. The programmes targeted include electrical engineering, general construction, technical drawing, information technology, cosmetology, food and beverage preparation, and welding and fabrication. With this greater diversification of Caribbean vocational qualification programmes, schools can cater to the interests of both male and female students in upper secondary. This will contribute to increased retention of students at this level with drop-out rates expected to decrease from 37% for boys and 23% for girls to 17% and 13% respectively over the next two years.

Citizen Security

CDB supported the implementation of two citizen security interventions in Belize that were completed in 2021. These were the Youth and Community Transformation in Belize Southside; and Youth Resilience and Inclusive Social Empowerment projects in Dangriga, Santa Elena and San Ignacio.

Recognising that there is no single approach that can address all the risks factors for crime and violence in vulnerable and at-risk communities, the projects employed an integrated, gender-responsive, social crime prevention approach. The method addressed some of the critical challenges facing children, young men and women, and families in selected communities that were most affected by ongoing gang violence and other anti-social behaviours that disrupted residents' sense of community and constrained socio-economic development. Project objectives were achieved by, inter alia, providing services to enhance literacy and adaptive life skills, supporting conflict mediation, and sharing current good practices among participating agencies working in those communities.

On conclusion, the project directly reached 14,501 at-risk youth, including participants from out-of-school suspension programmes, of whom 6,702 (46%) were females. In March 2021, the Lake Independence Resource Centre ("The Hub") was opened in Southside and this facility supports the Community Rehabilitation Department's delivery of self-esteem, conflict resolution, anger management and independent life skills interventions for at-risk youth in Belize City.

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Youth Development

The framework for CDB's Youth Network was completed in 2021. The Network is to be an institutional mechanism for regular dialogue between CDB and young leaders on youth development and other key development issues and priorities at national, regional, and global levels. Network members will have a dual and complementary role – as advisors to CDB and as advocates for youth development.

In June 2021, as part of CDB's 51st Annual Meeting, a Youth Seminar was held under the theme 'Listen, Learn, Live - Youth Insights on Innovation Imperatives and Investments. Youth innovators shared their journeys and provided examples of innovations, discussed the internal and external factors that are enablers and disablers of innovation and made strategic recommendations for revisiting or reshaping formal and non-formal learning environments to build requisite human capital. The forum also saw a call to action from youth leaders and innovators in the BMCs. The session had over 16,000 views across CDB's social media platforms. Feedback from young people around the Region showed that the insights and advice shared have served to inspire innovative and entrepreneurial pursuits.

CDB's Vice President, (Operations), Mr Isaac Solomon met with Caribbean youth leaders at the CARICOM Pavilion during the 26th United Nations Climate Change Conference (COP26), held in the United Kingdom in November 2021.

Agriculture and Rural Development

Implementation of the Essex Valley Agricultural Development Project and the Southern Plains Agriculture Development Project, advanced in Jamaica. Significant achievements for the year included the award of contracts for the installation of irrigation and drainage infrastructure and the rehabilitation of farm roads. In partnership with the International Centre for Tropical Agriculture (CIAT) of the University of the West Indies (UWI), CDB also provided support for stakeholder capacity-building with approximately 75 farmers (45 male; 30 female) receiving training in climate smart agriculture.

Lands in St. Elizabeth, Jamaica where farmers will benefit from upgraded irrigation, drainage and flood control systems, as well as improvements to farm roads through the CDB's Southern Plains Agricultural Development Project. The US $23 million project is being funded by a grant of £17.3 million (US$22.5 million) from the Government of the United Kingdom through the CDB-administered United Kingdom Caribbean Infrastructure Fund, and a contribution of US$500,000 from the Government of Jamaica.

The Caribbean Agricultural Research and Development Institute commenced implementation of the Bank-financed Regional Sweet Potato Value Chain Enhancement and Technology Transfer Project. The primary objective of the project is enhanced practices for the sustainable production, processing, and marketing of sweet potato. Interventions will focus on the conduct of value chain analysis and market assessment, and research and stakeholder training.

In the area of agricultural trade facilitation, CDB continued its partnership with the Caribbean Agricultural Health and Food Safety Agency. Through this partnership, guidelines were developed for the facilitation of intra-regional trade in five animal and 14 plant products.

CDB continued to support the Government of Saint Lucia in the development of its Livestock Sub-sector Policy and Strategy, and the definition of infrastructural requirements necessary to spur growth in the sub-sector.

In Belize, approximately 3,600 sugar cane farmers whose holdings were impacted by a drought in 2019/2020, received financing under the Enhancing Resilience to Natural Hazards Events in the Agricultural Sector Programme.

In Grenada, implementation of two agricultural support interventions gained momentum. Under the Climate Smart Agriculture and Rural Enterprise Programme, the Grenadian Government completed a farm access road prioritisation report, and rehabilitation of farm access roads in the parishes of St John and St George will be completed in 2022.

In partnership with CIAT, CDB also started implementing a pilot project focused on using geospatial tools to support the development of irrigation systems. The CIAT-developed tool AGRI (AGua para RIego) integrates information on terrain, soil, and climate with mathematical and hydrological models to identify water sources and conveyance routes for small-scale irrigation.

To improve the ability of BMCs to plan investments in irrigation, CDB worked with CIAT, to explore the use of an automated geographic information system tool, which integrates information related to terrain, soils, climate, and hydrological models. In Grenada, CDB identified and defined water sources and conveyance routes on 30 sites. Further work on developing the tool continues in Grenada while the Bank is collaborating with CIAT and the United Nations Food and Agricultural Organisation to expand its use to Antigua and Barbuda, Barbados, Jamaica and St. Kitts and Nevis. These interventions are in keeping with our commitment to improve the resilience of the agriculture sectors in our BMCs to climate change, and to strengthen collaboration with regional and international agriculture support institutions.

Mainstreaming Gender

CDB affirms that gender equality is essential for inclusive economic and social transformation and development. The Bank has ramped up its gender mainstreaming capacity-building programme both internally and externally. In 2021, a virtual training series was conducted covering transport, energy, climate change, disaster-risk reduction, and economic empowerment. The training was convened to review gender-mainstreaming principles in the project cycle, apply gender lens for capital projects and share and exchange lessons and good practices in gender-responsive transport, energy, water, education, trade, and private sector partnerships.

In 2021, CDB assisted BMCs in improving regulatory frameworks to address the scourge of gender-based violence through protocols, training, and capacity-building to strengthen the social sector, justice, and health sectors' responses. In partnership with UN Women, the Caribbean Women Count Data Hub was launched – a regional and international repository to support evidence-based policymaking on gender equality in the Caribbean.

As part of the Bank's thrust to support the transition to renewable energy, it is working in partnership with the Caribbean Centre for Renewable Energy to conduct a ground-breaking Gender Baseline and Knowledge and Attitude and Perception/Behavioural Study for sustainable energy development in the Caribbean that benefits citizens equitably.

In 2021, CDB continued to support the Caribbean Institute for Gender and Development Studies, a regional flagship gender and development training programme in partnership with the University of the West Indies' Institute for Gender and Development Studies, Nita Barrow Unit. This programme exposed policymakers, programme experts, advocates, activists, and researchers across the Region to approaches and practices necessary to integrate gender equality across various sectors in the BMCs.

Operations in Haiti

Haiti faced another year of adversity in 2021, as the nation confronted the impacts of the COVID-19 pandemic, increased citizen insecurity, including the proliferation of armed gangs, and continued political instability, heightened by the assassination of President Jovenel Moise. The socio-political crisis contributed to worsening food insecurity, which affected more than 4.5 million people. The earthquake on August 14, 2021, was another shock and further complicated a difficult socioeconomic situation. Despite these challenges, a few significant outcomes were achieved during the year.

Haitian farmlands under cultivation with beans having benefitted from improved irrigation and drainage under CDB's Community-Based Agriculture and Rural Development Project.

An exhibition of produce from lands in North-West Haiti which were irrigated through CDB's Community-Based Agriculture and Rural Development Project.

Education and Training

The Quality Enhancement in Public Education (QEPE) Education Project has shown adaptability and responsiveness. It has experienced good progress, even in a context marked by instability and adversity. The following achievements are noteworthy:

- distribution of health kits to support 90,000 students sitting the final state examinations in secondary education in July 2021
- extension of the school feeding programme to include 650 secondary school students in Port-au-Prince
- extension of the Tuition Subsidy Programme, which benefited 2,370 secondary education students, including more than 1,400 students in Grand Anse, a department affected by the 2021 earthquake. Approximately 55% of the beneficiaries are women or girls.

Community-Based Agriculture and Rural Development

The Community-Based Agriculture and Rural Development Project in the North-West entered in its last phase of implementation in 2021. The project supported improved irrigation and drainage infrastructure on some 225 hectares of land, benefiting over 550 small-scale farmers (400 male, 150 female). In a context of severe food insecurity in Haiti, expectations are high that this project will support efforts to build sustainable livelihoods in the north of the country.

Support for Training in Geospatial Mapping for Rural Haiti

The roll out of Support for Training in Geospatial Mapping for Rural Haiti, a technical assistance project, will build capacity for the structuration and planning of the country's renewable energy sector. The project will enhance evidence-based decision-making and planning for the implementation of a public sector rural electrification initiative involving 25 mini-grids by training 25 specialists in geospatial mapping.

COVID-19 Response Projects

As part of the Bank's continued support for its BMCs' COVID-19 response, CDB approved loans valued at $8.95 mn for Grenada, $5.96 mn to Saint Vincent and the Grenadines and $1 mn to Antigua and Barbuda. Financing was provided under the IDB's Global Loan Programme for Safety Nets for Vulnerable Populations and the projects target two main areas:

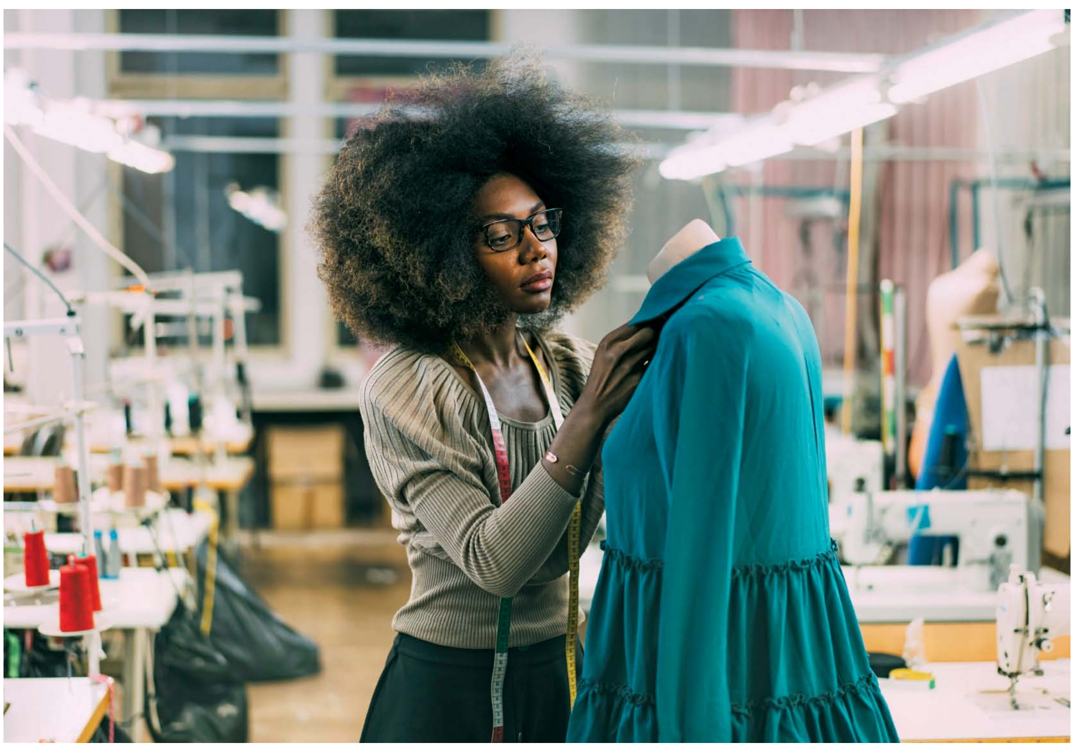
1. The social protection and education systems in BMCs, focusing on enhancing minimum income and employment levels.

2. Human capital of those affected by the coronavirus in the immediate period and during the recovery. The main areas of support include income and payroll support, cash transfers, direct transfers for the start-up, recovery, and expansion of MSMEs, subsidies to enterprises, job placement and training, retooling, reskilling, and capacity development training in entrepreneurship, increased access to financing for youth, vulnerable groups and businesses affected by the COVID-19 pandemic, and high-quality distributed teaching and learning and the safe reopening and operation of schools.

The projects will collectively benefit 2,138 households, including male and female single-headed households with children, unemployed youth, persons with disabilities, the elderly, and women. Support will be given to approximately 13,500 persons from vulnerable populations, including informal or independent workers, caregivers and domestic workers, stay-at-home parents, unemployed youth, farm workers and migrant workers whose employment is not formalised.

In the case of Grenada, 500 MSMEs will receive grant support, with initiatives financing the creation of 1,000 new jobs for persons who lost jobs in the formal sector. In Antigua and Barbuda and Saint Vincent and the Grenadines, over 250 teachers and counsellors will benefit from training in effective distributed teaching, psychosocial support, and literacy instruction. In these two BMCs, communication technology devices will be provided to 2,400 students while 466 adolescent emerging readers (313 males, 153 females) at ten secondary schools will benefit from remedial reading tool kits.

The projects will collectively benefit **2,138** households, including male and female single-headed households with children, unemployed youth, persons with disabilities, the elderly, and women.



Basic Needs Trust Fund

BNTF 10 PROGRAMME AT A GLANCE

Approved: April 27, 2021

Terminal disbursement date: December 31, 2024

Approved cost: $47.6 mn

- Caribbean Development Bank
  $40 mn in grant funding – Special Deverlopment Fund (SDF10)

ALLOCATED COST:

Regional coordination by CDB
$4 mn

COUNTRY PROJECTS

- Caribbean Development Bank
  $36 mn
- Government Counterpart
  $7.6 mn (approximately)

BNTF Cycle 10

The objective of 10th Cycle of the BNTF (BNTF 10) is to contribute to improvements in living conditions and quality of life in selected poor and vulnerable communities. BNTF continues to support small-scale demand-led community-based initiatives in three priority areas – basic education, rural water and sanitation systems, and community road infrastructure.

The nine participating countries in the BNTF 10 Programme have given priority to:

- improvement in basic education and provision of training and livelihoods enhancement, especially for young adults, both male and female ($16.9 mn)
- investments in the improvement of rural water and sanitation interventions ($6.6 mn)
- a sub-project providing basic community access and drainage ($7.2 mn)

Some 114 sub-projects are planned for implementation; 71 in education, and human resource and livelihoods development; 18 in water and sanitation; and 25 in basic community access and drainage.

BNTF Cycle 9 – Results Achieved in 2021

Although the projected pace of implementation of the 9th cycle of the BNTF (BNTF 9) was curtailed by COVID 19 health and safety protocols, 43 sub-projects, valued at $12.4 mn were completed in 2021.

The main achievements include:

- **102 classrooms** in basic schools were built or upgraded providing resilient infrastructure and modern facilities to 1,251 students, which include 444 females. Concurrently 216 teachers (201 females and 15 males) were trained in elements of basic education
- **1,373 households** benefitted from improved water supply and sanitation services integrated with water, sanitisation and hygiene training
- **49 km of water pipeline** was installed along with 557 m^3 of water storage facilities to improve the resilience and reliability of a safe quality water supply to residents
- **17.18 km of community roads** were upgraded mainly within underserved rural communities, improving life and commercial livelihood for 3,445 persons, including 1,654 women

Disbursement increased to $34.2 mn (83.8 % of grant resources) by the end of 2021. It was necessary to extend the terminal disbursement date to mid-2022 to allow some participating countries additional time to expend funds already committed on projects.

BNTF Pilots and Knowledge Products

In January 2021, CDB entered into a contract with the Saint Lucia Social Development Fund and the Government of Saint Lucia to undertake the Youth Economic Empowerment Through Enterprise (YEETE) pilot project. This project is designed to enhance school-to-work transition, and provide decent work and entrepreneurial opportunities for at-risk young men and women. The initiative involves partnerships with a range of social development and business development agencies.

The Grenada Wastewater Treatment and Recycling pilot project was approved in December 2021 under BNTF 10. This novel project will install a sewerage treatment package unit that uses proprietary recycled filtration media to transform polluted effluent into a safe, usable water source for distribution to nearby downstream farms for irrigation to support community-based agricultural production. The initiative is the first of its kind to introduce the Clean Water Wave innovative product on a Caribbean island to treat and recycle wastewater on a community level and has the potential for a larger scale of operation that could be impactful for the region as a climate change adaptation measure, coupled with direct livelihood and economic benefits for households, environmental protection and water conservation measures.

BNTF, in collaboration with the Community Disaster Risk Reduction Fund (CDRRF), completed phase one of the development of the Community Assessment of Readiness Tool (CART), an online data collection platform. The CART will be accessible to development partners across the BMCs, enabling users to create electronic surveys, facilitate online data collection and analysis via electronic devices, and conduct geospatial mapping and storage of datasets. During phase one of the CART development, the user interface was developed, and pilot-tested by in-country users, using a participatory process, facilitated by the UWI, Mona Campus.

On December 1, 2021, CDRRF in collaboration with the BNTF launched the Caribbean's first Community Engagement Guidance Note. In light of the Bank's strategic emphasis on engagement and safeguarding vulnerable communities, this document was developed in response to the need to strengthen community engagement in projects supported by the BNTF and other development partners. Drawing on existing research and materials from experienced community engagement practitioners, the guidance note has grown out of a series of workshops and meetings, throughout the Region and beyond.

Procurement

The year 2021 saw CDB further strengthen its Procurement Framework, which seeks to realise value for money and the highest standards of integrity on its projects. Existing procurement procedures were revised to enhance the integrity provisions and apply lessons learnt since their introduction. The key standard bidding documents and associated forms of contract, used for international bidding processes, were also updated in 2021 and the Bank rolled out several guidance notes, with a particular emphasis on improving the bid evaluation process.

Despite the challenges presented by the COVID-19 pandemic, procurement capacity-building efforts continued. Several virtual workshops were held with CDB staff and BMC officials on CDB's Procurement Framework. The workshops were offered in conjunction with CDB's online procurement training modules, which have now been completed by more than 2,000 individuals. The modules are due to be upgraded in 2022.

CDB also furthered its support for procurement professionalisation in the Caribbean by financing accredited training for 19 public procurement officials through the Caribbean Procurement Training Programme at the University of Technology, Jamaica. The Programme, which was established under a joint CDB and World Bank project, is being used by all the leading MDBs working in the Region. The Bank also partnered with regional organisations to hold seminars with Caribbean companies to disseminate opportunities on CDB-financed projects and to provide guidance on how to bid for contracts.

The Bank's Procurement Reform Programme in the OECS sub-region was largely completed in 2021. The Programme supported the preparation of modern procurement laws and regulations. These have now been finalised or are at an advanced stage of completion in Anguilla, Antigua and Barbuda, Dominica, St. Kitts and Nevis, Montserrat, and Virgin Islands. Phase II of the Programme, which will assist with operationalising the new public procurement frameworks, was approved in December 2021.

Success Story

Under BNTF 9, in Suriname a total of 30 entrepreneurs with disabilities were trained in a range of disciplines including the use of basic and advanced hydroponics systems.

Building a framework for the success of entrepreneurs with disabilities in Suriname

By leveraging synergies between various stakeholders in Suriname, BNTF 9 executed training for a total of 30 entrepreneurs with disabilities, comprising eight women and 22 men. Just over $254,000 was allocated for this sub-project to be implemented jointly by the Foundation for Labour Mobilisation and Development, Foundation for Productive Work and Suriname Trade and Industry Association. Beneficiaries represented a mixed group of 12 individuals with physical disabilities, 12 people who were visually impaired and six people with auditory and other disabilities. This targeted training focused on new and emerging entrepreneurs who were interested in either initiating, re-starting or expanding businesses. The training aimed to promote micro-entrepreneurship among persons with disabilities through a range of activities, including training in entrepreneurship, bicycle repairs, computer hardware, and hydroponics.

The programme also provided grants of $1,500 to 19 participants, to procure assets to either jumpstart or grow their businesses. The financial support for entrepreneurial activity will enable the beneficiaries to enhance their income generation capacity. The framework of support provided through the project will allow for continued guidance and monitoring of these entrepreneurs for up to three years after the end of the project thus enhancing sustainability of outcomes. Among this group were 11 visually impaired entrepreneurs, five who had physical disabilities and three who had auditory impairments. Gardening, farming, painting, wood crafting, video production, textile work, chicken farming, greenhouse farming, catering, nail technology and massage therapy are among the business areas eligible for support through these micro-grants.

Features

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The Recovery Duration Adjuster

In November 2021, the CDB unveiled the Recovery Duration Adjuster (RDA), a resilience-adjusted Gross National Income (GNI) measure for accessing concessional finance for Small Island Developing Economies (SIDS). This measurement framework better reflects the economic, social, and environmental realities of SIDS, including those in the Caribbean region.

The framework is based on two key principles; firstly, it takes a holistic view of development needs and incorporates underlying structural weaknesses, high debt levels, and insufficient investment in resilient infrastructure as important inputs in determining the extent of a country's vulnerability to exogenous shocks. Secondly, it captures the duration to recovery from a shock, which provides stronger justification for accessing concessional finance to support rescue, recovery, and repositioning efforts that can build resilience and sustain overall economic development.

CDB introduced the RDA at the 26th United Nations Climate Change Conference (COP26), which was held in Glasgow, United Kingdom in November 2021. The Bank will refine the framework and explore strategic partnerships for full-scale development of the system with a view to proposing its global adoption in 2022.

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A Promise Kept – CDB Supports Saint Vincent and the Grenadines Volcano Recovery

When the La Soufrière volcano erupted in April 2020, causing widescale devastation and dislocation in Saint Vincent and the Grenadines (SVG), the CDB pledged to provide a multi-level support package.

The eruption of the La Soufrière volcano in April 2020 caused widescale devastation and dislocation in Saint Vincent and the Grenadines. CDB responded immediately, pledging to work closely with the Government and people to restore normalcy in the shortest possible time and continue the development agenda.

Within weeks the Bank approved financing of US$5.3 mn for an Immediate Response Loan, and an Emergency Assistance Grant. While assist the recovery, CDB is also supporting on-going development by financing high priority projects with transformative value.

Section 3
Development Effectiveness

The Development Effectiveness Review continued to be the main tool used by Management to report on CDB's performance in relation to its Strategic Plan and Results Monitoring Framework (RMF). This mechanism is used to track performance and, where necessary, make course corrections during execution for optimal results. The Review focuses on progress with respect to regional development goals in line with CDB's core areas of comparative advantage, CDB's contribution to regional development outcomes and SDGs, and CDB's organisational and operational efficiency and effectiveness for better results.

Caribbean Progress Towards Development Goals and Outcomes

The global pandemic remained a headline event for the Region as it dictated BMCs' agendas, priorities, and actions in 2021. To address the multiple challenges induced by the crisis, BMCs shifted policies and priorities, and revised national budgets to support vaccination programmes and social protection and social safety net initiatives. Poor and vulnerable households and cash-strapped businesses, specifically MSMEs, were the main recipients of the resources. The size of COVID financial assistance and support varied across BMCs with the average package (as a percentage of GDP) ranging from 3% to 8.5%, well below developed economies at 19%.

Despite pre-existing challenges and COVID-19-induced headwinds, economic activities rebounded in 2021, albeit unevenly, with regional GDP increasing by an average of 3.1%, in contrast to a 7.6% contraction reported the previous year. Growth during the review period was supported by a reopening of the tourism sector, a positive trend in commodity prices, as well as progressive easing of pandemic restrictions triggered by intense vaccine awareness campaigns to address vaccine hesitancy, and improved vaccination coverage due to increased availability of a variety of vaccines.

BMCs are still grappling with the devastating impacts of the pandemic on the lives and livelihoods of Caribbean citizens. These include weakened health service systems, rising job losses and unemployment, especially among youth, severe learning losses and worsening inequalities in the education sector, as well as heightened insecurity, and increased violence against women and girls. The crisis could jeopardise socio-economic outcomes, and adversely affect development achievements and standard of living metrics while eroding gains from previous interventions by BMCs, CDB and other development partners. In addition, this unprecedented event and associated fallout could make the SDG targets within the 2030 Agenda for Sustainable Development, even more difficult for BMCs to achieve.

To return to pre-crisis levels/trends, BMCs have highlighted a number of high-priority areas such as job creation, improved connectivity, digitalisation, and investments in infrastructure geared at spurring growth and realising global, regional, and national development goals in an inclusive, carbon-neutral, resilient, and sustainable manner. Mobilising concessional financing is critical to the process and even more urgent now given BMCs' vulnerability, ambitious climate change and resilience-building agenda, and high levels of indebtedness.

CDB's Contribution to SDGs, Country, and Regional Development Outcomes

Despite the challenges of COVID-19, CDB remained committed to meeting its mandate of assisting BMCs in realising their development goals. In 2021, CDB supported BMCs through various lending and non-lending solutions aimed at reducing poverty and transforming lives. Ongoing and completed projects achieved meaningful results across several sectors and areas in line with the priorities outlined in the Bank's Strategic Plan and RMF.

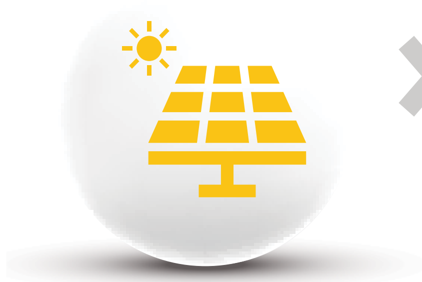
Achievements in 2021 for selected areas are highlighted below.

Education and Training

167 new and upgraded classrooms and support facilities benefitting 87,459 students (22,036 girls) as well as training for about 1,003 teachers and educational and administrative staff.

Water and Sanitation

Improved access to efficient, reliable, and sustainable potable water for 4,700 people, including 1,582 urban and rural households.



Energy

CO_2 emissions reduced by 5,900 t/CO_2 equivalent/year8.9 GWh saved due to EE interventions

Transport and Communication

About 5,880 persons (2,646 females) benefitting from 8.4 km of quality, reliable, safe, sustainable, and resilient road infrastructure.

Organisational Efficiency and Effectiveness

During the year CDB carried out several major activities and institutional reforms to improve organisational efficiency and effectiveness to better assist BMCs to deliver the best possible solutions and results to their citizens including:

- Roll-out of the Appraisal module (for investment projects) of OP365, a management information system to facilitate better planning, and proactive and timely decision-making throughout the Bank's project lifecycle.

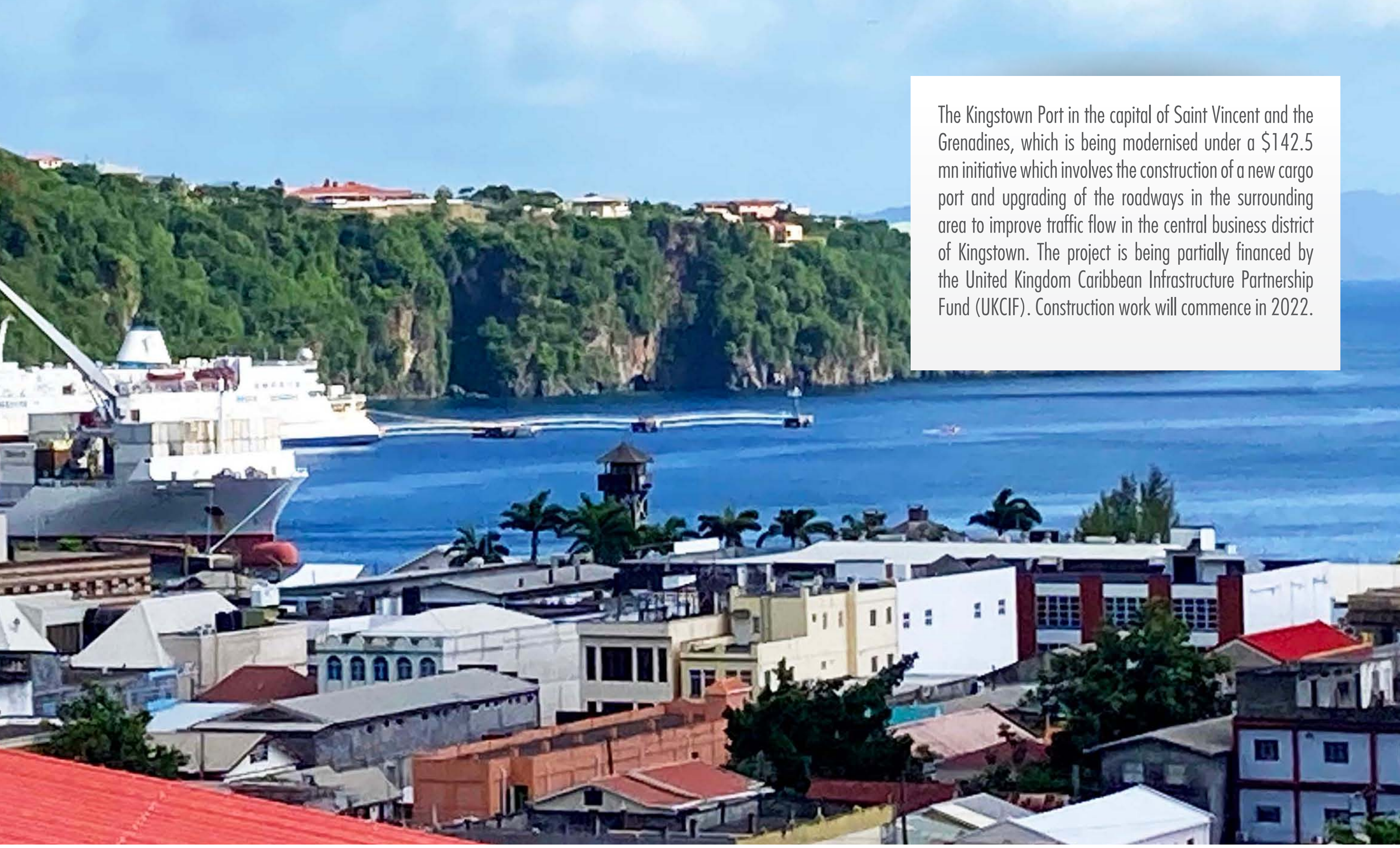
- Development of a system to track climate finance using the Joint Multilateral Development Banks Methodology and training of technical staff. This tool is expected to promote a more targeted approach in advancing BMCs' national, regional, and global development objectives including SDGs and alignment with the Paris Agreement.

- Significant progress on the Transformation Programme, which was instrumental in allowing the Bank to engage with internal and external stakeholders in the digital space in a seamless manner and at the same time, enabling business continuity through hybrid working arrangements during the pandemic. The establishment of the Private Sector Division was a key output of the Programme. This restructuring exercise is expected to facilitate the development of flexible financing solutions that cater to the needs of the private sector, enhance partnerships with governments and private sector actors, particularly MSMEs, and promote the development of resilient infrastructure through PPPs.

- Completion of a Perception Survey aimed at improving service delivery and supporting a client-centric institution.

Furthermore, the Bank continued to support COVID-19 response and recovery initiatives within BMCs, while at the same time helping countries to realise their medium to long-term development objectives. This involved facilitating policy dialogues, supporting capacity building activities, fast-tracking project start-ups, providing appropriate and high-quality technical advice to ministries, agencies, and departments to address implementation bottlenecks, and facilitating timely disbursements to Bank-funded initiatives.

The review year culminated with the approval of the Bank's Strategic Plan Update and associated RMF, which is expected to guide operations over the next three years. Concessional resources are critical to the implementation of the strategy. In 2021, Contributors agreed to a $383 mn programme for the tenth cycle of the SDF. With its focus on reducing poverty and inequality, SDF resources will be used, inter alia, to support the BNTF, and underpin the Bank's operational programme in Haiti. Funds totalling $150 mn were also mobilised on the capital market to augment CDB's pool of lending resources and assist BMCs in building resilience and supporting sustainable development initiatives for the overall benefit of Caribbean citizens.



The Kingstown Port in the capital of Saint Vincent and the Grenadines, which is being modernised under a $142.5 mn initiative which involves the construction of a new cargo port and upgrading of the roadways in the surrounding area to improve traffic flow in the central business district of Kingstown. The project is being partially financed by the United Kingdom Caribbean Infrastructure Partnership Fund (UKCIF). Construction work will commence in 2022.

Building Partnerships for Climate Action

A key engagement opportunity for CDB at the global level was its participation in COP26. This allowed the Bank to increase its visibility with respect to work in climate change, boost partnership arrangements and strengthen alliances with key players in the donor community, notably EIB, in advancing the climate agenda within the Region and bridging/ closing the financing gap through concessional finance. CDB also provided grant resources to critical regional institutions to establish a platform at the event to allow them to showcase their work and raise awareness and heighten interest about climate-related issues pertinent to the future of the Region. CDB's participation in COP 26 was a clear demonstration of its commitment to help BMCs meet their global, regional, and national development goals including the Paris Agreement, particularly their Nationally Determined Contributions.

Managing for Development Results

CDB continued to advance its MfDR and development effectiveness agenda in 2021. Key to this process was a virtual training session for new staff members aimed at strengthening the results culture within the Bank and enhancing participants' understanding of the MfDR approach. It also provided the necessary tools and guidelines for preparing results frameworks for CDB's lending and non-lending products and country engagement strategies. Furthermore, a process review exercise was carried out by the Office of Independent Evaluation (OIE) on MfDR practices in the Bank. Findings and recommendations are expected to be incorporated in the Bank's operations for improved quality assurance, better management of development results, decision-making, and development effectiveness, as well as increased internal and external accountability.

Section 4
Internal Focus

- Internal Audit Division
- Office of Independent Evaluation
- Integrity, Compliance and Accountability

Internal Audit Division

In 2021, the Internal Audit Division's (IAD) work programme focused on addressing some of the key risks associated with remote working, the infusion of more modern technology, and other activities associated with the implementation of the Bank's IT strategic plan. Despite the challenges of working remotely for the entire year, IAD staff delivered the high-priority engagements required for CDB to operate in the remote environment.

Some of IAD's accomplishments include completing seven assurance engagements and four consultancy and advisory engagements. These engagements included IAD's contribution to the IT digital transformation activities, IT general controls, IT security assessment, privacy and data protection, and accounting and financial reporting processes. IAD also provided the independent attestation required by SWIFT for the Know-Your-Customer Self-Attestation.

Moreover, IAD participated in several business development activities, including the creation of the fund management framework, the review of some IT policies, and CDB's Data Protection Guidelines.

In addition, IAD completed assessment of the adequacy of management action plans stemming from the 2020 External Auditors Management Letter for financial controls, alongside its follow-up activities on previous assurance engagements. These activities served to foster greater management ownership over the timely reporting and mitigation of identified risks.

Office of Independent Evaluation

In 2021, the OIE completed three corporate evaluations:

1. Intermediary lending to development finance institutions
2. CDB's Country Strategy and Programme in Suriname
3. CDB's conduct of Management for Development Results (MfDR)

Intermediary lending – loans to national development banks (NDBs) for on-lending to MSMEs, home buyers, and students – is CDB's primary instrument for engagement with the private sector. CDB has been working with development finance institutions for more than 50 years. From 2012 to 2019, it approved 19 lines of credit for 13 intermediary lenders in 11 BMCs worth a total of $217.8 mn. The Bank also issued 21 technical assistance grants totaling $1.45 mn geared towards strengthening the staff and systems of target institutions.

While confirming positive elements of programme performance, the evaluation revealed opportunities for CDB to target going forward, including:

- revisiting the assumptions of market failure applied in the programme and developing a renewed strategic framework in light of the considerably evolved regional financial sector
- increasing focus on governance and financial sustainability of the NDBs and monitoring an expanded set of financial ratios
- improving monitoring and reporting of development results

Suriname joined CDB in 2013. A country strategy and programme evaluation (CSPE) examined its 2014-18 country strategy, as well as more recent economic and programme developments. The evaluation aimed to unearth lessons to inform a renewed country strategy, including the importance of partnership with other development agencies, the need for special measures to address implementation capacity constraints, and the opportunities for increased attention to regional integration and gender equality.

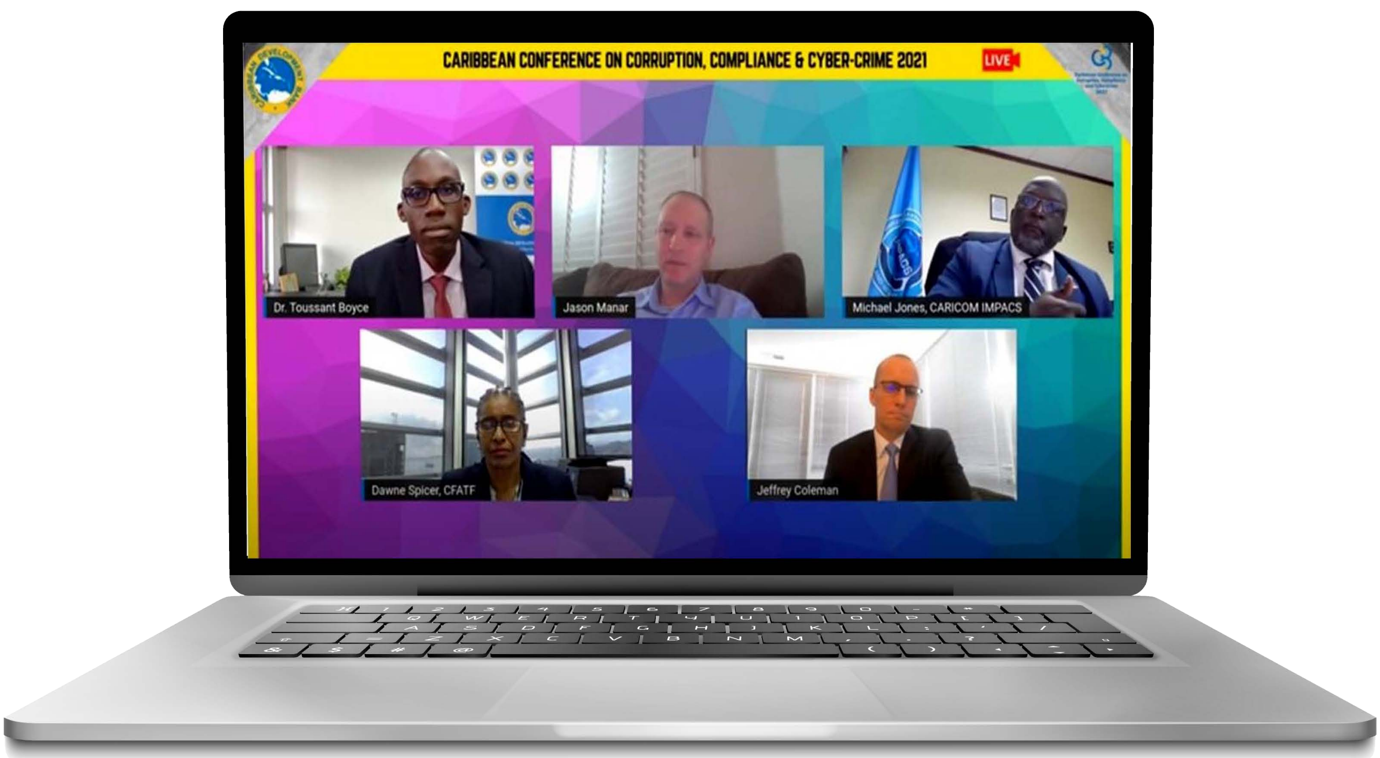
In 2021, the Oversight and Assurance Committee considered independent evaluations of the Bank's Technical Assistance programming as well as of the Caribbean Technological Consulting Services (CTCS) network.

