ANNUAL REPORT

2001

Caribbean Development Bank

Annual Report 2001

CARIBBEAN DEVELOPMENT BANK

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

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

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

The powers of the Board of Governors, except those specially reserved to it under the Charter, have been delegated to the Board of Directors, which is responsible for the conduct of investments, borrowing programmes, technical assistance (TA) and the administrative budget. It also submits accounts pertaining to each financial year for approval by the Board of Governors. The Board of Directors comprises 17 members, 12 representing Regional Members and 5 representing non-Regional Members. Directors are appointed for two-year terms of office and are eligible for re-appointment.

The President of CDB, who is elected by the Board of Governors for a term not exceeding five years, and may be re-elected, is the Chairman of the Board of Directors. The President is responsible for the organisation and operation of CDB, including the appointment of staff and investigation of loan proposals. There are two Vice-Presidents: a Vice-President (Finance) and a Vice-President (Operations). The ranking Vice-President exercises the authority and performs the functions of the President in the absence or incapacity of the President, or while that office is vacant. There is a Senior Management Group comprising the President and the Vice-Presidents, with the General Counsel and the Director of Finance in attendance.

During 31 years of operation, CDB's net financing approvals amounted to USD 2 billion (bn), of which USD 1.1 bn, or 57.6%, was for the LDCs. Disbursements amounted to USD 1.4 bn, of which USD 856 million (mn) went to the LDCs, who also received 71.8% of the funding allocated from CDB's Special Funds Resources. Therefore, a major objective of CDB - that of having special and urgent regard to the needs of the LDCs - is being met.

Of CDB's total resources of USD 1.4 bn at December 31, 2001, USD 943.7 mn (69.2%) was mobilised from outside the Caribbean, USD 94.1 mn (6.9%) was mobilised from regional member countries, and USD 317.2 mn (23.4%) was generated through reserves and current net income. Thus another major objective - that of mobilising financial resources for the development of the Region - is also being met.

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

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

To give effect to these strategic objectives, CDB operates in the following sectors: agriculture, manufacturing, mining, tourism, human resource development and health, economic and social infrastructure and the environment (including waste management).

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

Member Countries

Regional

Borrowing Member Countries

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

Other

Colombia
Mexico
Venezuela

Non-Regional

Canada
China
Germany
Italy
United Kingdom

($ represents United States dollars throughout unless stated otherwise)

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

Approximate Exchange Rates

	December 2001 USD 1.00	Average 2001 USD 1.00
East Caribbean Dollar (XCD)	2.70	2.70
Bahamian Dollar (BHD)	1.00	1.00
Barbados Dollar (BBD)	2.00	2.00
Belize Dollar (BZD)	2.00	2.00
Cayman Islands Dollar (KYD)	0.83	0.83
Guyana Dollar (GYD)	180.25	180.48
Jamaica Dollar (JMD)	48.15	45.84
Trinidad and Tobago Dollar (TTD)	6.12	6.15

ABBREVIATIONS

9/11	– September 11, 2001 attacks on the US
ACP	– African, Caribbean and Pacific
BMC	– Borrowing Member Country
bn	– billion
BNTF	– Basic Needs Trust Fund
BVI	– British Virgin Islands
CARICOM	– Caribbean Community
CARTAC	– Caribbean Techincal Assistance Agency
CDB	– Caribbean Development Bank
CFTC	– Canadian Technical Cooperation Fund
CGCED	– Caribbean Group for Cooperation in Economic Development
CSME	– CARICOM Single Market and Economy
CTCS	– Caribbean Technological Consultancy Services
DFC	– Development Finance Corporation
DFI	– Development Finance Institution
DFID	– Department for International Development
DPPWG	– Development Partners Poverty Working Group
ECCB	– Eastern Caribbean Central Bank
ECSE	– Eastern Caribbean Securities Exchange
EU	– European Union
FATF	– Financial Action Task Force
FSC	– Foreign Sales Corporation
FSF	– Financial Stability Forum
FTAA	– Free Trade Area of the Americas
FY	– Financial Year
GDP	– Gross Domestic Product
GOTT	– Government of Trinidad and Tobago
IBC	– International Business Compny
IDB	– Inter-American Development Bank
IMF	– International Monetary Fund
ITIO	– International Tax and Investment Organisation
LNG	– Liquid Natural Gas
MIF	– Multilateral Investment Fund
mn	– million
MOV	– Maintenance of Value
MPS	– Management and Professional Staff
MSE	– Micro and Smallscale Enterprises
NGO	– Non-Governmental Organisation
OCR	– Ordinary Capital Resources
OECD	– Organisation for Economic Cooperation and Development
OECS	– Organisation of Eastern Caribbean States
OPEC	– Organisation of Petroleum Exporting Countries
OSDF	– Other Special Development Funds
OSFR	– Other Special Funds Resources
PIEU	– Post-Implementation Evaluation Unit
PORC	– Producer-Owned Reinsurance Company
PREU	– Poverty Reduction and Environmental Unit
PRSP	– Poverty Reduction Strategy Paper
PSIP	– Public Sector Investment Programme
RNM	– Regional Negotiating Machinery
SDF	– Special Development Fund
SDF(U)	– Special Development Fund (Unified)
SFR	– Special Funds Resources
SS	– Support Staff
SVG	– St. Vincent and the Grenadines
TA	– Technical Assistance
TAF	– Technical Assistance Fund
TCI	– Turks and Caicos Islands
TT	– Trinidad and Tobago
UK	– United Kingdom
UN	– United Nations
UNDP	– United Nations Development Programme
US	– United States of America
USAID	– United States Agency for International Development
UWI	– University of the West Indies
VTF	– Venezuelan Trust Fund
WTO	– World Trade Organization

CDB - FIVE YEARS AT A GLANCE

	1997	1998	1999	2000	2001
APPROVALS			- No -		
No. of Capital Projects (New)					
Approved for Loan Financing	14	16	16	28	20
of which OCR involved in	13	13	14	20	8
No. of Additional, Technical Assistance Contingernt Loans and Equity	6	10	3	6	9
			- $ mn -		
Loans Approved for Capital Projects					
(New, Additional and Contingent and Equity)	84.2	154.0	160.3	182.5	106.0
of which OCR accounted for	60.1	120.8	119.9	131.1	57.5
Loans (Net) Approved for Capital Projects (New, Additional and Contingent)	50.6	117.1	146.6	180.3	84.3
Amount Approved for Grants	2.8	4.1	5.7	4.6	34.9
LOAN DISBURSEMENTS [1/]					
Amount Disbursed in OCR & VTF	37.4	64.3	79.8	67.0	62.0
Amount Disbursed in SFR	20.7	19.4	23.9	27.2	41.8
Total Disbursed	**58.1**	**83.7**	**103.7**	**94.2**	**103.8**
Net Transfers	(11.8)	(20.4)	(44.0)	(28.0)	25.5
PORTFOLIO					
OCR Loans Outstanding	239.6	285.5	344.2	387.3	423.3
VTF Loans Outstanding	0.6	0.3	0.1	-	-
SFR Loans Outstanding	324.9	323.2	324.1	329.2	348.8
Total Loans Outstanding	**565.1**	**609.0**	**668.4**	**716.5**	**772.1**
FINANCIAL PERFORMANCE					
Net Income on OCR [2/]	14.8	15.2	13.5	15.4	12.8
Net Income on SFR [2/]	8.3	8.3	2.5	10.5	8.4
Total Net Income	**23.1**	**23.5**	**16.0**	**25.9**	**21.2**
SUPERVISION			- No -		
Capital Projects under Supervision	273	264	263	265	256
Capital Projects under Implementation	93	94	94	107	112
Capital Projects Operational	180	170	169	158	144
Financial Intermediaries	21	23	23	24	23
ADMINISTRATION					
Total Staff in Place at Dec. 31 (No.)	198	202	209	210	209
Total Administrative Expenses ($ mn)	12.8	13.6	15.1	16.7	17.5
Administrative Expenses to Total Average Loans Outstanding (%)	2.3	2.3	2.4	2.5	2.4

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

2/ Shown at historical exchange rates and before appropriations.

CARIBBEAN DEVELOPMENT BANK
ANNUAL REPORT
TABLE OF CONTENTS

Wildey, St. Michael
Barbados, West Indies

March 11, 2002

My Dear Chairman:

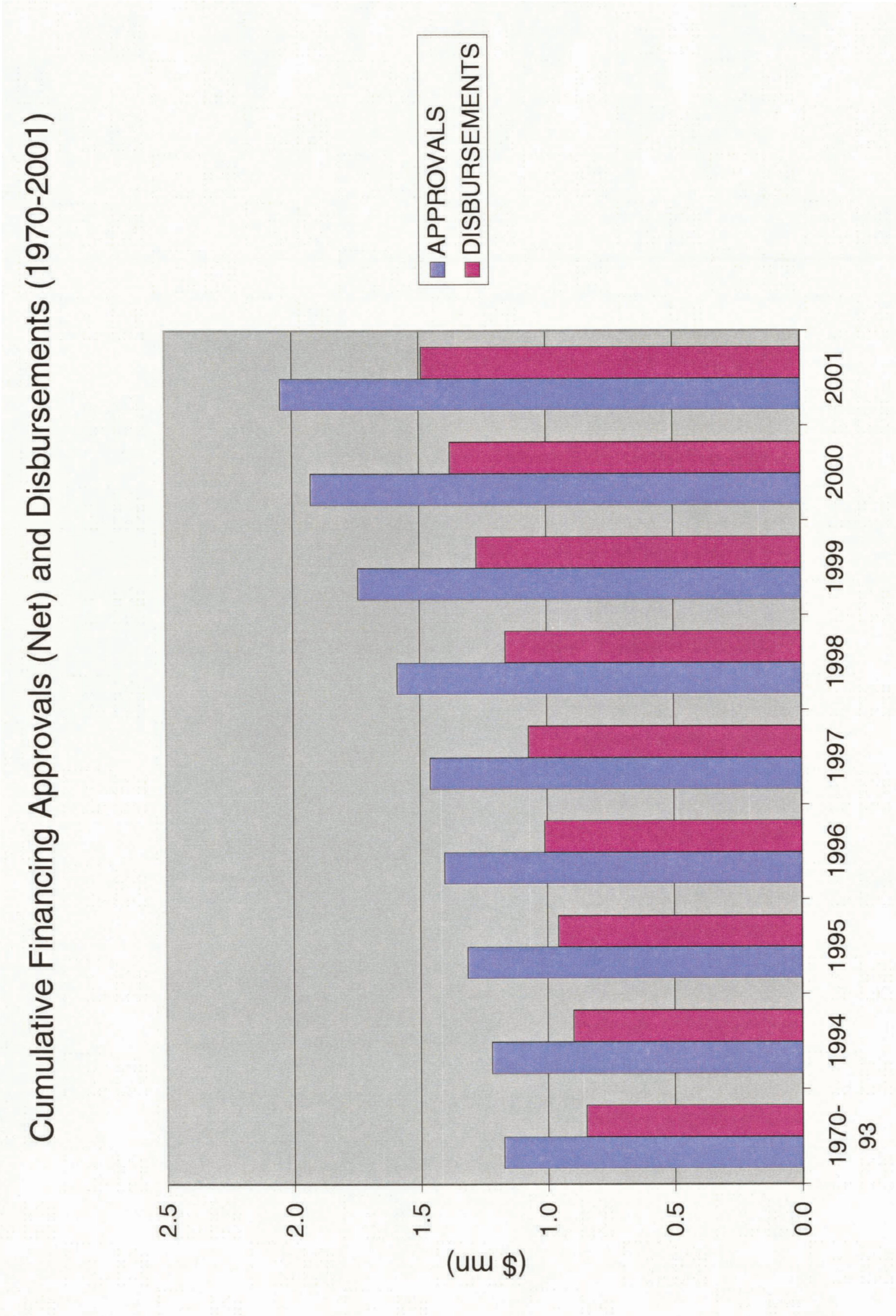
I enclose the Annual Report of the Caribbean Development Bank (CDB) for the year ended December 31, 2001, which the Board of Directors, acting pursuant to Paragraph 2 of Article 38 of the Agreement establishing the Bank and in accordance with Section 18 of the By-Laws of the Bank, has requested me to submit to the Board of Governors.

Yours sincerely,

Compton Bourne
President

Hon. George McCarthy
Chairman
Board of Governors
Caribbean Development Bank

Senior Management meeting with the Chairman of CDB's Board of Governors, Hon. George McCarthy, during his visit to CDB's Headquarters. (l to r) Mr. Neville Grainger, Vice-President (Finance), Mr. Desmond Brunton, Vice-President (Operations), Mr. McCarthy, and Dr. Compton Bourne, President, CDB.