In 2022 the OIE expects to complete evaluations of CDB's Energy Sector Policy and Strategy, Education and Training Policy and Strategy, and CSPEs for Belize and Jamaica.

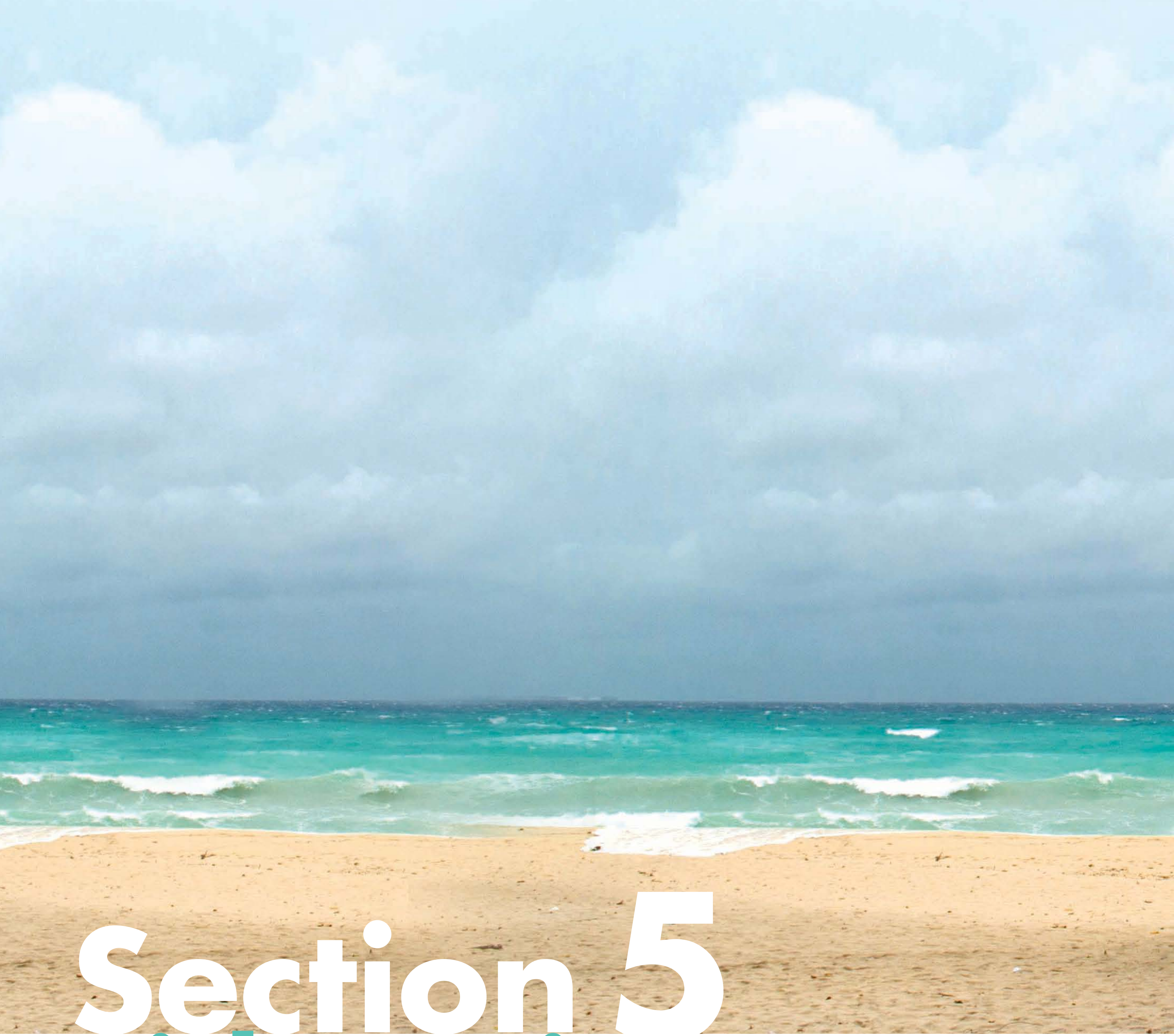
Integrity, Compliance and Accountability

During the period, ICA organised and co-hosted outreach workshops for regional stakeholders and beneficiaries of CDB financing. Internally, the Office trained CDB staff and management on many areas, including whistleblowing, fraud prevention, and combatting corruption, sexual harassment, exploitation, and abuse in CDB-financed projects.

In alignment with the Bank's mandate to provide thought leadership for the Region, ICA staged the second Caribbean Conference on Corruption, Compliance and Cybercrime (3Cs) in December 2021. The flagship event was held virtually over two days under the theme "Ending Poverty and Driving Growth: Promoting Good Governance by Curbing Corruption, Money Laundering and Cybercrime in the Caribbean." More than 50 subject area experts shared cutting-edge insights to over 1000 attendees from 46 countries. The agenda explored the negative impacts of corruption, cybercrime, and money laundering on economic development in the Region and mitigating solutions. The Conference also continued discussions on thematic areas featured on the 2020 programme with sessions on prevention, drivers and investigation, and the impact of corruption on special groups, including women, youth, and the media. The programme included new key areas, such as governance in uncertain times, and re-thinking compliance with the Anti-Money Laundering and Combating the Financing of Terrorism initiatives. The Conference also looked at emerging cybercrime threats, and the impact of corruption on the private sector, civil society as well as financing for COVID-19 and climate initiatives.



"Connecting Corruption, Compliance and Cybercrime; Emerging Trends" was the title of the closing Roundtable at the CDB's second annual Caribbean Conference on Corruption, Compliance, and Cybercrime (3Cs) which was held in December 2021. The discussion, which was hosted by Dr. Toussant Boyce, Head of CDB's Office of Integrity, Compliance and Accountability (ICA) involved an expert panel comprised of Mr. Jason Manar, Chief Information Security Officer at Kaseya, Lieutenant Colonel, Michael Jones, Executive Director, the Caribbean Community (CARICOM) Implementation Agency for Crime and Security (IMPACS), Ms. Dawne Spicer, Executive Director Caribbean Financial Action Task Force and Mr. Jeffrey Coleman, Special Supervisory Agent – International Anticorruption Unit of the FBI.



Section 5
Risk Review

In 2021, the Bank maintained its Enterprise Risk Management approach including financial, strategic, operational, and developmental risks. The operational risk pillar includes environmental, climate and disaster risk management, given its increasing visibility and potential impact on the sovereign risk profiles of BMCs.

At year-end, CDB was in full compliance with all of its risk appetite thresholds, as shown in Table 1.

CDB NEW OCR RISK MEASURES AND POLICY RATIOS SCORECARD

AS AT DECEMBER 31, 2021 ($US M)

RISK MEASURE/ POLICY RATIO	MEASURE	BASE AMOUNT	THRESHOLD LIMIT	ACTUAL	RAG STATUS
CAPITAL ADEQUACY	Minimum Risk Adjusted Capital		24.0%	27.2%	
SINGLE SOVEREIGN EXPOSURE	GREATER OF:				
	40% of Outstanding Loans	$1,326.7	$530.7	$252.9	19.1%
	50% of Total Available Capital	$955.3	$477.6	$252.9	26.5%
EXPOSURE TO 3 LARGEST BORROWERS	GREATER OF:				
	60% Of Outstanding Loans	$1,326.7	$796.0	$513.7	38.7%
	90% of Total Available Capital	$955.3	$859.7	$513.7	53.8%
NON-SOVEREIGN EXPOSURE LIMIT					
Single Exposure	6% of Total Available Capital	$955.3	$57.3	$34.4	3.6%
Portfolio Limit	43% of Total Available Capital	$955.3	$410.8	$79.2	8.3%
INVESTMENT RISK					
Investment Risk - Single Entry Limit	Maximum-10% of Total Investment Portfolio	$622.5	$62.3	$55.0	8.8%
Investment Risk - Single Entry Limit US Treasury or Gov't Agency	Maximum-35% of Total Investment Portfolio	$622.5	$217.9	$138.6	22.3%
Commercial Entity Exposure Limit	Maximum-50% of Total Investment Portfolio	$622.5	$311.3	$154.6	24.8%
LIQUIDITY					
LIQUIDITY RISK	GREATER OF:-				
	40% of Undisbursed & Loans not yet effective	$537.1	$214.84	$774.0	144.1%
	3 Years of Net Funding Requirements	$459.2	$459.2	$774.0	168.6%
Policy Based Loans & Guarantees	Maximum - 38% of Total Outstanding Loans & Guarantees	$2,045.5	$777.3	$733.3	35.9%
Limit on Operations (Article 14.1)	Equal to or Less than Limit		$2,357.0	$1,338.7	56.8%
Borrowing Limit - Proforma	Equal to or less than 100% Capital Limit (as defined)		$1,495.8	$1,188.3	79.4%
Borrowing Limit - Capitalisation	Equal to or Less than 65% of Capitalisation		$2,168.1	$1,188.3	58.4%

Operational Risk

System

CDB continued to use the aCCelerate operational risk system which automates the Bank's end-to-end operational risk management process, including, but not limited to, the annual risk control self-assessment (RCSA), risk register, and escalation and management processes. The system also serves as an automated internal surveillance and early warning system for identifying potential threats to the Bank. During the year, the Office of Risk Management (ORM) monitored the progress of control actions against the baseline previously set.

Process

The Bank's operational risk management process is underpinned by the annual RCSA and daily risk register process. The output from these processes were monitored by ORM and reported periodically to the Bank's Enterprise Risk Committee (ERC). The high impact strategic aspects of these outputs were reported to the Bank's Oversight and Assurance Committee (OAC) and the Board of Directors.

Business Continuity

CDB's firm-wide business continuity programme continued to represent a reliable recovery framework. The Bank set out to revise its Business Continuity framework to address pandemic risks associated with COVID-19. The three lines of defence areas collaborated during the year and will continue to work on improving the framework in 2022.

The Bank is now fully cloud-based, using geo-presence distribution with hot replication of systems, databases, and backups as well as cold cloud storage for long-term backup.

The risks of catastrophic losses are mitigated with the use of comprehensive insurance programmes.

Environmental Risk and Climate Change

Matters relating to environmental risk and climate change are systematically addressed at various levels of the institution. CDB's project appraisal process specifically screens for environmental vulnerability. There is also active dialogue with the BMCs to address this risk via resilience building, purchase of cover from CCRIF, and the building of fiscal buffers. Also, enterprise risk reporting captures environmental and climate change risks on a national and regional basis; and these risks are tracked to ensure the continuous implementation of mitigation actions. Matters relating to environmental risk and climate change are discussed at ERC meetings.

Credit Risk

The sovereign risk profiles of BMCs' credit declined in 2021 due to negative growth rates caused by the COVID -19 pandemic and the resulting national shutdowns. However, exposure to Barbados, the Bank's largest borrower, remained at 18% of the entire portfolio. Exposure to Jamaica fell from 9% in 2020 to 8% of the portfolio. Antigua and Barbuda at 10% in 2021, replaced Belize (also 10%) as the Bank's second largest exposure by $3 mn.

Despite several credit downgrades earlier in the year the BMCs are not expected to receive significant downgrades in the short term. CDB actively monitors those BMCs assessed as having a negative credit outlook.

The Bank actively continues to diversify its portfolio by targeting highly rated BMCs for new business growth, while also reducing exposure to challenged credits via targeted portfolio review and cancellation of aged, undisbursed balances.

Concentration Risk

The geographic exposure for December 31, 2021, and 2020 are represented in charts 3 and 4, respectively below.

CHART 3

OCR PORTFOLIO DETAILS:
Exposure As At December 31, 2021

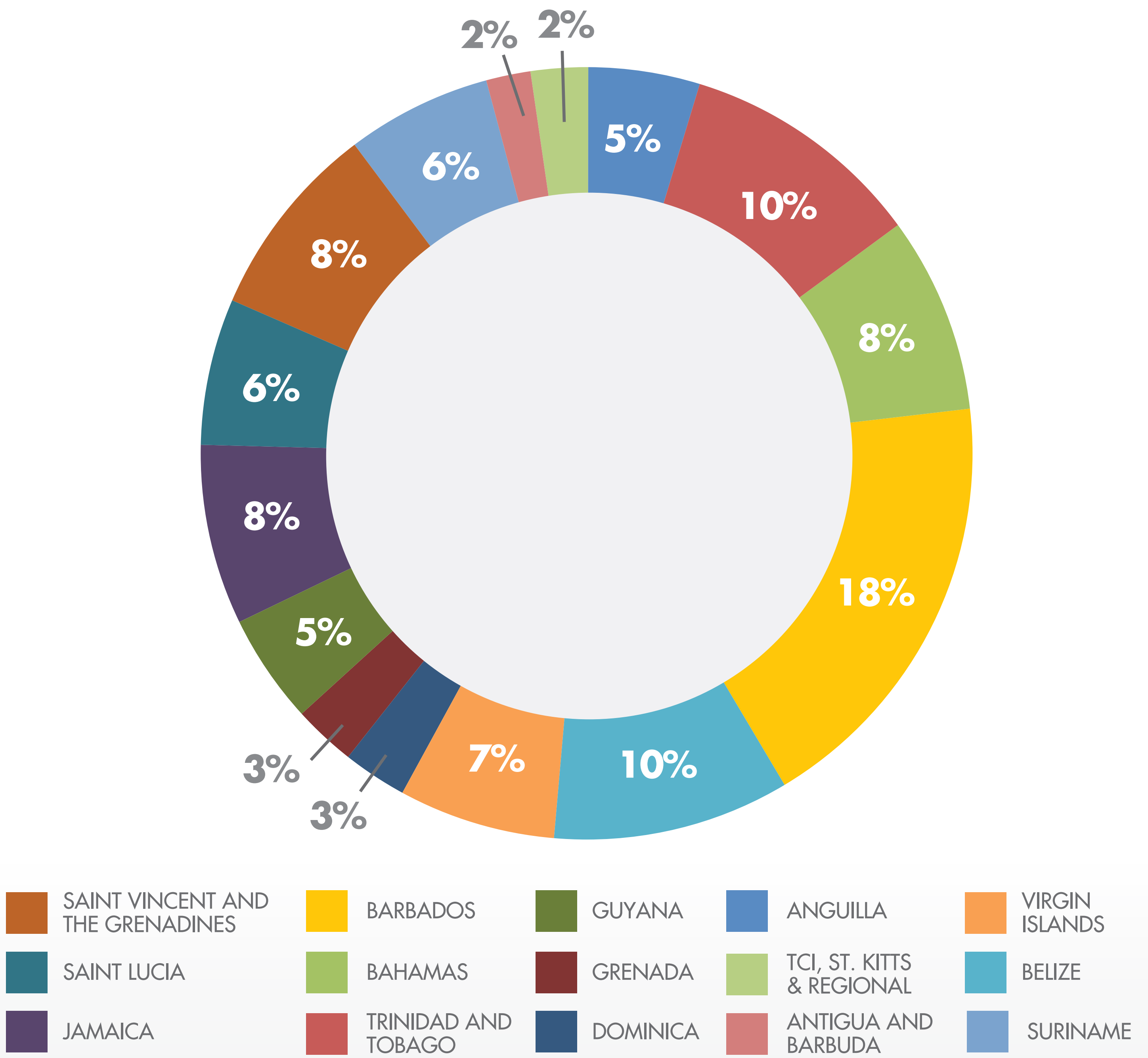
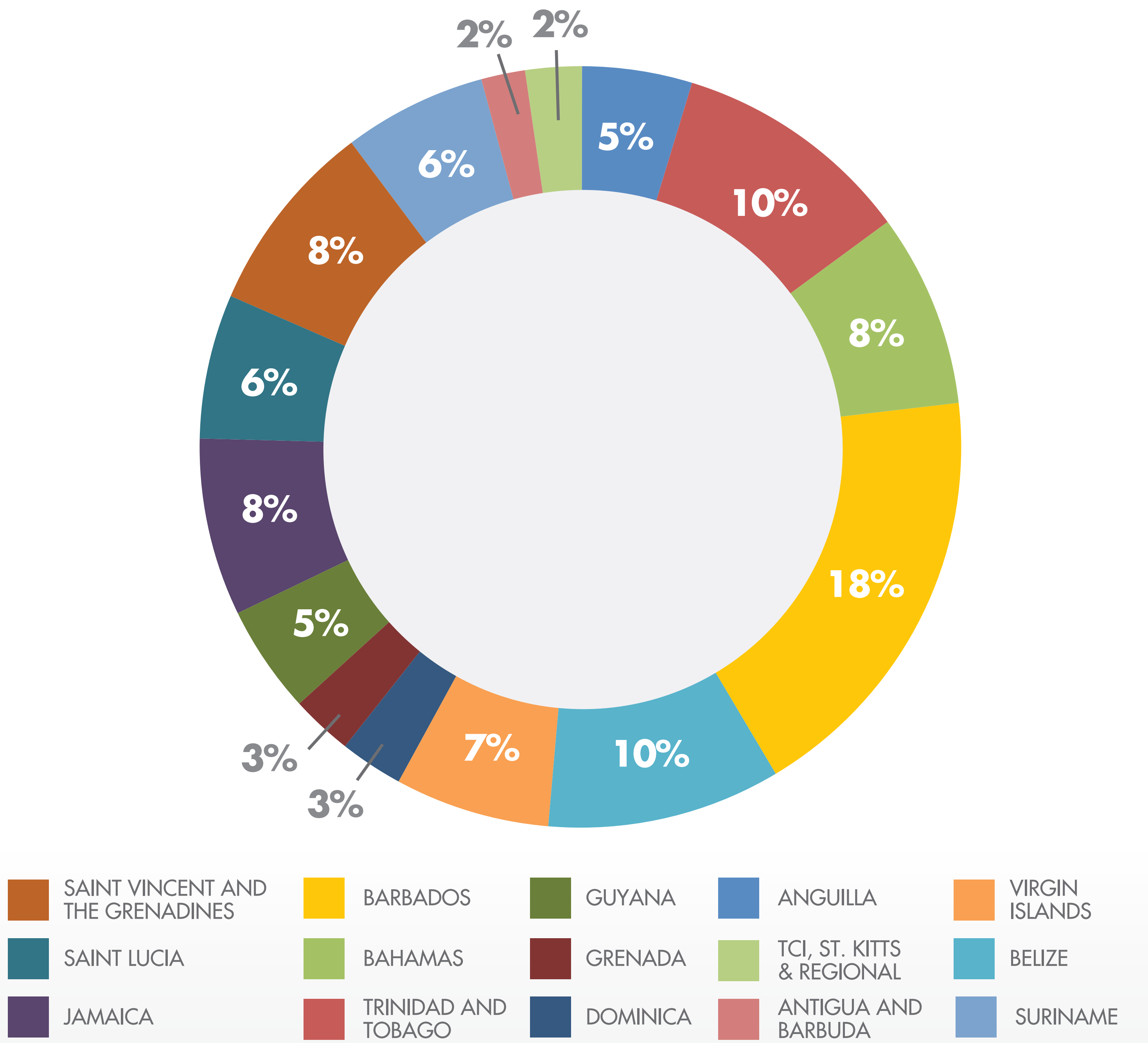


CHART 4

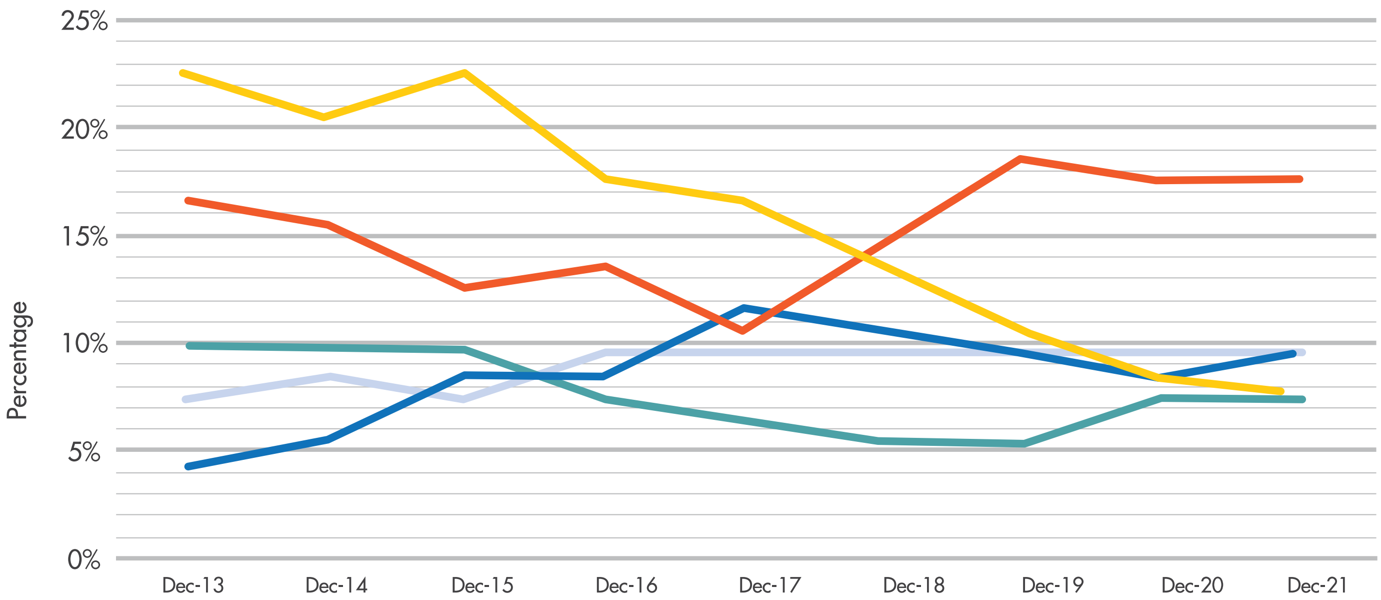
OCR PORTFOLIO DETAILS:
Exposure As At December 31, 2020



Exposure Trends

Overall, concentration remained at manageable levels and within the risk appetite of the Bank, with Barbados stabilising at 18% for year-end 2021. The Bank's top five sovereign trends are represented in the chart below.

CHART 5: TOP 5 HIGH RISK EXPOSURE TRENDS



Country	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21
Antigua and Barbuda	5%	6%	9%	9%	12%	11%	10%	9%	10%
Barbados	17%	16%	13%	14%	11%	15%	20%	18%	18%
Belize	8%	9%	8%	10%	10%	10%	10%	10%	10%
Jamaica	23%	21%	23%	18%	17%	14%	12%	9%	8%
Saint Vincent and the Grenadines	10%	10%	10%	8%	7%	6%	9%	8%	8%

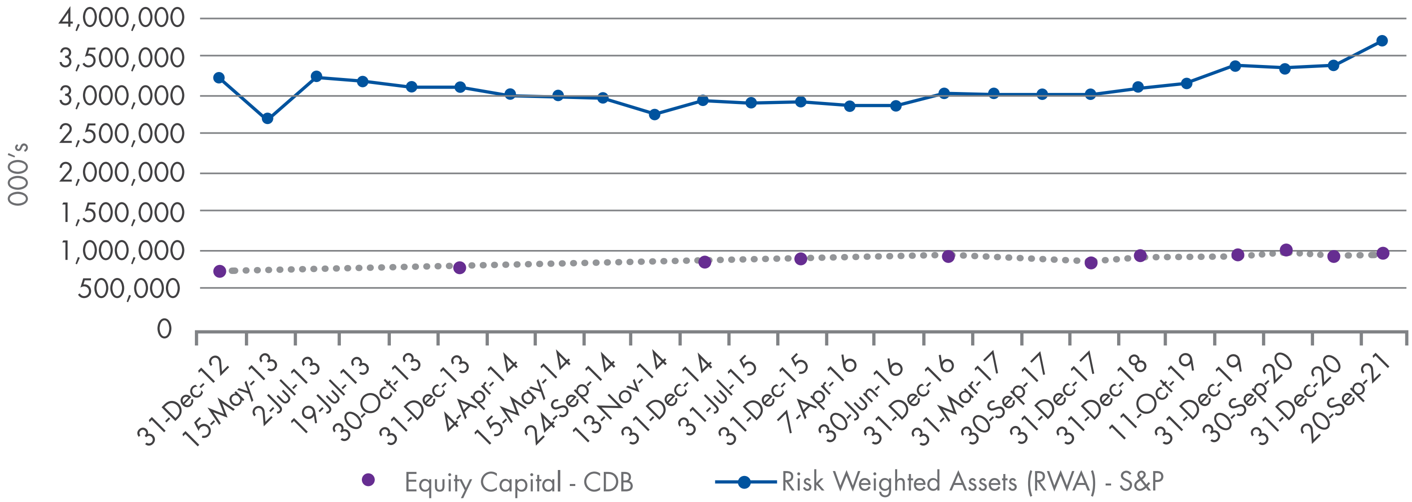
Capital Risk

Measures adopted by the Bank to improve its capital adequacy included:

- encouraging new lending to highly rated BMCs
- supporting lower-rated entities with interventions sourced from its soft funding window
- enforcing hard credit limit controls
- minimising concentration
- strengthening operational risk controls
- managing undisbursed balances
- maintaining a robust capital generation strategy

These efforts resulted in a reduction in risk-weighted assets, while the Bank increased its capital levels as reflected in the chart below.

CHART 6: S&P RISK WEIGHTED ASSETS VERSUS CDB EQUITY CAPITAL TRENDS (USD 000'S)



Internal Capital Adequacy Calculations

The Bank's capital adequacy is computed manually, utilising the Basel II framework.

Under Pillar I, a Basic Indicator Approach for Operational Risk and a modified Standardised Approach for Credit Risk are used.

Under Pillar II, the Bank ensures that all other residual risks over and above Pillar I are computed. These include, but are not limited to, additional liquidity requirements, interest rate in the banking book, and business and concentration risks. These are then complemented with top-down and bottom-up scenario assessments to determine the extent of additive capital that may be needed as a cushion against unexpected risk losses.

Under Pillar III, CDB has been meeting its enhanced disclosure reporting obligations by improving the dissemination of risk reviews.

The Bank is currently monitoring newly implemented Basel III and the impending Basel IV rules to determine the need for amendments to its modus operandi.

Concentration Risk

The geographic exposure for December 31, 2021, and 2020 are represented in charts 3 and 4, respectively below.

Market Risk

CDB's overall objective is to manage market risks in order to minimise losses and optimise returns. During 2020, the Bank applied revised treasury guidelines, recently approved by the Board of Directors, in the management of its portfolio to maximise returns whilst minimising risk.

Interest Rate Risk

CDB manages interest rate exposure by ensuring that changes in the cash flow of its assets closely match those of its liabilities. This relationship is managed with the use of interest rate swaps, which convert fixed rate liabilities into floating rate liabilities. Residual exposure resulting from interest rate movements is effectively monitored and managed operationally with governance oversight provided by ERC. Residual interest rate exposure risks which arose during the year were well within the Bank's risk appetite.

Foreign Exchange Risk

CDB's exposure to currency exchange movements is minimised by the extent of its activities, which limit its assets and liabilities to a single currency, United States dollars. Mismatches are managed effectively via the use of derivative hedging instruments, where necessary. Loans by the Bank are made either from currencies available from members' subscriptions, or from currencies borrowed. The principal amounts are repayable to the Bank in the currencies lent. Residual currency exposure arising during the year was well within the Bank's risk appetite.

Liquidity and Funding Risk

CDB's objective is to ensure that all foreseeable funding commitments can be met when due, and that access to the wholesale market is maintained. To that end, the Bank seeks to maintain a portfolio of highly liquid assets augmented with a diversified funding base to enable it to respond promptly to unforeseen liquidity demands. There were no anticipated rollover issues as the risk was eliminated with no immediate maturities anticipated.

CDB loans are usually fully disbursed over several years. As a result, undisbursed balances on approved loans continue to rise. CDB is generally required to provide funds to BMCs once Board approval has been granted which leads to a call on liquidity. The risks to liquidity shortfalls are managed by adherence to the Bank's policy of maintaining a net three years' funding requirement, or 40% of undisbursed commitments, whichever is greater. At year-end 2021, CDB's liquid assets exceeded the 150% prudential minimum guideline, which was in keeping with Management's decision to maintain high liquidity levels.

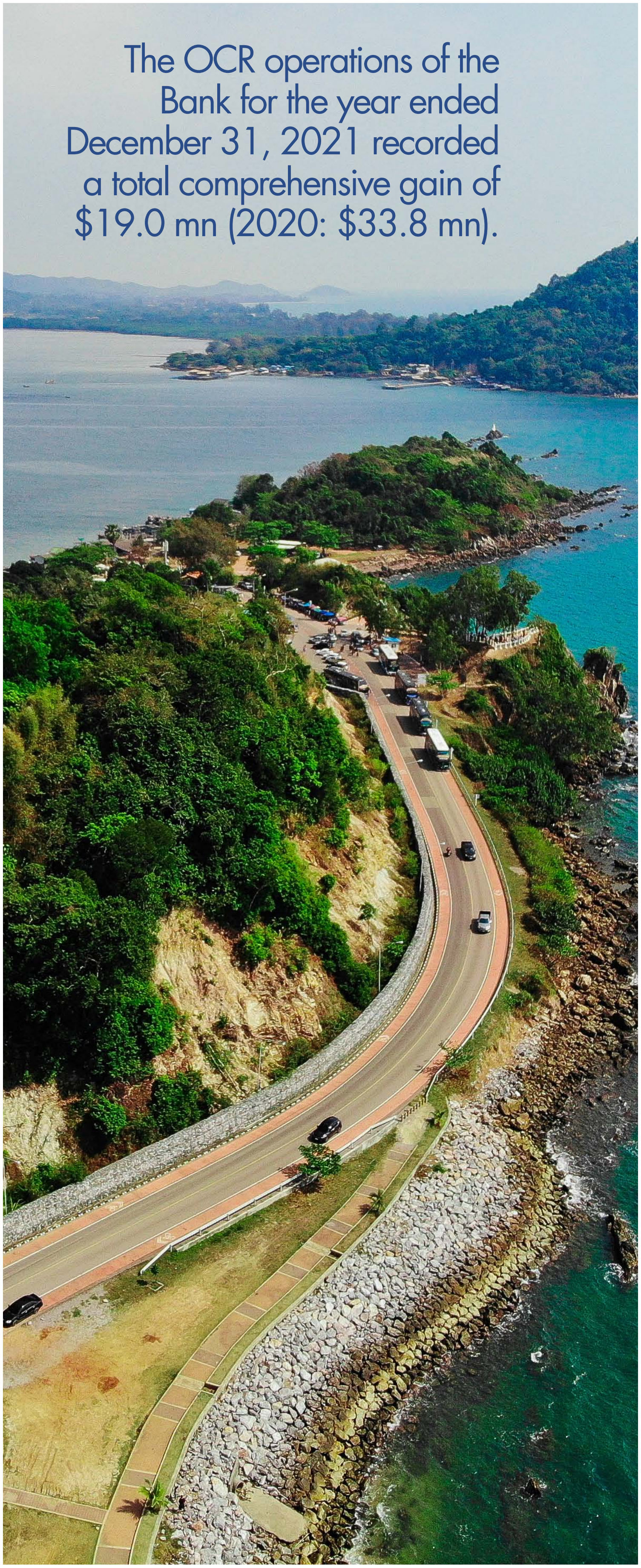
The liquidity position of the Bank is further supported via access to approved unsecured facilities with a highly reputed and rated international financial institution.

New Developments

A new risk-based pricing model will enable the Bank to independently price interventions for the non-sovereign sector. The model is currently in the testing phase.

Further improvements were made to the Bank's risk adjusted capital framework modelled around the approach of a reputed external rating agency. The framework and model were reviewed by OAC as well as the Board of Directors which provided feedback. The Bank intends to finalise the framework for Board approval in the first quarter of 2021. The framework and model, with built-in scenarios capabilities, will enable the CDB to ex-ante, assess and determine its capital adequacy position, under different circumstances, to effectively support its strategic planning efforts.

Section 6
Management's Discussion & Analysis



Caribbean Development Bank ("The Bank" or "CDB") is a multilateral financial institution dedicated to the development of the economies of its BMCs with a focus on the Least Developed Countries (LDCs), primarily through project loans and technical assistance to the governments, public agencies, and other entities in those countries. The Bank's main goals are to promote sustainable economic development, to reduce poverty and facilitate regional integration. The Bank was established in 1969 and is owned by its member countries. These comprise 19 BMCs and 9 non-borrowing members.

The Bank is structured into two fund resource entities through which it delivers on its mandate. These comprise the Ordinary Capital Resources (OCR) and the Special Funds Resources (SFR). The OCR operations are financed from CDB's share capital, borrowings raised in the capital markets, lines of credit from commercial and other multilateral institutions and internally generated equity. The SFR operations represent the Bank's concessionary funding window, comprising the SDF, financed from the contributions of members and non-members of the Bank, and the Other Special Funds (OSF).

The Bank is rated by three major international rating agencies. In March 2021 Fitch Ratings reaffirmed its Long-Term Issuer Default Rating (IDR) of AA+ and revised the outlook downwards to Negative. This change was primarily driven by the potential adverse economic, fiscal and social impacts of COVID-19 in the BMCs. However, in March 2022 Fitch Rating reaffirmed CDB's Long-Term IDR of AA+ and revised the outlook upwards to Stable. In May 2021, Standard and Poor's (S&P) affirmed its Long-Term Issuer Credit Rating of AA+ with a Stable Outlook. In May 2021, Moody's Investor Services affirmed CDB's Long Term Issuer Rating as Aa1 with a Stable Outlook.

The following discussions should be read in conjunction with the audited financial statements and accompanying Notes of the Bank set out in Section 7 of this report.

Ordinary Capital Resources

Financial Statement Reporting

The financial statements of the OCR are prepared in accordance with International Financial Reporting Standards (IFRS) on an historical cost basis, as modified by the measurement of debt securities held at fair value through Other Comprehensive Income (OCI), and derivative financial instruments which are reflected at fair value through Profit & Loss (P&L).

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions and to exercise judgement in the process of applying its various accounting policies.

All of the amounts shown in the financial statements are stated in US dollar equivalents.

Management Reporting

Management has determined that its operating income is the best representation of the results of the Bank's core activities, and it is therefore used in the determination of CDB's financial performance evaluations, liquidity and other ratios and analyses. The accounting treatment in accordance with IFRS requires that derivatives are recorded at their fair value through P&L. This creates significant income volatility due to foreign exchange and interest rate movements, and is not representative of the underlying strategy or economics of the transactions since it is the Bank's policy to hold these instruments to maturity. As a result, the Bank excludes the impact of these fair value and related foreign exchange translation adjustments associated with these derivatives from the determination of its operating income.

Loans and borrowings are recorded on the amortised cost basis.

In compliance with the international financial reporting standards, the Bank calculates the impairment of its financial instruments under the provisions of IFRS 9. This standard is based upon the "expected credit loss" methodology as well as various rules governing the classification and subsequent treatment of financial instruments. This methodology is forward-looking and based on changes in credit risk that determine whether impairment is calculated on a 12-month expected loss, a lifetime expected loss or an impaired basis, with movements between categories being based on assessed increases or decreases in credit risks. Impairment provisions are calculated based on the exposure at default (EAD) which includes commitments measured against expected cash flows that are factored by probability of default (PD), loss given default (LGD) applicable to the credit ratings of counterparties, the time value of money, and probability weighted optimistic and pessimistic scenarios against the base scenario.

Results Of Operations of the OCR

Total comprehensive income: Total comprehensive income is defined as the sum of operating income and the effects of foreign exchange and interest rate adjustments related to derivative adjustments, fair value gains or losses on debt securities, and actuarial re-measurements. The OCR operations of the Bank for the year ended December 31, 2021 recorded a total comprehensive loss of $19.0 mn (2020: comprehensive income of $33.8 mn). The decline was largely a result of the impact of adverse interest rate and exchange rate movements on the derivative fair values which prompted a change from an unrealised gain of $47.6 mn in 2020 to an unrealised loss of $85.3 mn in 2021. This was partially offset by the foreign exchange translation on borrowings which moved from an unrealised loss of $41.1 mn in 2020 to an unrealised gain of $47.7 mn in 2021.

Operating income: Operating income is defined as income prior to derivative fair value and debt security adjustments. Management defines this as the performance measure that reflects its core operations. This represents the metric which is used to analyse the Bank's performance and is allocated to reserves by the Board of Governors in accordance with the Bank's Charter. The operating income was $22.4 mn (2020: $29.5 mn) a decrease of 24.1%.

Income from loans: Loan income for the year declined by $8.6 mn to $47.9 mn (2020: $56.5 mn). This was due to a lower average interest rate of 3.37% (2020: 4.15%), reflecting the continued lower interest rate environment, although partly mitigated by a higher average portfolio balance.

Income from cash and investments: For the year, income from cash and investments was $7.2 mn (2020: $8.9 mn) representing a decrease of $1.7 mn which was driven by the lower interest rate environment as previously reported.

As at December 31, 2021, total assets were $2,217.1 mn (2020: $2,121.3 mn) representing an increase of $95.8 mn (4.5%). This was largely due to the positive impact of the borrowing proceeds in October 2021, partially offset by lower derivative asset values.

Interest expense: Interest expense for the year was $20.1 mn (2020: $21.6 mn). The decline of $1.5 mn represents the favourable impact of the low interest rate environment.

Operating expenses: In 2021, operating expenses amounted to $12.6 mn (2020: $14.3 mn). This change resulted from a decrease in administrative expenses as well as the favourable movement of foreign exchange translation, partially offset by increased impairment charges. There was an impairment charge of $1.2 mn (2020: recovery of $7.0 mn) reflecting weaker credit exposures compared to 2020. (See table below).

OPERATING EXPENSES

	2021	2020
Administrative expenses	$14.4	$15.9
Realised (gains)/losses	0.2	(1.3)
Impairment charge/recovery on financial assets	1.2	(7.0)
Other adjustments – forex translations	(3.2)	6.7
Total operating expenses	$12.6	$14.3

Rate/Volume analysis**:** The rate/volume analysis shows the effect on interest income (excluding fees, charges and unrealised gains and losses) of the Bank analysed by the various drivers.

RATE/VOLUME ANALYSIS

	Increase/(Decrease) Due to		
	Rate	Volume	Total
Interest-earning assets			
Cash & Investments	$(1.8)	$0.2	$(1.6)
Loans	(9.7)	1.3	(8.4)
Total earning assets	(11.5)	1.5	(10.0)
Interest-bearing liabilities	(1.8)	0.3	(1.5)
Net change in interest income	$(9.7)	$1.2	$8.5

Financial Position of the OCR

Total assets**:** As at December 31, 2021, total assets were $2,217.1 mn (2020: $2,121.3 mn) representing an increase of $95.8 mn (1.2%). This was largely due to the positive impact of the borrowing proceeds in October 2021, partially offset by lower derivative asset values.