Cumulative Financing Approvals (Net) and Disbursements (1970-2001)
($ mn)
0.0
0.5
1.0
1.5
2.0
2.5
1970-93
1994
1995
1996
1997
1998
1999
2000
2001
APPROVALS
DISBURSEMENTS

INTRODUCTION - HIGHLIGHTS OF CDB'S ACTIVITIES
DURING 2001

GENERAL

2001 saw a changing of the guard at the helm of the Caribbean Development Bank (CDB), when Dr. Compton Bourne succeeded Sir Neville Nicholls as President of the Bank on May 1. Dr. Bourne was elected as CDB's fourth President at a special meeting of the Board of Governors at CDB's Headquarters on March 6.

The Governors passed a resolution in appreciation of Sir Neville's work, stating that "during his tenure as President, spanning a period of almost 13 years, his sterling and dedicated leadership has served to expand and consolidate the pivotal role played by the bank as an instrument of transformation and integration in the social and economic development of the Region."

In December, negotiations were successfully completed for a $95.9 mn replenishment of CDB's Special Development Fund (SDF), with the possibility of a further $29 mn being provided by new contributors later in the cycle. This latest replenishment is the fifth since the Bank was established in 1970, with contributions coming from Borrowing Member Countries (BMCs) as well as non-borrowing members. Through the SDF, CDB provides loans of high development priority to its BMCs. These loans have longer maturities, longer deferred commencement of repayment and lower interest rates than those which apply to loans financed from the Banks ordinary operations.

During the year, CDB secured its largest borrowing to date, with a loan of 12.5 billion (bn) yen – or $100 million (mn) – on the Japanese capital market. The funds are to be used in CDB's ordinary operations to finance social and economic development projects and programmes in the Bank's BMCs. The loan is to be repaid in 20 years.

Chairman of the Board of Governors, the Hon. George McCarthy, Financial Secretary in the Government of the Cayman Islands, paid a visit to CDB in July, to familiarise himself with the operations of the Bank and to meet with members of staff.

CDB'S PERFORMANCE AS A BANK

The Bank's performance in 2001 was somewhat mixed, but overall it was favourable. While there was a 25% reduction in the value of approvals and loans, disbursements increased by 8%.

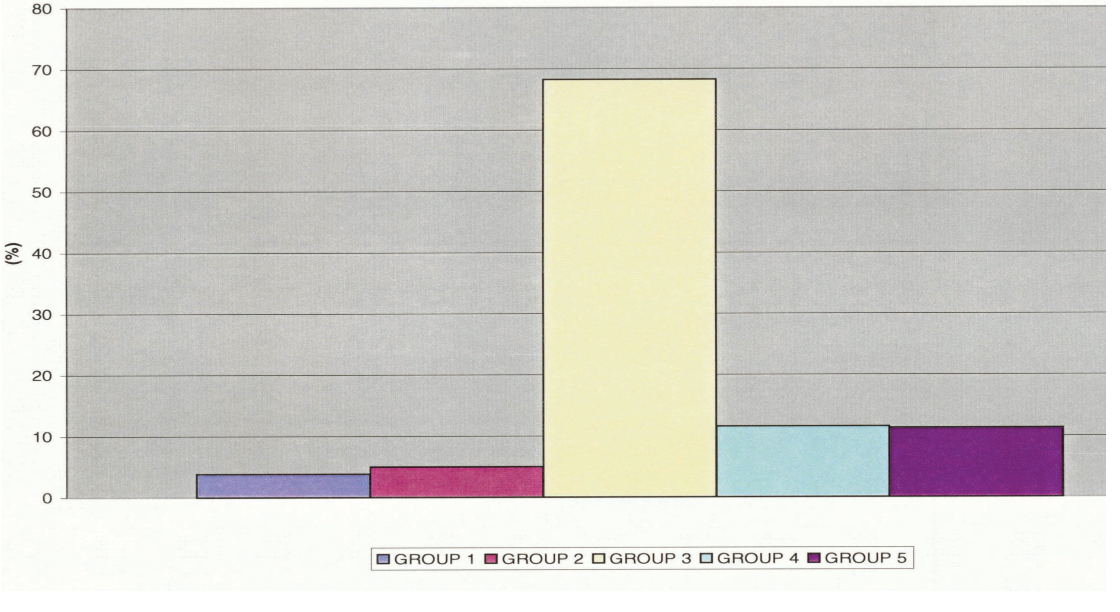
* Gross income on loans in 2001 increased to $30.9 mn, from $26.4 mn in 2000, while investment income was $6.8 mn ($6.5 mn in 2000). Net income from Ordinary Capital Resources (OCR) operations was $12.8 mn, compared with $15.4 mn in 2000.
* The cost of administering CDB's OCR programme reached 1.7% of average loans outstanding (1.6% in 2000).

GROSS APPROVALS AND DISBURSEMENTS

* Gross approvals of loans, equity, and grants during 2001 amounted to $141.4 mn, a decrease of $45.4 mn, or 24.3%, over approvals of $186.8 mn in 2000.

Soft Funds Share of Net Total Financing (1970 – 2001)