Loans: In 2021 the loan portfolio was $1,332.8 mn (2020: $1,332.1 mn). This was an increase of $0.7 mn, where the constrained growth reflected significantly lower net disbursements as a result of the COVID-19 economic and fiscal impacts on the BMCs, and a higher impairment balance. The impairment balance with respect to the Bank's non-performing non-sovereign loans in the portfolio is $1.6 mn, which equates to the total outstanding amount of loans in this category.

Borrowings and other liabilities: Total liabilities increased by $114.8 mn (10.0%) to $1,267.7 mn (2020: $1,153 mn). This increase largely reflected the new borrowing of $156 mn concluded during the year, derivative liability increases, and reductions in post-employment obligations.

Shareholders' equity: At December 31, 2021, CDB's equity was $949.4 mn (2020: $968.4 mn). This reflected the comprehensive loss recorded for the year. Total equity currently represents 42.8% (2020: 45.6%) of total assets.

SELECTED FINANCIAL DATA
(Expressed in millions of United States dollars)

	Years Ended December 31				
	2021	**2020**	**2019**	**2018**	**2017**
Balance Sheet Data					
Cash and investments	789.8	633.3	714.2	458.0	439.5
Loans outstanding[1]	1,332.8	1,332.1	1,249.3	1,163.5	1,060.1
Loans undisbursed	537.0	617.3	660.2	596.3	557.2
Total assets	2,217.1	2,121.3	2,095.5	1,747.7	1,641.0
Borrowings	1,188.3	1,094.1	1,103.2	796.3	691.5
Callable capital	1,375.1	1,375.1	1,375.1	1,375.1	1,375.1
Paid-in capital	388.5	388.5	388.5	388.5	388.5
Retained earnings & Reserves	561.2	580.2	546.4	512.4	515.9
Income Statement Data					
Loan income	47.9	56.5	58.6	49.3	38.1
Investment income	7.2	8.9	8.3	6.9	5.8
Borrowing costs	20.1	21.6	26.9	26.3	18.8
Foreign exchange translation	(1.0)	8.6	3.4	0.1	0.1
Derivative adjustment	(37.6)	6.6	15.7	(11.2)	(11.1)
Operating income	22.4	29.5	24.6	14.5	7.8
Comprehensive income / (loss)	(19.0)	33.8	34.0	6.3	0.9
Ratios					
Return on:					
Average assets	1.06%	1.45%	1.32%	0.88%	0.50%
Average investments	(1.3)%	3.17%	1.45%	1.48%	1.22%
Average loans outstanding	3.71%	4.22%	5.18%	4.61%	3.92%
Cost of borrowings	1.84%	1.93%	3.54%	3.66%	2.81%
Available capital[2]/economic capital	N.A.	211.0%	232.9%	200.4%	219.0%
Risk Adjusted Capital	27.2%	N.A.	N.A.	N.A.	N.A.

[1] Net of provisions.
[2] Defined as the sum of paid-in capital, total reserves, retained earnings after adjustment for derivatives and the currency translation on related borrowings and subscriptions paid in advance, less the General Banking Reserve, subscriptions not yet due or overdue and demand obligations from borrowers.

Successive replenishments of the SDF since its inception have allowed CDB to make a meaningful contribution to the transformation of the lives of underprivileged and at-risk members of the population, primarily those in rural communities.

Special Development Fund

The SDF was established in 1970 and is the Bank's largest pool of concessionary funding, offering loans on more concessionary terms and conditions than those that are applied in the Bank's OCR. The SDF also provides grants and technical assistance to BMCs.

The SDF represents a significant and important enabler in the Bank's mission to reduce poverty and contribute to sustained welfare enhancement in eligible BMCs. Successive replenishments of the SDF since its inception have allowed CDB to make a meaningful contribution to the transformation of the lives of underprivileged and at-risk members of the population, primarily those in rural communities.

The SDF is composed of SDF (United) and SDF (Other) fund groups. SDF (Other) comprises a conglomeration of funds that operated under varied terms and conditions fixed by the Fund's various contributors. These differing terms and conditions created a number of complexities and inefficiencies in the Fund's management and operations. The SDF(O) no longer accepts new funds.

All members of the Bank are required to contribute to SDF(U), and contributions are also sought from non-members. Contributions are interest-free and provided on a multi-year basis, for an indefinite term at predetermined times which are called cycles and currently run for four years. SDF(U) also has consistent terms, objectives and procurement conditions and thus overcomes the challenges associated with individual donors and funding arrangements. There is a supplementary governance structure through an Annual Meeting of Contributors which focuses on the SDF(U)'s operations and an annual report on the performance of the fund is provided. Non-members are also invited to participate as observers in meetings of the Bank's Board of Directors (BOD) and Board of Governors (BOG).

Prior to new cycles, Contributors enter into negotiations with the Bank with the objective of agreeing on the priority areas and programmes that should be addressed and on the amount of SDF(U) resources which will be necessary to realise the agreed objectives. The ninth cycle of the SDF(U), which covered the period 2017 – 2020, underpinned the Bank's efforts to support the BMCs in achieving their development goals consistent with the SDGs. During 2021 the SDF 10 cycle was formally agreed by contributors for the period 2021-2024 for an amount greater than the amount agreed upon for the SDF 9 cycle.

Summary of Results

Result of Operations of the SDF

For the year ended December 31, 2021 there was a comprehensive loss of $12.9 mn (2020: comprehensive income of $7.5 mn). Total interest income for the year was $17.2 mn (2020: $18.8 mn). The decrease of 8.5% was due to lower returns on investments as a consequence of the continued low interest rate environment. The statement of comprehensive income was amended during the year to state separately the unrealised gains or losses on investments to reflect with greater granularity the performance of the SDF on an actual basis.

Total expenses were $22.3 mn (2020: $17.2 mn) with the increase being due to a write-down that has been recorded in relation to an investment with a certain institution. The charge reflects 50% of the balance in the Bank's records and has been recorded as a matter of prudence.

Income from loans: Loan income of $13.0 mn (2020: $12.5 mn) reflected an increase of 4.0% resulting from the increase in the loan portfolio, attributable primarily to COVID-19 interventions.

Income from cash and investments: Income from cash and investments recorded an outturn of $4.2 mn (2020: $6.2 mn), reflecting the low interest rate environment.

Administrative expenses: Administrative expenses were $16.9 mn (2020: $17.7 mn) a decrease of 4.5%. The SDF's share of the Bank's total administrative expenses is based on a predetermined cost-sharing formula, which is driven by the number of loan accounts and their status.

Financial Position of the SDF

Total assets: At December 31, 2021, total assets were $1,061.5 mn (2020: $1,065.3 mn)

Investments: At December 31, 2021, SDF cash and investments amounted to $324.2 mn (2020: $359.7 mn)

Loan portfolio: Total outstanding loans were $638.7 mn (2020: $614.8 mn), an increase of $23.9mn due to a higher level of activity.

Receivable from contributors: This amounted to $98.4 mn (2020: $90.6 mn) largely reflecting exchange rate adjustments on activities in relation to demand notes.

Liabilities and Funds: At the end of the year, liabilities and funds totalled $843.8 mn (2020: $835.4 mn), where the change was due to increases in funds made available and contributions in advance.

Contributed resources: Contributions to the SDF net of allocations to technical assistance and grant resources increased by $6.2 mn to $782.3 mn (2020: $776.1 mn) This was due to the contributions received with respect to SDF 10.

Other Special Funds

The Other Special Funds (OSF) was established to carry out the special operations of the Bank by providing resources on concessionary terms to assist BMCs in the goal of achieving poverty reduction. The Bank accepts contributions to the OSF for on-lending or administration on terms agreed with these contributors once the purposes are consistent with its objectives and functions.

Summary of Results

Results of Operations of the OSF

For the year, there was comprehensive income of $0.9 mn (2020: $3.5 mn), a decrease of $2.6 mn (73.5%). This change was largely due to unrealised foreign exchange losses.

Income from loans: Income from loans was $1.6 mn (2020: $1.7 mn), largely in line with the previous year.

Interest Income from cash and investments: This was recorded at $0.6 mn (2020: $0.6 mn)

Administrative expenses: Administrative expenses remained flat at $1.1 mn (2020: $1.1 mn). The OSF's share of the total administrative expenses for the Bank as a whole is based on a predetermined cost-sharing formula, which is driven by the number of loans and accounts and their status.

Financial Position of the OSF

Total assets: This registered $436.4 mn (2020: $450.2 mn) representing a decline of $13.8 mn. The main components of the change were:-

Cash and Investments: Cash and investments amounted to $84.1 mn (2020: $99.8 mn) reflecting a significantly higher level of disbursements.

Loan portfolio: Total outstanding loans were $83.8 mn (2020: $78.6 mn) the increase being due higher disbursements.

Receivable from members: This declined to $220.4 mn (2020: $235.6 mn), (the result of the encashment of promissory notes in respect of the UKCIF).

Liabilities and funds: Liabilities and funds totalled $436.4 mn (2020: $450.2 mn). (This decrease largely reflects the decline in TA and Grant resources.

Operations

In 2021, the Bank approved $161.4 mn (2020: $538.1 mn) in loans and grants, loan and grant disbursements amounted to $254.9 mn (2020: $361.3 mn)

Details are shown in the table below.

	GROSS APPROVALS ($MN)		DISBURSEMENT ($MN)	
	2021	2020	2021	2020
OCR Loans	$36.5	$216.3	$113.3	$195.9
SFR Loans	34.7	163.7	71.6	87.4
Total Loans	71.2	380.0	184.9	283.3
SFR Grants	59.9	36.5	46.5	56.4
UKCIF	30.3	121.6	23.5	21.6
Total Grants	90.2	158.1	70.0	78.0
TOTAL	$161.4	$538.1	$254.9	$361.3

The three (3) largest borrowers across the Bank's Funds were Barbados (12.8%), Jamaica (10.0%), and Belize (9.6%).

Resource Transfers: In 2021, there was a positive net transfer of resources (i.e. the net of disbursements of loans and grants less repayments of principal, interest and charges) between CDB and its BMCs. The net flow of resources amounted to $101.8 mn (2020: $203.5 mn) a decrease of $101.7 mn (50.0%).

The Bank continued to drawdown on existing facilities mainly held with development partners and global funds including the IDB, GCF, Adaptation Fund, EIB, Governments of Canada, United Kingdom, and Italy during the year.

Repayments: During the year, CDB was repaid 99.7% (2020 – 99.2%) of the total amounts that were charged to its borrowers. A breakdown by fund group follows:

	December 31, 2021 Amounts in $mn **Principal Interest & Charges**			December 31, 2020 Amounts in $mn **Principal Interest & Charges**		
	Billed	**Received**	**%**	**Billed**	**Received**	**%**
OCR	$156.9	$156.3	99.6	$159.5	$157.9	99.0
SDF	47.0	47.0	100.0	44.1	44.1	100.0
OSF	8.5	8.5	100.0	8.6	8.6	100.0
Total	$212.4	$211.8	99.7	$212.2	$210.6	99.2

Total Administrative Expenses

A comparative analysis of major administrative expenditure items is shown below. At December 31, 2021, total administrative expenses amounted to $32.7 mn, increasing by $1.1 mn over the recurrent expenditures of $31.6 mn experienced in 2020 mainly due to increased technological deployments. The one-off expenditure items totalled $0.1 mn (2020: $3.0 mn).

ANALYSIS OF ACTUAL EXPENSES FOR 2021 AND 2020
stated in $mn

	2021	**2020**	**Variance**	**%**
Employee costs	$24.1	$24.0	$(0.1)	(0.4)
Professional fees and Consultants	1.9	1.8	(0.1)	(5.6)
Travel	0.3	0.3	-	-
Maintenance and Utilities	0.7	0.6	(0.1)	(16.7)
IT Services	2.4	1.8	(0.6)	(33.3)
Other	2.1	1.9	(0.2)	(10.5)
Depreciation	1.2	1.3	0.1	7.6
Base - Total	$32.7	$31.7	$1.1	3.5
Transformation Expenses	(0.4)	2.9	3.3	113.8
Fiftieth Anniversary Celebrations	0.1	0.1	-	-
Enhanced – Total Administrative Expenses	32.4	$34.7	$2.2	6.3

Section 7
Financial Statements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Caribbean Development Bank
Ordinary Capital Resources

Financial Statements

For the year ended December 31, 2021
(Expressed in thousands of United States Dollars
unless otherwise stated)

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

Index to the Financial Statements
For the year ended December 31, 2021

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Bridgetown, Barbados

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **Ordinary Capital Resources** of the **Caribbean Development Bank** ("the Bank"), which comprise the statement of financial position as at December 31, 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ordinary Capital Resources of the Bank as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Barbados and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

Report on the Audit of the Financial Statements (continued)

Other Information included in the Bank's 2021 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Oversight and Assurance Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Oversight and Assurance Committee is responsible for overseeing the Bank's financial reporting process.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Oversight and Assurance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report is made solely to the Board of Governors, as a body, in accordance with Article 38, sub-section 2 of the Agreement establishing the Bank, entered into force on January 26, 1970. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Board of Governors as a body, for our audit work, for this report, or for the opinion we have formed.

KPMG

Chartered Accountants
Bridgetown, Barbados
June 8, 2022

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF FINANCIAL POSITION
As at December 31, 2021
(expressed in thousands of United States dollars, unless otherwise stated)

	Notes	2021	2020
Assets			
Cash and cash equivalents	6	$304,727	$95,349
Debt securities at fair value through other comprehensive income	7	485,101	537,986
Receivables and prepaid assets	8	14,705	15,542
Loans receivable	10	1,332,773	1,332,087
Receivable from members			
Non-negotiable demand notes	11	18,441	21,597
Maintenance of value on currency holdings	12	4,256	3,572
Subscriptions in arrears	13	1,949	2,943
		24,646	28,112
Derivative financial instruments	14	35,260	94,288
Property and equipment	15	19,839	17,984
Total Assets		$2,217,051	$2,121,348

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF FINANCIAL POSITION
As at December 31, 2021
(expressed in thousands of United States dollars, unless otherwise stated)

	Notes	2021	2020
Liabilities and Equity			
Liabilities			
Accounts payable and accrued liabilities	**17**	**$13,050**	$10,857
Maintenance of value on currency holdings	**12**	**76**	317
Deferred income	**18**	**875**	875
Post-employment obligations	**19**	**38,144**	46,807
Borrowings	**20**	**1,188,280**	1,094,101
Derivative financial instruments	**14**	**27,273**	-
Total Liabilities		**1,267,698**	1,152,957
Equity			
Subscriptions matured (net)	**21(b)**	**388,177**	388,177
Retained earnings and reserves	**21(e)**	**561,176**	580,214
Total Equity		**949,353**	968,391
Total Liabilities and Equity		**$2,217,051**	$2,121,348

Approved by the Board of Directors on June 8, 2022 and signed on their behalf by:

Hyginus Leon
President

Earl Estrado
Director, Finance and Information Technology Solutions

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

	Notes	Capital Stock	Retained Earnings	Post Employment Obligations Reserve	Fair value Reserve	Other Reserves	Total
Balance as of January 1, 2020		$387,187	$558,935	$(20,448)	$1,655	$6,254	$933,583
New capital subscriptions	21 (b)	990	-	-	-	-	990
Net income for the year		-	36,093	-	-	-	36,093
Other comprehensive (loss) income		-	-	(9,071)	6,796	-	(2,275)
Balance as of December 31, 2020		$388,177	$595,028	$(29,519)	$8,451	$6,254	$968,391
Net loss for the year		-	(15,248)	-	-	-	(15,248)
Other comprehensive income (loss)		-	-	10,805	(14,595)	-	(3,790)
Balance as of December 31, 2021		$388,177	$579,780	$(18,714)	$(6,144)	$6,254	$949,353

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2021
(expressed in thousands of United States dollars, unless otherwise stated)

	Notes	2021	2020
Interest and similar income	22 (a)	$55,145	$65,339
Interest expense and similar charges	22 (b)	(20,133)	(21,574)
Net interest income		35,012	43,765
Other income		2,152	1,913
		37,164	45,678
Operating expenses	23	(13,582)	(23,170)
Impairment (charge) recovery	24	(1,214)	7,011
Operating income before derivative and foreign denominated borrowing adjustments		22,368	29,519
Derivative fair value adjustment	26	(85,332)	47,633
Foreign exchange gain (loss) in translation	20 (b), 26	47,716	(41,059)
Net (loss)/income for the year		(15,248)	36,093
Other comprehensive income (loss) that will not be reclassified to the statement of net income			
Re-measurements – Actuarial gain (loss)	19	10,805	(9,071)
Other comprehensive gain (loss) that will be reclassified to the statement of net income			
Fair value (loss) gain on debt securities at fair value through other comprehensive income		(14,595)	6,796
Total other comprehensive loss		(3,790)	(2,275)
Total comprehensive (loss) income for the year		$(19,038)	$33,818

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CASH FLOWS
For the year ended December 31, 2021
(expressed in thousands of United States dollars, unless otherwise stated)

	Notes	2021	2020
Operating activities:			
Net (loss) income for the year		$(15,248)	$36,093
Adjustments for:			
Depreciation	15	1,191	1,254
Impairment recovery on financial assets	24	1,214	(7,011)
Gain on sale of property and equipment			-
Derivative fair value loss (gain)adjustment	26	85,332	(47,633)
Interest income	22 (a)	(55,145)	(65,339)
Interest expense	22 (b)	20,133	21,574
Foreign exchange loss in translation	20 (b)	(47,716)	48,372
Decrease (increase) in maintenance of value on currency Holdings		(925)	636
Total cash flows used in operating activities before changes in operating assets and liabilities		(11,164)	(12,054)
Changes in operating assets and liabilities:			
Increase (decrease) in receivables and prepaid assets		823	(8,006)
Decrease in cash collateral on derivatives		-	2,400
Increase in accounts payable and accrued liabilities		2,193	2,606
Increase in post-employment obligations		2,141	1,241
Net decrease (Increase) in debt securities at fair value through other comprehensive income		37,780	(108,557)
Cash from (used in) operating activities		31,773	(122,370)
Disbursements on loans	10	(113,325)	(195,881)
Principal repayments on loans	10	110,836	118,102
Interest received		56,258	65,710
Net cash from (used in) operating activities		85,542	(134,439)
Investing activities:			
Purchase of property and equipment	15	(3,046)	(2,363)
Net cash used in investing activities		(3,046)	(2,363)
Financing activities:			
New borrowings	20 (b)	156,458	29,294
Repayments on borrowings	20 (b)	(14,083)	(83,460)
Interest paid on borrowings		(19,641)	(23,900)
New capital subscriptions	21 (b)	-	990
Decrease in receivables from members		4,148	17,182
Net cash from (used in) financing activities		126,882	(59,894)
Net increase (decrease) in cash and cash equivalents		209,378	(196,696)
Cash and cash equivalents at beginning of year		95,349	292,045
Cash and cash equivalents at end of year		$304,727	$95,349

The accompanying notes form an integral part of these financial statements.

NOTE 1 – NATURE OF OPERATIONS

Corporate structure
The Caribbean Development Bank ("CDB" or "the Bank") is an international organisation established by an Agreement ("Charter") signed in Kingston, Jamaica, on October 18, 1969 and accepted and ratified by all the member countries which are signatories thereto. The Charter is an international treaty which, together with the instruments of ratification and accession by member countries, is deposited with the United Nations Secretary-General. The Charter entered into force on January 26, 1970 and CDB commenced operations on January 31, 1970. Since then other countries have become members of CDB by acceding to the Charter.

The Bank's headquarters is located in Wildey in the parish of Saint Michael in the island of Barbados.

Purpose and objectives
CDB is a regional financial institution established for the purpose of contributing to the harmonious economic growth and development of the member countries in the Caribbean ("the Region") and to promote economic cooperation and integration among them, with special and urgent regard to the needs of the less developed members.

Membership
The membership of the Bank is open to:
(a) States and Territories of the Region;
(b) Non-Regional States which are members of the United Nations or any of its specialised Agencies; or of the International Atomic Energy Agency.

The Bank's members are classified as either: -
- Borrowing member countries ("BMCs") which comprise members of the Region that are qualified to borrow from the Bank.
- Non-regional members ("NRMs") which comprise members outside of the region that do not qualify to borrow from the Bank.

The BMCs are also shareholders of the Ordinary Capital Resources ("OCR") of the Bank and are therefore considered related parties.

The current membership of the Bank is comprised of twenty-three (23) regional states and territories and five (5) non-regional states (2020: 23 regional states and territories and 5 non-regional states). A detailed listing of the membership is provided at Note 21(c) - Equity.

Reducing poverty in the region is CDB's main objective and it finances development projects in its BMCs primarily through its OCR which comprises shareholders' paid-in capital, retained earnings and reserves and borrowings. In advancing this objective, the Bank participates in the selection, study and preparation of projects contributing to poverty reduction and, where necessary, provides technical assistance and support.

Special funds resources
Attainment of the Bank's objectives are also supplemented by the Special Development Fund ("SDF") and Other Special Funds ("OSF") which comprise its Special Fund Resources ("SFR") with distinct assets and liabilities and which are subject to different operational, financial and other rules as set out by the contributors, some of which are non-members of the Bank. The SFR is independently managed from, and has no recourse to, the OCR for obligations in respect of any of the liabilities of the SDF or OSF.

NOTE 1 – NATURE OF OPERATIONS…*continued*

Special funds resources…continued

Mobilising financial resources is an integral part of CDB's strategic and operational activities, where alone or jointly, it administers funds under agreements that are restricted to specific uses such as technical assistance, grants and regional programmes.

These funds are provided by donors, including members, some of their agencies and other development institutions.

NOTE 2 – ACCOUNTING POLICIES

All policies have been consistently applied to the years presented, except where otherwise stated. Accounting policies which are specific in nature are included as part of the relevant Notes to the financial statements. The accounting policies that are of a general nature are set out below:

Foreign currency translation
The functional and presentation currency of the Bank is the United States dollar (USD). Monetary assets and liabilities in currencies other than USD are translated at market rates of exchange prevailing at the reporting date. Non-monetary items measured at historical cost in currencies other than United States dollars are translated into USD using the prevailing exchange rates at the effective dates of the initial transactions.

Foreign currency transactions are initially translated into USD at applicable rates of exchange on the transaction dates. Any gains or losses arising as a result of differences in rates applied to income or expenses and to assets or liabilities are shown as an exchange gain or loss in the determination of net income for the year.

Taxation
Under the provisions of Article 55 of the Charter and the provisions of the Caribbean Development Bank Act, 1970-71 of Barbados, the Bank's assets, property, income and its operations and transactions are exempt from all direct and indirect taxation and from all custom duties on goods imported for its official use.

Basis of preparation

Statement of compliance
These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost basis, modified by the measurement of debt securities at fair value through other comprehensive income (FVOCI) (refer to Note 5) and derivative financial instruments (cross currency interest rate swaps and interest rate swaps) which are reflected at fair value through profit or loss.

All values are rounded to the nearest thousand, except where otherwise indicated.

NOTE 2 – ACCOUNTING POLICIES…*continued*

Basis of preparation…*continued*

Presentation of financial statements
The presentation format of the Bank's statement of comprehensive income reflects the Operating Income from the Bank's core activities. In the opinion of management, this enhances the information to the users of the Bank's financial statements, as Operating Income is the basis upon which the Bank's financial, liquidity, capital adequacy, efficiency and other performance ratios and measures are determined.

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Notes 6 – 20 as applicable.

Financial assets and financial liabilities are generally reported gross in the statement of financial position. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Bank and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

Significant accounting judgements, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur.

NOTE 2 – ACCOUNTING POLICIES…*continued*

Significant accounting judgements, estimates and assumptions…*continued*

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes.

- Note 5: Financial Assets
    - establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of Expected Credit Losses (ECL) and selection and approval of models used to measure ECL;
    - classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included int the following notes:

- Note 3: measurement of fair value of financial instruments with significant unobservable inputs.
- Note 5: Financial Assets: impairment of financial instruments; determination of inputs into the ECL measurement model, including assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
- Note 19: post-employment obligations: measurement of defined benefit obligations; key actuarial assumptions

Management's judgment for certain items that are especially critical for the Bank's results and financial situation due to their materiality is included in the relevant note disclosures in these financial statements, except as denoted below.

NOTE 2 – ACCOUNTING POLICIES…*continued*

Significant accounting judgements, estimates and assumptions…*continued*

Going concern
The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue its operations for the foreseeable future. The Bank also continues to have the full support of its Members through the provision of additional financial, technical, material and other assistance as well as guidance and support from the Board of Directors.

In 2020, the World Health Organisation (WHO) declared COVID-19 a pandemic. The impact of the pandemic and the steps taken to treat infection and to mitigate its spread have had significant negative economic and social consequences for the Bank's BMCs. Consistent with its mandate, the Bank has taken various actions to assist its BMCs by including the provision of grants for personal protective equipment and other equipment and for technical assistance, both from its own resources and in conjunction with regional and international agencies including international financial institutions.

The Bank has also made additional resources available from its concessionary window (Special Funds Resources) to qualifying BMCs, to address certain specific needs and has increased the volume of resources available for Policy Based Loans (PBLs) to deal with exogenous shocks such as natural disasters or COVID-19 or macro-economic issues. The Bank is also discussing with its BMCs the repurposing of existing loans and the application of undisbursed balances to appropriate COVID-19 related activities. The Bank will continue to monitor developments in its BMCs and to aggressively mobilise resources to enable it to assist its members in these challenging times.

Neither the fair value of debt securities in the Bank portfolio, nor the Bank's liquidity position has been adversely impacted by the pandemic. Management continues to monitor and assess the potential impact of current and projected economic conditions on all financial assets, and to exercise its judgement to determine and include reasonable estimates of these as needed in calculations of expected credit losses and assessments of consequential impacts on capital maintenance requirements.

While there is continuing uncertainty over the duration and potential impact of the pandemic, given the increasing availability of vaccines and concerted efforts by member governments to contain the spread of the disease, management believes that there are no material uncertainties which may cast a significant doubt over the Bank's ability to continue as a going concern and therefore the financial statements continue to be prepared on this basis.

NOTE 2 – ACCOUNTING POLICIES…*continued*

New and amended standards and interpretations which are applicable to the Bank

In these financial statements, the Bank has applied the following standards and amendments for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below. The new and amended standards and interpretations are effective for annual periods beginning on or after January 1, 2021, unless otherwise stated. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IFRS 16

COVID-19-Related Rent Concessions: Amendment providing lessees with an exemption from assessing whether a COVID-19-related rent concession (a rent concession that reduces lease payments due on or before June 30, 2021) is a lease modification. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR). The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The Phase 2 amendments apply only to changes required by the reform to financial instruments and hedging relationships. The amendments address the effects of the reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

Standards in issue not yet effective which may be applicable to the Bank

The following is a list of standards and interpretations issued that are applicable but not yet effective up to the date of the issuance of the Bank's financial statements. The Bank intends to adopt these standards when they become effective. The impact of adoption depends on the assets held by the Bank at the date of adoption.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
Effective for annual periods beginning on or after January 1, 2022

Clarifies that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract.

Amendments to IAS 16 Property, Plant and Equipment
Effective for annual periods beginning on or after January 1, 2022

Provides clarification on measuring the cost of an asset.

NOTE 2 – ACCOUNTING POLICIES…*continued*

New and amended standards and interpretations which are applicable to the Bank…*continued*

Amendments to IAS 1 Presentation of Financial Statements – classification of liabilities as current and non-current

Effective for annual periods beginning on or after January 1, 2023

Clarifies that the classification of liabilities as current or noncurrent is based solely on a reporting entity's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of an entity's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument.

Amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 and IAS 8 Accounting policies, changes in accounting estimates and errors

Effective for annual periods beginning on or after January 1, 2023

The amendment requires disclosure of material accounting policy information rather than significant accounting policies; provides a definition of material accounting policy information and clarifies that immaterial accounting policy information need not be disclosed.

NOTE 3 – RISK MANAGEMENT

The Bank's principal financial liabilities, other than derivative financial instruments, comprise borrowings and accounts payable, the main purpose of which is to finance the Bank's operations. The Bank also provides guarantees to its borrowers under set terms and conditions. The Bank's principal financial assets are loans outstanding, receivables, cash and cash equivalents and debt securities at fair value through other comprehensive income that are all derived directly from its operations.

The Bank also holds derivative contracts and enters into derivative transactions when deemed necessary by senior management. All derivative activities for risk management purposes are undertaken by senior management in accordance with the approved Board of Directors (BOD) policy which includes the provision that derivatives are held to maturity except under specific conditions and that no trading in derivatives for speculative purposes may be undertaken.

The Bank's BOD sets the governance framework for the Bank by setting the risk and risk appetite framework, and the underlying policies and procedures. Financial risk activities are governed by the policies and procedures and financial risks are identified, measured and managed in accordance with the Bank's approved policies and risk objectives.

The ability to manage these risks is supported by an enterprise wide risk management framework which was approved by the BOD. Operationally, CDB seeks to minimise its risks via the implementation of robust mitigating controls aimed at achieving adherence to approved risk appetite portfolio limits. The Bank's risk mitigation approaches include adopting processes, systems, policies, guidelines and practices which are reviewed and modified periodically in line with the institution's changing circumstances.

NOTE 3 – RISK MANAGEMENT…*continued*

The Bank's Office of Risk Management (ORM) manages, coordinates, monitors and reports on the mitigation of all risks that the Bank faces such as strategic, financial, operational, and reputational risks. The ORM also has the responsibility for recommending and implementing new or amended policies and procedures for effective risk management to the BOD for approval and to ensure that risk awareness is embedded within the Bank's operations and among the Bank's employees. CDB's risk management framework is built around its governance, policies and processes. The risk management governance structure supports the Bank's senior management in their oversight function in the coordination of different aspects of risk management, and is built around the following committees:

(i) The Enterprise Risk Committee (ERC) which is responsible for monitoring adherence to BOD approved policies related to financial and other risks;
(ii) The Loans Committee (LC) which reviews and recommends Loans, Grants and Technical Assistance (TA) applications to the BOD for consideration;
(iii) The Oversight and Assurance Committee (OAC) through which the ORM, the Office of Institutional integrity, Compliance and Accountability (ICA), the Office of Independent Evaluation (OIE) and the Internal Audit Division (IAD) report to the BOD. ICA was established to operationalise the strategic framework for integrity, compliance and accountability. It is responsible for managing institutional integrity, compliance, anti-money laundering (AML), countering the financing of terrorism (CFT) and financial sanctions, ethics, whistleblowing, and project accountability;
(iv) The Advisory Management Team (AMT) which is the highest decision-making body of the Bank.

The Bank is exposed to credit risk, market risk (currency and interest rate risk), liquidity risk and operational risk. By its very nature the Bank is also exposed to concentration risk in relation to its BMCs. The Bank manages and controls concentration of credit risk through financial policies which limit the amount of exposure in relation to a single borrower and to groups of borrowers, by counterparties, credit ratings and by type of investments. Performance against these limits is measured and reported on a monthly and quarterly basis to the ERC.

NOTE 3 – RISK MANAGEMENT…*continued*

Credit risk

Credit risk relates to potential losses in the event that a BMC is unable or unwilling to service its obligations to the Bank. CDB manages this risk through its financial policies and lending strategies, including the setting of individual country exposure limits and evaluation of overall creditworthiness. Individual BMC exposure to the Bank on outstanding loans as at December 31, 2021 is reported in Note 4 and Note 10.

The Bank manages its credit risk related to liquid funds and derivative financial instruments by ensuring that all individual investments carry a minimum credit rating as follows:

	Standard & Poor's	Moody's Investors Service
Commercial bank obligations	A-	A3
Government obligations	A-	A3
Corporate obligations	BBB+	Baa1

Additionally, CDB can invest in non-freely convertible currencies in unconditional obligations issued or guaranteed by indigenous commercial banks provided that no such bank holds more than $1 million of the investible amount of the given currency or 10% of CDB's capital, whichever is smaller. In relation to derivative transactions, all counterparties must have a minimum rating of BBB/Baa2 (by Standard & Poor's and Moody's respectively), with a minimum rating for new transactions of A-/ A3 (stable outlook) by Standard & Poor's and Moody's respectively.

Credit risk measurement

The Bank assesses borrowers based upon their external credit ratings. For borrowers without an external rating, judgment and benchmarking against similar credits are used to assign an appropriate internal rating. Borrowers are segmented into four rating classes. The rating scale, shown below, reflects the range of default probabilities defined for each rating class and related exposures can migrate between classes based on the results of the re-assessments of their probability of default.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Credit risk…*continued*

The internal rating scale and mapping of external ratings are as follows:

CDB Grade	Description of the grade	CDB Rating
1	Basic monitoring	AAA, AA, A Range
2	Standard monitoring	BBB, BB, B Range
3	Special monitoring	CCC to C Range
4	Sub-standard	D Range

The CDB ratings are aligned to a large extent with external ratings and mapped to corresponding proxy default rates. The observed defaults per rating category vary year on year, based on current and projected economic cycles.

Risk limit control and mitigation measures

Loans
Currently the approved exposure limit to the single largest borrower is 40% of total outstanding loans or 50% of total available capital, whichever is greater. The limit for the three largest borrowers is 60% of total outstanding loans or 90% of total available capital whichever is greater.

	2021	2020
Single largest borrower's exposure to total outstanding loans	19.1%	19.6%
Three largest borrowers' exposure to total outstanding loans	38.7%	37.5%
Three largest borrowers' exposure to available capital	53.8%	53.6%

Cash and cash equivalents and Debt securities at FVOCI

The Bank's results as at December 31 against the BOD approved policy ratios were as follows:

Investment Type	Maximum policy limit (based upon total investment portfolio)	2021	2020
Single entity	10%	8.8%	3.4%
US Treasury or US Government Agency	35%	22.3%	30.8%
Commercial entity	50%	24.8%	27.5%

Credit related commitments
Guarantees and standby letters of credit represent irrevocable assurances that the Bank will make payment. The primary purpose of these instruments is to ensure that funds are available to a borrower as required. The Bank currently has guarantees not exceeding the equivalent of $12 million (2020 - $12 million) with respect to bonds issued by the Government of St. Kitts and Nevis (GOSKN). These commitments expose the Bank to similar risks as loans outstanding and are mitigated by the same control processes and policies.

NOTE 3 – RISK MANAGEMENT…*continued*

Credit risk…*continued*

Master netting arrangements

All of the Bank's derivatives are executed under International Swap Dealers' Association (ISDA) Master Agreements and the Schedule to the Master Agreement in order to limit exposure to credit risk through the provisions in these agreements for offsetting of amounts due to or by both counterparties. Under the provisions of these agreements both parties compute amounts owing to and by each other and the party with a net amount owing makes payment to the other party. The ISDA and related Schedule also make provision for the voluntary netting of currencies and transactions and for the computation methodology of and settlement of final net payment in the event of termination. CDB is currently party to six swaps with four counterparties.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Credit risk…*continued*

Master netting arrangements…continued

Maximum exposure to credit risk before collateral held or other credit enhancements

The table below shows the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are the gross carrying amounts net of the allowance for expected credit loss (ECL). Details of the Bank's internal grading system are explained in Note 3 (above) and policies about the calculation of the ECL allowance are disclosed in Note 5.

	2021			
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	$304,727	$-	$-	$304,727
Debt securities fair value through OCI	485,101	-	-	485,101
Receivables	13,513	-	556	14,069
Sovereign loans outstanding	871,212	386,331	-	1,257,543
Non-sovereign loans outstanding	75,230	-	-	75,230
Non-negotiable demand notes	18,441	-	-	18,441
Maintenance of value on currency Holdings	4,256	-	-	4,256
Subscriptions in arrears	1,949	-	-	1,949
Derivative financial instruments	94,288	-	-	94,288
	$1,809,689	$386,331	$556	$2,196,576
Commitments				
Undisbursed sovereign loan balances	$252,066	$179,483	-	431,549
Guarantees	12,000	-	-	12,000
	$264,066	$179,483		$443,549
	$2,073,755	$565,814	$556	$2,640,125

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Credit risk…*continued*

Maximum exposure to credit risk before collateral held or other credit enhancements…continued

	2020			
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	$95,349	$-	$-	$95,349
Debt securities fair value through OCI	537,986	-	-	537,986
Non-sovereign loans outstanding	75,439	-	-	75,439
Sovereign loans outstanding	1,033,378	223,270	-	1,256,648
Non-sovereign loans outstanding	75,439	-	-	75,439
Derivative financial instruments	94,288	-	-	94,288
Non-negotiable demand notes	21,597	-	-	21,597
Maintenance of value on currency holdings	3,572	-	-	3,572
Subscriptions in arrears	2,943	-	-	2,943
Receivables	12,677	-	661	13,338
	$1,877,229	$223,270	$661	$2,101,160
Commitments				
Undisbursed sovereign loan balances	$469,647	$-	$-	$469,647
Undisbursed non-sovereign loan balances	5,540	-	-	5,540
Commitments	15,000	-	-	15,000
Guarantees	12,000	-	-	12,000
	$502,187	$-	$-	$502,187
	$2,379,416	$223,270	$661	$2,603,347

The above tables represent a worst-case scenario of credit risk exposure as at the reporting date, without taking account of any collateral held or other credit enhancements attached.

The Bank's policy in relation to collateral is disclosed in Note 10 to these financial statements.

As shown, the total gross maximum exposure to sovereign loans and commitments was 64.4% (2020: 67.3%), and to the non-sovereign was 2.8% (2020: 3.1%).

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Credit quality

Debt securities, treasury bills and other eligible bills
The main investment management objectives are for capital preservation and liquidity. In accordance with these parameters, CDB seeks the highest possible return on its investments. CDB's Investment Policy restricts its investments to government and government-related debt instruments, corporate bonds and time deposits. Investments may also be made in unconditional obligations issued or guaranteed by commercial banks rated A-/A3, or better, AAA rated asset-backed securities, and AAA-rated mortgage-backed securities. Adherence to the investment policy guidelines is monitored on a continuous basis by the ERC.

The following tables present an analysis of the credit quality of debt securities, treasury bills and other eligible bills, neither past due nor impaired based on Standard & Poor's rating or equivalent. As of December 31, 2021, the Bank's debt securities were classified as fair value through other comprehensive income. These assets were individually assessed for ECL and were all classified as Stage 1 financial assets.

	2021				
	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	Total
Obligations guaranteed by Governments[1]	$37,095	$125,684	$29,770	$-	192,549
Time Deposits	-	759	-	-	759
Sovereign Bonds	9,418	43,377	11,662	-	64,457
Supranational Bonds[2]	70,192	2,976	-	-	73,168
Corporate Bonds	12,944	40,688	98,001	2,535	154,168
	$129,649	$213,484	$139,433	$2,535	$485,101

	2020				
	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	Total
Obligations guaranteed by Governments[3]	$205,693	$25,191	$-	$-	$230,884
Time Deposits	-	762	-	-	762
Sovereign Bonds	16,291	26,749	34,141	-	77,181
Supranational Bonds[4]	76,410	3,023	-	-	79,433
Corporate Bonds	13,384	32,420	98,634	5,288	149,726
	$311,779	$88,145	$132,775	$5,288	$537,986

[1] Freely convertible currencies in Government and Government-guaranteed obligations which are members of the G7 or EU and its agencies.