Total: $1,023.4 mn



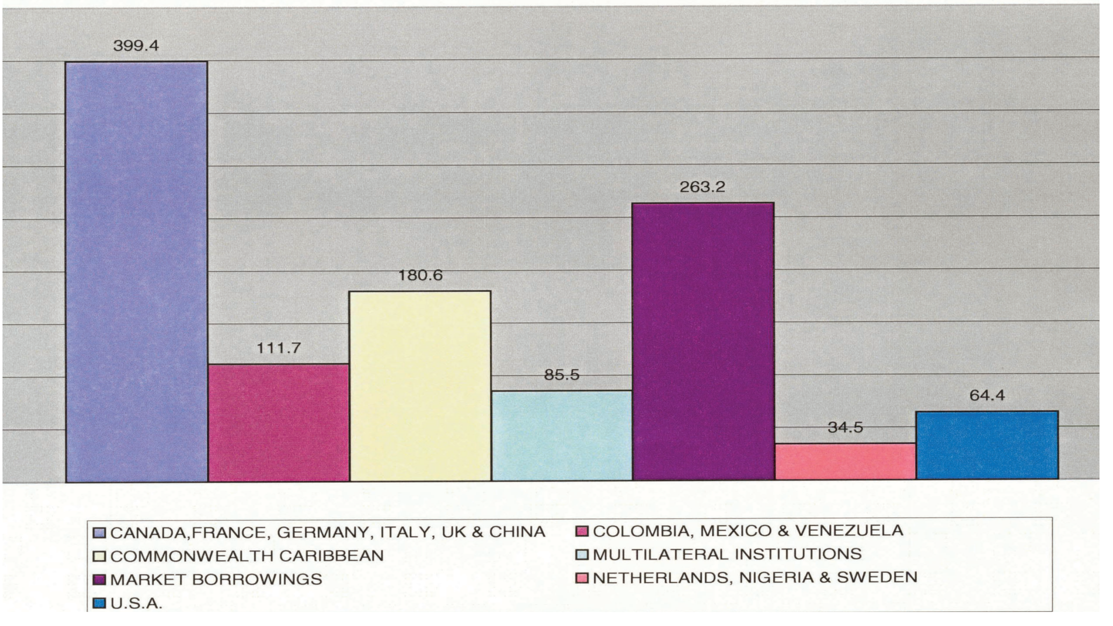
* Total disbursements of loans and grants amounted to $111.8 mn, reflecting an increase of about $8.7 mn, or 8.4% above disbursements of $103.1 mn for 2000.
* Disbursements in respect of loans funded from OCR amounted to $62 mn, a decline of $5 mn, or 7.5%, from the previous year.
* Grant disbursements were $8 mn ($8.9 mn in 2000).
* Loan financing was approved for 28 countries (34 in 2000).
* The social sectors received approximately $77.8 mn of approvals in 2001.
* Overall, CDB's financing to Group 3 and 4 countries and regional projects was $126.8 mn.
* The ratio of cumulative disbursements to cumulative approvals was 71.2% (68.6% in 2000).
* Net cumulative financing (excluding grants) was $1,874.1 mn ($1,789.6 mn in 2000), of which $1,045.4 mn, or 55.8%, went to the LDCs ($982.2 mn, or 54.9%, in 2000).
* Of total loans approved to the LDCs, $598.2 mn, or 57.2%, was allocated from CDB's "soft resources" ($571 mn, or 58.1%, in 2000).

NET TRANSFERS

Net resource transfers to BMCs during the period under review amounted to $25.5 mn, making 2000 the fourth consecutive year in which the net transfers to BMCs have been positive.

Total Resources by Contributors as at December 31, 2001

Total: $1,355.5 mn



CUMULATIVE FINANCING AND DISBURSEMENTS

* Net cumulative finance approved (including loans, contingent loans, equity investments and grants) was $2,066.1 mn ($1,924.7 mn in 2000). Of the total, $1189.7 mn, or 57.6%, went to the Less Developed Countries (LDCs) ($1,098.7 mn, or 57.1% in 2000).
* Cumulative grant financing at the end of 2001 was $187.7 mn ($152.8 mn in 2000) to 18 countries, of which $145.3 mn (77.4%) went to the LDCs.
* Cumulative disbursements were $1,489.9 mn ($1,378.1 mn in 2000). The LDCs' share of cumulative disbursements amounted to $856 mn ($785.9 in 2000).

CDB'S PERFORMANCE AS A DEVELOPMENT AGENCY

The impact of the attacks on major financial and defense targets in the United States (US) on September 11, 2001 (9/11) has been felt in many countries, including CDB's BMCs. The Bank immediately put a number of measures in place, in an attempt to safeguard the economic and social development programmes of its BMCs. Among these measures are a Regional Tourism Emergency Programme, a counterpart financing programme, and lowering of the interest rates on loans made from the OCR.

Under the counterpart financing programme, the Board of Directors approved the use of an amount not exceeding $50 mn to assist in maintaining ongoing economic activity in its BMCs, and to help alleviate some of the burdens caused by weak fiscal positions.

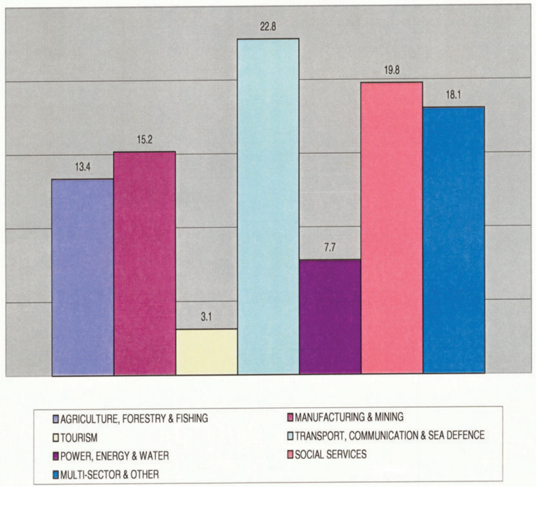
In response to a sharp decline in air travel following September 11, a financing package totalling $2.9 mn was approved to enable some BMCs to participate in the tourism emergency programme. The programme, coordinated by the Caribbean Tourism Organisation, consists of a television advertising campaign and public relations programme to promote the Caribbean as a destination, and boost tourist arrivals from the major markets in the North America, the United Kingdom (UK) and continental Europe.

Work was considerably advanced on the formulation os an Economic Reconstruction Programme for CDB's BMCs, as a result of consultations undertaken by a joint CDB/IDB Task Force. This programme is intended to assist BMCs in re-positioning themselves in light of changes in the global economic environment. Specific operations within the programme will be designed for implementation on an individual country basis, in consultation with country authorities, taking account of on-going or planned interventions of the country's other development partners.

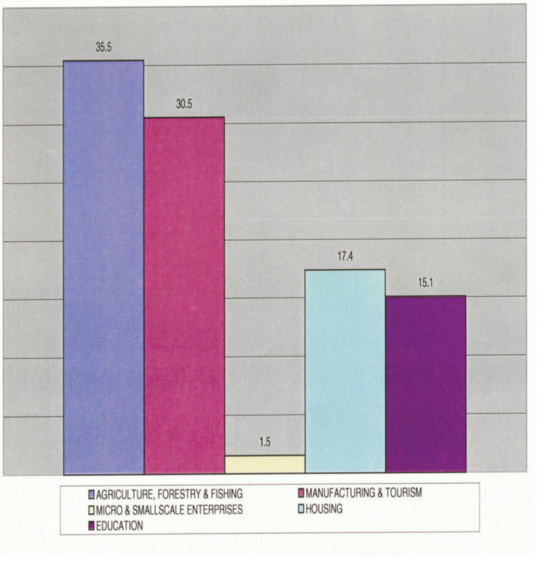
The Bank also gave support to the Caribbean Community (CARICOM) Secretariat in its work towards creating the CARICOM Single Market and Economy (CSME), and to the CARICOM Regional Negotiating Machinery in its efforts to negotiate effectively, on behalf of the Region, on global and hemispheric trading arrangements, with institutions such as the World Trade Organization (WTO) and the Free Trade Area of the Americas (FTAA).