[2] An international organization, or union, whereby member states transcend national boundaries or interests to share in the decision-making and vote on issues pertaining to the wider grouping.

[3] Freely convertible currencies in Government and Government-guaranteed obligations which are members of the G7 or EU and its agencies.

[4] An international organization, or union, whereby member states transcend national boundaries or interests to share in the decision-making and vote on issues pertaining to the wider grouping.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Credit risk…*continued*

Credit quality…continued

In accordance with the Bank's internal rating scale 100% (2020: 100%) of debt securities, treasury bills and other eligible bills are classified as 'Basic monitoring'.

Loans and advances

As of December 31, 2020, loans that were classified as Stage 1 and Stage 2 represented 99.9% (2020: 99.9%) of gross loans outstanding. Loans are summarised as follows:

	December 31, 2021		
	Sovereign	Non-sovereign	Total
Stage 1	$872,169	$79,326	$951,495
Stage 2	387,891	-	387,891
Stage 3	-	1,627	1,627
Gross	1,260,060	80,953	1,341,013
Less: allowance for ECL	(2,517)	(5,723)	(8,240)
Net	$1,257,543	$75,230	$1,332,773

	December 31, 2020		
	Sovereign	Non-sovereign	Total
Stage 1	$1,034,322	$79,127	$1,113,449
Stage 2	224,057	-	224,057
Stage 3	-	1,627	1,627
Gross	1,258,379	80,754	1,339,133
Less: allowance for ECL	(1,731)	(5,315)	(7,046)
Net	$1,256,648	$75,439	$1,332,087

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Credit risk…*continued*

Credit quality…continued

Loans and advances – Stage 1 and Stage 2
The credit quality of the loan portfolio classified as Stage 1 and Stage 2 was assessed by reference to the internal rating system adopted by the Bank.

	2021		
	Sovereign	Non-Sovereign	Total Loans
Standard monitoring	$601,175	$27,627	$628,802
Special monitoring	561,851	47,603	609,454
Sub-Standard	94,517	-	94,517
	$1,257,543	$75,230	$1,332,773

	2020		
	Sovereign	Non-Sovereign	Total Loans
Standard monitoring	$615,452	$33,267	$648,719
Special monitoring	545,353	42,172	587,525
Sub-Standard	95,843	-	95,843
	$1,256,648	$75,439	$1,332,087

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Credit risk…*continued*

Credit quality…continued

Other financial assets

Other financial assets comprise amounts due from the Bank's member countries, local institutions and staff.

Other financial assets carried at amortised cost and classified as Stage 1 and 2

	2021				
	Basic Monitoring	Standard Monitoring	Special Monitoring	Sub-Standard	Total
Cash and cash equivalents	$304,727	$-	$-	$-	304,727
Receivables	-	-	14,069	-	14,069
Non-negotiable demand notes	8	15,554	284	2,595	18,441
Maintenance of value on currency holdings	1,250	3,006	-	-	4,256
Subscriptions in arrears	-	1	1,948	-	1,949
	$305,985	$18,561	$16,301	$2,595	$343,442

	2020				
	Basic Monitoring	Standard Monitoring	Special Monitoring	Sub-Standard	Total
Cash and cash equivalents	$95,349	$-	$-	$-	$95,349
Receivables	-	-	12,678	-	12,678
Non-negotiable demand notes	8	18,418	576	2,595	21,597
Maintenance of value on currency holdings	1,250	2,322	-	-	3,572
Subscriptions in arrears	-	990	1,953	-	2,943
	$96,607	$21,730	$15,207	$2,595	$136,139

Other financial assets – Fair value through profit and loss

	2021				
	Basic Monitoring	Standard Monitoring	Special Monitoring	Sub-Standard	Total
Derivative financial instruments	35,260	-	-	-	35,260

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Credit risk…*continued*

Credit quality…continued

Other financial assets…continued

Other financial assets – Fair value through profit and loss…*continued*

	2020				
	Basic Monitoring	Standard Monitoring	Special Monitoring	Sub-Standard	Total
Derivative financial instruments	94,288	-	-	-	94,288

Risk concentration of financial assets with exposure to credit risk

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The Bank manages risk concentration by counterparty and geography.

Geographical sectors
The following table presents CDB's main credit exposures at their gross amounts, net of impairment allowances. For this table, the exposures are allocated to regions based on the country of domicile of the counterparties. A further analysis of the Bank's exposure to loans by geographical region is provided at Note 10.

	2021				
	Borrowing Member Countries	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$34,236	$97,059	$173,432	$-	$304,727
Debt securities at fair value through OCI	-	86,594	269,899	128,608	485,101
Sovereign loans outstanding	1,257,543	-	-	-	1,257,543
Non-sovereign loans outstanding	75,230	-	-	-	75,230
Derivative financial instruments	-	14,208	21,052	-	35,260
Maintenance of value on currency Holdings	678	3,578	-	-	4,256
Non-negotiable demand notes	18,441	-	-	-	18,441
Subscriptions in arrears	1,949	-	-	-	1,949
Receivables	14,069	-	-	-	14,069
	$1,402,146	$201,439	$464,383	$128,608	$2,196,576

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Credit risk…*continued*

Risk concentration of financial assets with exposure to credit risk …continued

Geographical sectors…continued

	2020				
	Borrowing Member Countries	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$21,953	$9,579	$62,678	$1,139	$95,349
Debt securities at fair value through OCI	-	97,792	301,163	139,031	537,986
Sovereign loans outstanding	1,256,648	-	-	-	1,256,648
Non-sovereign loans outstanding	75,439	-	-	-	75,439
Derivative financial instruments	-	49,404	40,220	4,664	94,288
Maintenance of value on currency holdings	735	2,837	-	-	3,572
Non-negotiable demand notes	21,597	-	-	-	21,597
Subscriptions in arrears	2,943	-	-	-	2,943
Receivables	14,880	-	-	-	14,880
	$1,394,195	$159,612	$404,061	$144,834	$2,102,702

Market risk

CDB takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. CDB is exposed to two types of market risk - foreign currency risk and interest rate risk. Financial instruments affected by market risk include loans, debt securities at fair value through OCI, borrowings and derivative financial instruments.

Foreign currency *risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Bank manages foreign currency risk by ensuring that 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. It also manages this risk by entering into currency swaps where borrowing currencies are not denominated in USD. The following table summarises the exposure to foreign currency exchange rate risk. Included in the table are the financial instruments at carrying amounts, categorised by currency. Management has considered the impact of non-freely convertible currencies and the risk is minimal.

All of the Bank's loans are denominated in United States dollars.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Market risk…*continued*

Concentrations of foreign currency risk

	2021					
As at December 31	US$	Yen	CHF	Euro	Other	Total
Assets						
Cash and cash equivalents	$264,654	$-	$-	$1,624	$38,449	$304,727
Debt securities at fair value through OCI	480,416	-	-	-	4,685	485,101
Loans outstanding	1,332,773	-	-	-	-	1,332,773
Derivative financial instruments	15,206	20,054	-	-	-	35,260
Receivable from members	-	-	-	-	24,646	24,646
Receivables	11,584	-	-	1,796	689	14,069
Total financial assets	$2,104,633	$20,054	$-	$3,420	$68,469	$2,196,576
Liabilities						
Accounts payable	13,012	-	-	-	38	13,050
Borrowings	581,424	165,040	158,852	282,964	-	1,188,280
Total financial liabilities	$594,436	$165,040	$158,852	$282,964	$38	$1,201,330
Net on-balance sheet financial position	$1,510,197	$(144,986)	$(158,852)	$(279,544)	$68,431	$995,246
Credit commitments	$443,553	$-	$-	$-	$-	$443,553

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Market risk…*continued*

Concentrations of foreign currency risk …continued

	2020					
As at December 31	US$	Yen	CHF	Euro	Other	Total
Assets						
Cash and cash equivalents	$65,862	$-	$-	$-	$29,487	$95,349
Debt securities at fair value through OCI	533,180	-	-	-	4,806	537,986
Loans outstanding	1,332,087	-	-	-	-	1,332,087
Derivative financial instruments	33,313	44,539	4,664	-	11,772	94,288
Receivable from members	-	-	-	-	28,112	28,112
Receivables	12,751	-	-	-	2,129	14,880
Total financial assets	$1,977,193	$44,539	$4,664	$-	$76,306	$2,102,702
Liabilities						
Accounts payable	10,829	-	-	-	28	10,857
Borrowings	437,338	185,279	164,623	306,861	-	1,094,101
Total financial liabilities	$448,167	$185,279	$164,623	$306,861	$28	$1,104,958
Net on-balance sheet financial position	$1,529,026	$(140,740)	$(159,959)	$(306,861)	$76,278	$997,744
Credit commitments	$502,187	$-	$-	$-	$-	$502,187

NOTE 3 – RISK MANAGEMENT…*continued*

Market risk…*continued*

Foreign currency sensitivity

In calculating these sensitivities management made the assumptions that the sensitivity of the relevant item within profit or loss is the effect of the assumed changes in respect of market risks based on the financial assets and liabilities at the reporting period.

The Bank entered into currency swap agreements by which proceeds of two Yen, one Swiss Franc (CHF), and one Euro (EUR) denominated borrowing were converted into US dollars in order to hedge against ongoing operational currency and interest rate risks.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Market risk…*continued*

Foreign currency sensitivity…*continued*

The following is the estimated impact on profit or loss that would have resulted from management's estimate of reasonably possible changes in the Yen and EUR and the CHF rates respectively:

YEN	Effect on profit or loss (Income)/Expense	
Exchange rate movements	2021	2020
Increase of 5%	$1,381	$(13,994)
Decrease of 5%	$17,904	$4,461
Increase of 10%	$(5,754)	$(21,963)
Decrease of 10%	$27,543	$15,227

CHF	Effect on profit or loss (Income)/Expense	
Exchange rate movements	2021	2020
Increase of 5%	$6,893	$(2,611)
Decrease of 5%	$22,818	$13,892
Increase of 10%	$16	$(9,738)
Decrease of 10%	$32,107	$23,520

EURO	Effect on profit or loss (Income)/Expense	
Exchange rate movements	2021	2020
Increase of 5%	$12,646	$(14,612)
Decrease of 5%	$41,013	$16,151
Increase of 10%	$396	$(27,896)
Decrease of 10%	$57,561	$34,096

The 'Other' currency category comprises various individual currencies which management does not consider to be material and therefore sensitivity analysis has not been applied.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows on the fair value of financial instruments. CDB manages its interest rate exposure by ensuring that the changes in the cash flow of its assets closely match those of its liabilities. This relationship is maintained by the use of interest rate swaps which converts its liabilities from fixed rate into floating rate obligations where applicable.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Market risk…*continued*

Interest rate risk…continued

The following table summarises the exposure to interest rate risks including financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Exposure to interest rate risk

	2021					
At December 31	0-3 months	3-12 months	1-5 years	Over 5 years	Non-interest generating/bearing	Total
Assets						
Cash and cash equivalents	$304,727	$-	$-	$-	$-	$304,727
Debt securities at fair value through OCI	45,155	27,155	228,241	184,550	-	485,101
Loans outstanding	1,332,773	-	-	-	-	1,332,773
Derivative financial instruments	20,054	15,206	-	-	-	35,260
Receivable from members	-	-	-	-	24,646	24,646
Receivables	-	-	-	-	14,069	14,069
Total Assets	$1,702,709	$42,361	$228,241	$184,550	$38,715	$2,196,576
Liabilities						
Accounts payable	-	-	-	-	9,358	9,358
Borrowings	4,145	125,428	371,269	687,438	-	1,188,280
Total Liabilities	$4,145	$125,428	$371,269	$687,438	9,358	$1,197,638
Total interest sensitivity Gap	$1,693,803	$(76,933)	$(143,921)	$(503,513)	$29,357	$998,938

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NOTE 3 – RISK MANAGEMENT…*continued*

Market risk…*continued*

Exposure to interest rate risk…continued

	2020					
At December 31	0-3 months	3-12 months	1-5 years	Over 5 years	Non-interest generating/bearing	Total
Assets						
Cash and cash equivalents	$95,349	$-	$-	$-	$-	$95,349
Debt securities at fair value through OCI	42,632	43,657	230,075	221,622	-	537,986
Loans outstanding	1,332,087	-	-	-	-	1,332,087
Derivative financial instruments	49,204	45,084	-	-	-	94,288
Receivable from members	-	-	-	-	28,112	28,112
Receivables	-	-	-	-	14,880	14,880
Total Assets	$1,519,272	$88,741	$230,075	$221,622	$42,992	$2,102,702
Liabilities						
Accounts payable	-	-	-	-	6,970	6,970
Borrowings	4,315	12,946	431,638	645,202	-	1,094,101
Total Liabilities	$4,315	$12,946	$431,638	$645,202	$6,970	$1,101,071
Total interest sensitivity Gap	$1,514,957	$75,795	$(201,563)	$(423,580)	$36,022	$1,001,631

Interest rate sensitivity

All other variables held constant (and excluding the effects of the derivative instruments), if interest rates had been 50 bps higher, net income for the year would have increased by $3,817 (2020: $3,538). Had interest rates been 50 bps lower, net income would have declined by the same amount.

NOTE 3 – RISK MANAGEMENT…*continued*

Market risk…*continued*

Exposure to interest rate risk…continued

Interest rate sensitivity…continued

All other variables held constant and including the impact of the derivative instruments, if interest rates had been 50 bps higher, net income for the year would have decreased by $3,591 (2020: $33,191). Had interest rates been 50 bps lower, net income for the year would have increased by $11,526 (2020: $46,689).

The sensitivity analyses have shown the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. The 50-bps movement represents management's assessment of a reasonable possible change in interest rates.

Liquidity risk

Liquidity risk relates to the probability that the Bank will be unable to meet the payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations or to disburse on its loan commitments. This risk is managed by conformity to the Bank's policy of maintaining a net three years' funding requirement of $564.2 million (2020: $489 million;) or 40% of undisbursed loan commitments and loans not yet effective (comprising loans approved by the BOD for which all conditions precedent have not yet been met) of $537.1 million (2020: $617 million), whichever is greater.

The Bank holds a diversified portfolio of cash and securities to support payment obligations and contingent funding in the event of a highly stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with commercial banks;
- Time deposits;
- Government bonds and other securities that can be readily liquidated; and
- Secondary sources of liquidity including a line of credit with a commercial bank.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Liquidity risk …*continued*

Non-derivative cash flows

The table below presents the cash flows by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2021				
At December 31	0 – 3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	$304,727	$-	$-	$-	$304,727
Debt securities at fair value through OCI	42,353	34,941	226,869	192,050	496,213
Loans outstanding	57,196	122,113	688,797	705,171	1,573,277
Receivable from members	-	24,646	-	-	24,646
Receivables	12,999	739	244	87	14,069
Total Assets	$417,275	$182,439	$915,910	$$897,308	2,412,932
Liabilities					
Accounts payable	-	1,388	-	2,804	4,192
Borrowings	116,822	33,917	372,104	818,257	1,341,100
Total Liabilities	$116,822	$35,305	$372,104	$821,061	$1,345,292

	2020				
At December 31	0 – 3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	$95,349	$-	$-	$-	$95,349
Debt securities at fair value through OCI	47,744	49,811	244,674	230,932	573,161
Loans outstanding	56,090	117,002	656,596	766,401	1,596,089
Receivable from members	-	28,112	-	-	28,112
Receivables	13,773	71	344	692	14,880
Total Assets	$212,956	$194,996	$901,614	$998,025	$2,307,591
Liabilities					
Accounts payable	120	450	2,313	20	2,903
Borrowings	8,784	31,807	436,599	779,742	1,256,932
Total Liabilities	$8,904	$32,257	$438,912	$779,762	$1,259,835

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Liquidity risk …*continued*

Derivative cash flows

The following table shows the derivative financial instruments that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	2021				
At December 31	0 - 3 months	3-12 months	1-5 years	Over 5 years	Total
Derivative asset:					
Derivative financial instruments	$6,773	$7,194	$14,803	$10,144	$38,914
Derivative liability	$(1,441)	$(2,616)	$(34,338)	$18,195	$(20,200)

	2020				
At December 31	0 - 3 months	3-12 months	1-5 years	Over 5 years	Total
Derivative asset:					
Derivative financial instruments	$1,969	$7,379	$14,640	$67,833	$91,821

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Liquidity risk …*continued*

Commitments, guarantees and contingent liabilities

Loan and capital commitments
The table below summarises the amounts of the Bank's commitments and guarantees to which it has committed for the extension of credit to its BMCs.

Loan commitments represent amounts undrawn against loans approved by the BOD. Capital commitments represent obligations in respect of ongoing capital projects.

Other commitments comprised a proposed allocation, subject to the approval of the Board of Governors of the Bank, from the net income of the OCR to the operations of the Special Development Fund [SDF (U)] in respect of the four (4) year cycle (Cycle 9) covering the period 2017 to 2020.

	2021		
At December 31	0-12 months	1-5 years	Total
Loan commitments	$155,000	$276,553	$431,553
Guarantees	12,000	-	12,000
	$167,000	$276,553	$443,553

	2020		
At December 31	0-12 months	1-5 years	Total
Loan commitments	$209,000	$266,188	$475,188
Other commitments	5,000	10,000	15,000
Guarantees	12,000	-	12,000
	$226,000	$276,188	$502,188

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Fair value of financial assets and liabilities

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included in Level 1 for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 – Inputs for the asset or liability for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and liabilities measured at fair value

All of the Bank's financial assets and liabilities which are measured at fair value are classified as Level 2 as follows:

December 31	2021	2020
Financial assets at fair value through profit or loss		
Derivative financial instruments	$35,260	$94,288
Financial assets at fair value through OCI		
Debt securities	485,101	537,986
	520,361	$632,274
Financial liabilities at fair value through profit or loss		
Derivative financial instruments	$27,273	$-
	$27,273	$-

There were no transfers between Level 2 and Level 3 during the year.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Fair value of financial assets and liabilities…*continued*

Financial instruments not measured at fair value

The fair value measurement using valuation techniques for the Bank's assets and liabilities which are not measured at fair value but for which fair value is disclosed is as follows:

	Carrying value		Fair value	
	2021	2020	2021	2020
Financial assets – loans and receivables				
Loans outstanding	$1,332,773	$1,332,087	$1,140,027	$1,343,895
Financial liabilities – amortised cost				
Borrowings	$1,188,280	$1,094,101	$1,418,270	$1,629,404

The fair value of both the loans outstanding and borrowings disclosed above is ranked as Level 2 in the fair value hierarchy. There is no active market for loans made by CDB's to its BMCs and therefore there are no quoted market prices which can be used to value such assets. The discounted cash flow method which is used to derive the fair value of the loans contains inputs in the form of a series of interest rates which reflect the tenor and the credit risk associated with the cash flows arising from the loans. Yield curves which are derived from observable market trades of US-dollar denominated bonds, issued by US-based financial institutions with credit-ratings similar to those assigned to CDB's BMCs, are deemed to be acceptable proxies for the yield curves required by the discounted cash flow valuation process. The credit ratings for BMCs which have been assigned ratings by international credit rating agencies are used in the cashflow analysis.

Capital Management

CDB's objectives when managing capital, which is a broader concept than "equity" on the face of the statement of financial position, are to:

(i) Safeguard the Bank's ability to continue as a going concern; and
(ii) Maintain a strong capital base to support its development mandate.

The Bank's capital adequacy framework which is consistent with the guidelines developed by the Basel Committee takes into account the Bank's total equity, which is defined as paid-up capital, retained earnings and reserves, less receivables from members, the effects of derivative adjustments. The goals of the Bank's capital adequacy are to:

(i) Ensure a reliable framework and methodology to determine the appropriate levels of economic capital that the Bank should carry; and
(ii) Determine from time to time the appropriate changes in the level of economic capital that the Bank must have, based on changes in the risk profile of its credit exposures.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

Capital Management…*continued*

The Bank adopted a Risk Adjusted Capital (RAC) policy framework to measure and manage its capital adequacy in March 2021. This methodology permits the consideration of a comprehensive scope of risks including credit, operational, concentration, and market risk. It also captures the mitigating impact of Preferred Credit Treatment, which is a beneficial factor unique to Multi-Lateral Institutions. The policy requires the Bank to maintain risk adjusted capital (as defined in the Bank's Board approved policy) at a minimum level of 24% of risk weighted assets.

As at December 31, 2021 the Bank's risk adjusted capital ratio was 27.2% .

The RAC ratio replaced the capital adequacy framework which required the Bank to maintain available capital at a minimum level of 150% of baseline economic capital. As at December 31, 2020 the Bank's available capital ratio was 211.0%.

NOTE 4 – SEGMENT ANALYSIS & REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. Under Article 33.4 of the Bank's Charter, the President is the Chief Executive Officer (CEO) and is required to conduct, under the direction of the Board of Directors (BOD) the current business of the Bank.

In accordance with IFRS 8 the Bank has one reportable segment, its OCR, since its operations are managed as a single business unit and it does not have multiple components for which discrete financial information is produced and reviewed by the chief operating decision maker for performance assessment and resource allocation.

The following table presents CDB's outstanding loan balances inclusive of accrued interest and net of impairment provisions as of December 31, 2021 and 2020, and associated interest income by countries which generated in excess of 10% of the loan interest income for the years ended December 31, 2021 and 2020:

	Interest income		Loans outstanding	
Country	2021	2020	2021	2020
Barbados	$8,647	$10,898	$254,748	$262,075
Jamaica	3,585	5,334	101,335	118,958
Antigua and Barbuda	4,494	5,370	136,419	115,787
Others	31,177	34,864	840,271	835,267
	$47,903	$56,466	$1,332,773	$1,332,087

NOTE 5 – FINANCIAL ASSETS

Initial recognition and measurement of financial assets
Financial assets, with the exception of loans, are initially recognised on the settlement date, i.e., the date on which the transaction becomes final and payment must be made. This includes regular way trades – purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans are recognised when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value. Trade receivables are measured at the transaction price.

Measurement categories of financial assets

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost.
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit and loss (FVPL)

The Bank classifies and measures its derivatives at FVPL. The debt securities are classified as FVOCI.

The Bank has not designated any financial instruments at FVPL in order to eliminate or significantly reduce measurement or recognition inconsistencies (accounting mismatches).

Subsequent measurement

Loans outstanding, receivable from members and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation recognised is included in 'Interest and similar income' in the statement of comprehensive income. The losses arising from impairment of loans and receivables are recognised in the statement o comprehensive income in 'Impairment (recovery)/charges'.

NOTE 5 – FINANCIAL ASSETS …*continued*

Subsequent measurement…continued

Loans outstanding, receivable from members and receivables…continued

The Bank measures loans outstanding, receivable from members and receivables at amortised cost having determined that both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The details of these conditions are outlined below.

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective and in which loans to members, receivables from members and receivables are assessed on a counterparty level having regard to the small number of borrowers in the portfolio.

Assessment is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) of meeting and, in particular, the way those risks are managed.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test
As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether it meets the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation recognised of the premium/discount, if applicable). The Bank's loans are approved for fixed amounts with pre-determined repayment dates and other terms in settlement of principal and interest amounts. The receivables from members and receivables are for fixed amounts, but without pre-determined repayment dates.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. The Bank's operating currency is US Dollars and interest rates for loans are set on a quarterly basis based on the cost of funds and an appropriate margin to cover operating expenditures and to realise a return. Receivables from members and receivables are interest free.

NOTE 5 – FINANCIAL ASSETS …*continued*

Subsequent measurement…continued

Debt securities

The Bank classifies its debt securities at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECL calculation for Debt securities at FVOCI is explained below. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Derivatives recorded at fair value through profit or loss

The Bank's derivatives are classified at FVPL.

The Bank enters into interest rate swaps and/or cross currency swaps with various counterparties and in accordance with approved policy. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed in Note 14. Changes in the fair value of derivatives are presented as '*Derivative fair value adjustments*' in the statement of comprehensive income in the period during which they arise. Income and expenditures related to derivative financial instruments are shown as *'Net interest income from derivatives'* in Note 22 (b) and are included in *'Interest expense and similar charges'* in the statement of comprehensive income.

Fair Value Measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or those for which only fair values are disclosed, are itemised in Note 3 – *Risk Management – "Fair value of financial assets and liabilities*".

For financial instruments traded in active markets, the determination of fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset takes place either in the principal market for the asset or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Bank.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset assuming that the market participants are acting in their economic best interest.

NOTE 5 – FINANCIAL ASSETS …*continued*

Fair Value Measurement…continued

The Bank uses widely recognised valuation models for determining fair values of non-standardised financial instruments for which the inputs into models are generally market observable. Models are also used to determine the fair value of financial instruments that are not quoted in active markets. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, consideration of inputs such as credit risks, liquidity risks, volatilities and correlations require the inclusion of estimates by management. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Financial assets are allocated within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of financial assets

Overview of the ECL principles

The Bank records the allowance for expected credit losses for all loans and other financial assets not held at FVPL, together with loan commitments and financial guarantee contracts (all referred to as 'financial instruments' below).

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on an individual basis.

Determination of significant increase in credit risk

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

NOTE 5 – FINANCIAL ASSETS …*continued*

Impairment of financial assets…*continued*

Based on the above process, the Bank groups its financial assets into Stage 1, Stage 2, Stage 3 as described below:

- Stage 1: When financial assets are first recognised, the Bank recognizes an allowance based on 12mECLs. Stage 1 financial assets also include those assets where the credit risk has improved and the asset has then been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast exposure at default (EAD) and multiplied by the expected loss given default (LGD) and discounted by an approximation to the original EIR. This calculation is made for each of three scenarios, as explained below.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. These also include assets for which the credit risk has improved and the loan has been reclassified from Stage 3. The mechanics are similar to those outlined above for Stage 1, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3: For loans considered credit-impaired the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the probability of default [PD] set at 100%.

The calculation of ECLs

The Bank calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The three probability weighted scenarios comprise a base case, an optimistic scenario and a pessimistic scenario each of which is associated with different PDs, Exposure at Default [EAD]s and Loss given default [LGD]s.

NOTE 5 – FINANCIAL ASSETS …*continued*

Impairment of financial assets…*continued*

Debt instruments measured at fair value through OCI

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The mechanics of the ECL calculations are outlined below:

- PD – The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD – The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.
- PCT factor – The Preferred Creditor Treatment (PCT) factor is calculated as a mitigation of the total ECL computed in accordance with the standard formula, to reflect the status of the Bank as a preferred creditor by its sovereign borrowers. PCT treatment includes the obligation to meet the payments of all sovereign debts in full and on time, no re-negotiation or "hair-cuts" on outstanding amounts and the role of the Bank as a lender of last resort which rests in large part on the respect of PCT treatment to all institutions similar to the Bank.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market, counterparties or business model at the date of the financial statements. To reflect this, adjustments or overlays are occasionally made when such differences are significantly material. This includes taking into account the Bank's PCT afforded by its borrowing members as well as forward looking information.

Loans outstanding, receivables from members and receivables

The amount of the provision is the difference between the assets' carrying value and the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income.

NOTE 5 – FINANCIAL ASSETS …*continued*

Impairment of financial assets…*continued*

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to the statement of comprehensive income. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Forward looking information
In its ECL models, the Bank relies on a broad range of forward-looking information as economic and financial inputs, especially for its sovereign borrowers, such as:

- GDP growth projections
- Unemployment rate trends
- Debt profiles, debt management and projected debt levels
- Foreign exchange reserves outlook
- Political and social stability
- Growth trends in significant economic sectors
- External evaluation reports such as those of other IFIs such as the World Bank, IMF and internationally recognised credit rating agencies

The inputs and models used for calculating ECLs may not always capture all characteristics of the market and economy at the reporting date. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Definition of default and cure

The Bank considers a loan defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 180 days past due in the case of sovereign borrowers and 90 days past due in the case of non-sovereign on their contractual payments. Members' receivables are considered defaulted when the payments are 180 days past due. Debt securities and other receivables are considered defaulted when the contractual payments are 90 days past due.

NOTE 5 – FINANCIAL ASSETS …*continued*

Impairment of financial assets…*continued*

Definition of default and cure…continued

As a part of a qualitative assessment of whether a sovereign or non-sovereign borrower is in default, the Bank also considers a variety of instances that may indicate inability to pay so as to determine whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events (only some of which will be applicable to each type of borrower), include:

- External and Internal credit rating of the borrower
- Prognosis of economic performance
- Debt restructuring, consolidations or defaults to lenders
- The borrower requesting emergency funding from the Bank or other sources
- The borrower entering into a structured economic programme with other MDBs
- The borrower having past due liabilities to public creditors or employees
- A covenant breach not waived by the Bank
- Breach of the Bank's preferred creditor treatment
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Debtor's listed debt or equity suspended at the primary exchange because of indicators or facts about financial difficulties.

It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3, when none of the default criteria have been present for at least six consecutive months in the case of sovereign loans. In the case of non-sovereign loans and other financial assets the assessment period would be at least for a minimum of one year. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated economic and financial performance at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Write-offs

The Bank does not write-off, renegotiate or take "haircuts" on its sovereign loans in accordance with its business model, polices and its legal status. Financial assets of a non-sovereign nature are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

NOTE 5 – FINANCIAL ASSETS …*continued*

Impairment of financial assets…*continued*

The Bank's internal rating and PD estimation process
The Bank's ORM operates its internal rating models. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Where practical, they also build on information from external rating agency action and information. These information sources are first used to determine the PDs within the Bank's Basel III framework. The internal credit grades are assigned based on these Basel III grades. PDs are then adjusted to incorporate forward looking information and the stage classification of the exposure. This is repeated for each economic scenario as appropriate.

Sovereign loans
Due to the nature of its borrowers and guarantors and relevant aspects of the Bank's business model, management expects that all of its sovereign and sovereign guaranteed loans will be repaid in full. The OCR has had a fully performing sovereign and sovereign guaranteed loan portfolio since its inception in 1970.

Recognition of interest income on written-off loans
Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The estimated future cash flows projected in the effective interest rate method consider all contractual terms but do not consider future credit losses that have not yet been incurred.

Significant accounting judgements, estimates and assumptions
The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses as well as the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different allowance amounts.

NOTE 5 – FINANCIAL ASSETS…*continued*

Impairment of financial assets…*continued*

The Bank's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit rating model, which assigns Probabilities of Default (PDs) to the individual ratings;
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the associated qualitative assessment;
- Utilisation of appropriately tested ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs and the effect on PDs, Exposure at Default (EADs) and Losses given Default (LGDs);
- Selection of forward-looking macroeconomic scenarios and their probability weightings to derive the economic inputs into the ECL models;
- Evaluation of the impact of unique mitigating factors against credit losses based on the nature of the Bank, its ownership, borrowers and its preferred creditor status.
- Determination of the mitigating factor for the Bank's PCT status

Collateral valuation

To mitigate its credit risks in its non-sovereign portfolio the Bank seeks to use collateral to secure or further secure its loans primarily in non-interest-bearing cash deposits and charges against trade assets in the non-sovereign portfolio. Non-cash collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed annually. The Bank held cash collateral with respect to three non-sovereign borrowers amounting to $4.1 million (2020: $3.2 million).

Renegotiated loans

It is the Bank's policy not to renegotiate sovereign loans. In respect of its non-sovereign portfolio the Bank seeks to restructure loans in preference to taking possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once terms have been renegotiated any impairment is measured using the original effective interest rate as calculated before the modification of terms and the loan is no longer considered past due. There are no renegotiated loans in the Bank's portfolio.

NOTE 5 – FINANCIAL ASSETS…*continued*

Impairment of financial assets…*continued*

De-recognition…continued

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e., removed from the statement of financial position) when:

(i) The rights to receive cash flows from the asset have expired; or
(ii) The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

 (a) the Bank has transferred substantially all the risks and rewards of the asset; or
 (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Bank continues to recognise the transferred asset to the extent of the Bank's continuing involvement. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

NOTE 6 – CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash, time deposits, and amounts due from other banks.

Cash and cash equivalents comprise the following balances:

	2021	2020
Due from banks	$165,504	$95,349
Time deposits	139, 223	-
	$304,727	$95,349

Due from banks includes cash and inter-bank placements. The estimated fair value of floating rate placements and overnight deposits is their carrying value.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 7 – DEBT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The accounting policy is as defined in Note 5.

(a) A summary of the Bank's debt securities at fair value through other comprehensive income as at December 31, 2021 is as follows:

	2021			
	USD	CAD	Other	Total
December 31				
Obligations guaranteed by Governments[1]	$257,006	$-	$-	$257,006
Multilateral organisations	69,202	3,966	-	73,168
Corporations	154,168	-	-	154,168
Time deposits	-	-	759	759
	$480,376	$3,966	$759	$485,101

	2020			
	USD	CAD	Other	Total
December 31				
Obligations guaranteed by Governments[2]	$307,148	$-	$-	$307,148
Multilateral organisations	80,322	4,043	-	84,365
Corporations	145,711	-	-	145,711
Time deposits	-	-	762	762
	$533,181	$4,043	$762	$537,986

The ECL computed for debt securities at FVOCI was $24 as at December 31, 2021 (2020: $18).

(b) A maturity analysis of debt securities at fair value through other comprehensive income as at December 31 is as follows:

	2021	2020
Current	$73,828	$88,347
Non-current	411,273	449,639
	$485,101	$537,986

1/ Freely convertible currencies in Government and Government-guaranteed obligations which are members of the G7 or EU and its agencies.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 8 – RECEIVABLES AND PREPAID ASSETS

The accounting policy for receivables is as defined at Note 5. Prepaid assets are not financial assets. They recorded on the statement of financial position when cash is paid and expensed over the relevant contract term.

Due to the short-term nature of receivables and prepaid assets, fair value is assumed to be equal to carrying value.

Receivables and prepaid assets comprise the following:

	2021	2020
Inter-fund receivable – Note 27	$12,907	$13,566
Staff loans and other receivables	483	654
Value added tax receivable	1,060	1,012
Institutional receivables	175	192
Prepaid assets	636	663
	15,261	16,087
Allowance for ECL	(556)	(545)
	$14,705	$15,542

An assessment of the allowance for ECL as at December 31 is as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance as at January 1, 2020	$-	$83	$343	$545
Impairment charge (Note 24)	4	(83)	198	119
Balance as at December 31, 2020	$4	$-	$541	$545
Impairment (recovery)/charge (Note 24)	(4)	-	15	11
Balance as at December 31, 2021	$-	$-	$556	$556

NOTE 9 – CASH COLLATERAL ON DERIVATIVES

The cash collateral on derivatives is a financial asset as defined in Note 5.

The Bank attempts to reduce counterparty credit exposure in derivative transactions through bilateral collateral requirements. Under these arrangements collateral is not required to be posted up to an agreed valuation threshold beyond which collateral is posted in cash by either one of the parties based on the exposure that is in excess of the credit threshold. When the Bank's derivative is in a liability position, it posts collateral to the counterparty and records the collateral posted as an asset receivable. When the Bank's derivative is in a receivable position, it receives collateral from the counterparty and records the collateral received as a reduction in the receivable or an increase in the liability.

The Bank is party to a currency swap with Credit Suisse International AG to convert $145 million CHF to USD at a fixed exchange rate on a fixed date and to exchange a fixed interest rate of 0.297% for a floating rate based on USD Libor.

As at December 31, 2021, the collateral receivable from Credit Suisse International in respect of this cross-currency interest rate swap was nil (2020: nil). Interest on this account is calculated at the daily US Federal Funds rate and the amounts earned for the year was nil (2020: $3).

These arrangements form part of the Credit Support Annex ("CSA") to the ISDA Agreement and are an integral part of the valuation of the fair value of the underlying derivatives as disclosed in Note 3 – *Risk Management* and Note 14 – *Derivative financial instruments.*

NOTE 10 – LOANS OUTSTANDING

Loans outstanding are financial assets as defined in Note 5.

The Bank's loan portfolio comprises loans granted to, or guaranteed by, its BMCs and are disbursed and repaid in US Dollars. Loans are granted for a maximum period of twenty-two years, including a grace period, which typically covers the period of the project implementation and are for the purpose of financing development projects and programmes, and are not intended for sale. Interest rates are reset quarterly. The interest rate prevailing as at December 31, 2021 was 3.30% (2020: 3.75%)

The estimated fair values of the loans are based on discounted cash flow models using an estimated yield curve appropriate for the remaining term to maturity. The loans are evaluated based on parameters such as interest rates, specific country risk factors and individual credit worthiness.

NOTE 10 – LOANS OUTSTANDING…*continued*

Collateral
CDB does not take collateral on its sovereign loans. The Loans (CDB) Acts or other applicable legislation are enacted in the various BMCs and authorise the governments to raise loans from CDB or guarantee loans provided by CDB to their statutory authorities. They also provide for repayment of any loan made by CDB to the Government or to any statutory corporation, to be charged upon and paid out of the consolidated fund. CDB also derives comfort from the negative pledge condition included in its loan agreements which prohibits, except with CDB's written consent, the charging of Government assets to secure external indebtedness unless CDB is equally and ratably secured. Furthermore, CDB continues to be accorded preferred creditor treatment (PCT) by its BMCs by which, in applicable circumstances, the Bank's loans are not included in any debt rescheduling arrangements and defaults of its BMCs and the Bank is also given preferential access to foreign currency.

With respect to non-sovereign loans, CDB requires its commitments to be secured, the nature and extent of which is determined on a case-by-case basis. The Bank secures non-interest-bearing cash collateral against certain non-sovereign loans the amounts of which are estimated to be sufficient to maintain the loan in a current status in the event that this would become a requirement. If not utilised the amounts are refundable to the borrower upon maturity of the loan. In addition to security pledged by the borrower, the security against the non-sovereign loans, where applicable, also comprises that pledged against sub-loans (comprising loans on-lent by the borrower in accordance with terms of the original loan agreement) assigned to trusts that are managed by the borrower at no cost to CDB.

The fair value of the collateral held (off-balance sheet) for the impaired non-sovereign loans was not able to be valued due to the nature of the collateral and the cost effectiveness of establishing the value of the security, being the fair value of sub-loans and the Bank's portion of the estimated realisable value of a property. These values would not, in management's view, be material to the financial statements.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 10 – LOANS RECEIVABLE…*continued*

(a) The following tables disclose the Bank's credit exposures at their carrying amounts, as categorised by Borrowing Member Countries, regional institutions and non-sovereign entities as at December 31.

2021

Borrowers	Loans not yet effective	Undisbursed	Outstanding	% of Loans outstanding
Anguilla	$-	$1,581	$75,112	5.7
Antigua and Barbuda	-	51,508	135,217	10.2
Bahamas	-	20,168	120,987	9.1
Barbados	4,000	5,793	252,929	19.0
Belize	-	64,651	125,609	9.5
British Virgin Islands	-	20,036	95,911	7.2
Dominica	-	5,605	24,584	1.8
Grenada	-	10,293	37,499	2.8
Guyana	101,466	250	22,243	1.7
Jamaica	-	1	100,392	7.6
St. Kitts and Nevis	-	3,283	20,015	1.5
St. Lucia	-	20,820	86,261	6.5
St. Vincent and the Grenadines	-	143,031	59,170	4.5
Suriname	-	80,839	56,563	4.3
Trinidad and Tobago	-	2,724	27,681	2.1
Turks and Caicos Islands	-	970	143	0.0
Regional	-	-	7,169	0.5
Non-sovereign	-	-	79,165	6.0
Sub-total	105,466	431,553	1,326,650	100.0
Allowance for ECL			(8,240)	
Accrued interest and other charges			14,363	
	$105,466	$431,553	$1,332,773	
Current			$129,348	
Non-current			$1,203,425	
			$1,332,773	

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 10 – LOANS OUTSTANDING…*continued*

(a) Credit exposures…*continued*

2020				
Borrowers	Loans not yet effective	Undisbursed	Outstanding	% of Loans outstanding
Anguilla	$-	$2,059	$74,809	5.7
Antigua and Barbuda	-	60,372	114,620	8.7
Bahamas	-	23,056	118,687	9.0
Barbados	-	15,626	259,882	19.6
Belize	21,300	61,631	117,969	8.9
British Virgin Islands	-	30,395	93,087	7.0
Dominica	-	6,651	25,229	1.9
Grenada	-	5,877	39,286	3.0
Guyana	101,466	995	24,398	1.8
Jamaica	-	1	117,726	8.9
St. Kitts and Nevis	-	3,989	23,035	1.8
St. Lucia	7,378	30,221	79,742	6.0
St. Vincent and the Grenadines	12,003	134,090	63,611	4.8
Suriname	-	87,234	56,051	4.2
Trinidad and Tobago	-	6,337	28,149	2.1
Turks and Caicos Islands	-	1,114	249	0.0
Regional	-	-	8,242	0.6
Non-sovereign	-	5,540	79,389	6.0
Sub-total	142,147	475,188	1,324,161	100.0
Allowance for ECL	-	-	(7,046)	
Accrued interest and other charges	-	-	14,972	
	$142,147	$475,187	$1,332,087	

	2020
Current	$121,785
Non-current	1,210,302
	$1,332,087

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NOTE 10 – LOANS OUTSTANDING…*continued*

(b) An analysis of the composition of outstanding loans was as follows:

2021

Currencies receivable	Loans out-standing 1 January 2020	Net interest	Disbursements	Repayments	Impairment charge	Loans out-standing 31 December 2021
United States dollars	$1,324,161	$-	$113,325	$(110,836)	$-	$1,326,650
Sub-total	1,324,161	.	113,325	(110,836)	-	1,326,650
Allowance for ECL	(7,046)	.	-	.	(1,194)	(8,240)
Accrued interest	14,972	(609)	-	.	-	14,363
Total – December 31	$1,332,087	$(609)	$113,325	$(110,836)	$(1,194)	$1,332,773

2020

Currencies receivable	Loans out-standing 1 January 2019	Net interest	Disbursements	Repayments	Impairment charge	Loans out-standing 31 December 2020
United States dollars	$1,246,382	$-	$195,881	$(118,102)	$-	$1,324,161
Sub-total	1,246,382	-	195,881	(118,102)	-	1,324,161
Allowance for ECL	(12,920)	-	-	-	5,874	(7,046)
Accrued interest	15,856	(884)	-	-	-	14,972
Total – December 31	$1,249,318	$(884)	$195,881	$(118,102)	$5,874	$1,332,087

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 10 – LOANS OUTSTANDING…*continued*

(c) Reconciliation of the allowance account for ECL on loans is as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance as at January 1, 2020	$8,502	$1,176	$3,242	$12,920
Impairment charge (Note 24)	(3,869)	(389)	(1,616)	(5,874)
Balance as at December 31, 2020	4,633	787	1,626	7,046
Impairment charge (Note 24)	420	774	-	1,194
Balance as at December 31, 2021	$5,053	$1,561	$1,626	$8,240

NOTE 11 – NON-NEGOTIABLE DEMAND NOTES

Non-negotiable demand notes are financial assets as defined in Note 5.

Under the provisions of its Charter the Bank shall accept, in place of any part of the members' currency paid or to be paid with respect to capital subscriptions, promissory notes issued by the Government of the member or by the depository designated by the member, subject to such currency not being required by the Bank for the conduct of its operations. These notes are non-negotiable, non-interest bearing and payable at their par value on demand. They are classified as current assets and their fair value is therefore estimated to be their carrying value.

As at December 31, the non-negotiable demand notes were comprised as follows: -

	2021	2020
Gross carrying amount	$18,659	$21,818
Allowance for ECL	(218)	(221)
	$18,441	$21,597

An assessment of the allowance for ECL as at December 31 is as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance as at January 1, 2020	$461	$24	$992	$1,477
Impairment (recovery)/charge (Note 24) – *included in "Receivable from members" line*)	(240)	(24)	(992)	(1,256)
Balance as at December 31, 2020	$221	$-	$-	$221
Impairment (recovery)/charge (Note 24) – *included in "Receivable from members" line*)	(3)	-	-	(3)
Balance as at December 31, 2021	$218	$-	$-	$218

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 12 – MAINTENANCE OF VALUE (MOV) ON CURRENCY HOLDINGS

MOV receivables are financial assets as defined in Note 5.

In order to ensure that receipts for capital subscriptions originally paid in currencies other than US dollars retain at a minimum their value as determined in accordance with Article 24 of the Charter, each member is required to maintain the value of its currency held by the Bank. If in the opinion of the Bank, the value of a Member's currency depreciates or appreciates to a significant extent, the Bank or Member may be required to repay an amount of currency equal to the increase or decrease in the value of its currency which is held by the Bank in respect of capital subscriptions. 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 that are not so deferred are due for settlement within 12 months of the date established. The regime approved by the Board with respect to MOV payments does not allow for the making of MOV payments by the Bank where circumstances are unfavorable to the Bank. In particular, it permits the offsetting of Notes and will allow the encashment of Notes only with the prior and specific approval of the Board.

Member countries, whose currencies do not have a fixed relationship with the US dollar but for which there have been adjustments to the exchange rate, are obliged to maintain the value of their currencies in respect of capital contributions if such currencies depreciate. These adjustments are made to maintain the value of the member's subscriptions received by the Bank and are based on the prevailing exchange rates at the end of each reporting period, therefore reflecting fair value and can constitute a liability of the member or the Bank.

As at December 31 maintenance of value on currency holdings was comprised as follows:

	2021	2020
Gross carrying amount	$4,256	$3,572
Allowance for ECL	-	-
	$4,256	$3,572

All asset values were classified as stage 1.

As at December 31, 2021 $76 (2020: $317) was due by the Bank.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 13 – SUBSCRIPTIONS IN ARREARS

Subscriptions in arrears are financial assets as defined in Note 5.

Member countries are required to meet their obligations for paid-in shares in six instalments. The values below represent amounts that are due and not yet paid by certain members.

The amount reported as subscriptions in arrears is comprised as follows:

	2021	2020
Gross carrying amount	$1,981	$2,970
Allowance for ECL	(32)	(27)
	$1,949	$2,943

An assessment of the allowance for ECL as at December 31 is as follows:

	Stage 1
Balance as at January 1, 2020	$45
Impairment recovery (Note 24) – *included in "Receivable from members" line*)	(18)
Balance as at December 31, 2020	$27
Impairment charge (Note 24) – *included in "Receivable from members" line*)	5
Balance as at December 31, 2021	$32

NOTE 14 – DERIVATIVE FINANCIAL INSTRUMENTS

The accounting policy is described in Note 5.

The Bank is party to six swaps with four counterparties. Two swaps were used to transform underlying fixed rate borrowings in Japanese Yen to floating rate obligations in USD. One of these swaps has subsequently been modified to reinstate fixed rate exposure, at a rate lower than that of the original underlying note. The two fixed rate Japanese Yen notes which mature in 2022 and 2030 carry interest rates of 2.75% and 4.35%, respectively. The principal amounts due on maturity are in Japanese Yen, while the interest payments are due in USD.

Two interest rate swaps were executed in August 2013 and September 2014, which transformed a fixed rate borrowing of 300 million USD into obligations with LIBOR based floating rates of interest. Both swaps mature in November 2027.

A cross currency interest rate swap was also executed in July 2016 related to a bond issue of 145 million Swiss Francs. The swap was used to transform the underlying 0.297% fixed rate borrowing in Swiss Francs to LIBOR based floating rate obligations in USD. The swap matures concurrently with the borrowing in 2028.

A cross currency interest rate swap was also executed in September 2020 related to a bond issue of 250 million Euros. The swap was used to transform the underlying fixed rate borrowing in Euros to LIBOR based floating rate obligations in USD. The swap matures concurrently with the borrowing in 2039.

Counterparties to derivative contracts are selected in accordance with the Bank's approved policy. In accordance with this policy, engaging in speculative activities is prohibited and all derivative financial instruments are held to maturity but may be terminated in those instances where the contract no longer satisfies the purpose for which it was intended, or is detrimental to the Bank's profitability in any way.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 14 – DERIVATIVE FINANCIAL INSTRUMENTS…continued

The accounting policy is as defined in Note 5.…continued

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when it is negative. The fair values of derivative financial instruments held at December 31, were as follows:

		2021	2020
		Fair values	
	Notional Amount		
Derivative financial asset			
Cross currency interest rate swaps	$163,220	$(7,218)	$68,620
Interest rate swaps	$300,000	15,205	33,696
Bilateral non-performance risk adjustment		-	(8,028)
		$7,987	$94,288
Derivative financial liability	$362,247	$27,273	$-
		$35,260	$94,288

NOTE 15 – PROPERTY AND EQUIPMENT

Property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be reliably measured. All repairs and maintenance are charged to operating expenses during the financial year in which they are incurred.

Land is not depreciated as it is deemed to have an indefinite life.

Depreciation of other assets is computed on the straight-line basis at rates considered adequate to write-off the cost of these assets over their useful lives as follows:

	Years
Buildings and ancillary works	15-25
Furniture and equipment	4-8
Computers	4
Motor vehicles	4

NOTE 15 – PROPERTY AND EQUIPMENT…*continued*

The assets' residual value and useful lives are reviewed and adjusted if appropriate at each reporting date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The asset's recoverable amount is the higher of the impaired asset's fair value less costs to sell and its value in use.

During the year the Bank undertook an assessment of the economic life of its computer assets for accounting purposes and it was determined that the current policy was still appropriate.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount and costs to sell. These are included in the statement of comprehensive income.

Under the Headquarters' Agreement with the host country, Bank-owned buildings in the host country are intended to be used for the purposes of the Bank. Land totaling 2.2 hectares and the associated buildings were conveyed to the Bank by the Government of Barbados in 1983. These assets are not accounted for by the Bank and therefore do not form part of the Bank's financial records. Management does not consider the historical cost to be material and is in the process of obtaining legal vesting of the asset to the Bank.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 15 – PROPERTY AND EQUIPMENT…*continued*

The carrying values of property and equipment were as follows:

	2021					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
Opening net book value	$12,374	$4,384	$793	$328	$105	$17,984
Adjustments to opening cost of Motor Vehicles						
Additions	2,261	-	660	125	-	3,046
Transfers from projects in progress	(2,943)	1,468	1,447	28	-	-
Disposals – Cost	-	-	(104)		-	(104)
Disposals – accumulated depreciation			104			104
Depreciation expense	-	(378)	(633)	(150)	(30)	(1,191)
Closing net book value	$11,692	$5,474	$2,267	$331	$75	$19,839
At December 31						
Cost	$11,692	$13,803	$14,901	$7,119	$378	$47,893
Accumulated depreciation	-	(8,329)	(12,634)	(6,788)	(303)	(28,054)
Closing net book value	$11,692	$5,474	$2,267	$331	$75	$19,839

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 15 – PROPERTY AND EQUIPMENT…*continued*

	2020					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
Opening net book value	$10,349	$4,687	$1,277	$549	$13	$16,875
Adjustments to opening cost of Motor Vehicles	-	-	-	-	(2)	(2)
Additions	3,131	-	161	24	113	3,429
Transfers from projects in progress	(1,106)	-	-	42	-	(1,064)
Depreciation expense	-	(303)	(645)	(287)	(19)	(1,254)
Closing net book value	$12,374	$4,384	$793	$328	$105	$17,984
At December 31						
Cost	$12,374	$12,335	$12,898	$6,966	$378	$44,951
Accumulated depreciation	-	(7,951)	(12,105)	(6,638)	(273)	(26,967)
Closing net book value	$12,374	$4,384	$793	$328	$105	$17,984

NOTE 16 – FINANCIAL LIABILITIES

Financial liabilities are recognised on the statement of financial position when the Bank becomes a party to the contractual provisions of an instrument. Management determines the classification of its financial instruments at initial recognition.

The Bank's financial liabilities include accounts payable, borrowings, employee benefits and MOV. Further information is included at Notes 17 and 20 respectively. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. After initial recognition, the fair value option is not applied, and interest-bearing borrowings are measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit and loss when the liabilities are de-recognised. Amortised cost is calculated by taking into account any discount or premium on acquisition, and fees or costs that are an integral part of the EIR. The EIR amotisation is included as a borrowing expense in the statement of comprehensive income. This category generally applies to interest-bearing borrowings.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 16 – FINANCIAL LIABILITIES…*continued*

Fair value measurement
Fair value disclosures for financial liabilities are contained in Note 3 – *Risk Management* – *"Fair value of financial assets and liabilities"*. Fair value is determined using valuation techniques and are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of future cash flows, or other valuation techniques using inputs.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

De-recognition
A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

NOTE 17 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounting policy for accounts payable is as defined at Note 16.

Accrued liabilities are financial liabilities. These are recorded as liabilities on the statement of financial position when the OCR has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Due to the short-term nature of these liabilities with no stated maturity, fair value is assumed to be equal to carrying value which is the amount payable on demand.

The carrying values of accounts payable and accrued liabilities is as follows:

	2021	2020
Accounts payable	$9,358	$6,971
Accrued liabilities	3,692	3,886
	$13,050	$10,857

NOTE 18 – DEFERRED INCOME

Deferred income comprises freehold land donated to the Bank as a Government grant and is stated at historical value of $875(2020: $875). The grant was recorded using the income approach and will be recognised in profit and loss in line with the useful life of the assets scheduled for construction on the property, approval for which was given by the Bank's BOD and preliminary undertakings are in process.

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS

Pension obligations
CDB has both a contributory defined benefit New Pension Plan ("the Plan" or "NPP") and a hybrid Old Pension Scheme ("the Scheme" or "OPS") to secure pensions for eligible employees of the Bank. Both the Plan and the Scheme are final salary defined benefit and are managed by independent Trustees who are appointed by representatives from the management and staff respectively and operated under the rules of respective Trust Deeds.

A defined benefit plan is a pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time. The amount specified usually is a function of one or more factors such as age, years of service, and compensation prior to retirement.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Current service costs, past service costs and gains or loss on settlement and net interest expense or income on the net defined liability are recognised immediately in profit and loss under "*Operating expenses*". Net interest is calculated by applying the discount rate to the net defined liability or asset.

Re-measurements of the net defined liability/(asset) comprising actuarial gains and losses, return on plan assets excluding amounts included in net interest on the net defined liability/(asset) and any change in the effect of the asset ceiling (if applicable) excluding amounts included in net interest on the net defined liability (asset), are recognised immediately in the statement of financial position with a corresponding debit or credit to equity through other comprehensive income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Other post-retirement obligations
The Bank provides post-retirement medical benefits to its retirees. The expected costs of these benefits are accrued over the period using an accounting methodology similar to that for defined benefit pension plans. The present value of the post-retirement obligation is determined by discounting the estimated future cash outflows (relating to service accrued to the reporting date) using the yields available on high-quality corporate bonds.

Description of the plans
The plans require contributions to be made to independent investment managers under respective management agreements and who are authorised to exercise complete discretion over the investment and reinvestment of the plans' assets and the reinvestment of the proceeds of sale and the variation of investments made.

The solvency of the plans is assessed by independent actuaries every three years to determine the funding requirements for the plans. The most recent actuarial valuation was performed as at January 1, 2020. The financial statements of the plans are audited annually by independent external auditors. The level of contributions necessary to meet future obligations is approved by the Trustees acting on professional advice.

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Description of the plans…continued
With respect to the hybrid pension scheme, members other than those of the NPP or those who have completed 33 1/3 years of pensionable service, pay regular contributions of 5% of salaries. The Bank meets the balance of the cost of funding the defined benefits and must pay contributions at least equal to 16.9% of contributing members' salaries and fund any deficit over a maximum period of 40 years.

In accordance with the rules of the NPP, members contribute 7% of their annual salary and the Bank contributes such sums as are certified by the Actuary to be sufficient together with the existing assets of the plan to provide the benefits payable and preserve the solvency of the plan. The current contribution rate effective January 1, 2021 as certified by the Actuary and applied by the Bank is 31.1% (2020: 31.1%) of the aggregate amount of the annual salaries of eligible employees. All contributions (initially determined in Barbados dollars) are immediately converted to United States dollars and held or invested in that currency.

The latest changes to the Plan were approved by the BOD in 2014 and in 2019.

The post-retirement medical benefit is provided through a group insurance contract which is available to all defined benefit pension plan and hybrid pension scheme retirees (including those who took their hybrid pension scheme entitlement as a lump sum) provided they retired from the service of the Bank after completing at least 10 years' service. It is not available to persons who leave the service of the Bank before retirement. The Bank and the retirees share the burden of the medical premiums using a predetermined ratio of 65:35, respectively.

Key assumptions and quantitative sensitivity analyses
The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using independent actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the applicable discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed and approved by management at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, Management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and applying a single weighted average discount rate that reflects the estimated timing and amounts of benefit payments and the currency in which the benefits are to be paid, extrapolated as needed, along the yield curve to correspond with the average expected term of the defined benefit obligation.

With respect to the Post-Retirement Medical Plan, the appropriate discount rate has been determined to be based on the yield on Government of Barbados long term Bonds since there is no deep market in Barbados Dollar denominated long term Corporate Bonds. Barbados Dollar Bonds are used as the liability is denominated in that currency.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

Key assumptions and quantitative sensitivity analyses...continued
Future salary increases and pension increases are based on expected future inflation rates of the country of the Bank's location. The key assumptions and their sensitivity analyses are discussed further below.

Risks factors that may impact the Bank
The defined benefit new pension plan exposes the Bank to:

- longevity risk,
- inflation risk since although pension increases are capped, the benefits to current employees are based on final average salaries,
- interest rate risk due to the liabilities being of longer duration than the dated securities;
- investment risk in order to counter the inflation risk and improve the investment return. As at the reporting date 57.63% (2020: 55.45%) of the plan assets were invested in equities.

The hybrid pension scheme also exposes the Bank to the same longevity, inflation and interest rate risks. The investment risk inherent in the cash balance option has been managed by concentrating on short and medium term, high quality securities, leaving the Bank exposed to the inflation and interest rate risks in the pension option.

Net post-employment obligations	2021	2020
Defined benefit pension liability	$23,954	$31,337
Hybrid pension liability	11,709	12,758
Post-retirement medical obligation	2,481	2,712
	$38,144	$46,807

Net pension costs recognised in profit or loss		
Defined benefit pension liability	$6,965	$6,517
Hybrid pension liability	296	334
Post-retirement medical obligation	282	265
	$7,543	$7,116

Net re-measurement (gain)/loss recognised in other comprehensive income		
Defined benefit obligation	$(10,129)	$4,378
Hybrid pension liability	(306)	4,706
Post-retirement medical obligation	(370)	(13)
	$(10,805)	$9,071

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

The amounts recognised in the statement of financial position for the individual plans are determined as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2021	2020	2021	2020
Present value of funded obligations	$113,531	$111,853	$27,263	$30,881
Fair value of plan assets	(89,577)	(80,516)	(15,554)	(18,123)
Net defined benefit liability	$23,954	$31,337	$11,709	$12,758

The amounts recognised in profit or loss are as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2021	2020	2021	2020
Current service costs	$6,116	$5,658	$38	$90
Net interest on net defined benefit liability	849	859	258	244
Net pension cost	$6,965	$6,517	$296	$334

Re-measurement recognised in other comprehensive income are as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2021	2020	2021	2020
Experience (gains)/losses	$(10,129)	$4,378	$(306)	$4,706
Total amount recognised in other comprehensive income	$(10,129)	$4,378	$(306)	$4,706

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

Movement in the liability recognised in the statement of financial position was as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2021	2020	2021	2020
Opening defined benefit liability	$31,337	$25,098	$12,758	$8,812
Net pension cost	6,965	6,517	296	334
Re-measurement recognised in other comprehensive income	(10,129)	4,378	(306)	4,706
Bank contributions paid	(4,219)	(4,656)	(1,039)	(1,094)
Balance as at December 31	$23,954	$31,337	$11,709	$12,758

Movement in the defined benefit obligation over the year was as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2021	2020	2021	2020
Balance at January 1	$111,853	$95,943	$30,881	$27,457
Current service costs	6,116	5,658	38	90
Interest costs	2,770	2,975	614	752
Members' contributions	950	983	360	496
Re-measurements				
Experience adjustments	2,197	(2,979)	(417)	438
Actuarial losses from changes in demographic assumptions	-	7,751	-	2,454
Actuarial losses) from changes in financial assumptions	(6.257)	6,348	(458)	2,152
Benefits paid	(4,098)	(4,826)	(3,756)	(2,958)
Balance as at December 31	$113,531	$111,853	$27,262	$30,881

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

Movement in the fair value of plan assets over the year was as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2021	2020	2021	2020
Balance at January 1	$80,516	$70,845	$18,123	$18,645
Interest income	1,921	2,116	345	508
Return on plan assets, excluding interest	6,068	6,742	(557)	338
Bank contributions	4,219	4,656	1,039	1,094
Members' contributions	950	983	360	497
Benefits paid	(4,097)	(4,826)	(3,756)	(2,959)
Balance as at December 31	$89,577	$80,516	$15,554	$18,123

The asset allocation as at December 31 for the Defined benefit pension plan is as follows:

	2021	2020
Quoted in active markets		
Equity securities	$51,620	$45,527
	$51,620	$45,527
Unquoted investments		
Cash and cash equivalents	948	2,493
Debt securities	38,509	35,202
	39,457	$37,695
Net accruals	(1,500)	(2,706)
Total	$89,577	$80,516

The asset allocation as at December 31 for the Hybrid pension scheme is as follows:

	2021	2020
Unquoted investments		
Government and Government guaranteed bonds	$9,336	$10,934
Supranational bonds	3,483	4,608
Corporate bonds	2,697	2,273
Cash, cash equivalents and net accruals	38	308
Total	$15,554	$18,123

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

The principal actuarial assumptions used for accounting purposes are:

	Defined Benefit Pension Plans	
	2021	2020
Discount rate – Defined benefit pension plan	2.68%	2.37%
Discount rate – Hybrid pension scheme	2.25%	2.10%
Future salary increases	3.00%	3.00%
Future pension increases – Defined benefit pension plan	2.00%	2.00%

It was assumed that there would be no future pension increases with respect to the hybrid pension scheme.

The proportion of the defined benefit pension plan preserved for members opting for pension was assumed to be 75% (2020: 75%). The proportion of other members opting for pension was assumed to be 75% (2020: 75%).

Mortality rate

Assumptions regarding future mortality experience are set based on actuarial advice, published statistics and experience.

The average life expectancy in years of a pensioner retiring at age 60 for current pensioners as at the reporting date is as follows:

	2021	2020
Male	25.03 years	24.94 years
Female	27.03 years	26.99 years

The average life expectancy at age 60 for current members age 40 as at the reporting date is as follows:

	2021	2020
Male	26.6 years	26.53 years
Female	27.86 years	27.82 years

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

Sensitivity analysis and liability profile

(a) *Defined benefit pension plan*

A quantitative sensitivity analysis for significant assumptions as at December 31, 2021 is as shown below:

	Discount rate		Future salary increases		Pension increases	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Impact on the defined benefit obligation	$(17,098)	$22,199	$5,356	$(4,677)	$14,519	$(12,086)

	Life expectancy of male pensioners		Life expectancy of female pensioners	
	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on the defined benefit obligation	$1,644	$(1,566)	$1,912	$(1,839)

A quantitative sensitivity analysis for significant assumptions as at December 31, 2020 is as shown below:

	Discount rate		Future salary increases		Pension increases	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Impact on the defined benefit obligation	$(17,310)	$22,567	$5,333	$(4,650)	$14,707	$(12,206)

	Life expectancy of male pensioners		Life expectancy of female pensioners	
	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on the defined benefit obligation	$1,818,502	$(277,925)	$1,971,249	$(1,866,450)

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Sensitivity analysis and liability profile…*continued*

(a) Defined benefit pension plan…continued

The sensitivity analyses have been determined based on a method which extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years to the defined benefit obligation:

	2021	2020
Within the next 12 months (annual reporting period)	$3,449	$3,651
Between 1 year and 2 years	$3,716	$3,484

The defined benefit obligation is allocated among the plan members as follows:

Active members………………50.9% (2020: 52%)
Deferred members…………….0.92% (2020: 1%)
Pensioners……………………..48.19% (2020: 47%)

The weighted average duration of the defined benefit obligation was 17.31 years (2020: 17.7 years).

89% (2020: 89%) of the benefits for active members were vested, 21.43% (2020: 21%) of the defined benefit obligation for active members was conditional on future salary increases.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Sensitivity analysis and liability profile…*continued*

(b) *Hybrid pension scheme*

A quantitative sensitivity analysis for significant assumptions as at December 31, 2021 is as shown below:

	Discount rate		Future salary increases	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Impact on hybrid pension scheme	$(2,613)	$3,371	$113	$(107)

	Life expectancy of male pensioners		Life expectancy of female pensioners	
	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on the hybrid pension scheme	$261	$(253)	$341	$(304)

A quantitative sensitivity analysis for significant assumptions as at December 31, 2020 is as shown below:

	Discount rate		Future salary increases	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Impact on hybrid pension scheme	$(3,122)	$3,963	$258	$(244)

	Life expectancy of male pensioners		Life expectancy of female pensioners	
	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on the hybrid pension scheme	$312,365	$(277,925)	$361,346	$(335,817)

The sensitivity analyses disclosed have been determined based on a method which extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Sensitivity analysis and liability profile…*continued*

(b) ***Hybrid pension scheme****…continued*

The following payments are expected contributions to be made in the future years to the defined benefit obligation:

	2021	2020
Within the next 12 months	$4,219	$4,336
Between 1 year and 2 years	$4,189	$4,171

The defined benefit obligation is allocated among the plan members as follows:

Active members…………………34% (2020: 42%)
Pensioners………………………....66% (2020: 58%)

The weighted average duration of the hybrid pension scheme was 11.61 years (2020: 12.33 years).

100% (2020: 100%) of the benefits for active members were vested, 4.01% (2020: 8%) of the hybrid pension scheme for active members is conditional on future salary increases.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Post-retirement medical plan

Changes to the medical obligation are determined as follows:

		Pension charge to profit & loss			Remeasurement (gains)/losses in OCI				
	1-Jan-21	Current Service Cost	Net interest cost	Sub-total included in profit or loss	Experience adjustments	Net gain from change in financial & demographic assumptions	Sub-total included in OCI	Premiums paid by the bank	31-Dec-21
Medical obligation	$2,713	$79	$204	$283	$(141)	$(229)	$(370)	$(514)	$2,482

		Pension charge to profit & loss			Remeasurement (gains)/losses in OCI				
	1-Jan-20	Current Service Cost	Net interest cost	Sub-total included in profit or loss	Experience adjustments	Loss from change in financial assumptions	Sub-total included in OCI	Premiums paid by the bank	31-Dec-20
Medical obligation	$2,585	$71	$195	$266	$188	$(201)	$(13)	$(138)	$2,713

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Post-Retirement Medical Plan…*continued*

Principal actuarial assumptions

The principal actuarial assumptions used for accounting purposes are:

	Post-employment medical obligation 2021	Post-employment medical obligation 2020
Discount rate	8.30%	7.50%
Medical cost increase	4.00%	4.00%

Mortality Rate

Assumptions regarding future mortality experience are set based on actuarial advice, based on published statistics and experience. The same assumptions used for the pension plans regarding mortality rates were used for the medical plan.

An increase of 1 year in the assumed life expectancies would increase the medical obligation at the reporting date by $60 (2020: $71).

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at December 31, 2021 is as shown below:

	Discount rate		Medical cost increases	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Impact on medical obligation	$(244)	$291	$302	$(256)

The expected contributions to be made to the post-retirement medical obligation within the next twelve months is $147 (2020: $125).

Liability profile

The post-retirement medical obligation is allocated among the plan members as follows:

Active members………………..28% (2020: 32%)
Pensioners……………………...72% (2020: 68%)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Post-retirement medical plan…*continued*

Liability profile…*continued*

The weighted average duration of the post-retirement medical obligation was 10.78 years (2020: 11.6 years).

61% (2020: 62%) of the benefits of active members were vested.

NOTE 20 – BORROWINGS

The accounting policy for borrowings is as defined at Note 16.

It is the Bank's policy to limit borrowing and guarantees chargeable to the Bank's Ordinary Capital Resources to 100% of the callable capital of its investment grade non-borrowing members plus the paid in capital and retained earnings less receivables from members (cash reserves).

The aggregate fair values are based on discounted cash flow models using a current yield curve appropriate for the remaining term to maturity, similar terms and credit risk.

As of December 31, 2021, the ratio of total outstanding borrowings and undrawn commitments of $1,278,244 (2020: $1,195,871) to the borrowing limit of $1,495,783 (2020: $1,505,018) was 85.5% (2020: 79.5%).

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NOTE 20 – BORROWINGS…*continued*

	2020						
	Original amounts1/	Translation adjustments & other	Repayments to date	Currency swap2/	Undrawn	Outstanding	Due dates
Short term Borrowing							
Line of credit	$75,000	$-	$(75,000)	$-	$-	$-	2020
	75,000	-	(75,000)	-	-	-	
CDB Market Borrowings							
4.35% Notes – Yen	60,000	2,812	-	-	-	62,812	2030
2.75% Notes – Yen	100,000	21,277	-	-	-	121,277	2022
4.375% Bonds – US$	300,000	-	-	-	-	300,000	2027
0.297% Bonds – CHF	151,341	13,282	-	-	-	164,623	2028
0.875% Notes – EUR	275,550	31,311	-	-	-	306,861	2039
Unamortised transaction costs	(16,519)	(1,434)	-	-	-	(17,953)	
Unamortised currency swap	2,158	-	-	(969)	-	1,189	
	872,530	67,248	-	(969)	-	938,809	
European Investment Bank							
Global Loan 111 – US$	13,278	-	(3,319)	-	-	9,959	2023
Climate Action Credit I– US$	65,320	-	(2,099)	-	-	63,221	2032
Climate Action Credit II– US$	115,821	-	-	-	(86,791)	29,030	2033
Unamortised transaction costs	(240)	-	-	-	-	(240)	
	194,179	-	(5,418)	-	(86,791)	101,970	
Inter-American Development Bank							
Loan 926/OC-RG-US$	19,347	-	(18,791)	-	-	556	2021
Loan 2798/BL-RG	14,000	-	(846)	-	(2,198)	10,956	2043
Loan 3561/OC – RG	20,000	-	-	-	(12,781)	7,219	2037
	53,347	-	(19,637)	-	(14,979)	18,731	
Agence Francaise de Developpement	33,000	-	(2,062)	-	-	30,938	2028
Sub-total	1,228,056	67,248	(102,117)	(969)	(101,770)	1,090,448	
Accrued interest	3,653	-	-	-	-	3,653	
Total – December 31	$1,231,709	$67,248	$(102,117)	$(969)	$(101,770)	$1,094,101	

[1]/ Net of cancellations and borrowings fully paid.
[2]/ Unwinding of terminated fair value hedge.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 20 – BORROWINGS…*continued*

(b) Currencies repayable on outstanding borrowings were as follows:

2021

Currencies Repayable	Outstanding at December 2020	Translation adjustment	Net interest expense/ paid	Draw-downs	Currency swap amortisation [1/]	Repayments	Outstanding at December 2020
United States Dollars	$451,879	$-	$-	$161,686	$-	$(14,081)	$599,482
Swiss Francs	164,623	(5,771)	-	-	-	-	158,852
Euro	306,861	(23,896)	-	-	-	-	282,965
Japanese Yen	185,279	(19,269)	-	-	(972)	-	165,038
Sub-total	1,108,642	(48,936)	-	161,686	(972)	(14,083)	$1,206,337
Amortised borrowing costs	(18,194)	1,220	-	(5,228)	-	-	(22,202)
Accrued interest	3,653	-	492	-	-	-	4,145
Total – December 31	$1,094,101	$(47,716)	$492	$156,458	(972)	$(14,083)	$1,188,280

2020

Currencies Repayable	Outstanding at December 2019	Translation adjustment	Net interest expense/ paid	Draw-downs	Currency swap amortisation [1/]	Repayments	Outstanding at December 2020
United States Dollars	$507,083	$-	$-	$28,256	$-	$(83,460)	$451,879
Swiss Francs	150,166	14,457	-	-	-	-	164,623
Euro	280,741	26,120	-	-	-	-	306,861
Japanese Yen	177,019	9,229	-	-	(969)	-	185,279
Sub-total	1,115,009	49,806	-	28,256	(969)	(83,460)	$1,108,642
Amortised borrowing costs	(17,798)	(1,434)	-	1,038	-	-	(18,194)
Accrued interest	5,979	-	(2,326)	-	-	-	3,653
Total – December 31	$1,103,190	$48,372 [2/]	$(2,326)	$29,294	$(969)	$(83,460)	$1,094,101

[1/] Unwinding of terminated fair value hedge.
[2/] Includes translation amount of $7,313 recorded in foreign exchange translation operating expenses detailed at Note 23.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 20 – BORROWINGS…*continued*

A maturity analysis of borrowings as at December 31 is as follows:

	2021	2020
Current	$129,573	$17,261
Non-current	1,058,707	1,076,840
	$1,188,280	$1,094,101

On May 20, 2021 Moody's Ratings affirmed the Bank's Long-Term Issuer Default Rating (IDR) of 'Aa1' with a Stable outlook.

On May 25, 2021 S&P Global Ratings affirmed the Bank's Long-Term IDR of 'AA+' and its Short-Term IDR of 'A-1+' with a Stable outlook.

On March 3, 2021 Fitch Ratings affirmed the Bank's Long-Term IDR of 'AA+' and its Short-Term IDR of 'F1+'. The outlook was lowered to Negative.

NOTE 21 – EQUITY

Equity is comprised of capital stock, retained earnings and reserves.

The capital stock of the Bank was initially 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 Charter 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 Charter, 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").

NOTE 21 – EQUITY…continued

For the purposes of the financial statements, the Bank has expressed the value of its capital stock on the basis of the 1974 SDR.

The Bank's capital stock is divided into paid-in shares and callable shares. Payment of the amount subscribed to the callable capital is subject to call by the Bank to meet its obligations as and when required by the Bank subject to certain conditions. Payment for paid-in shares subscribed by its members is made over six (6) annual instalments. Of each installment, up to 50 percent is payable in non-negotiable, non-interest-bearing promissory notes or other obligations issued by the subscribing member and payable at their par value upon demand. Subscriptions that are not yet payable are presented as subscriptions not yet matured. Amounts paid in advance of the due dates by members are treated as a liability and classified as subscriptions in advance. The Charter states that payment of the amount subscribed to the callable capital is subject to call by the Bank to meet its obligations incurred pursuant to Article 7, paragraph 6 taking into account paragraphs (b) and (d) of Article 13 on borrowings of funds or on guarantees, only as and when required by the Bank.

The Charter also allows for a member country to withdraw from the Bank, at which time the Bank is required to arrange for the repurchase of the former member's shares. There has been only one occurrence of membership withdrawal in the Bank's existence which occurred in 2000, and no other member has indicated to the Bank that it intends to withdraw its membership. The stability in the membership reflects the fact that the purpose of the Bank is to contribute to the harmonious economic growth and development of its BMCs individually and jointly. Moreover, there is a significant financial disincentive to withdrawing membership. The repurchase price of the shares is the value shown on the books of the Bank on the date a country ceases to be a member. However, the former member shall remain liable for direct obligations and contingent liabilities to the Bank for so long as any part of the loans or guarantees contracted before the date of withdrawal are outstanding. The Bank may partially or fully offset amounts due for shares purchased against the member's liabilities on loans and guarantees due to the Bank. Were a member to withdraw, the Bank may set the dates in respect of payments for shares repurchased. In the instance where paying a former member would have adverse consequences for the Bank's financial position, the Bank can exercise its option to defer payment until the risk has passed, and indefinitely if appropriate.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 21 – EQUITY…*continued*

If the Bank were to terminate its operations, within six months of the termination date all liabilities of the Bank would first be settled out of the assets of the Bank and then, if necessary, out of members' callable capital, before any distribution could be made to any member country, including the withdrawing member. Management has therefore determined that members' shares are deemed to be a permanent investment in the Bank and are appropriately classified as equity.

(a) At the fortieth meeting of the Board of Governors in May 2010, a general capital increase of 150% was approved. The Bank's capital as at December 31 was as follows:

	2021	2020
Authorised capital:312,971 shares (2020: 312,971) shares		
Subscribed capital:279,399 shares (2020: 279,399) shares	$1,763,656	$1,763,656
Less callable capital: 218,050 shares (2020: 218,050) shares	(1,375,135)	(1,375,135)
Paid-up capital: 61,349 shares (2020: 61,349) shares	$388,521	$388,521
Less: Prepayment discount	(344)	(344)
	$388,177	$388,177

(b) The movement in the Bank's paid-up capital during the year was as follows:

	2021	2020
	No. of shares	No. of shares
Balance at January 1 and December 31	61,349	61,349

The movement in subscriptions matured during the year was as follows:

	2021	2020
Balance at January 1	$388,177	387,187
Regional States and Territories Subscriptions maturing during the year	-	990
Balance at December 31	$388,177	$388,177

The determination of the par value of the Bank's shares is as disclosed hereto.

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NOTE 21 – EQUITY…*continued*

(c) The subscriptions by member countries and their voting power at December 31 were as follows:

2021

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power: No. of votes	Voting Power: % of total votes	Gross[2/] Receivable from members non-negotiable demand notes
Regional States and Territories:									
Jamaica	48,354	17.31	$291,659	$227,614	$64,045	64,045	48,504	17.14	9,160
Trinidad and Tobago	48,354	17.31	291,659	227,614	64,045	64,045	48,504	17.14	6,399
Bahamas	14,258	5.10	86,001	67,115	18,886	18,886	14,408	5.09	-
Guyana	10,417	3.73	62,833	49,038	13,795	13,795	10,567	3.73	-
Colombia	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Mexico	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Venezuela	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Barbados	9,074	3.25	54,732	42,717	12,015	12,015	9,224	3.26	-
Suriname	4,166	1.49	25,128	19,627	5,501	5,501	4,316	1.53	2,806
Belize	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Dominica	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	286
Grenada	1,839	0.66	11,093	8,661	2,432	2,432	1,989	0.70	-
St. Lucia	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
St. Vincent and the Grenadines	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Antigua and Barbuda	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
St. Kitts and Nevis	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Anguilla[1/]	455	0.16	2,744	2,141	603	603			-
Montserrat[1/]	533	0.19	3,215	2,509	706	706			-
British Virgin Islands[1/]	533	0.19	3,215	2,509	706	706	2,737	0.97	-
Cayman Islands[1/]	533	0.19	3,215	2,509	706	706			8
Turks and Caicos Islands[1/]	533	0.19	3,215	2,509	706	706			-
Haiti	2,187	0.78	13,191	10,296	2,895	2,895	2,337	0.83	-
Brazil	3,118	1.12	18,807	14,687	4,120	4,120	3,268	1.15	-
	180,627	64.65	1,089,494	850,273	239,221	239,221	183,477	64.83	18,659

[1/]In accordance with Article 3 of the Charter 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 Charter.
[2/]Gross of ECL.