In consideration of the state of regional economies towards the end of 2001, a decision was taken in December to reduce interest rates for loans made from CDB's OCR for the six-month period beginning January 1, 2002.

Sector Share of Net Total Financing (1970 – 2001) Total: $1,926.2 mn



Sector Share of Net Total Financing to Financial Intermediaries (1970 – 2001) Total: $428.7 mn

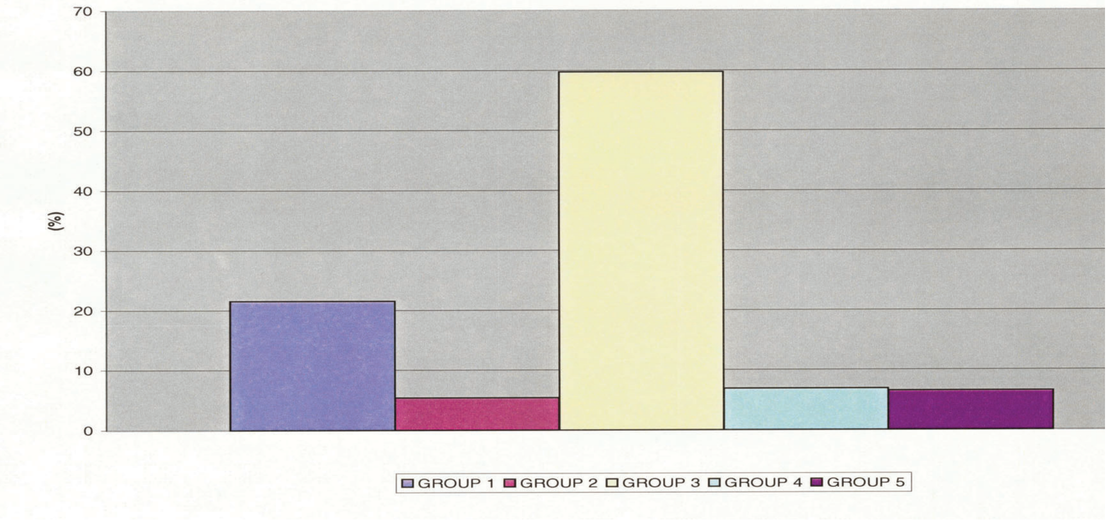


CDB continued to act on its mandate of fostering the economic growth and development of its BMCs. $32 mn was allocated for the fifth programme of the Basic Needs Trust Fund (BNTF), in keeping with the Bank's emphasis on the reduction of poverty in the BMCs. The purpose of the BNTF programme is to improve the standard of living of poor communities, to increase the productivity and income of the unemployed/underemployed, to expand and conserve the stock of economic and social infrastructure essential to future growth and to provide basic social services. The BNTF is financed by CDB and the nine beneficiary governments.

In addition, the Bank continued the process of formulating country strategies to govern its assistance to BMCs. A Country Strategy Paper for Dominica, covering the period 2001-03, was approved during the year under review. It involves an indicative pipeline of capital projects with loan financing of $13.3 mn. The major objective of the strategy is to promote the systematic reduction of poverty in Dominica, through social and economic development by supporting export diversification, public sector management, human resources development and direct poverty reduction. A technical assistance (TA) component is also included.

Capital projects approved during 2001 were of a clearly developmental nature, with a mixture of infrastructure and human resources development interventions. They included such areas as the provision of financing for water and sewerage in Dominica, urban rehabilitation in Barbados, bridge and road improvement in Grenada and Guyana, and the enhancement of

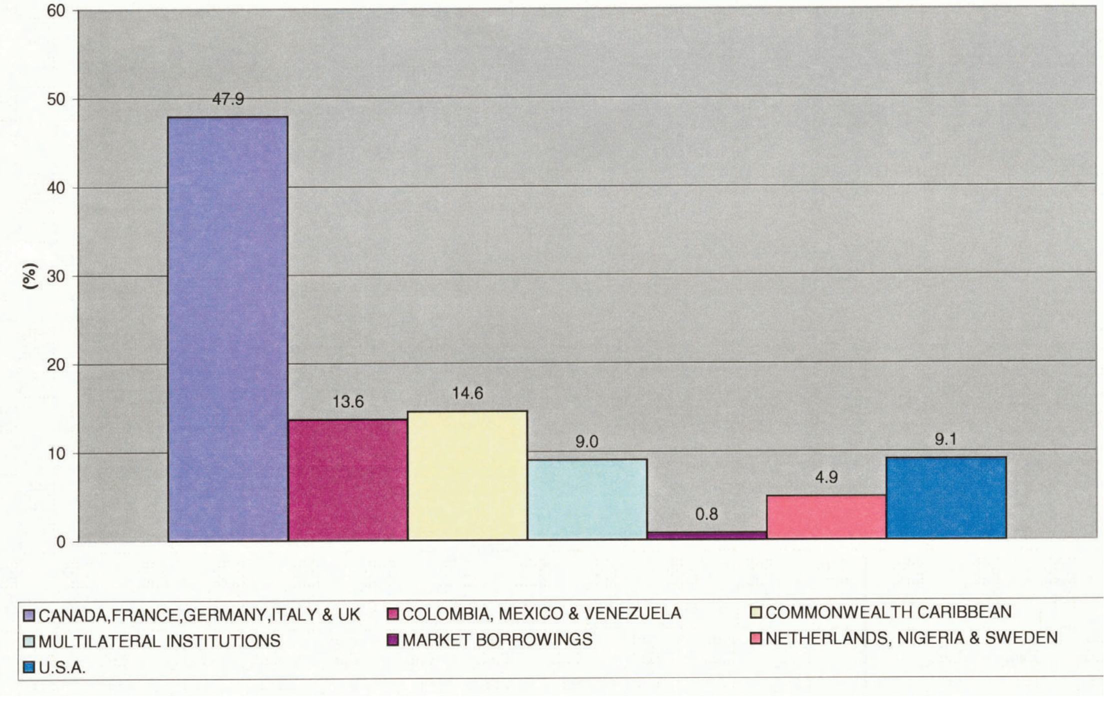
Hard and Soft Funds Share of Net Total Financing (1970 – 2001) Total: $1,926.2 mn



basic schools in Jamaica, student loans for young St. Lucians and a seventh consolidated line of credit to the Development Bank of St. Kitts and Nevis to assist the institution in making loans for agriculture, industry and tourism, housing and education.

CDB's performance as a development agency can also be measured in the area of grant financing. In this regard, grant funding was provided for initiatives such as a Public Sector Development Programme in Dominica; a PAHO/CDB Collaboration for Health Planning and Programme Development in the Caribbean; Institutional Strengthening of the Office of Research of the University of the West Indies and a regional project on Early Childhood Education, Care and Development.

Total Soft Resources by Contributors Total: $704.2 mn



Selected Economic Indicators For CDB's Borrowing Member Countries

Country	SDF [1/] Classi-fication	Area (km^2)	Mid-Year Population 2000 ('000)	Annual Rate of Population Increase 1997-2000 (%)	Annual Change in Consumer Prices 2000 (%)	GDP at Current Market Prices 1999 ($ mn)	GDP at Current Market Prices 2000 ($ mn)	GDP Per Capita at Current Prices 2000 ($)	Real Rate of Growth in GDP 2000 (%)
MDCs (Total/Average)		**245,892**	**5,232.3**	**0.6**	**...**	**21,560.9**	**23,198.7**	**4,434**	**...**
Bahamas, The	1	13,939	303.6	1.8	1.6	4,300.0	4,500.0	14,822	...
Barbados	1	431	268.8	0.5	2.5	2,456.7	2,602.5	9,682	3.7
Guyana	4	214,970	772.2	(0.2)	5.9	694.7	704.6	912	(1.3)
Jamaica	3	11,424	2,597.6	0.7	8.2	7,320.2	7,405.7	2,851	0.8
Trinidad and Tobago	1	5,128	1,290.1	0.4	3.5	6,789.2	7,985.9	6,190	6.4
LDCs (Total/Average)		**26,796**	**911.1**	**1.7**	**...**	**5,947.8**	**6,269.5**	**6,881**	**...**
Belize	3	22,960	249.8	2.7	0.6	676.6	727.7	2,913	10.8
OECS (Total/Average)		**2,913**	**561.1**	**0.8**	**...**	**2,631.8**	**2,746.7**	**4,895**	**2.4**
Antigua and Barbuda	2	442	71.8	1.4	0.7	651.1	661.7	9,216	2.5
Dominica	3	750	71.5	(0.3)	0.9	267.7	268.3	3,753	0.1
Grenada	3	345	101.4	0.6	2.2	378.2	410.6	4,049	6.4
Montserrat	3	103	4.9	(1.1)	0.5	35.1	33.5	6,841	(6.5)
St. Kitts and Nevis	3	269	44.5	3.3	2.1	304.7	328.4	7,381	7.5
St. Lucia	3	616	155.0	1.2	3.6	666.4	707.1	4,562	0.7
St. Vincent and the Grenadines	3	388	112.0	0.1	1.4	328.6	337.0	3,009	2.1
Other LDCs (Total/Average)		**923**	**100.2**	**4.7**	**...**	**2,639.4**	**2,795.1**	**27,895**	**...**
Anguilla	2	91	13.5	4.2	6.5	105.0	107.6	7,970	(0.6)
British Virgin Islands	2	151	20.3	2.1	2.8	651.1	682.9	33,640	...
Cayman Islands	1	264	40.9	4.2	2.3	1,683.3	1,773.8	43,369	3.2
Turks and Caicos Islands	3	417	25.5	8.0	...	200.0	230.8	9,051	4.9
All Countries (Total/Average)		**272,688**	**6,143.4**	**0.7**	**...**	**27,508.6**	**29,468.2**	**4,797**	**...**

For list of sources and footnotes to Table see page 14

Selected Economic Indicators For CDB's Borrowing Member Countries

Country	SDF [1/] Classi-fication	Real Rate of Growth in GDP 1998-2000 (%)	Value Added in Agriculture as % GDP 1998-2000	Value Added in Mining as % GDP 1998-2000	Value Added in Manu-facturing as % GDP 1998-2000	Value Added in Construction as % GDP 1998-2000	Gross Domestic Savings as % GDP 1998-2000	Gross Domestic Investment as % GDP 1998-2000	Central Government Recurrent Revenue as % GDP 2000	Central Government Recurrent Expenditure as % GDP 2000
MDCs (Total/Average)		**...**	**...**	**...**	**...**	**...**	**...**	**...**	**27.0**	**...**
Bahamas, The	1	...	...	...	...	...	...	...	21.9	...
Barbados	1	3.4	4.7	0.7	5.9	5.9	13.5	18.3	33.1	28.9
Guyana	4	0.6	39.3	15.8	3.4	5.0	28.0	39.5	31.8	32.9
Jamaica	3	(0.1)	7.5	4.5	14.5	10.4	16.0	26.5	30.4	29.6
Trinidad and Tobago	1	6.5	1.8	21.1	8.5	9.4	29.6	22.3	24.2	22.4
LDCs (Total/Average)		**...**	**...**	**...**	**...**	**...**	**...**	**...**	**23.3**	**21.9**
Belize	3	6.3	18.5	0.6	13.2	6.3	15.3	24.7	23.1	20.2
OECS (Total/Average)		**3.6**	**7.7**	**0.8**	**5.9**	**11.1**	**20.6**	**35.0**	**24.9**	**24.4**
Antigua and Barbuda	2	4.2	4.0	1.7	2.3	12.3	34.4	45.5	18.2	21.3
Dominica	3	1.5	18.5	0.8	8.6	8.2	18.5	28.8	29.2	30.3
Grenada	3	7.1	7.9	0.5	7.3	9.7	20.0	39.2	26.8	20.8
Montserrat	3	(10.1)	1.0	0.1	0.7	20.9	(13.1)	60.6	30.3	54.8
St. Kitts and Nevis	3	4.0	3.4	0.3	10.3	14.2	18.2	39.5	28.8	33.9
St. Lucia	3	2.5	7.9	0.4	5.6	8.5	15.7	24.7	24.8	20.4
St. Vincent and the Grenadines	3	3.9	10.7	0.3	6.2	13.8	11.7	28.5	28.6	26.2
Other LDCs (Total/Average)		**...**	**...**	**...**	**...**	**...**	**...**	**...**	**21.8**	**19.9**
Anguilla	2	4.7	3.2	1.0	1.2	15.8	(8.0)	31.6	24.9	25.4
British Virgin Islands	2	...	1.7	0.3	0.9	2.8	...	...	26.8	19.7
Cayman Islands	1	4.9	...	...	...	...	...	...	18.3	17.9
Turks and Caicos Islands	3	7.1	2.6	1.8	0.5	12.8	9.9	31.8	31.7	32.7
All Countries (Total/Average)		**...**	**...**	**...**	**...**	**...**	**...**	**...**	**26.2**	**...**