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NOTE 21 – EQUITY…*continued*

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power: No. of votes	Voting Power: % of total votes	Gross[2/] Receivable from members non-negotiable Demand notes
Non-Regional States:									
Canada	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
United Kingdom	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
Italy	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
Germany	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
China	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
	98,772	35.35	595,767	464,944	130,823	130,823	99,522	35.17	-
Sub-total	279,399	100.00	1,685,261	1,315,217	370,044	370,044	282,999	100.00	18,659
Additional subscriptions									
China	-	-	18,804	14,688	4,116	4,116	-	-	-
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	-	-	-
Haiti	-	-	2,639	2,060	579	579	-	-	-
Suriname	-	-	12,564	9,814	2,750	2,750	-	-	-
Brazil	-	-	9,403	7,343	2,060	2,060	-	-	-
Sub-total	-	-	78,395	59,918	18,477	18,477	-	-	-
Prepayment discount	-	-	-	-	-	(344)	-	-	-
Total - December 31	279,399	100.00	$1,763,656	$1,375,135	$388,521	$388,177	282,999	100.00	21,818

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 21 – EQUITY…*continued*

(c) The subscriptions by member countries and their voting power at December 31 were as follows:

2020

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power No. of votes	Voting Power % of total votes	Gross[2/] Receivable from members non-negotiable demand notes
Regional States and Territories:									
Jamaica	48,354	17.31	$291,659	$227,614	$64,045	$64,045	48,504	17.14	9,385
Trinidad and Tobago	48,354	17.31	291,659	227,614	64,045	64,045	48,504	17.14	6,403
Bahamas	14,258	5.10	86,001	67,115	18,886	18,885	14,408	5.09	1,612
Guyana	10,417	3.73	62,833	49,038	13,795	13,795	10,567	3.73	1,022
Colombia	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Mexico	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Venezuela	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Barbados	9,074	3.25	54,732	42,717	12,015	12,015	9,224	3.26	-
Suriname	4,166	1.49	25,128	19,627	5,501	5,501	4,316	1.53	2,806
Belize	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Dominica	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	286
Grenada	1,839	0.66	11,093	8,661	2,432	2,431	1,989	0.70	-
St. Lucia	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
St. Vincent and the Grenadines	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Antigua and Barbuda	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	296
St. Kitts and Nevis	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Anguilla[1/]	455	0.16	2,744	2,141	603	603			-
Montserrat[1/]	533	0.19	3,215	2,509	706	706			-
British Virgin Islands[1/]	533	0.19	3,215	2,509	706	706	2,737	0.97	-
Cayman Islands[1/]	533	0.19	3,215	2,509	706	706			8
Turks and Caicos Islands[1/]	533	0.19	3,215	2,509	706	706			-
Haiti	2,187	0.78	13,191	10,296	2,894	2,894	2,337	0.83	-
Brazil	3,118	1.12	18,807	14,687	4,120	4,120	3,268	1.15	-
	180,627	64.65	1,089,494	850,273	239,220	239,218	183,477	64.83	21,818

[1/] In accordance with Article 3 of the Charter 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 Charter.

[2/] Gross of ECL.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 21 – EQUITY…*continued*

							Voting Power		
Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	No. of votes	% of total votes	Gross[2/] Receivable from members non-negotiable Demand notes
Non-Regional States:									
Canada	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
United Kingdom	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
Italy	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
Germany	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
China	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
	98,772	35.36	595,767	464,944	130,823	130,823	99,522	35.16	-
Sub-total	279,399	100.0	1,685,261	1,315,217	370,044	370,041	282,999	100.0	21,818
Additional subscriptions									
China	-	-	18,804	14,688	4,116	4,116	-	-	-
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	-	-	-
Haiti	-	-	2,639	2,060	579	579	-	-	-
Suriname	-	-	12,564	9,814	2,750	2,750	-	-	-
Brazil	-	-	9,403	7,343	2,060	2,060	-	-	-
Sub-total	-	-	78,395	59,918	18,477	18,477	-	-	-
Prepayment discount	-	-	-	-	-	(341)	-	-	-
Total - December 31	279,399	100.0	$1,763,656	$1,375,135	$388,521	$388,177	282,999	100.0	$21,818

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 21 – EQUITY…*continued*

(d) Prepayment discounts

The Board of Governors of the Bank approved a "Variation of conditions of subscription of shares to permit a discount for prepayment" policy. The provision of this policy is that members are entitled to a discount from the Bank for prepayment of an instalment or part thereof (including those members which have already made prepayments) only if the prepayment is received more than three months prior to the date of the scheduled General Capital Increase (GCI) payments. The discount is computed based on a present value methodology and is disclosed as a charge against equity. During the year, no discounts were provided to members. The cumulative discount provided to date is $341 (2020: $341).

(e) Retained earnings and reserves

Retained earnings and reserves is comprised of:

	2021	2020
Opening retained earnings	$580,214	$546,396
Net (loss)/ income for the year	(15,248)	36,093
Actuarial gain/(loss)	10,805	(9,071)
Net change in fair value reserve	(14,595)	6,796
	$561,176	$580,214

(f) Other reserves

Special reserve
In accordance with Article 18 of the Charter, commissions and guarantee fees received on loans made out of OCR 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 BOD 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 (2020: $6,254).

NOTE 21 – EQUITY…*continued*

(f) Other reserves…*continued*

Post-employment obligations reserve
The post-employment obligations reserve comprises various gains/(losses) arising from the actuarial valuation where actual performance results differ from projected results due to changes in assumptions and in differences between actual investment returns and assumed returns from the previous year's calculations. These differences are classified as experience gains/(losses). A reconciliation of the cumulative loss of $18,714 (2020: $29,519) is shown in the statement of changes in equity.

Fair value reserves
The Bank's debt securities are classified as fair value through other comprehensive income (FVOCI). As a result, all fair value gains or losses are accounted for through a fair value reserve in equity. As at December 31, 2021, the cumulative fair value reserve amounted to loss of $6,144 (2020: Gain of $8,451). An unrealised loss of $14,595 was recorded as at December 31, 2021 (2020 – gain of $6,796) as a result of changes in the fair value of debt securities. For securities which were sold or which matured during the year, a fair value loss of $182 (2020 - $546) was reclassified to realised fair value (gains)/losses included in 'Operating expense' in the statement of comprehensive income.

NOTE 22 – INTEREST INCOME/EXPENSE AND SIMILAR INCOME/CHARGES

Interest income and expense
Interest income and expense are recognised in the statement of comprehensive income using the effective interest method.

In the event of an asset becoming credit-impaired and therefore being regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Other fees and charges
Fees and other income are recognised on an accrual basis when the service has been provided.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 22 – INTEREST INCOME/EXPENSE AND SIMILAR INCOME/CHARGES…*continued*

(a) Interest and similar income

Interest income earned from loans outstanding and debt securities at FVOCI was as follows:

	2021	2020
Interest income	$43,251	$51,597
Other fees and charges	4,652	4,869
Income from loans and receivables	47,903	56,466
Bonds	7,247	7,946
US Treasuries	9	202
Treasury bills	6	279
Time deposits	34	437
Cash	-	59
Cash collateral balance	-	3
Management fees	(54)	(53)
Interest and similar income	$55,145	$65,339

(b) Interest expense and similar charges

Interest expense and other charges from borrowings and interest income and expense from derivative financial instrument swaps were as follows:

	2021	2020
Financial liabilities carried at amortised cost (borrowings)		
Gross interest expense	$26,495	$26,475
Other finance charges `	1,491	1,562
Borrowings	$27,986	$28,037
Financial assets at fair value through profit and loss (derivatives)		
Interest income from derivative financial instruments	(20,720)	$(19,465)
Interest expense from derivative financial instruments	12,867	13,002
Net interest (income)/expense from derivatives	$(7,853)	$(6,463)
Interest expense and similar charges	$20,133	$21,574

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 23 – OPERATING EXPENSE

Administrative expenses
Administrative expenses incurred by the Bank are allocated to the OCR and the SFR in accordance with a methodology approved by the Board of Directors.

Other operating expenses
Other operating expenses result from realised fair value losses/gains on debt securities at fair value through OCI and foreign exchange losses/gains as a result of daily transactions.

Operating expenses are broken down as follows:

	2021	2020
Net realised fair value losses/(gains)	$182	$(1,348)
Foreign exchange translation	(1,013)	8,632
Administrative expenses:		
Employee related	10,719	12,358
Professional fees and consultancies	829	780
Travel	163	116
Depreciation	529	574
Other expenses	138	294
Utilities and maintenance	388	327
Training and seminars	111	56
Supplies and printing	13	61
Board of Governors and Directors	47	25
Computer services	1,040	840
Communications	300	308
Bank charges	98	109
Insurance	38	38
	$13,582	$23,170

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 23 – OPERATING EXPENSE

Employee costs charged to the OCR were as follows:

	2021	2020
Salaries and allowances	$6,716	$7,244
Pension costs – hybrid scheme[1/]	133	143
Pension costs – defined benefit plan[1/]	3,017	2,852
Medical costs	277	289
Other benefits	576	1,830
	$10,719	$12,358

[1/]This represents the allocation of the net pension costs to the OCR. The full pension expense for the hybrid scheme amounted to $306 (2020: $334), for the defined benefit new pension plan it amounted to $6,965 (2020: $6,522) and for the medical plan it was $282 (2020: $265).

NOTE 24 – IMPAIRMENT RECOVERY/(CHARGES) (ECL)

The table below shows the ECL (recoveries)/charges on financial assets recorded in profit or loss in the statement of comprehensive income.

	2021			
	Stage 1 12month ECL	Stage 2 Lifetime ECL	Stage 3 Impaired	Total
Loans outstanding	$420	$774	$-	$1,194
Debt Securities	4	3	-	7
Receivables	(4)	-	15	11
Receivable from members	2	-	-	2
Total Impairment charge	$422	$777	$15	$1,214

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 24 – IMPAIRMENT RECOVERY/(CHARGES) (ECL)…*continued*

	2020			
	Stage 1 12month ECL	Stage 2 Lifetime ECL	Stage 3 Impaired	Total
Loans outstanding	$(3,869)	$(389)	$(1,616)	$(5,874)
Debt Securities	18	-	-	18
Receivables	4	(83)	198	119
Receivable from members	(258)	(24)	(992)	(1,274)
Total Impairment recovery	$(4,105)	$(496)	$(2,410)	$(7,011)

NOTE 25 – ALLOCATION FROM NET INCOME

In accordance with Article 39 of the Charter, the Board of Governors shall determine at least annually the disposition of the net income of the Bank arising from its OCR ("operating income"). The OCR net income is typically allocated to the Ordinary Reserves. These reserves are available 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 26 – DERIVATIVE FAIR VALUE ADJUSTMENT

The derivative fair value adjustment loss of $(37,616) (2020: gain of $(6,574) included in the statement of comprehensive income is derived as a result of the revaluation of the derivative financial instruments (cross currency and interest rate swaps) loss of $ (85,332) (2020: gain of $47,633) and the foreign exchange effect thereon of $47,716 [2020: ($41,059).

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 27 – RELATED PARTY TRANSACTIONS

(a) The movement in the net inter-fund receivable or payable during the year was as follows:

	2021	2020
Balance at January 1	$13,566	$5,342
Advances	56,647	73,208
Allocation of administrative expenses	18,017	18,792
Repayments	(75,324)	(83,776)
Inter-fund receivable December 31	$12,906	$13,566

The receivable account represents net amounts due from/(payable to) the SDF and OSF as a result of payments by OCR on their behalf as well as the allocation of administrative expenditure in accordance with Bank policy. Inter-fund balances are settled in cash on a quarterly basis.

The composition of the balances as at December 31 was as follows:

Included in "Receivables and prepaid assets":

	2021	2020
Due from SDF	$15,526	$13,553
Due to OSF	$(4,017)	$(1,942)
Due from Pension schemes	$1,432	$1,977
Due to Others	$(35)	$(22)
	$12,906	$13,566

(b) Key management compensation for the year ended December 31 was as follows:

	2021	2020
Salaries and allowances	$1,010	$780
	$1,010	$780

NOTE 27 – RELATED PARTY TRANSACTIONS…*continued*

(c) Interest subsidy fund

In 2008, the interest subsidy fund was established by the Board of Directors of the Bank to subsidise part of the interest payments for which certain borrowers are liable on loans from the OCR. During the reporting period $280 (2020: $319) was received from the OSF in interest on behalf of the borrowers. The fund balance is included in Receivable and prepaid assets in the statement of financial position.

NOTE 28 – COMMITMENTS AND GUARANTEES

Legal claims are recognised when the Bank has a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The Bank recognises no provisions for future operating expenses.

Commitments
The Bank's commitments are represented by loan disbursement obligations to its borrowers up to the approved amount of these loans (Refer to *Note 10 – Loans outstanding*) and OCR commitments to the operations of the SDF(U) (Refer to Note 3: *Risk Management)*.

Guarantees
Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised as a liability in the financial statements at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee, on the date the guarantee was given. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

At its two hundred and forty-ninth meeting held on December 8, 2011, the Bank issued a guarantee in an amount not exceeding the equivalent of $12 million with respect to Bonds issued by the Government of St. Kitts and Nevis (GOSKN) on a rolling, re-instatable and non-accelerable basis.

The guarantee contains a Counter Guarantee and Indemnity clause whereby the GOSKN undertakes irrevocably and unconditionally agrees to reimburse the Bank for any amount paid under the guarantee together with interest and other charges at a rate specified by the Bank. Where reimbursement to the Bank is not made (in whole or in part) within a period of 90 days of such amounts being paid the Bank such unreimbursed amounts shall be converted to a loan due by the GOSKN to the Bank's OCR.

NOTE 29 – SUBSEQUENT EVENTS

On March 1, 2022 Fitch Ratings affirmed the Bank's Long-Term IDR of 'AA+' and its Short-Term IDR of 'F1+'. The outlook was raised to Stable.

On May 31, 2022 S&P Global Ratings affirmed the Bank's Long-Term IDR of 'AA+' and its Short-Term IDR of 'A-1+' with a Stable outlook.

Caribbean Development Bank

Special Funds Resources – Special Development Fund

Financial Statements

For the year ended December 31, 2021
(Expressed in thousands of United States dollars unless otherwise stated)

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

INDEX TO THE FINANCIAL STATEMENTS

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Bridgetown, Barbados

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – SPECIAL DEVELOPMENT FUND

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of the **Special Development Fund** ("the Fund") of the **Caribbean Development Bank** ("the Bank"), which comprise the statement of financial position as at December 31, 2021, the statements of comprehensive income and accumulated net income and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Barbados and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting
We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources and as a result, may not be suitable for any other purpose. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – SPECIAL DEVELOPMENT FUND

Report on the Audit of the Financial Statements (continued)

Other Information included in the Bank's 2021 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Bank's 2021 Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – SPECIAL DEVELOPMENT FUND

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and the Oversight and Assurance Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting described in Note 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Oversight and Assurance Committee is responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – SPECIAL DEVELOPMENT FUND

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – SPECIAL DEVELOPMENT FUND

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)
We communicate with the Oversight and Assurance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter
This report is made solely to the Fund's contributors, as a body, in accordance with Article 38, sub-section 2 of the Agreement establishing the Caribbean Development Bank entered into force on January 26, 1970. Our audit work has been undertaken so that we might state to the Fund's contributors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's contributors as a body, for our audit work, for this report, or for the opinion we have formed.

KPMG

Chartered Accountants
Bridgetown, Barbados
June 8, 2022

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

	2021			2020		
	Unified	Other	Total	Unified	Other	Total
Assets						
Cash and cash equivalents – Note 3	$19,523	$9,145	$28,668	$-	$13,142	$13,142
Debt securities at fair value through profit or loss (Schedule 1)	283,112	12,410	295,522	333,440	13,128	346,568
Loans outstanding (Schedule 2)	618,254	20,408	638,662	593,239	21,589	614,828
Receivables						
Accounts receivable	199	-	199	206	-	206
	921,088	41,963	963,051	926,885	47,859	974,744
Receivable from contributors						
Non-negotiable demand notes (Schedule 3)	70,267	-	70,267	68,222	-	68,222
Contribution in arrears	28,178	-	28,178	22,361	-	22,361
	98,445	-	98,445	90,583	-	90,583
Total assets	$1,019,533	$41,963	$1,061,496	$1,017,468	$47,859	$1,065,327
Liabilities and Funds						
Liabilities Due to Bank (Note 3)	$-	$-	$-	$11,618	$-	$11,618
Accounts payable – Note 9	58,929	1,207	60,136	46,488	1,157	47,645
Subscriptions in advance	1,330	-	1,330	-	-	-
	$60,259	$1,207	$61,466	$58,106	$1,157	$59,263

The accompanying schedules and notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION… *continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

	2021			2020		
	Unified	Other	Total	Unified	Other	Total
Funds – Note 5						
Contributed resources (Schedule 3)						
Contributions	$1,395,955	$38,410	$1,434,365	$1,324,213	$38,723	$1,362,936
Less amounts not yet made Available	(34,431)	-	(34,431)	(2,216)	-	(2,216)
Amounts made available	1,361,524	38,410	1,399,934	1,321,997	38,723	1,360,720
Allocation to technical assistance and grant resources	(607,600)	(10,000)	(617,600)	(574,600)	(10,000)	(584,600)
	753,924	28,410	782,334	747,397	28,723	776,120
Accumulated net income (Schedule 4)	56,697	11,421	68,118	64,002	17,054	81,056
Technical assistance and grant resources – Note 7	148,653	925	149,578	147,963	925	148,888
	959,274	40,756	1,000,030	959,362	46,702	1,006,064
Total liabilities and funds	$1,019,533	$41,963	$1,061,496	$1,017,468	$47,859	$1,065,327

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED NET INCOME
For the year ended December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

	2021			2020		
	Unified	Other	Total	Unified	Other	Total
Interest and similar income						
Loans	$12,630	$326	$12,956	$12,190	$354	$12,544
Investments and cash balances	4,081	147	4,228	6,042	203	6,245
	16,711	473	17,184	18,232	557	18,789
Unrealised gains/(losses) on investments	(7,463)	(329)	(7,792)	5,853	103	5,956
Expenses						
Administrative expenses	15,730	1,177	16,907	16,495	1,205	17,700
Write-down of financial assets	1,172	4,961	6,133	-	-	-
Foreign exchange translation	(349)	(361)	(710)	(944)	440	(504)
	16,553	5,777	22,330	15,551	1,645	17,196
Total comprehensive income for the year	$(7,305)	$(5,633)	$(12,938)	$8,534	$(985)	$7,549
Accumulated net income						
Accumulated net income – beginning of year	$64,002	$17,054	$81,056	$55,468	$21,242	$76,710
Appropriations for technical assistance	-	-	-	-	(3,203)	(3,203)
Total comprehensive income for the year	(7,305)	(5,633)	(12,938)	8,534	(985)	7,549
Accumulated net income – end of year	$56,697	$11,421	$68,118	$64,002	$17,054	$81,056

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)

STATEMENT OF CASH FLOWS
For the year ended December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

		2021		2020
Operating activities				
Total comprehensive income for the year		$(7,305)		$8,534
Adjustments for non-cash items				
Unrealised loss/(gain) on debt securities at fair value through profit or loss	7,463		(5,593)	
Interest income	(16,711)		(18,492)	
Unrealised net foreign exchange (gain)/loss	(203)		1,181	
Total cash flows used in operating activities before changes in operating assets and liabilities		(16,756)		(14,370)
Changes in operating assets and liabilities				
Decrease in accounts receivable		7		329
Increase in accounts payable		12,441		6,209
Cash used in operating activities		(4,308)		(7,832)
Disbursements on loans		(59,301)		(87,287)
Principal repayments to the Bank on loans		34,343		31,559
Interest received		16,925		18,517
Net decrease/(increase) in debt securities at fair value through profit or loss		42,594		(17,861)
Technical assistance disbursements		(22,310)		(15,414)
Net cash provided by/(used in) operating activities		7,943		(78,318)
Financing activities				
Increase in contributions to be on-lent to BMCs		6,729		5,527
Increase in receivables from contributors		(7,861)		(2,386)
Increase/(decrease) in subscriptions in advance		1,330		(3,328)
Technical assistance allocation		23,000		19,751
Net cash provided by financing activities		23,198		19,564
Net increase/(decrease) in cash and cash equivalents		31,141		(58,754)
Cash and cash equivalents - beginning of year		(11,618)		47,136
Cash and cash equivalents - end of year		$19,523		$(11,618)

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)

STATEMENT OF CASH FLOWS...*continued*
For the year ended December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

		2021		2020
Operating activities				
Total comprehensive loss for the year		$(5,633)		$(985)
Adjustments for non-cash items				
Unrealised loss/(gain) on debt securities at fair value through profit or loss	329		(80)	
Interest income	(473)		(580)	
Unrealised net foreign exchange (gain)/loss	(313)		388	
Total cash flows used in operating activities before changes in operating assets and liabilities		(6,090)		(1,257)
Changes in operating assets and liabilities				
Increase in accounts payable		50		366
Cash used in operating activities		(6,040)		(891)
Principal repayments to the Bank on loans		1,174		1,173
Interest received		483		611
Net decrease in debt securities at fair value through profit or loss		386		9,575
Net cash (used in)/provided by operating activities		(3,997)		10,468
Financing activities:				
Appropriations of accumulated net income		-		(3,203)
Net cash used in financing activities		-		(3,203)
Net (decrease)/increase in cash and cash equivalents		(3,997)		7,265
Cash and cash equivalents – beginning of year		13,142		5,877
Net cash and cash equivalents - end of year (Note 3)		$9,145		$13,142

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUND RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF INVESTMENTS
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 1

Debt securities at fair value through profit or loss – Note 4	2021 Market value			2020 Market value		
	Unified	Other	Total	Unified	Other	Total
Government and Agency Obligations	$131,946	$7,388	$139,334	$160,309	$8,618	$168,927
Supranationals	70,485	5,000	75,485	81,578	4,485	86,063
Corporate Bonds	79,235	-	79,235	89,836	-	89,836
Sub-total	281,666	12,388	294,054	331,723	13,103	344,826
Accrued interest	1,446	22	1,468	1,717	25	1,742
Total – December 31	$283,112	$12,410	$295,522	$333,440	$13,128	$346,568

Residual term to contractual maturity

	2021	2020
One month to three months	$39,688	$33,023
Over three months to one year	37,133	25,586
From one year to five years	143,452	196,271
From five years to ten years	70,499	78,871
From ten years to twenty years	4,750	12,440
From twenty years to thirty years	-	377
Total – December 31	$295,522	$346,568

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)
SUMMARY STATEMENT OF LOANS
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2021			
Member countries in which loans have been made	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Anguilla	$-	$-	$1,037	0.2
Antigua and Barbuda	-	4,647	14,877	2.4
Bahamas	-	-	145	0.0
Barbados	2,000	-	-	0.0
Belize	2,500	35,055	66,494	10.8
British Virgin Islands	-	5,000	2,578	0.4
Dominica	-	12,079	60,217	9.8
Grenada	-	29,033	75,520	12.3
Guyana	10,966	27,263	120,395	19.6
Jamaica	30,000	4,600	84,357	13.7
Montserrat	-	-	3,171	0.5
St. Kitts and Nevis	-	1,982	33,294	5.4
St. Lucia	294	12,717	78,014	12.7
St. Vincent and the Grenadines	-	44,777	56,008	9.1
Suriname	-	6,914	11,813	1.9
Turks and Caicos Islands	-	-	565	0.1
Regional	-	-	6,656	1.1
Sub-total	45,760	184,067	615,141	100.0
Accrued interest	-	-	3,113	
Total – December 31	$45,760	$184,067	$618,254	

1/ There are no overdue installments of principal (2020 - nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)

SUMMARY STATEMENT OF LOANS...*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

	2020			
Member countries in which loans have been made	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Anguilla	$-	$-	$1,258	0.2
Antigua and Barbuda	-	9,724	10,086	1.7
Bahamas	-	-	227	0.0
Belize	13,000	35,994	56,531	9.6
British Virgin Islands	-	5,000	2,965	0.5
Dominica	-	14,068	61,547	10.4
Grenada	-	24,877	74,525	12.6
Guyana	20,746	20,418	123,091	20.9
Jamaica	30,000	4,684	92,114	15.6
Montserrat	-	-	3,383	0.6
St. Kitts and Nevis	-	3,580	34,631	5.9
St. Lucia	-	36,176	66,677	11.4
St. Vincent and the Grenadines	8,573	44,154	45,074	7.6
Suriname	-	8,586	10,326	1.7
Turks and Caicos Islands	-	-	652	0.1
Regional	-	-	7,096	1.2
Sub-total	72,319	207,243	590,183	100.0
Accrued interest	-	-	3,056	
Total – December 31	$72,319	$207,243	$593,239	

1/ There are no overdue installments of principal.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)

SUMMARY STATEMENT OF LOANS…*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

2021

Member countries in which loans have been made	Loans approved but not yet effective	Outstanding[1/]	% of Total Loans Outstanding
Antigua and Barbuda	$-	12,011	59.0
Belize	-	3,387	16.7
Dominica	-	1,112	5.5
Grenada	-	99	0.5
Jamaica	-	367	1.8
St. Kitts and Nevis	-	2,611	12.8
St. Lucia	-	141	0.7
St. Vincent and the Grenadines	-	601	3.0
Sub-total	-	20,329	100.0
Accrued interest		79	
Total	$-	$20,408	

1/ There were no overdue installments of principal (2018 - nil). There were also no amounts undisbursed at December 31, 2020.

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2020

Member countries in which loans have been made	Loans approved but not yet effective	Outstanding[1/]	% of Total Loans Outstanding
Antigua and Barbuda	$-	$12,040	56.0
Belize	-	3,861	18.0
Dominica	-	1,218	5.8
Grenada	-	107	0.5
Jamaica	-	500	2.3
St. Kitts and Nevis	-	2,919	13.6
St. Lucia	-	184	0.9
St. Vincent and the Grenadines	-	674	3.1
Sub-total	-	21,503	100.0
Accrued interest	-	86	
Total	$-	$21,589	

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS…*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

Analysis by Contributor	2021 Loans approved but not yet effective	Undisbursed	Out-standing[1/]	% of total loans outstanding
Special Development Fund (Unified)				
Members/Contributors	$45,760	$184,067	$615,141	100.0
Accrued interest	-	-	3,113	
Total - Special Development Fund (Unified)	$45,760	$184,067	$618,254	
Special Development Fund (Other)				
Members Germany	$-	$-	$78	0.4
Mexico	-	-	946	4.7
Venezuela	-	-	7,486	36.8
	-	-	8,510	
Other contributors Sweden	-	-	20	0.1
United States of America	-	-	11,800	58.0
Sub-total – SDF (Other)	-	-	20,330	100.0
Accrued interest			79	
Total – Special Development Fund (Other)	$-	$-	$20,409	
Total Special Development Fund	$45,760	$184,067	$638,662	

1/There were no overdue installments of principal (2020- nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS…*continued*
As of December 31, 2021
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

2020 Analysis by Contributor	Loans approved but not yet effective	Undisbursed	Out-standing[1/]	% of total loans outstanding
Special Development Fund (Unified)				
Members/Contributors	$72,319	$207,243	$590,183	100.0
Accrued interest	-	-	3,056	
Total - Special Development Fund (Unified)	$72,319	$207,243	$593,239	
Special Development Fund (Other)				
Members Germany	$-	$-	$84	0.4
Mexico	-	-	1,077	5.0
Venezuela	-	-	8,521	39.6
	-	-	9,682	
Other contributors Sweden	-	-	21	0.1
United States of America	-	-	11,800	54.9
Sub-total – SDF (Other)	-	-	21,503	100.0
Accrued interest	-	-	86	
Total – Special Development Fund (Other)	$-	$-	$21,589	
Total Special Development Fund	$72,319	$207,243	$614,828	

1/There were no overdue installments of principal.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS…*continued*
As of December 31, 2021
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

2021

Currencies Receivable	Loans outstanding 2020	Net interest earned	Disbursements	Repayments	Loans outstanding 2021
(a) Special Development Fund (Unified)					
United States dollars	$590,183	$-	$59,301	$(34,343)	$615,141
Accrued interest	3,056	57	-	-	3,113
Total – December 31	$593,239	$57	$59,301	$(34,343)	$618,254
(b) Special Development Fund (Other)					
United States dollars	$21,503	$-	$-	$(1,174)	$20,329
Accrued interest[1]	86	(7)	-	-	79
Total – December 31	$21,589	$(7)	$-	$(1,174)	$20,408

January 1, 2022 to December 31, 2022	$39,942
January 1, 2023 to December 31, 2023	38,118
January 1, 2024 to December 31, 2024	38,516
January 1, 2025 to December 31, 2025	39,369
January 1, 2026 to December 31, 2026	42,386
January 1, 2027 to December 31, 2031	190,948
January 1, 2032 to December 31, 2036	134,239
January 1, 2037 to December 31, 2041	87,573
January 1, 2042 to December 31, 2046	27,495
January 1, 2047 to December 31, 2047	76
Total – December 31	$638,662

1/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS…*continued*
As of December 31, 2021
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

2020

Currencies Receivable	Loans outstanding 2019	Net interest earned	Disbursements	Repayments	Loans outstanding 2020
(c) Special Development Fund (Unified)					
United States dollars	$534,455	$-	$87,287	$(31,559)	$590,183
Accrued interest	2,989	67	-	-	3,056
Total – December 31	$537,444	$67	$87,287	$(31,559)	$593,239
(d) Special Development Fund (Other)					
United States dollars	$22,676	$-	$-	$(1,173)	$21,503
Accrued interest[1]	93	-	(7)	-	86
Total – December 31	$22,769	$-	$(7)	$(1,173)	$21,589

January 1, 2021 to December 31, 2021	$38,481
January 1, 2021 to December 31, 2021	35,712
January 1, 2022 to December 31, 2022	36,905
January 1, 2023 to December 31, 2023	37,189
January 1, 2024 to December 31, 2024	37,389
January 1, 2025 to December 31, 2029	184,741
January 1, 2030 to December 31, 2034	130,426
January 1, 2035 to December 31, 2039	83,843
January 1, 2040 to December 31, 2044	29,830
January 1, 2045 to December 31, 2047	312
Total – December 31	$614,828

1/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2021				
Contributors	Total approved[1/]	Approved but not yet effective[2/]	Total contribution agreed	Amounts made available	Receivable from members non-negotiable demand notes
Special Development Fund (Unified) Members					
Trinidad and Tobago	$68,305	$-	$68,305	$59,272	$7,784
Bahamas	39,086	7,231	31,855	31,855	14,908
Barbados	35,851	10,170	25,681	25,681	2,833
Brazil	5,000	-	5,000	5,000	-
Jamaica	67,818	12,984	54,834	54,834	16,223
Guyana	39,087	7,231	31,856	31,856	420
Antigua and Barbuda	5,326	2,437	2,889	2,889	777
Belize	9,861	1,773	8,088	8,088	3,788
Dominica	9,601	1,773	7,828	7,828	2,065
St. Kitts and Nevis	9,861	4,727	5,134	5,134	-
St. Lucia	9,861	-	9,861	8,531	1,819
St. Vincent and the Grenadines	9,874	1,773	8,101	8,101	1,441
Grenada	7,263	-	7,263	5,933	4,297
Montserrat	4,119	778	3,341	3,341	-
British Virgin Islands	4,119	-	4,119	3,536	-
Turks and Caicos Islands	4,119	-	4,119	4,119	-
Cayman Islands	4,019	2,679	1,340	1,340	-
Anguilla	4,119	2,074	2,045	2,045	571
Colombia	37,657	3,500	34,157	34,157	-
Venezuela	37,124	15,142	21,982	21,982	-
Canada	396,279	-	396,279	392,285	-
United Kingdom	290,387	-	290,387	290,183	7,075
Germany	126,123	-	126,123	113,983	3,509
Italy	73,884	-	73,884	72,078	-
China	61,428	-	61,428	57,417	-
Haiti	4,660	3,100	1,560	1,560	-
Suriname	15,561	7,231	8,330	8,330	2,757
Mexico	27,591	10,591	17,000	17,000	-
	1,407,983	95,194	1,312,789	1,278,358	70,267
Other contributors					
France	58,254	-	58,254	58,254	-
Chile	24,902	-	24,902	24,902	-
Netherlands	10	-	10	10	-
	1,491,149	95,194	$1,395,955	1,361,524	70,267
Technical assistance allocation	(607,600)	-	(607,600)	(607,600)	-
	$883,549	$95,194	$788,355	$753,924	$70,267

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
As of December 31, 2021
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2021				
Contributors	Total approved 1/	Approved but not yet effective 2/	Total contribution agreed	Amounts made available 3/	Receivable from members non-negotiable demand notes
Sub-total brought forward – SDF –Unified	$883,549	$95,194	$788,355	$753,924	$70,267
Special Development Fund – Other					
Members					
Colombia	5,000	-	5,000	5,000	-
Mexico	13,067	-	13,067	13,067	-
Venezuela	17,473	-	17,473	17,473	-
	35,540	-	35,540	35,540	-
Other contributors					
Sweden	2,870	-	2,870	2,870	-
	2,870	-	2,870	2,870	-
Technical Assistance Allocation	(10,000)	-	(10,000)	(10,000)	-
Sub-total – SDF - Other	28,410	-	28,410	28,410	-
Total SDF	911,959	$95,194	816,765	782,334	70,267
Summary					
Members	$825,923	$95,194	$730,729	$696,298	$70,267
Other contributors	86,036	-	86,036	86,036	-
Total SDF	$911,959	$95,194	$816,765	$782,334	$70,267

1/Net of repayments

2/Contributions not yet firmly pledged by Governments

3/ There were no amounts not yet made available

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

Contributors	Total approved 1/	Approved but not yet effective 2/	Total contribution agreed	Amounts made available3/	Receivable from members non-negotiable demand notes
Special Development Fund (Unified) Members					
Trinidad and Tobago	$57,014	$-	$57,014	$54,798	$7,784
Bahamas	31,855	-	31,855	31,855	14,908
Barbados	31,851	6,170	25,681	25,681	2,833
Brazil	5,000	-	5,000	5,000	-
Jamaica	54,834	-	54,834	54,834	16,223
Guyana	31,856	-	31,856	31,856	1,654
Antigua and Barbuda	3,553	664	2,889	2,889	777
Belize	8,088	-	8,088	8,088	3,788
Dominica	7,828	-	7,828	7,828	2,065
St. Kitts and Nevis	8,088	2,954	5,134	5,134	2,494
St. Lucia	8,088	-	8,088	8,088	1,819
St. Vincent and the Grenadines	8,101	-	8,101	8,101	1,441
Grenada	5,490	-	5,490	5,490	2,967
Montserrat	3,341	-	3,341	3,341	-
British Virgin Islands	3,341	-	3,341	3,341	-
Turks and Caicos Islands	3,341	-	3,341	3,341	-
Cayman Islands	3,241	1,901	1,340	1,340	-
Anguilla	3,341	1,296	2,045	2,045	571
Colombia	34,157	-	34,157	34,157	-
Venezuela	29,006	7,024	21,982	21,982	-
Canada	375,867	-	375,867	375,867	-
United Kingdom	283,185	-	283,185	283,185	6,140
Germany	110,474	-	110,474	110,474	-
Italy	68,905	-	68,905	68,905	-
China	54,321	-	54,321	54,321	-
Haiti	3,497	1,937	1,560	1,560	-
Suriname	8,330	-	8,330	8,330	2,758
Mexico	24,024	7,024	17,000	17,000	-
	$1,270,017	$28,970	$1,241,047	$1,238,831	$68,222
Other contributors					
France	58,254	-	58,254	58,254	-
Chile	10	-	10	10	-
Netherlands	24,902	-	24,902	24,902	-
	1,353,183	28,970	1,324,213	1,321,997	68,222
Technical assistance allocation	(574,600)	-	(574,600)	(574,600)	-
	$778,583	$28,970	$749,613	$747,397	$68,222

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

2020					
Contributors	Total approved 1/	Approved but not yet effective 2/	Total contribution agreed	Amounts made available 3/	Receivable from members non-negotiable demand notes
Sub-total brought forward – SDF – Unified	$778,583	$28,970	$749,613	$747,397	$68,222
Special Development Fund – Other					
Members					
Colombia	5,000	-	5,000	5,000	-
Mexico	13,067	-	13,067	13,067	-
Venezuela	17,473	-	17,473	17,473	-
	35,540	-	35,540	35,540	-
Other contributors					
Sweden	3,183	-	3,183	3,183	-
	3,183	-	3,183	3,183	-
Technical Assistance Allocation	(10,000)	-	(10,000)	(10,000)	-
Sub-total – SDF - Other	28,723	-	28,723	28,723	-
Total SDF	$807,306	$28,970	$778,336	$776,120	$68,222
Summary					
Members	$720,957	$28,970	$691,987	$689,771	$68,222
Other contributors	86,349	-	86,349	86,349	-
Total SDF	$807,306	$28,970	$778,336	$776,120	$68,222

1/Net of repayments

2/Contributions not yet firmly pledged by Governments

3/ There were no amounts not yet made available

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES...*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2021				
Currencies	Amounts made available 2020	Translation adjustment	Drawdowns/ appropriations from capital[1/]	Repayments	Amounts made available 2021
(a) Special Development Fund (Unified)					
Euros	$1,627	$(127)	$6,808	$-	$8,308
Pounds sterling	6,140	(76)	7,074	-	13,138
United States dollar	739,630	-	(7,153)	-	732,477
	$747,397	$(203)	$6,729	$-	$753,923
(b) Special Development Fund (Other)					
Swedish kroners	$3,183	(313)	$-	$-	$2,870
United States dollars	25,540	-	-	-	25,540
	$28,723	$(313)	$-	$-	$28,410

1/Net of conversations to United States dollars in accordance with the funding Rules of the Unified Special Development Fund.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES*...continued*
As of December 31, 2021
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2020				
Currencies	Amounts made available 2019	Translation adjustment	Drawdowns/ appropriations from capital[1/]	Repayments	Amounts made available 2020
(a) Special Development Fund (Unified)					
Euros	$1,895	$176	$(444)	$-	$1,627
Pounds sterling	29,695	1,005	(24,560)	-	6,140
United States dollar	709,099	-	30,531	-	739,630
	$740,689	$1,181	$5,527	$-	$747,397
(b) Special Development Fund (Other)					
Swedish kroners	$2,795	$388	$-	$-	$3,183
United States dollars	25,540	-	-	-	25,540
	$28,335	$388	$-	$-	$28,723

1/Net of conversations to United States dollars in accordance with the funding Rules of the Unified Special Development Fund.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF ACCUMULATED NET INCOME
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 4

2021			
Contributors	Brought forward 2020	Net income 2021	Carried forward 2021
Special Development Fund (Unified)	$64,002	$(7,305)	$56,697
Special Development Fund (Other)			
Members			
Colombia	1,456	(81)	1,375
Germany	(1,881)	(68)	(1,949)
Mexico	432	(193)	239
Venezuela	4,079	(5,306)	(1,227)
	$4,086	$(5,648)	$(1,562)
Other contributors			
Sweden	$1,607	$141	$1,748
United States of America	11,361	(126)	11,235
	12,968	15	12,983
Sub-total – SDF - Other	17,054	(5,633)	11,421
Total Special Development Fund	$81,056	$(12,938)	$68,118
Summary			
Members	$68,088	$(12,953)	$55,135
Other contributors	12,968	15	12,983
Total Special Development Fund	$81,056	$(12,938)	$68,118

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF ACCUMULATED NET INCOME…*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 4

2020

Contributors	Brought forward 2019	Net income 2019	Appro-priations	Carried forward 2020
Special Development Fund (Unified)	$55,468	$8,534	$-	$64,002
Special Development Fund (Other)				
Members				
Colombia	1,408	48	-	1,456
Germany	(1,705)	(176)	-	(1,881)
Mexico	506	(74)	-	432
Venezuela	7,566	(284)	(3,203)	4,079
	$7,775	$(486)	$(3,203)	$4,086
Other contributors				
Sweden	$2,019	(412)	$-	$1,607
United States of America	11,448	(87)	-	11,361
	13,467	(499)	-	12,968
Sub-total – SDF - Other	21,242	(985)	(3,203)	17,054
Total Special Development Fund	$76,710	$7,549	$(3,203)	$81,056
Summary				
Members	$63,243	$8,048	$(3,203)	$68,088
Other contributors	13,467	(499)	-	12,968
Total Special Development Fund	$76,710	$7,549	$(3,203)	$81,056

1. NATURE OF OPERATIONS

The Special Development Fund (SDF) was established to carry out the special operations of the Caribbean Development Bank (the Bank) by providing resources on concessional terms to assist borrowing members primarily for poverty reduction. Resources are provided by contributions from members and other contributors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 presented in accordance with International Financial Reporting Standards (IFRS) and have been prepared in accordance with the accounting policies outlined below.