For list of sources and footnotes to Table see page 14

Selected Economic Indicators For CDB's Borrowing Member Countries

Country	SDF Classi-fication[1/]	Central Government Recurrent Account Surplus as % GDP 2000	Exports of Goods and Services 2000 ($ mn)	Imports of Goods and Services 2000 ($ mn)	Tourist Expenditure 2000 ($ mn)	Balance of Payments Current Account 2000 ($ mn)	Change in Net Foreign Assets December 2000 ($ mn)[2/]	Disbursed and Out-standing External Public Debt Dec.2000 ($ mn)	Scheduled Debt Service Payments on External Public Debt 2000 ($ mn)	Ratio of Debt Service Payments to Exports of Goods and Services 2000 (%)
MDCs (Total/Average)		**...**	**13,538.4**	**13,744.5**	**4,153.8**	**(429.3)**	**...**	**7,137.3**	**1,076.7**	**8.0**
Bahamas, The	1	...	2,565.2	2,866.4	1,814.0	(433.8)	...	381.3	68.3	2.7
Barbados	1	4.3	1,376.6	1,517.7	711.3	(145.1)	149.3	507.8	61.3	4.4
Guyana	4	(1.1)	1,179.7	1,374.0	83.1	(109.2)	123.5	1,193.1	91.8	7.8
Jamaica	3	0.9	3,572.8	4,277.2	1,332.6	(285.5)	...	3,375.3	477.2	13.4
Trinidad and Tobago	1	1.7	4,844.1	3,709.2	212.8	544.3	536.0	1,679.8	378.1	7.8
LDCs (Total/Average)		**1.4**	**...**	**...**	**2,164.3**	**...**	**...**	**...**	**...**	**...**
Belize	3	2.8	398.1	506.8	121.1	(98.2)	...	413.3	51.2	12.9
OECS (Total/Average)		**0.5**	**1,549.4**	**1,903.6**	**827.6**	**(400.7)**	**29.4**	**...**	**88.8**	**5.7**
Antigua and Barbuda	2	(3.1)	457.1	505.7	291.1	(79.1)	(47.6)	401.1	19.2	4.2
Dominica	3	(1.2)	138.3	180.2	47.1	(68.9)	24.6	98.7	7.1	5.1
Grenada	3	6.0	240.4	304.2	70.2	(76.9)	1.1	129.2	10.3	4.3
Montserrat	3	(24.5)	16.8	37.7	9.0	(9.0)	(5.3)	...	0.1	0.6
St. Kitts and Nevis	3	(5.1)	155.5	246.9	58.2	(58.0)	19.6	138.6	24.9	16.0
St. Lucia	3	4.3	363.3	426.2	276.7	(82.4)	13.0	137.2	17.2	4.7
St. Vincent and the Grenadines	3	2.4	178.0	202.7	75.3	(26.3)	24.0	159.3	10.0	5.6
Other LDCs (Total/Average)		**1.9**	**...**	**...**	**1,215.6**	**...**	**...**	**68.3**	**...**	**...**
Anguilla	2	(0.5)	69.5	124.0	56.8	(55.8)	(2.4)	8.8	1.3	1.9
British Virgin Islands	2	7.1	600.7	543.0	315.1	...	...	37.1	...	...
Cayman Islands	1	0.4	...	...	559.2	...	...	17.2	25.5	...
Turks and Caicos Islands	3	(1.0)	169.2	216.4	284.5	...	...	5.2	0.3	0.2
All Countries (Total/Average)		**...**	**...**	**...**	**6,318.1**	**...**	**...**	**...**	**...**	**...**

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

DIRECTION OF TRADE - 2000

($ mn)

Country	Imports CARICOM	Imports USA	Imports Canada	Imports UK	Imports Other EU	Imports Other	Total Imports	Exports CARICOM	Exports USA	Exports Canada	Exports UK	Exports Other EU	Exports Other	Total Exports
MDCs (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Bahamas, The	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Barbados	229.3	472.0	48.3	93.3	83.9	229.2	1,156.0	117.8	41.7	5.6	35.9	7.7	64.1	272.8
Guyana	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jamaica	398.2	1,430.5	98.3	98.2	167.4	997.7	3,190.3	48.6	510.5	133.8	149.7	245.6	218.9	1,307.0
Trinidad and Tobago	98.3	1,162.4	36.8	119.0	261.7	1,643.4	3,321.6	1,001.1	1,847.5	56.4	71.8	490.7	823.4	4,290.9
LDCs (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Belize	13.8	223.2	9.5	11.6	39.3	149.8	447.2	9.0	108.3	3.8	48.2	21.0	9.9	200.2
OECS (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Antigua and Barbuda	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Dominica	39.6	51.0	6.2	11.4	8.1	30.9	147.3	30.7	2.7	0.1	13.4	0.0	7.2	54.1
Grenada	57.6	106.3	6.3	21.1	12.9	34.5	238.8	12.0	35.9	0.7	1.1	0.5	25.5	75.8
Montserrat	...	...	...	...	...	...	...	...	...	...	...	...	...	...
St. Kitts and Nevis	36.6	102.2	15.0	12.2	4.7	25.2	196.0	2.7	21.4	0.1	7.0	0.1	1.6	32.8
St. Lucia	...	...	...	...	...	...	...	...	...	...	...	...	...	...
St. Vincent and the Grenadines	48.9	60.5	4.8	14.0	11.3	22.3	161.7	23.2	1.3	0.3	18.9	3.5	3.4	50.6
Other LDCs (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Anguilla	...	...	...	...	...	...	...	...	...	...	...	...	...	...
British Virgin Islands	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Cayman Islands	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Turks and Caicos Islands	...	146.4	0.1	...	...	...	148.9	...	8.6	0.0	0.1	...	...	8.8
All Countries (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...