Preparation of these 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.

Foreign currency translation

Functional and presentation currency

The functional and presentation currency of the Fund is the United States dollar (USD$) and the Fund's financial statements are rounded to the nearest thousand. Monetary assets and liabilities in currencies other than United States dollars are translated at market rates of exchange prevailing at the reporting date. Non-monetary items measured at historical cost in currencies other than United States dollars are translated using the exchange rates at the dates of the initial transactions.

Foreign currency transactions are initially translated into United States dollars at applicable rates of exchange on the transaction dates. 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 statement of total comprehensive income for the year.

Debt securities at fair value through profit or loss

All debt securities are in a portfolio designated at fair value through the profit or loss and reported at fair market value. Securities are recognised on the statement of financial position when the Fund assumes related contractual rights and de-recognised when the rights to secure cash flows from the financial asset expire or when all risks and rewards of ownership have been substantially transferred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Debt securities at fair value through profit or loss…*continued*

Regular way purchases and sales of financial assets are recognised on the settlement date which is the date the Fund becomes a party to the contractual provisions of the instrument.

All securities are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income and accumulated net income. Gains and losses arising from changes in the fair value of debt securities through profit or loss are included in the profit for the year in the statement of comprehensive income and accumulated net income in the period in which they arise. Interest income earned whilst holding securities is reported as "*Interest and similar income - investments and cash balances*" in the statement of comprehensive income and accumulated net income.

Determination of fair value

For securities traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. A security is regarded as quoted in an active market if prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For securities in inactive markets, fair values are determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows, or other valuation techniques, using inputs (for example, LIBOR yield curves, FX rates, volatilities and counterparty spreads) existing at the reporting date.

The Fund uses widely recognised valuation models for determining fair values of non-standardised financial instruments. For these securities, inputs into models are generally market observable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Loans

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest rate method net of impairments if any.

All loans by the Fund are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are repayable to the Fund in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member countries in which the loans are made.

The Fund is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans nor does the Fund intend to sell these loans and as a result, the use of market data to arrive at the fair value of loans will not yield any meaningful results.

The Fund does not make provisions for impairment on loans as any loss that may occur is taken in the statement of comprehensive income and accumulated net income for that year.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less 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. The contributions from donors are included in the financial statements from the date of the contribution agreement. Technical assistance is recognised when the project is approved and becomes effective.

Interest income and charges on contributions

For instruments carried at amortised cost, interest income and expense are recognised in the statement of comprehensive income and accumulated net income using the effective interest rate method. Interest income and expense are recognised as earned for items classified as fair value through profit or loss.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

(expressed in thousands of United States dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Administrative expenses

Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the Ordinary Capital Resources ("OCR), the Other Special Funds ("OSF") and the SDF in accordance with a method of allocation approved by the Board of Directors.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	SDF Unified		SDF Other	
	2021	2020	2021	2020
Due to Banks	$(3,650)	$(11,618)	-	-
Due from banks	-	-	4,184	3,221
Time deposits	23,173	-	4,961	9,921
	$19,523	$(11,618)	$9,145	$13,142

The amount shown as Due to Banks comprises the net balance of items in transit and was cleared subsequent to the year end.

4. DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

As part of its overall portfolio management strategy, the Bank invests in Government, agency, supranational and bank obligations, including time deposits and euro commercial paper as well as corporate bonds. 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 realised and unrealised gains and losses was a loss of 1.03% (2020: gain of 1.67%). Net realised losses on investments traded during 2021 for the Unified and Other funds amounted to $336 (2020: Gains of $425) and net unrealised losses were $7,792 (2020: Gains of $5,720).

5. FUNDS

In accordance with the Agreement establishing the Bank (the Charter), 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, comprising longer maturities, longer deferred commencement of repayment and lower interest rates than those determined by the Bank in 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 under the rules applicable to the old Special Development Fund (referred to herein as "Other") and shown separately from funds made available to the Bank from the Unified SDF (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:

(i) Special Development Fund – Unified

	2021	2020
Contributions (as per Schedule 3)	$753,924	$747,397

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, however under the Rules of the Special Development Fund, its contributions are non-reimbursable.

(ii) Special Development Fund – Other

	2021	2020
Colombia (as per Schedule 3)	$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% or more than 10% of the contribution may be used for technical assistance.

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS…*continued*

(ii) Special Development Fund – Other …*continued*

	2021	2020
Mexico		
First contribution	$7,000	$7,000
Second contribution	5,000	5,000
Third contribution	3,333	3,333
	15,333	15,333
Less technical assistance	(12,266)	(12,266)
	3,067	3,067
Technical assistance resources	$16,285	$16,285

The contributions are interest-free and were not subject to call before 2009.

	2021	2020
Venezuela		
First contribution	$10,000	$10,000
Less technical assistance	(177)	(177)
	9,823	9,823
Second contribution	7,650	7,650
Sub-total (as per Schedule 3)	$17,473	$17,473

The contributions are interest-free and were not subject to call 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.

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS…*continued*

(ii) Special Development Fund – Other…*continued*

	2021	2020
Sweden (as per Schedule 3)	$2,870	$3,183

The contribution is interest-free with no definite date for repayment.

	2021	2020
United States of America		
First contribution	$10,000	$10,000
Less repayments	(10,000)	(10,000)
	$-	$-
Second contribution	12,000	12,000
Less repayments	(12,000)	(12,000)
	$-	$-
Technical Assistance	$302	$302

6. ACCUMULATED NET INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

In accordance with the rules of the Special Development Fund, the accumulated net income and total comprehensive 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.

(expressed in thousands of United States dollars, unless otherwise stated)

7. TECHNICAL ASSISTANCE AND GRANT RESOURCES – UNIFIED AND OTHER

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 during the years ended December 31, 2021 and 2020 were as follows:

Balance at December 31, 2019	$144,551
Allocations for the year	19,750
Expenditure for the year	(15,413)
Balance at December 31, 2020	$148,888
Allocations for the year	23,000
Expenditure for the year	(22,310)
Balance at December 31, 2021	$149,578

8. LOANS OUTSTANDING – UNIFIED AND OTHER

The average interest rate earned on loans outstanding was 1.84% (2020: 1.925%). There were no impaired loans at or during the financial years ended December 31, 2021 and 2020.

9. ACCOUNTS PAYABLE – UNIFIED AND OTHER

	2021	2020
Accounts payable – general	$44,817	$34,300
Interfund payables	15,319	13,345
	$60,136	$47,645

Caribbean Development Bank
Special Funds Resources - Other Special Funds

Financial Statements

For the year ended December 31, 2021
(Expressed in thousands of United States Dollars
unless otherwise stated)

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
INDEX TO THE FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – OTHER SPECIAL FUNDS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **Other Special Funds** ("the Funds") of the **Caribbean Development Bank** ("the Bank"), which comprise the statement of financial position as at December 31, 2021, the statements of comprehensive income and accumulated net income and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Funds in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Barbados and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – OTHER SPECIAL FUNDS

Report on the Audit of the Financial Statements (continued)

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources and as a result, may not be suitable for any other purpose. Our opinion is not modified in respect of this matter.

Other Information included in the Bank's 2021 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Bank's 2021 Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Oversight and Assurance Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting as described in Note 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

KPMG

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – OTHER SPECIAL FUNDS

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and the Oversight and Assurance Committee for the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

The Oversight and Assurance Committee is responsible for overseeing the Funds' financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – OTHER SPECIAL FUNDS

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Funds to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Oversight and Assurance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – OTHER SPECIAL FUNDS

Report on the Audit of the Financial Statements (continued)

Other Matter

This report is made solely to the Funds' contributors, as a body, in accordance with Article 38, sub-section 2 of the Agreement establishing the Caribbean Development Bank entered into force on January 26, 1970. Our audit work has been undertaken so that we might state to the Funds' contributors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Funds and the Funds' contributors as a body, for our audit work, for this report, or for the opinion we have formed.

KPMG

Chartered Accountants
Bridgetown, Barbados
June 8, 2022

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

STATEMENT OF FINANCIAL POSITION
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

	2021	2020
Assets		
Cash and cash equivalents – Note 3	$34,681	$52,192
Investments (Schedule 1)	49,413	47,615
Loans outstanding (Schedule 2)	83,775	78,594
Receivable from members		
Non-negotiable demand notes – Note 8	220,400	235,647
Accounts receivable – Note 9	48,110	36,119
Total assets	$436,379	$450,167
Liabilities and Funds		
Liabilities		
Accounts payable	$80	$-
Accrued charges on contributions repayable	183	194
	263	194
Funds		
Contributed resources (Schedule 3)	53,050	52,678
Accumulated net income (Schedule 4)	66,794	68,506
	119,844	121,184
Technical assistance and other grant resources (Schedule 5)	316,272	328,789
Total liabilities and funds	$436,379	$450,167

The accompanying schedules and notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED NET INCOME
For the year ended December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

	2021	2020
Interest and similar income		
Loans	$1,600	$1,718
Investments and cash balances	587	567
	2,187	2,285
Unrealised gains on investments	2,899	295
Total income	5,086	2,580
Expenses		
Administrative expenses	1,108	1,118
Charges on contributions repayable	1,170	952
Foreign exchange translation	1,886	(2,969)
Total expenses	4,164	(899)
Total comprehensive income for the year	$922	$3,479
Accumulated net income		
Accumulated net income – beginning of year	$68,506	$65,027
Appropriations	(2,634)	-
Total comprehensive income for the year	922	3,479
Accumulated net income – end of year	$66,794	$68,506

The accompanying schedules and notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF CASH FLOWS
For the year ended December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

	2021		2020	
Operating activities				
Total comprehensive income for the year	$922		$3,479	
Adjustments for non-cash items				
Net unrealised gain on investments	(622)		(295)	
Interest income	(4,464)		(2,285)	
Interest expense	1,108		952	
Unrealised net foreign exchange(gains)/losses	(66)		129	
Total cash flow (used in/provided by operating activities before changes in operating assets and liabilities		(3,122)		1,980
Changes in operating assets and liabilities				
(Increase)/decrease in accounts receivable	(11,991)		928	
Decrease in non-negotiable demand notes	15,247		10,922	
Increase in accounts payable	80		-	
Cash provided by operating activities		214		13,830
Disbursements on loans		(12,314)		(57)
Principal repayments to the Bank on loans		6,868		6,925
Technical assistance disbursements		(47,732)		(62,623)
Interest received		4,482		2,322
Net Increase in investments		(1,178)		(7,611)
Net cash used in operating activities		(49,660)		(47,214)
Financing activities				
Interest paid	(1,119)		(964)	
Contributions:				
Increase in contributions to fund loans	3,381		461	
Reimbursement of repayable contributions	(2,694)		(2,909)	
Technical assistance contributions	35,215		59,887	
Net cash provided by financing activities		34,783		56,475
Appropriation of accumulated net income		(2,634)		-
Net (decrease)/increase in cash and cash equivalents		(17,511)		9,261
Cash and cash equivalents at beginning of		52,192		42,931
Cash and cash equivalents at end of year		$34,681		$52,192

The accompanying schedules and notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF INVESTMENTS
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 1

Investments	2021	2020
Debt securities at fair value through profit or loss – Note 4		
Government and Agency obligations	$17,423	$17,777
Supranationals	12,558	13,851
Other securities		
Mutual Funds	4,131	2,961
Equity Investments	15,215	12,938
Sub-total	49,327	47,527
Accrued interest	86	88
	$49,413	$47,615

Residual Term to Contractual Maturity

	2021	2020
1 – 3 months	$21,443	$15,987
3 months - 1 year	6,576	1,500
1 year - 5 years	21,394	30,128
	$49,413	$47,615

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2021			
Member countries in which loans have been made	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Antigua and Barbuda	$-	$-	$1,784	2.1
Barbados	-	-	8,951	10.7
Dominica	-	7,340	15,959	19.1
Grenada	-	5,950	18,314	22.0
Guyana	-	-	1,731	2.1
Jamaica	-	-	18,515	22.3
St. Kitts and Nevis	-	-	1,189	1.4
St. Lucia	-	612	11,655	14.0
St. Vincent and the Grenadines	-	5,957	5,171	6.2
Trinidad and Tobago	-	-	103	0.1
	-	19,859	83,372	100.0
Sub-total	-			
Accrued interest	-	-	403	
	$-	$19,859	$83,775	

[1/]There were no overdue installments of principal at December 31, 2021 (2020 - nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS...*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2020			
Member countries in which loans have been made	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Antigua and Barbuda	$-	$-	$2,130	2.7
Barbados	-	6,000	3,468	4.4
Dominica	-	3	13,981	17.9
Grenada	-	-	16,528	21.1
Guyana	-	-	1,981	2.5
Jamaica	-	-	20,127	25.8
St. Kitts and Nevis	-	-	1,446	1.9
St. Lucia	-	923	12,581	16.1
St. Vincent and the Grenadines	-	1	5,710	7.3
Trinidad and Tobago	-	-	223	0.3
Sub-total	-	6,927	78,175	100.0
Accrued interest	-	-	419	
	$-	$6,927	$78,594	

[1/]There were no overdue installments of principal at December 31, 2020.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS...*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

2021				
Analysis by Contributor	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Members				
Trinidad and Tobago	$-	$-	$2	0.0
Other contributors				
Caribbean Development Bank	-	-	40,292	48.3
Nigeria	-	-	1,766	2.1
Inter-American Development Bank	-	19,859	33,071	39.7
European Union	-	-	241	0.3
International Development Association	-	-	8,000	9.6
Sub-total			83,372	100.0
Accrued interest	-	-	403	
	$-	$19,859	83,775	

[1/] There were no overdue installments of principal at December 31, 2021 (2020 – nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS...*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

2020

Analysis by Contributor	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Members				
Trinidad and Tobago	$-	$-	$2	0.0
Other contributors				
Caribbean Development Bank	-	6,000	37,488	48.0
Nigeria	-	-	2,014	2.6
Inter-American Development Bank	-	927	28,962	37.0
European Union	-	-	520	0.7
International Development Association	-	-	9,189	11.7
Sub-total	-	6,927	78,175	100.0
Accrued interest	-	-	419	
	$-	$6,927	$78,594	

[1]/ There were no overdue installments of principal at December 31, 2020.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS...*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2021					
Currencies receivable	Loans out-standing 2020	Translation adjustment	Net Interest earned	Disburse-ments	Repay-ments	Loans out-standing 2021
Euros	$520	$(40)	$-	$-	$(238)	$242
Special Drawing Rights	7,418	(209)	-	-	(783)	6,426
United States dollars	70,237	-	-	12,314	(5,847)	76,704
Sub-total	78,175	(249)	-	12,314	(6,868)	83,372
Accrued interest[1]	419	-	(16)	-	-	403
	$78,594	$(249)	$(16)	$12,314	$(6,868)	$83,775

1/ Relates to amounts disbursed and outstanding.

Maturity structure of loans outstanding

January 1, 2022 to December 31, 2022	$7,276
January 1, 2023 to December 31, 2023	6,631
January 1, 2024 to December 31, 2024	7,110
January 1, 2025 to December 31, 2025	6,810
January 1, 2026 to December 31, 2026	6,654
January 1, 2027 to December 31, 2031	25,833
January 1, 2032 to December 31, 2036	14,122
January 1, 2037 to December 31, 2041	2,604
January 1, 2042 to December 31, 2046	1,342
January 1, 2051 to December 31, 2054	5,393
	$83,775

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS...*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

2020

Currencies receivable	Loans out-standing 2019	Translation adjustment	Net interest earned	Disburse-ments	Repay-ments	Loans out-standing 2020
Euros	$710	$66	$-	$-	$(256)	$520
Special Drawing Rights	7,892	329	-	-	(803)	7,418
United States dollars	76,046	-	-	57	(5,866)	70,237
Sub-total	84,648	395	-	57	(6,925)	78,175
Accrued interest[1]	457	-	(38)	-	-	419
	$85,105	$395	$(38)	$57	$(6,925)	$78,594

1/ Relates to amounts disbursed and outstanding.

Maturity structure of loans outstanding

January 1, 2021 to December 31, 2021	$7,332
January 1, 2022 to December 31, 2022	6,915
January 1, 2023 to December 31, 2023	6,654
January 1, 2024 to December 31, 2024	6,633
January 1, 2025 to December 31, 2029	26,329
January 1, 2030 to December 31, 2034	16,673
January 1, 2035 to December 31, 2039	2,181
January 1, 2040 to December 31, 2044	653
January 1, 2045 to December 31, 2049	147
January 1, 2050 to December 31, 2054	5,077
	$78,594

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2021 Contributions	
Contributors	Total[1/]	Amounts made available
Members		
Canada	$6,570	$6,570
Other contributors		
Inter-American Development Bank	148	148
Contributed resources	6,718	6,718
Other contributors		
Inter-American Development Bank [1/]	36,224	36,224
European Union	267	267
International Development Association	9,841	9,841
Repayable contributions	46,332	46,332
	$53,050	$53,050

[1/]Net of cancellations and repayments.

Maturity structure of repayable contributions outstanding	
January 1, 2022 to December 31, 2022	$2,440
January 1, 2023 to December 31, 2023	2,441
January 1, 2024 to December 31, 2024	2,388
January 1, 2025 to December 31, 2025	2,334
January 1, 2026 to December 31, 2026	2,484
January 1, 2027 to December 31, 2031	11,564
January 1, 2032 to December 31, 2036	8,883
January 1, 2037 to December 31, 2041	5,780
January 1, 2042 to December 31, 2053	8,018
	$46,332

SUMMARY STATEMENT OF CONTRIBUTIONS...*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2020 Contributions	
Contributors	Total[1/]	Amounts made available
Members		
Canada	$6,570	$6,570
Other contributors		
Inter-American Development Bank	148	148
Contributed resources	6,718	6,718
Other contributors		
Inter-American Development Bank [1/]	34,248	34,248
European Union	680	680
International Development Association	11,032	11,032
Repayable contributions	45,960	45,960
	$52,678	$52,678

[1/]Net of cancellations and repayments.

Maturity structure of repayable contributions outstanding

January 1, 2021 to December 31, 2021	$2,745
January 1, 2022 to December 31, 2022	2,471
January 1, 2023 to December 31, 2023	2,471
January 1, 2024 to December 31, 2024	2,414
January 1, 2025 to December 31, 2025	2,355
January 1, 2026 to December 31, 2030	11,423
January 1, 2031 to December 31, 2035	8,615
January 1, 2036 to December 31, 2040	5,443
January 1, 2041 to December 31, 2045	2,965
January 1, 2046 to December 31, 2053	5,058
	$45,960

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS...*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

2021

Currencies Repayable	Contributions made available 2020	Translation adjustment	Drawdowns / appropriations from capital	Repayments	Contributions made available 2021
Canadian dollars	$1,570	$-	$-	$-	$1,570
Euros	680	(53)	-	(360)	267
Special Drawing Rights	9,282	(262)	-	(734)	8,286
United States dollars	41,146	-	3,381	(1,600)	42,927
	$52,678	$(315)	$3,381	$(2,694)	$53,050

2020

Currencies Repayable	Contributions made available 2019	Translation adjustment	Drawdowns / appropriations from capital	Repayments	Contributions made available 2020
Canadian dollars	$1,538	$32	$-	$-	$1,570
Euros	975	91	-	(386)	680
Special Drawing Rights	9,637	401	-	(756)	9,282
United States dollars	42,452	-	461	(1,767)	41,146
	$54,602	$524	$461	$(2,909)	$52,678

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF ACCUMULATED NET INCOME
For the year ended December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 4

	2021			
Contributors	Brought forward 2020	Net Income/(Loss) 2021	Appropriations	Carried forward 2021
General Funds	$57,478	$4,105	$(2,301)	$59,282
European Investment Bank	(740)	(23)	-	(763)
European Union	2,626	(52)	-	2,574
Inter-American Development Bank	(2,545)	(1,106)		(3,651)
International Development Association	269	30		299
Nigeria	5,713	(95)	-	5,618
United States of America	1,932	(54)	(14)	1,864
United Kingdom	2,776	(951)	(209)	1,616
Venezuela	46	-	-	46
European Commission	983	(964)	(110)	(91)
BMZ/ The Federal Government of Germany	13	(8)	-	5
Agence Francaise de Developpement	(45)	40		(5)
	$68,506	$922	$(2,634)	$66,794

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF ACCUMULATED NET INCOME...*continued*
For the year ended December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

	2020			
Contributors	Brought forward 2018	Net Income/(Loss) 2020	Appropriations	Carried forward 2020
General Funds	$56,075	$1,403	$-	$57,478
European Investment Bank	(763)	23	-	(740)
European Union	2,560	66	-	2,626
Inter-American Development Bank	(1,909)	(636)	-	(2,545)
International Development Association	341	(72)	-	269
Nigeria	5,778	(65)	-	5,713
United States of America	1,893	39	-	1,932
United Kingdom	736	2,040	-	2,776
Venezuela	41	5	-	46
European Commission	273	710	-	983
BMZ/ The Federal Government of Germany	2	11	-	13
Agence Francaise de Developpement	-	(45)	-	(45)
	$65,027	$3,479	$-	$68,506

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 5

	2021			
	Contributors			
Contributors	Total[1/]	Amounts made available	Amounts utilised	Net Amounts available
Members				
Canada	$88,390	$88,390	$72,349	$16,041
United Kingdom	308,598	308,598	99,121	209,477
Italy	522	522	522	-
China	677	677	270	407
Venezuela	586	586	-	586
Germany	493	493	497	(4)
	399,266	399,266	172,759	226,507
Other contributors				
Caribbean Development Bank	288,274	288,274	224,381	63,893
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	26,455	26,455	24,232	2,223
Nigeria	193	193	193	-
European Commission	46,286	46,286	31,477	14,809
European Investment Bank Climate Action Support	2,184	2,184	728	1,456
Agence Francaise de Developpement	1,078	1,078	471	607
United Nations	7,480	7,480	703	6,777
Improve Public Investment Management through Procurement	320	320	320	-
Sub-total	373,677	373,677	283,912	89,765
Total – December 31	$772,943	$772,943	$456,671	$316,272
Summary				
Basic Needs Trust Fund	$209,750	$209,750	$183,720	$26,030
Other resources	563,193	563,193	272,951	290,242
	$772,943	$772,943	$456,671	$316,272

[1/]Net of cancellation and resources fully utilized and expended in non-reimbursable operations.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES...*continued*
As of December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 5

	2020			
	Contributors			
Contributors	Total[1/]	Amounts made available	Amounts utilised	Net Amounts available
Members				
Canada	$83,796	$83,796	$67,094	$16,702
United Kingdom	303,143	303,143	74,293	228,850
Italy	522	522	252	270
China	677	677	270	407
Venezuela	586	586	-	586
Germany	496	496	498	(2)
	389,220	389,220	142,407	246,813
Other contributors				
Caribbean Development Bank	275,639	275,639	210,593	65,046
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	26,455	26,455	23,662	2,793
Nigeria	193	193	148	45
European Commission	41,138	41,138	29,662	11,476
European Investment Bank Climate Action Support	2,184	2,184	590	1,594
Agence Francaise de Developpement	1,172	1,172	150	1,022
Improve Public Investment Management through Procurement	320	320	320	-
Sub-total	348,508	348,508	266,532	81,976
Total – December 31	$737,728	$737,728	$408,939	$328,789
Summary				
Basic Needs Trust Fund	$199,750	$199,750	$170,928	$28,822
Other resources	537,978	$537,978	238,011	299,967
	$737,728	$737,728	$408,939	$328,789

[1/] Net of cancellation and resources fully utilized and expended in non-reimbursable operations.

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1. NATURE OF OPERATIONS

The Other Special Fund Group ("OSF" or "the Fund") was established to carry out the special operations of the Caribbean Development Bank ("the Bank") by providing resources on concessional terms to assist borrowing members primarily for poverty reduction. Resources are provided by contributions from members and other contributors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 presented in accordance with International Financial Reporting Standards (IFRS). These financial statements have been prepared in accordance with the accounting policies outlined below.

Preparation of these 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.

Foreign currency translation
Functional and presentation currency
The functional and presentation currency of the Fund is the United States dollar (US$) and the Fund's financial statements are rounded to the nearest thousand. Monetary assets and liabilities in currencies other than United States dollars are translated at market rates of exchange prevailing at the reporting date. Non-monetary items measured at historical cost in currencies other than United States dollars are translated using the exchange rates at the dates of the initial transactions.

Foreign currency transactions are initially translated into United States dollars at applicable rates of exchange on the transaction dates. 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 profit or loss in the statement of comprehensive income and accumulated net income for the year.

Investments
All investment securities with the exception of equities are in a portfolio designated at fair value through profit or loss and reported at fair market value. Securities are recognised on the statement of financial position when the Fund assumes related contractual rights and de-recognised when the rights to secure cash flows from the financial asset expire or when all risks and rewards of ownership have been substantially transferred. Equity instruments are carried at cost where they do not have a quoted market price in an active market and their fair value cannot be reliably measured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Regular way purchases and sales of financial assets are recognised on the settlement date which is the date the Fund becomes a party to the contractual provisions of the instrument.

All securities are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income and accumulated net income in the period during which they arise. Gains and losses arising from changes in the fair value of securities designated at fair value through profit or loss are included in technical assistance (TA) contributions/expenses for the year based on the terms of the specific fund. Interest or dividend income earned whilst holding securities is reported as "Interest and similar income - investments and cash balances" in the statement of comprehensive income and accumulated net income.

Equity investments are assessed for impairment annually. The impairment assessment is based on the net book value of the underlying asset and adjusted if the carrying value is less than the Fund's proportionate share of net assets. Impairment losses are recorded within "Interest and similar income - investments and cash balances" in the statement of comprehensive income and accumulated net income. Amounts distributed to the Fund are recorded as a return on investment until such investments are disposed and recorded as gains or losses.

Determination of fair value
For securities traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. A security is regarded as quoted in an active market if prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For debt securities in inactive markets fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows, or other valuation techniques, using inputs (for example, LIBOR yield curves, FX rates, volatilities and counterparty spreads) existing at the reporting date.

The Fund uses widely recognised valuation models for determining fair values of non-standardised financial instruments. For these securities, inputs into models are generally market-observable.

Loans
Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest rate method less any impairment.

All loans by the Fund are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are payable to the Fund in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member countries in which the loans are made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

The Fund is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans nor does the Fund intend to sell these loans. As a result, the use of market data to arrive at the fair value of loans will not yield any meaningful results.

The Fund does not make provisions for impairment on loans as in the event of any such occurrences, the impairment would be taken into the statement of comprehensive income and accumulated net income in the year that it occurred.

Cash and cash equivalents
For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less 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. The contributions from donors are included in the financial statements from the date of the contribution agreement. Technical assistance is recognised when the project is approved and becomes effective.

Interest income and charges on contributions
Interest income and charges on contributions are recognised in the statement of comprehensive income and accumulated net income for all interest-bearing instruments carried at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Administrative expenses
Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the Ordinary Capital Resources (OCR), the Other Special Funds (OSF) and the Special Development Fund (SDF) in accordance with a method of allocation which is approved by the Board of Directors.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2021	2020
Due from banks	$(9,651)	$45,660
Time deposits	37,800	-
Money Market Instruments	6,532	6,532
	$34,681	$52,192

4. INVESTMENTS

As part of its overall portfolio management strategy, the Fund invests in Government agency, supranational and bank obligations, including time deposits. The Fund limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Fund.

The annualized rate of return on the average investments held during the year, including realised and unrealised gains and losses was 1.21%. Net realised gains on investments traded during 2021 amounted to $154 and net unrealised gains $622.

5. FUNDS

In accordance with the Agreement establishing the Bank (the Charter), Special Funds Resources comprise the SDF and OSF 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 OSF have been presented separately from the SDF. The OSF are established in accordance with agreements between the Bank and the contributors and 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.

These financial statements reflect the aggregated position of all the funds that comprise the OSF.

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.

5. FUNDS…*continued*

Details of contributions, loans and technical assistance resources of the OSF 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:

	2021	2020
Canada		
Agricultural[1/] (Schedule 3)	$6,570	$6,570
Technical assistance resources (Schedule 5)	88,390	83,796
Italy		
Technical assistance resources (Schedule 5)	$522	$522
China		
Technical assistance resources (Schedule 5)	$677	$677
Venezuela		
Technical assistance resources (Schedule 5)	$586	$586
Nigeria		
Technical assistance resources (Schedule 5)	$193	$193
United Kingdom		
Technical assistance resources (Schedule 5)	$308,598	$303,143
Inter-American Development Bank		
975/SF-RG	$14,212	$14,211
Less repayments	(8,136)	(7,717)
	$6,076	$6,494
1108/SF-RG Global Credit	$20,000	$20,000
Less repayments	(6,229)	(5,573)
	$13,771	$14,427

[1/] The contributions are interest-free with no date for repayment.

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS…*continued*

Inter-American Development Bank…*continued*

	2021	2020
1637/SF-RG Credit	$9,923	$9,923
Less repayments	(1,985)	(1,654)
	7,938	8,269
2798/BL Regional Global Loan - OECS	5,439	5,058
5156/OC-RG Global Loan Covid19-OECS	3,000	-
Repayable contributions (Schedule 3)	$36,224	$34,248
Technical assistance resources (Schedule 5)	$26,455	$26,455

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.

Global Credit 1108/SF-RG was subject to interest at the rate of 1% for the first ten years and 2% thereafter and is repayable during the period 2012 to 2042.

Grenada Reconstruction 1637/SF-RG is subject to interest at the rate of 1% per annum until 2015 and thereafter at 2% per annum and is repayable during the period 2016 to 2045.

2798/BL Regional Global Loan is subject to interest at the rate of 0.5% fixed and is repayable in 2053.

5156/OC-RG Global Loan Covid19-OECS is subject to interest at the rate of 1.2% per annum and is repayable in full by 2045.

The loans are subject to a credit fee of 0.5% per annum on any undrawn balance.

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS…*continued*

	2021		2020		Due Dates
United States of America					
Contributions					
Agricultural	$7,052		$7,052		1988-2018
Less repayments	(7,052)		(7,052)		
		-		-	
Employment Investment					1990-2021
Promotion	6,732		6,732		
Less repayments	(6,732)		(6,732)		
		-		-	
Repayable contributions (Schedule 3)		-		-	
Technical Assistance resources (Schedule 5)		$1,407		$1,407	

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.

	2021		2020	
European Union				
First Contribution	$-		$7,181	
Less repayments	-	-	(6,905)	276
Second Contribution	2,688		2,916	
Less repayments	(2,421)	267	(2,512)	404
Repayable contributions (Schedule 3)		$267		$680

The contributions are subject to interest at the rate of 1% per annum. The first contribution is repayable during the period 1992 to 2021 and the second contribution is repayable over the period 1994 to 2024.

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS…*continued*

International Development Association

	2021		2020		Due dates
					1990-2029
Credit No. 960/CRG	$6,480		$6,480		
Less repayments	(4,925)	1,555	(4,730)	1,750	
Credit No. 1364/CRG	7,592		7,813		
Less repayments	(4,973)	2,619	(4,883)	2,930	1993-2033
Credit No. 1785/CRG	6,485		6,673		
Less repayments	(3,469)	3,016	(3,370)	3,303	1997-2030
Credit No. 2135/CRG	7,796		8,023		
Less repayments	(5,145)	2,651	(4,974)	3,049	2000-2030
Repayable contributions (Schedule 3)		$9,841		$11,032	

The credits are subject to a service charge of 0.75% per annum on amounts outstanding.

	2021	2020
Caribbean Development Bank		
Technical assistance resources (Schedule 5)	$288,274	$275,639
BMZ/ The Federal Government of Germany		
Technical assistance resources (Schedule 5)	$493	$496
European Investment Bank Climate Action Support		
Technical assistance resources (Schedule 5)	$2,184	$2,184
European Commission		
Technical assistance resources (Schedule 5)	$46,286	$41,138

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS…*continued*

	2021	2020
Improve Public Investment Management through Procurement Technical assistance resources (Schedule 5)	$320	$320

Included in the amounts shown against each contributor in Schedule 5 – "*Statement of Technical Assistance & Other Grant Resources*" are the following programmes for which specific disclosures are included in these financial statements.

2021	Approved amount	Amounts made available	Amounts utilised	Net Amounts available
European Union				
Sustainable Energy for the Eastern Caribbean (SEEC)	€4,450	$4,119	$1,848	$2,271
Geothermal Risk Mitigation for the Eastern Caribbean (EU-CIF)	€12,350	$6,301	$6,070	$232
United Kingdom				
Increasing Renewable Energy and Energy Efficiency in the Eastern Caribbean	£4,305	$5,744	$5,662	$82
Sustainable Energy for the Eastern Caribbean (SEEC)	£2,500	$2,152	$1,335	$816
Inter-American Development Bank [Acting as Administrator for the Global Environment Facility (GEF)]	$3,014	$1,856	$1,633	$223
Sustainable Energy Facility for the Eastern Caribbean (SEF)				
Inter-American Development Bank [Acting as Implementing entity for the Clean Technology Fund (CTF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	$19,050	$19,050	$19,050	$-
Canada				
Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C)	CAD5,000	$3,841	$2,287	$1,554

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS…*continued*

2020	Approved amount	Amounts made available	Amounts utilised	Net Amounts available
European Union				
Sustainable Energy for the Eastern Caribbean (SEEC)	€4,450	$4,477	$1,115	$3,362
Geothermal Risk Mitigation for the Eastern Caribbean (EU-CIF)	€12,350	$6,849	$6,517	$332
United Kingdom				
Increasing Renewable Energy and Energy Efficiency in the Eastern Caribbean	£4,305	$5,873	$5,790	$83
Sustainable Energy for the Eastern Caribbean (SEEC)	£2,500	$2,200	$1,014	$1,186
Inter-American Development Bank [Acting as Administrator for the Global Environment Facility (GEF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	$3,014	$1,856	$1,258	$598
Inter-American Development Bank [Acting as Implementing entity for the Clean Technology Fund (CTF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	$19,050	$19,050	$19,050	$-
Canada				
Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C)	CAD5,000	$3,841	$2,091	$1,750

1/ Expenditure to be reimbursed.

6. TOTAL ACCUMULATED INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

On an annual basis the Board of Governors determine the disposition of the accumulated net income and net income for the current year of each of the OSF, subject to any rules and regulations governing each Fund and any agreement relating thereto.

(expressed in thousands of United States dollars, unless otherwise stated)

7. LOANS

The average interest rate earned on loans outstanding was 2.13% (2020: 2.13%). There were no impaired loans at December 31, 2021 and 2020.

8. NON-NEGOTIABLE DEMAND NOTES

The non-negotiable demand notes of $220,400 (2020: $235,647) represent the equivalent of GBP 163.5 million (2020: GBP172.7 million) submitted to the Bank by the UK Department for International Development (DFID) against commitments under the UK Caribbean Infrastructure Fund (UKCIF). The UK Government has committed to donating GBP300 million over an eight (8) year period 2016 - 2024, from which grants are to be provided to build economic infrastructure which have been identified by DFID in countries eligible for overseas development assistance. By amendment letter dated July 26, 2018 the donation commitment from the UK Government under the UKCIF was increased to GBP330 million.

9. ACCOUNTS RECEIVABLE

	2021	2020
Institutional receivables	$44,300	$34,300
Accounts receivable	3,810	1,819
	$48,110	$36,119

Appendices


Welcome to
NASSAU

BOARD OF GOVERNORS AND ALTERNATES 2021

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Hon. Charles Washington Misick Mr. Yi Gang Mr. Roberto Fendt Junior	Turks and Caicos Islands People's Republic of China Brazil		Chair Vice-Chair Vice-Chair

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Anguilla, Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands	Hon. Charles Washington Misick Premier Office of the Premier Upper Level, Hilly Ewing Building Leeward Highway, Providenciales TURKS AND CAICOS ISLANDS	Hon. Chris Saunders Minister for Finance and Economic Development Government Administration Building Grand Cayman CAYMAN ISLANDS
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COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Belize	Hon. John Antonio Briceno Prime Minister and Minister of Finance Economic Development & Investment Office of the Prime Minister Sir Edney Cain Building Belmopan, Belize, C.A.	Hon. Christopher Coye Minister of State Ministry of Finance New Administration Building Belmopan, Belize, C.A.
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President	Dr. Hyginus "Gene" Leon*
Advisor to the President	Dr. Shelton Nicholls**
Chief Risk Officer	Mr. Malcolm Buamah**
Deputy Director, Internal Audit Division	Mr. Denis Bergevin
Head, Office of Integrity, Compliance and Accountability	Dr. Toussant Boyce
Head of Evaluation, Office of Independent Evaluation	Mr. James Melanson
Head, Corporate Communications Unit	Ms. Camille Taylor

CORPORATE SERVICES

Vice-President (Corporate Services) and Bank Secretary (VPCS & BS)	Mrs. Yvette Lemonias Seale**
Advisor to the VPCS & BS	Mrs. Fay Alleyne Kirnon**
Director, Human Resources and Administration	Mr. Phillip Brown**
General Counsel	Mrs. Diana Wilson Patrick**
Deputy General Counsel	Mrs. S. Nicole Jordan
Director, Finance and Information Technology Solutions	Mr. Earl Estrado**
Deputy Director, Finance	Mrs. Faye Hardy (Ag.)
Chief Information Officer	Mr. Julio Cesar Goncalves Lima

OPERATIONS

Vice-President (Operations) (VPO)	
Advisor to the VPO	Mr. Isaac Solomon**
	Dr. Darran Newman**
Director, Economics	Mr. Ian Durant**
Deputy Director, Economics	Mrs. Christine Dawson (Ag.)
Deputy Director, Corporate Strategy	Ms. Ann-Marie Warner (Ag.)**
Director, Projects	Mr. Daniel Best**
Division Chief, Social Sector	Ms. Deidre Clarendon
Head of Procurement, Procurement Policy	Mr. Douglas Fraser
Division Chief, Economic Infrastructure	Mr. L. O'Reilly Lewis
Head, Infrastructure Partnerships	Mr. Andrew Dupigny
Coordinator, Renewable Energy/Energy Efficiency Unit	Mr. Joseph Williams
Coordinator, Environmental Sustainability Unit	Ms. Valerie Isaac

*Chairman, Strategic Advisory Team
**Member, Strategic Advisory Team

Abbreviations and Acronyms

$ refers to U.S. Dollars throughout unless otherwise stated.

BMC	-	Borrowing Member Country
BNTF	-	Basic Needs Trust Fund
CARE	-	Caribbean Action for Resilience Enhancement Programme
CART	-	Community Assessment of Readiness Tool
CARICOM	-	Caribbean Community
CCAF	-	Canada-CARICOM Climate Adaptation Fund
CCRIF	-	Caribbean Catastrophe Risk Insurance Facility
CDB	-	Caribbean Development Bank
CIIF	-	Cultural and Creative Industries Innovation Fund
COP26	-	26th Conference of Parties of the United Nations Framework Convention on Climate Change
CSME	-	CARICOM Single Market and Economy
CTCS	-	Caribbean Technological Consultancy Services
DFI	-	Development Financing Institution
DFC	-	Development Finance Corporation
EIB	-	European Investment Bank
ERC	-	Enterprise Risk Committee
ERM	-	Enterprise Risk Management
GAIA	-	Grantley Adams International Airport
GCF	-	Green Climate Fund
GDP	-	Gross Domestic Product
GE	-	Geothermal Energy (GE)
ICA	-	Office of Integrity, Compliance and Accountability
IDB	-	Inter-American Development Bank
IFRS	-	International Financial Reporting Standards
IMF	-	International Monetary Fund
Km	-	kilometres (km)
LIDAR	-	Light Detection and Ranging (LIDAR)
MfDR	-	Managing for Development Results
mn	-	million
MSME	-	micro, small and medium-sized enterprise
OAC	-	Oversight and Assurance Committee
OCR	-	Ordinary Capital Resources
OECS	-	Organisation of Eastern Caribbean States
OIE	-	Office of Independent Evaluation
ORM	-	Office of Risk Management
OSF	-	Other Special Funds
PPF	-	Project Preparation Facilities
RDA	-	Recovery Duration Adjuster
RCSA	-	Risk Control Self-Assessment
RMF	-	Results Management Framework
SDF	-	Special Development Fund
SFR	-	Special Funds Resources
SDGs	-	Sustainable Development Goals
TA	-	Technical Assistance
TVET	-	Technical and Vocational Education and Training
UKCIF	-	United Kingdom Caribbean Infrastructure Partnership Fund
UWI	-	University of the West Indies

APPENDIX I-A

Distribution of Loans, Secondary Mortgage, Equity and Grants Approved (Net)
By Country and By Fund - 2021 ($'000)

COUNTRY	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL	PERCENTAGE OF TOTAL
Anguilla	7,500	89	-	7,589	5.6%
Antigua and Barbuda	23,313	-	-	23,313	17.3%
Bahamas	-	-	388	388	0.3%
Barbados	(500)	2,000	30	1,530	1.1%
Belize	-	8,209	2,416	10,625	7.9%
Dominica	-	2,886	39,591	42,477	31.5%
Dominican Republic	-	-	7	7	0.0%
Grenada	-	2,660	9,578	12,238	9.1%
Guyana	-	7,937	-	7,937	5.9%
Haiti	-	7,507	-	7,507	5.6%
Jamaica	-	8,306	149	8,455	6.3%
Montserrat	-	607	-	607	0.5%
Saint Lucia	(2,628)	(5,321)	(464)	(8,413)	-6.2%
Saint Vincent and the Grenadines	-	8,867	5,956	14,823	11.0%
Suriname	-	(70)	-	(70)	-0.1%
Trinidad and Tobago	-	-	196	196	0.1%
Virgin Islands	(1,800)	-	-	(1,800)	-1.3%
Regional	-	6,197	1,248	7,445	5.5%
Total	25,885	49,874	59,095	134,854	
Percentage of Total	19.2	37.0	43.8		100.0
LDCs	26,385	25,434	57,077	108,896	80.8%
MDCs	(500)	18,243	763	18,506	13.7%
Regional	0	6,197	1,255	7,452	5.5%

APPENDIX I-B

Distribution of Loans, Secondary Mortgage, Equity and Grants Approved (Net)
By Sector and by Fund - 2021 ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Total All Sectors	25,885	49,874	59,095	134,854
Manufacturing and Industry	-	222	10,625	10,847
Micro and Small Scale Enterprises	-	-	10,340	10,340
Agro-Industries	-	222	285	507
Transportation and Communication	-	-	1,033	1,033
Road Transport	-	-	1,033	1,033
Power, Energy, Water and Sanitation	(1,687)	62	29,642	28,017
Power and Energy	(1,687)	97	391	(1,199)
Water and Sanitation	-	(35)	29,251	29,216
Social Infrastructure and Services	(500)	42,961	15,632	58,093
Education - General	4,000	2,221	-	6,221
Education - Post Secondary	(4,500)	-	-	(4,500)
Health	-	267	8,950	9,217
Other Social Infrastructure and Services	-	40,473	6,682	47,155
Environmental Sustainability and Disaster Risk Reduction	(4,428)	6,002	1,428	3,002
Environmental Sustainability	-	203	1,502	1,705
Disaster Prevention and Preparedness	-	3,420	(74)	3,346
Reconstruction Relief and Rehabilitation	(4,428)	2,379	-	(2,049)
Multi-Sector and Other	32,500	627	735	33,862
Urban Development	-	20	-	20
Policy-Based Loans/Structural Adjustment Programme	32,500	-	-	32,500
Regional/Multulateral Trade Agreements	-	-	735	735
Other	-	607	-	607

APPENDIX I-C

Distribution of Loans, Secondary Mortgage, Equity and Grants Approved (Net)
By Country and by Sector - ($'000)

COUNTRY	MANUFACTURING AND INDUSTRY	TRANSPORTATION AND COMMUNICATION	POWER, ENERGY, WATER AND SANITATION	SOCIAL INFRASTRUCTURE AND SERVICES	ENVIRONMENTAL SUSTAINABILITY AND DISASTER RISK REDUCTION	MULTI-SECTOR AND OTHER	TOTAL
Anguilla	-	-	-	89	-	7,500	7,589
Antigua and Barbuda	-	-	(1,687)	-	-	25,000	23,313
Bahamas	-	-	-	388	-	-	388
Barbados	-	-	-	1,222	-	308	1,530
Belize	507	1,497	-	5,622	2,999	-	10,625
Dominica	10,340	-	29,251	2,886	-	-	42,477
Dominican Republic	-	-	-	7	-	-	7
Grenada	-	-	301	11,937	-	-	12,238
Guyana	-	-	-	7,937	-	-	7,937
Haiti	-	-	(35)	611	6,931	-	7,507
Jamaica	-	-	-	8,306	(278)	427	8,455
Montserrat	-	-	-	-	-	607	607
Saint Lucia	-	(464)	-	3,611	(11,560)	-	(8,413)
Saint Vincent and the Grenadines	-	-	-	9,523	5,300	-	14,823
Suriname	-	-	-	(70)	-	-	(70)
Trinidad and Tobago	-	-	-	196	-	-	196
Virgin Islands	-	-	-	-	(1,800)	-	(1,800)
Regional	-	-	187	5,828	1,410	20	7,445
Total	10,847	1,033	28,017	58,093	3,002	33,862	134,854

APPENDIX I-D

Distribution of Loans Approved (Net)
By Country and by Fund - 2021 ($'000)

COUNTRY	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL	PERCENTAGE OF TOTAL
Anguilla	7,500	-	-	7,500	14.5%
Antigua and Barbuda	23,313	-	-	23,313	45.1%
Barbados	(500)	2,000	-	1,500	2.9%
Belize	-	2,500	-	2,500	4.8%
Dominica	-	-	10,340	10,340	20.0%
Grenada	-	-	8,950	8,950	17.3%
Saint Lucia	(2,628)	(8,908)	-	(11,536)	-22.3%
Saint Vincent and the Grenadines	-	5,000	5,956	10,956	21.2%
Virgin Islands	(1,800)	-	-	(1,800)	-3.5%
Total	25,885	592	25,246	51,723	
Percentage of Total	50.0	1.1	48.8		100.0
LDCs	26,385	-1,408	25,246	50,223	97.1%
MDCs	-500	2,000	0	1,500	2.9%

APPENDIX I-E

Distribution of Loans Approved (Net)
By Sector and by Fund - 2021 ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Total All Sectors	25,885	592	25,246	51,723
Manufacturing and Industry	-	-	10,340	10,340
Micro and Small Scale Enterprises	-	-	10,340	10,340
Power, Energy, Water and Sanitation	(1,687)	-	-	(1,687)
Power and Energy	(1,687)	-	-	(1,687)
Social Infrastructure and Services	(500)	2,000	14,906	16,406
Education - General	4,000	2,000	-	6,000
Education - Post Secondary	(4,500)	-	-	(4,500)
Health	-	-	8,950	8,950
Other Social Infrastructure and Services	-	-	5,956	5,956
Environmental Sustainability and Disaster Risk Reduction	(4,428)	(1,408)	-	(5,836)
Disaster Prevention and Preparedness	-	(3,511)	-	(3,511)
Reconstruction Relief and Rehabilitation	(4,428)	2,103	-	(2,325)
Multi-Sector and Other	32,500	-	-	32,500
Policy-Based Loans/Structural Adjustment Programme	32,500	-	-	32,500

APPENDIX I-F

Loans Approvals - 2021 ($'000)

COUNTRY	NO. OF LOAN PROJECTS	CDB	PUBLIC	PRIVATE	UNKNOWN
Anguilla	1	7,500	7,500	-	-
Antigua and Barbuda	1	25,000	25,000	-	-
Barbados	1	6,000	6,000	-	-
Belize	1	2,500	2,500	-	-
Dominica	1	10,340	10,340	-	-
Grenada	1	8,950	8,950	-	-
Saint Vincent and the Grenadines	2	10,956	10,956	-	-
Total	8	71,246	71,246	-	-
LDCs	7	65,246	65,246	-	-

APPENDIX I-G

Gross Loans Approvals by Project and Loan Equivalent - 2021 ($'000)

			OCR		SDF		Other Special Funds		
	PROJECT NAME	COUNTRY	AMOUNT	LOAN EQUIVALENT	AMOUNT	LOAN EQUIVALENT	AMOUNT	LOAN EQUIVALENT	TOTAL
1	First Fiscal and Economic Response Programmatic Policy-Based Loan	Antigua and Barbuda	25,000	1.00	-	-	-	-	25,000
2	Second Programmatic Fiscal Stability and Resilience Building Policy-Based Loan	Anguilla	7,500	1.00	-	-	-	-	7,500
3	The University of The West Indies Digital Transformation Project	Barbados	4,000	0.67	2,000	0.33	-	-	6,000
4	NDM - Irl - Hurricanes Eta and Iota	Belize	-	-	2,500	1.00	-	-	2,500
5	Support For MSME Financing for the Commonwealth of Dominica	Dominica	-	-	-	-	10,340	1.00	10,340
6	Safety Nets of Vulnerable Populations Affected by the Coronavirus Disease 2019 Project	Grenada	-	-	-	-	8,950	1.00	8,950
7	NDM - Immediate Response Loan la Soufriére Volcano - Saint Vincent and the Grenadines	Saint Vincent and the Grenadines	-	-	5,000	1.00	-	-	5,000
8	Safety Nets For Vulnerable Populations Affected by Coronavirus Disease	Saint Vincent and the Grenadines	-	-	-	-	5,956	1.00	5,956

LDCs	32,500	0.50	7,500	0.11	25,246	0.39	65,246
MDCs	4,000	0.67	2,000	0.33	-	-	6,000
LDCs	0.89	0.79	1.00	0.92			
MDCs	0.11	0.21	-	0.08			
Total		0.51		0.13		0.35	

APPENDIX II-A

Summary of Total Financing Approved (Net) (1970 - 2021)
Loans, Contingent Loans, Equities and Grants ($'000)

FINANCING TYPE	1970-2020	2021	TOTAL
Loans	5,550,977	51,723	5,602,700
Contingent Loans	5,204	-	5,204
Equity	43,193	-	43,193
Grants	726,659	51,367	778,026
Other	374,322	31,764	406,086
Total	6,700,355	134,854	6,835,209

APPENDIX II-B

Summary of Total Financing Approved (Net) by Sector (1970 - 2021)
Loans, Contingent Loans, Equities and Grants ($'000)

SECTOR	1970-2020	2021	TOTAL
Agriculture and Rural Development	463,732	-	463,732
Environmental Sustainability and Disaster Risk Reduction	607,843	3,002	610,845
Financial, Business and Other Services	173,040	-	173,040
Manufacturing and Industry	344,199	10,847	355,046
Mining and Quarrying	36,143	-	36,143
Multi-Sector and Other	1,295,535	33,862	1,329,397
Power, Energy, Water and Sanitation	770,764	28,017	798,781
Social Infrastructure and Services	1,306,209	58,093	1,364,302
Tourism	102,761	-	102,761
Transportation and Communication	1,600,129	1,033	1,601,162
Total	6,700,355	134,854	6,835,209

APPENDIX II-C

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net)
By Sector and by Fund (1970 - 2021) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Total All Sectors	3,750,522	2,109,018	975,269	6,835,209
Agriculture and Rural Development	188,424	165,003	110,305	463,732
Agriculture (excluding Crop Farming)	127,840	38,504	20,778	187,122
Crop Farming	3,725	6,215	2,919	12,859
Export Crops	39,223	23,389	4,732	67,344
Mixed Farming	207	279	3,070	3,556
Irrigation, Drainage and Land Reclamation	10,948	7,967	565	19,480
Fishing	-	2,478	872	3,350
Land Settlement and Rural Development	3,947	36,889	684	41,520
Feeder Roads and Bridges	2,534	49,282	76,685	128,501
Mining and Quarrying	31,409	3,875	859	36,143
Fossil Fuels	30,862	926	853	32,641
Metal Ores	547	190	-	737
Non-Metallic Minerals	-	2,759	6	2,765
Manufacturing and Industry	185,140	94,016	75,890	355,046
Industrial Development	178,828	61,914	27,614	268,356
Micro and Small Scale Enterprises	-	22,328	12,332	34,660
Agro-Industries	(175)	6,896	34,999	41,720
Textile, Wearing Apparel and Leather Goods	-	297	311	608
Forest Industries	3,502	348	-	3,850
Chemicals and Chemical Products	-	13	541	554
Non-Metallic Mineral Products	2,985	73	-	3,058
Construction	-	2,147	93	2,240
Tourism	78,611	13,063	11,087	102,761
Tourism	78,611	13,063	11,087	102,761
Transportation and Communication	1,013,673	267,504	319,985	1,601,162
Transport Policy and Administrative Management	39,302	21,348	5,294	65,944
Road Transport	557,227	166,294	208,988	932,509
Water Transport	142,948	51,544	71,814	266,306
Air Transport	265,946	27,665	33,636	327,247
Communication	8,250	518	106	8,874
Storage	-	135	147	282

APPENDIX II-C CONTINUED

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net)
By Sector and by Fund (1970 - 2021) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Power, Energy, Water and Sanitation	513,696	177,576	107,509	798,781
Power and Energy	254,455	18,722	42,240	315,417
Electric Power	66,755	32,489	1,860	101,104
Alternative Energy	8,250	-	1,791	10,041
Water and Sanitation	184,236	126,365	61,618	372,219
Social Infrastructure and Services	467,225	701,444	195,633	1,364,302
Education - General	148,416	142,426	32,462	323,304
Education - Basic	8,253	60,690	13,173	82,116
Education - Secondary/Vocational	36,332	48,075	6,051	90,458
Education - Post Secondary	154,731	107,628	2,570	264,929
Health	4,091	2,734	11,101	17,926
Housing	74,672	36,959	23,049	134,680
Other Social Infrastructure and Services	40,730	302,932	107,227	450,889
Environmental Sustainability and Disaster Risk Reduction	250,394	322,603	37,448	610,845
Environmental Sustainability	441	5,623	5,226	11,290
Sea Defence/Flood Prevention/Control	15,249	5,033	801	21,083
Disaster Prevention and Preparedness	21,149	80,316	14,928	116,793
Reconstruction Relief and Rehabilitation	213,555	231,631	16,493	461,679
Financial, Business and Other Services	125,269	44,650	3,121	173,040
Financial Policy and Administrative Management	32,083	11,111	2,345	45,539
Financial Intermediaries	93,186	33,539	776	127,501
Multi-Sector and Other	896,681	319,284	113,432	1,329,397
Government and Civil Society	229,021	23,317	15,391	267,729
Urban Development	29,912	10,347	156	40,415
Policy-Based Loans/Structural Adjustment Programme	668,600	257,296	38,800	964,696
Regional/Multulateral Trade Agreements	-	3,967	13,917	17,884
Other	(30,852)	24,357	45,168	38,673

APPENDIX II-D

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net)
By Country and by Sector (1970 - 2021) ($'000)

COUNTRY	AGRICULTURE AND RURAL DEVELOPMENT	MINING AND QUARRYING	MANUFACTURING AND INDUSTRY	TOURISM	TRANSPORTATION AND COMMUNICATION	POWER, ENERGY, WATER AND SANITATION	SOCIAL INFRASTRUCTURE AND SERVICES	ENVIRONMENTAL SUSTAINABILITY AND DISASTER RISK REDUCTION	FINANCIAL, BUSINESS AND OTHER SERVICES	MULTI-SECTOR AND OTHER	TOTAL
Anguilla	2,871	-	6,578	1,193	20,712	14,734	9,317	9,425	22,404	77,406	164,640
Antigua and Barbuda	6,638	0	4,055	1,922	115,856	6,789	40,829	48,114	(615)	122,752	346,340
Bahamas	10,086	-	11,468	2,187	21,778	58,375	6,195	2,096	274	91,052	203,511
Barbados	18,869	100	31,863	40,061	167,459	44,666	111,710	7,647	7,593	194,747	624,715
Belize	30,284	-	15,714	1,251	233,608	84,219	153,199	22,678	38,439	63,183	642,575
Cayman Islands	1,308	388	1,671	6,429	23,047	9,775	5,551	-	44	(13)	48,200
Dominica	21,952	-	28,216	7,506	36,904	63,569	70,624	70,018	12,926	40,413	352,128
Dominican Republic	519	-	-	-	-	-	24	-	-	259	802
Grenada	25,327	451	19,626	4,553	69,871	21,258	100,225	44,182	11,034	57,211	353,738
Guyana	64,150	-	18,506	128	285,925	13,718	83,950	25,935	(2)	55,794	548,104
Haiti	25,500	-	909	-	-	924	88,627	24,908	-	19,086	159,954
Jamaica	146,990	932	99,030	15,646	105,466	72,735	135,445	115,962	56,718	171,457	920,381
Montserrat	1,408	87	1,948	168	25,371	3,174	10,833	-	378	712	44,079
Saint Lucia	22,723	62	25,226	14,197	121,060	79,132	142,890	33,812	5,625	95,879	540,606
Saint Vincent and the Grenadines	16,899	2,939	13,174	541	226,848	74,710	103,571	80,816	5	77,502	597,005
St. Kitts and Nevis	6,164	123	10,854	1,746	46,915	30,529	75,374	13,900	520	40,201	226,326
Suriname	215	-	25	-	-	160,730	23,138	318	-	59,298	243,724
Trinidad and Tobago	42,214	30,875	32,650	4	38,262	43,249	(16,306)	204	10,008	33,685	214,845
Turks and Caicos Islands	1,510	18	1,015	1,302	3,140	913	21,806	1,096	(207)	5,088	35,681
Virgin Islands	3,503	-	5,378	403	36,018	5,062	11,677	82,863	1	50,000	194,905
Regional	3,313	0	4,182	1,430	4,000	8,536	89,251	24,918	4,785	28,383	168,798
Regional: LDC Focus	1,365	119	605	430	11,059	1,091	12,690	617	491	5,346	33,813
Regional: MDC Focus	25	-	-	-	6,313	-	9,602	-	-	3,020	18,960
Regional: LDC/ MDC Focus	9,899	49	22,353	1,664	1,550	893	74,080	1,336	2,619	36,936	151,379
Total	463,732	36,143	355,046	102,761	1,601,162	798,781	1,364,302	610,845	173,040	1,329,397	6,835,209

APPENDIX II-E

Approvals of Loans, Contingent Loans, Equity and Grants (Net)
By Country and by Year (1970 - 2021) ($'000)

COUNTRY	1970 - 2015	2016	2017	2018	2019	2020	2021	TOTAL
Anguilla	114,481	22,046	5,590	14,923	11	-	7,589	164,640
Antigua and Barbuda	187,117	24,853	90,881	2,705	3,855	13,616	23,313	346,340
Bahamas	115,280	(15,560)	281	11,441	50,213	41,468	388	203,511
Barbados	496,212	(1,460)	(30,966)	115,746	74,971	(31,318)	1,530	624,715
Belize	435,126	35,654	6,052	82,897	6,971	65,250	10,625	642,575
Cayman Islands	48,247	12	(47)	(12)	-	-	-	48,200
Dominica	241,918	3,479	14,343	23,473	2,060	24,378	42,477	352,128
Dominican Republic	761	17	-	-	17	-	7	802
Grenada	293,969	12,835	10,390	21	40	24,245	12,238	353,738
Guyana	323,777	12,396	8,347	5,598	2,049	188,000	7,937	548,104
Haiti	97,659	12,424	24,575	2,961	3,017	11,811	7,507	159,954
Jamaica	780,290	1,015	79,440	21,697	(5,140)	34,624	8,455	920,381
Montserrat	23,698	11	20,092	(8)	-	(321)	607	44,079
Saint Lucia	423,508	44,509	5,013	(12,383)	(6,230)	94,602	(8,413)	540,606
Saint Vincent and the Grenadines	304,682	34,519	13,453	40,831	151,905	36,792	14,823	597,005
St. Kitts and Nevis	218,502	6,271	1,048	150	-	355	-	226,326
Suriname	22,573	180,808	31,539	310	46	8,518	(70)	243,724
Trinidad and Tobago	203,706	410	9	200	10,076	248	196	214,845
Turks and Caicos Islands	34,454	13	440	655	119	-	-	35,681
Virgin Islands	77,482	13	68,760	50,200	-	250	(1,800)	194,905
Regional	84,532	12,561	28,296	11,253	13,445	11,266	7,445	168,798
Regional: LDC Focus	33,813	-	-	-	-	-	-	33,813
Regional: MDC Focus	18,960	-	-	-	-	-	-	18,960
Regional: LDC/ MDC Focus	151,379	-	-	-	-	-	-	151,379
Total	4,732,126	386,826	377,536	372,658	307,425	523,784	134,854	6,835,209
LDCs	2,557,053	377,447	292,129	206,723	161,794	279,496	108,896	3,983,538
MDCs	1,938,401	(3,199)	57,111	154,682	132,169	233,022	18,506	2,530,692
Regional	236,672	12,578	28,296	11,253	13,462	11,266	7,452	320,979

Note: Cancellations prior to 2009 are deducted in the year in which approvals were made.

APPENDIX II-F

Distribution of Loans Approved (Net)
By Country and by Fund (1970 - 2021) ($'000)

COUNTRY	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL	PERCENTAGE OF TOTAL
Anguilla	149,656	11,599	500	161,755	2.9%
Antigua and Barbuda	256,793	45,174	9,346	311,313	5.6%
Bahamas	192,326	3,036	3,240	198,602	3.5%
Barbados	559,627	8,909	35,779	604,315	10.8%
Belize	340,258	184,643	11,265	536,166	9.6%
Cayman Islands	39,884	4,703	3,313	47,900	0.9%
Dominica	85,105	137,371	46,662	269,138	4.8%
Grenada	106,990	165,862	41,433	314,285	5.6%
Guyana	172,144	224,703	22,164	419,011	7.5%
Jamaica	512,004	217,478	74,831	804,313	14.4%
Montserrat	485	10,857	1,372	12,714	0.2%
Saint Vincent and the Grenadines	304,757	157,375	29,478	491,610	8.8%
St. Kitts and Nevis	102,246	96,151	9,025	207,422	3.7%
Suriname	214,702	25,755	-	240,457	4.3%
Trinidad and Tobago	203,808	5,018	2,566	211,392	3.8%
Saint Lucia	256,656	166,231	38,811	461,698	8.2%
Turks and Caicos Islands	17,399	12,100	-	29,499	0.5%
Virgin Islands	168,033	22,041	1,894	191,968	3.4%
Regional	10,471	5,175	-	15,646	0.3%
Regional: LDC Focus	10,000	5,232	2,626	17,858	0.3%
Regional: MDC Focus	7,266	5,544	2,174	14,984	0.3%
Regional: LDC/MDC Focus	39,912	742	-	40,654	0.7%
Total	3,750,522	1,515,699	336,479	5,602,700	
Percentage of Total	66.9	27.1	6.0		100.0
LDCs	2,052,964	1,045,094	195,725	3,293,783	58.8%
MDCs	1,647,175	464,688	140,754	2,252,617	40.2%
Regional	50,383	5,917	0	56,300	1.0%

APPENDIX II-G

Distribution of Loans Approved (Net)
By Sector and by Fund (1970 - 2021) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Total All Sectors	3,750,522	1,515,699	336,479	5,602,700
Agriculture and Rural Development	188,424	129,805	36,835	355,064
Agriculture (excluding Crop Farming)	127,840	35,704	18,865	182,409
Crop Farming	3,725	5,895	2,780	12,400
Export Crops	39,223	23,314	4,674	67,211
Mixed Farming	207	100	1,421	1,728
Irrigation, Drainage and Land Reclamation	10,948	7,816	409	19,173
Fishing	-	2,437	694	3,131
Land Settlement and Rural Development	3,947	25,567	312	29,826
Feeder Roads and Bridges	2,534	28,972	7,680	39,186
Mining and Quarrying	31,409	3,294	436	35,139
Fossil Fuels	30,862	535	430	31,827
Metal Ores	547	-	-	547
Non-Metallic Minerals	-	2,759	6	2,765
Manufacturing and Industry	185,140	73,426	57,884	316,450
Industrial Development	178,828	59,702	13,383	251,913
Micro and Small Scale Enterprises	-	8,563	11,477	20,040
Agro-Industries	(175)	5,086	32,318	37,229
Textile, Wearing Apparel and Leather Goods	-	2	260	262
Forest Industries	3,502	-	-	3,502
Chemicals and Chemical Products	-	-	446	446
Non-Metallic Mineral Products	2,985	73	-	3,058
Tourism	78,611	10,803	6,935	96,349
Tourism	78,611	10,803	6,935	96,349
Transportation and Communication	1,013,673	259,864	76,340	1,349,877
Transport Policy and Administrative Management	39,302	19,130	-	58,432
Road Transport	557,227	163,971	31,162	752,360
Water Transport	142,948	50,982	15,041	208,971
Air Transport	265,946	25,744	30,137	321,827
Communication	8,250	37	-	8,287
Power, Energy, Water and Sanitation	513,696	167,607	25,444	706,747
Power and Energy	254,455	15,206	-	269,661
Electric Power	66,755	32,304	1,577	100,636
Alternative Energy	8,250	-	-	8,250
Water and Sanitation	184,236	120,097	23,867	328,200

APPENDIX II-G CONTINUED

Distribution of Loans Approved (Net)
By Sector and by Fund (1970 - 2021) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Social Infrastructure and Services	467,225	307,106	77,904	852,235
Education - General	148,416	88,798	16,400	253,614
Education - Basic	8,253	31,767	12,050	52,070
Education - Secondary/Vocational	36,332	41,919	5,769	84,020
Education - Post Secondary	154,731	97,576	2,170	254,477
Health	4,091	1,157	10,825	16,073
Housing	74,672	35,347	22,884	132,903
Other Social Infrastructure and Services	40,730	10,542	7,806	59,078
Environmental Sustainability and Disaster Risk Reduction	250,394	272,582	11,501	534,477
Environmental Sustainability	441	-	-	441
Sea Defence/Flood Prevention/Control	15,249	5,013	(54)	20,208
Disaster Prevention and Preparedness	21,149	40,587	1,495	63,231
Reconstruction Relief and Rehabilitation	213,555	226,982	10,060	450,597
Financial, Business and Other Services	125,269	35,858	-	161,127
Financial Policy and Administrative Management	32,083	4,577	-	36,660
Financial Intermediaries	93,186	31,281	-	124,467
Multi-Sector and Other	896,681	255,354	43,200	1,195,235
Government and Civil Society	229,021	5,690	4,400	239,111
Urban Development	29,912	750	-	30,662
Policy-Based Loans/Structural Adjustment Programme	668,600	247,160	38,800	954,560
Other	(30,852)	1,754	-	(29,098)

APPENDIX II-H

Contingent Loans Approved (Net)
By Country and by Fund (1970 - 2021) ($'000)

COUNTRY	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL	PERCENTAGE OF TOTAL
Anguilla	-	-	71	71	1.4%
Antigua and Barbuda	-	4	-	4	0.1%
Barbados	-	384	156	540	10.4%
Belize	-	829	152	981	18.9%
Dominica	-	-	809	809	15.5%
Grenada	-	241	-	241	4.6%
Jamaica	-	286	-	286	5.5%
Montserrat	-	87	-	87	1.7%
Saint Lucia	-	145	50	195	3.7%
Saint Vincent and the Grenadines	-	217	131	348	6.7%
St. Kitts and Nevis	-	178	56	234	4.5%
Turks and Caicos Islands	-	1,054	-	1,054	20.3%
Trinidad and Tobago	-	200	-	200	3.8%
Virgin Islands	-	50	104	154	3.0%
Total	-	3,675	1,529	5,204	
Percentage of Total	0.0	70.6	29.4		100.0
LDCs	0	2,805	1,373	4,178	80.3%
MDCs	0	870	156	1,026	19.7%

APPENDIX II-I

Contingent Loans Approved (Net)
By Sector and by Fund (1970 - 2021) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Total All Sectors	-	3,675	1,529	5,204
Agriculture and Rural Development	-	460	147	607
Agriculture (excluding Crop Farming)	-	185	96	281
Crop Farming	-	-	51	51
Export Crops	-	75	-	75
Land Settlement and Rural Development	-	200	-	200
Mining and Quarrying	-	391	131	522
Fossil Fuels	-	391	131	522
Manufacturing and Industry	-	52	-	52
Industrial Development	-	52	-	52
Tourism	-	93	-	93
Tourism	-	93	-	93
Transportation and Communication	-	2,096	243	2,339
Transport Policy and Administrative Management	-	1,267	104	1,371
Road Transport	-	245	38	283
Air Transport	-	584	101	685
Power, Energy, Water and Sanitation	-	583	852	1,435
Power and Energy	-	222	824	1,046
Water and Sanitation	-	361	28	389
Multi-Sector and Other	-	-	156	156
Urban Development	-	-	156	156

APPENDIX II-J

Grants Approved (Net)
By Country and by Fund (1970 - 2021) ($'000)

COUNTRY	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL	PERCENTAGE OF TOTAL
Anguilla	-	1,849	965	2,814	0.2%
Antigua and Barbuda	-	2,520	32,303	35,023	3.0%
Bahamas	-	2,086	2,422	4,508	0.4%
Barbados	-	1,458	17,647	19,105	1.6%
Belize	-	37,563	66,003	103,566	8.8%
Cayman Islands	-	268	32	300	0.0%
Dominica	-	23,155	58,809	82,164	7.0%
Dominican Republic	-	-	778	778	0.1%
Grenada	-	24,302	14,612	38,914	3.3%
Guyana	-	52,453	76,640	129,093	11.0%
Haiti	-	158,969	968	159,937	13.6%
Jamaica	-	38,274	76,430	114,704	9.8%
Montserrat	-	9,100	22,178	31,278	2.7%
Saint Lucia	-	30,576	48,117	78,693	6.7%
Saint Vincent and the Grenadines	-	24,463	80,194	104,657	8.9%
St. Kitts and Nevis	-	10,649	7,832	18,481	1.6%
Suriname	-	2,140	1,127	3,267	0.3%
Trinidad and Tobago	-	921	1,862	2,783	0.2%
Turks and Caicos Islands	-	3,843	1,285	5,128	0.4%
Virgin Islands	-	1,535	1,248	2,783	0.2%
Regional	-	96,454	37,322	133,776	11.4%
Regional: LDC Focus	-	6,931	5,924	12,855	1.1%
Regional: MDC Focus	-	976	-	976	0.1%
Regional: LDC/MDC Focus	-	58,951	27,774	86,725	7.4%
Total	-	589,436	582,472	1,172,308	
Percentage of Total	0.0	50.3	49.7		100.0
LDCs	0	337,719	341,565	679,684	58.0%
MDCs	0	96,312	175,033	271,345	23.1%
Regional	0	155,405	65,874	221,279	18.9%

APPENDIX II-K

Grants Approved (Net)
By Sector and by Fund (1970 - 2021) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Total All Sectors	-	589,436	582,472	1,172,308
Agriculture and Rural Development	-	34,738	71,658	106,396
Agriculture (excluding Crop Farming)	-	2,615	1,594	4,209
Crop Farming	-	320	88	408
Export Crops	-	-	58	58
Mixed Farming	-	179	207	386
Irrigation, Drainage and Land Reclamation	-	151	156	307
Fishing	-	41	178	219
Land Settlement and Rural Development	-	11,122	372	11,494
Feeder Roads and Bridges	-	20,310	69,005	89,315
Mining and Quarrying	-	190	292	482
Fossil Fuels	-	-	292	292
Metal Ores	-	190	-	190
Manufacturing and Industry	-	20,349	6,983	27,332
Industrial Development	-	2,160	4,007	6,167
Micro and Small Scale Enterprises	-	13,765	712	14,477
Agro-Industries	-	1,810	2,025	3,835
Textile, Wearing Apparel and Leather Goods	-	106	51	157
Forest Industries	-	348	-	348
Chemicals and Chemical Products	-	13	95	108
Construction	-	2,147	93	2,240
Tourism	-	2,148	3,080	5,228
Tourism	-	2,148	3,080	5,228
Transportation and Communication	-	5,544	243,402	248,946
Transport Policy and Administrative Management	-	951	5,190	6,141
Road Transport	-	2,078	177,788	179,866
Water Transport	-	562	56,773	57,335
Air Transport	-	1,337	3,398	4,735
Communication	-	481	106	587
Storage	-	135	147	282
Power, Energy, Water and Sanitation	-	9,386	81,213	90,599
Power and Energy	-	3,294	41,416	44,710
Electric Power	-	185	283	468

APPENDIX II-K CONTINUED

Grants Approved (Net)
By Sector and by Fund (1970 - 2021) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Alternative Energy	-	-	1,791	1,791
Water and Sanitation	-	5,907	37,723	43,630
Social Infrastructure and Services	-	394,338	108,158	502,496
Education - General	-	53,628	16,062	69,690
Education - Basic	-	28,923	1,123	30,046
Education - Secondary/Vocational	-	6,156	282	6,438
Education - Post Secondary	-	10,052	400	10,452
Health	-	1,577	276	1,853
Housing	-	1,612	165	1,777
Other Social Infrastructure and Services	-	292,390	89,850	382,240
Environmental Sustainability and Disaster Risk Reduction	-	50,021	25,947	76,368
Environmental Sustainability	-	5,623	5,226	10,849
Sea Defence/Flood Prevention/Control	-	20	855	875
Disaster Prevention and Preparedness	-	39,729	13,433	53,562
Reconstruction Relief and Rehabilitation	-	4,649	6,433	11,082
Financial, Business and Other Services	-	8,792	3,021	11,813
Financial Policy and Administrative Management	-	6,534	2,245	8,779
Financial Intermediaries	-	2,258	776	3,034
Multi-Sector and Other	-	63,930	38,718	102,648
Government and Civil Society	-	17,627	10,991	28,618
Urban Development	-	9,597	-	9,597
Policy-Based Loans/Structural Adjustment Programme	-	10,136	-	10,136
Regional/Multilateral Trade Agreements	-	3,967	11,969	15,936
Other	-	22,603	15,758	38,361

APPENDIX II-L

Grants Approved (Net)
By Country and by Year (1970 - 2021) ($'000)

COUNTRY	1970 - 2015	2016	2017	2018	2019	2020	2021	TOTAL
Anguilla	2,368	46	277	23	11	-	89	2,814
Antigua and Barbuda	7,483	18,872	1,271	2,926	3,855	616	-	35,023
Bahamas	2,126	436	281	(3)	200	1,468	-	4,508
Barbados	18,346	267	12	408	200	150	(278)	19,105
Belize	34,522	3,087	6,052	31,863	192	20,145	7,705	103,566
Cayman Islands	347	12	(47)	(12)	-	-	-	300
Dominica	34,283	1,252	2,898	7,669	2,047	1,878	32,137	82,164
Dominican Republic	761	17	-	-	-	-	-	778
Grenada	25,762	2,603	5,053	21	710	1,755	3,010	38,914
Guyana	43,378	857	9,081	(34)	2,049	65,825	7,937	129,093
Haiti	97,659	12,424	24,575	2,961	3,000	11,811	7,507	159,937
Jamaica	23,173	1,015	54,440	21,697	1,727	4,624	8,028	114,704
Montserrat	10,576	11	20,092	(8)	-	-	607	31,278
Saint Lucia	30,043	2,011	4,263	-	968	38,285	3,123	78,693
Saint Vincent and the Grenadines	25,795	16,002	8,418	5,657	40,001	4,917	3,867	104,657
St. Kitts and Nevis	16,449	479	1,048	150	-	355	-	18,481
Suriname	633	309	1,721	310	46	318	(70)	3,267
Trinidad and Tobago	2,114	410	9	200	50	-	-	2,783
Turks and Caicos Islands	5,015	13		(18)	119	-	-	5,128
Virgin Islands	1,101	13	1,219	200	-	250	-	2,783
Regional	55,485	12,561	28,296	11,253	4,928	13,808	7,445	133,776
Regional: LDC Focus	12,855	-	-	-	-	-	-	12,855
Regional: MDC Focus	976	-	-	-	-	-	-	976
Regional: LDC/MDC Focus	86,725	-	-	-	-	-	-	86,725
Total	537,975	72,697	168,958	85,263	60,103	166,205	81,107	1,172,308
LDCs	304,715	57,134	76,839	51,742	50,949	80,330	57,975	679,684
MDCs	90,289	2,985	63,823	22,268	4,226	72,067	15,687	271,345
Regional	142,971	12,578	28,296	11,253	4,928	13,808	7,445	221,279

Note: Cancellations prior to 2009 are deducted in the year in which approvals were made.

CARIBBEAN DEVELOPMENT BANK

ANNUAL REPORT 2021