Merchandise Trade only

INTRA-CARICOM IMPORTS[1/] - 2000

($ mn)

Imports by	Imports from BAH	BDS	GUY	JAM	TT	BZ	ANT	DOM	GDA	MON	SKN	STL	SUR	SVG	CARICOM
CDB Borrowing Member Countries															
MDCs (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Bahamas, The	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Barbados	...	...	8.96	9.77	190.08	1.10	0.12	2.50	1.72	0.00	0.08	6.37	4.51	4.14	229.35
Guyana	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jamaica	...	15.11	30.12	...	289.86	5.44	0.00	12.70	0.46	0.00	0.00	0.02	6.08	1.66	398.25
Trinidad and Tobago	0.92	30.40	11.03	15.77	...	2.71	0.46	1.72	0.19	0.00	0.43	0.75	30.42	3.77	98.30
LDCs (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Belize	...	2.66	0.35	3.81	6.46	...	0.06	0.34	0.00	0.00	0.00	0.15	0.00	...	13.82
OECS (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Antigua and Barbuda	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Dominica	...	4.72	1.72	1.70	23.98	0.03	0.69	...	1.65	0.00	0.45	2.44	0.01	2.22	39.61
Grenada	...	5.43	2.33	1.98	44.54	0.00	0.24	0.38	...	0.00	0.02	1.55	0.06	1.07	57.61
Montserrat	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
St. Kitts and Nevis	...	4.95	0.14	1.86	25.01	...	0.96	1.10	1.36	0.01	...	0.57	...	0.68	36.65
St. Lucia	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
St. Vincent and the Grenadines	...	7.28	3.65	1.28	34.20	0.11	0.26	0.72	0.61	0.00	0.11	0.62	0.01	...	48.85
Other Countries															
Suriname	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
All Countries (Total/Average)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

1/ Merchandise Trade Imports

Selected Labour Force Indicators 2000 [*]

Countries	Labour Force									
	Participation Rate (%)			Unemployment Rate (%)			Employment by Sector (%)			
	Male	Female	Both Sexes	Male	Female	Both Sexes	Agri-culture	Mining/ Quarrying	Manufac-turing	Construc-tion
Bahamas, The	...	...	...	...	...	...	...	...	...	...
Barbados	75.3	63.5	69.2	7.3	11.3	9.2	3.5	...	10.2	13.8 [1/]
Belize [c/]	80.9	44.7	62.9	...	...	11.5	27.6	0.3	6.1	9.4
Jamaica	73.0	54.3	63.3	10.2	22.3	15.5	...	...	...	...
St. Lucia	75.5	62.5	68.5	12.6	20.8	16.5	19.5	...	11.0	9.4
Trinidad and Tobago	...	...	60.6	...	...	12.8	5.3	3.2 [b/]	11.0	13.8

* For those countries having relevant data

... not available

a/ construction and quarrying

b/ includes petroleum and gas

c/ Census 2000

I
ECONOMIC DEVELOPMENTS DURING 2001

A. INTERNATIONAL ECONOMIC DEVELOPMENTS

Overview

With recovery from the 1997-99 emerging markets crises still incomplete, the slowdown in the rate of global growth which began towards the end of 2000 intensified in 2001, particularly in the US. Share prices continued to fall and business profitability and investment declined, spreading to other parts of the world, as US demand for imports contracted. The world economy received an additional adverse shock with 9/11. By late 2001, it was clear that significant parts of the world economy were contracting, with the spillover effects, including a slump in air-travel as a direct consequence of 9/11, serving to reduce world economic activity still further. As a result, global growth in 2001 was estimated to have slowed to below 2%, in sharp contrast to the much stronger growth rate of over 4% in 2000. Japan's economy continued to contract; those East Asian economies dependent on technology exports to the US ceased to grow, with most going into recession; tourism-driven economies suffered a major setback; and growth slowed in Europe, although only in Germany did growth turn negative.

Following efforts during 1999 and the first part of 2000 to slow the rate of economic growth in the US, and particularly the rate of growth of share prices because of the impact on real sector aggregates, the focus turned first towards encouraging a soft landing and then reversed to support expansion, as share prices collapsed and as business spending and activity growth began to show signs of contracting too rapidly. In the midst of a sustained series of interest rate cuts, the nature and location of 9/11 delivered a substantial blow to business and consumer confidence. There was quick fiscal action in the US to provide immediate financial relief to activities and operations which were most affected by the events and their aftermath (the airline industry, families of victims, the City of New York); however, more generalised fiscal stimulation was delayed by internal differences over modalities; and at year-end a comprehensive stimulus package had not been agreed by the US Congress. The overall situation led to slowly rising unemployment as the business sector adjusted to contracting profits expectations, and this fed through to overall spending levels and the financial markets.

The price of oil declined during the year, in line with the weakening global demand, despite efforts by the Organisation of Petroleum Exporting Countries to maintain price stability through cuts in production. Before year-end, the barrel price for benchmark Brent crude had fallen below $19, in contrast to approximately $23 at the end of 2000. While the lower price brought some relief to oil-importing countries, oil producers were forced to make fiscal adjustments as a result of the reduced inflows.

Reduced global aggregate demand contributed to a generally downward trend in non-oil commodity prices, with the trend being exacerbated by supply increases as a result of continuing productivity improvements as producing countries continued with efforts to improve competitiveness under pressure from a liberalising global trading environment. The decline in the prices for agricultural raw materials was particularly noticeable.

Efforts to develop global trading arrangements continued during the year and developing countries gained some concessions from developed countries at the World Trade Organization's (WTO's) fourth ministerial conference in Doha in November. While there was some lack of clarity about whether a new round of trade negotiations was actually launched at Doha, there was agreement on the way forward on a sufficient number of items to sustain the conclusion that very important negotiations on the future of the world trading system, with substantial implications for developing countries, will commence in the next few months. As part of the agreements at Doha, China was admitted to formal membership in the world trading system.

The group of developing countries with offshore business sectors continued to respond to the Organisation for Economic Cooperation and Development (OECD) and G-7 initiatives on the use of tax incentives and on the management and regulation of financial systems. In relation to the tax competition issue, following a meeting in Barbados, arrangements were put in place for a more structured dialogue between affected jurisdictions and the OECD. The developing countries established the International Tax and Investment Organisation (ITIO), and the US became more actively involved in the issue, promoting a view of taxation sovereignty for countries on the one hand, and encouraging information sharing through tax information exchange agreements on the other. Most countries continued with efforts to improve financial system regulation and management, with the effort being intensified following 9/11, in order to address issues relating to the use of the international financial system to finance terrorist activities.

Two other sets of developments attracted increasing international attention during the closing months of 2001. The first was the worsening economic situation in Argentina, and the prospect that there would be a major default on servicing public sector external debt as well as a substantial currency devaluation despite efforts over the last few years to maintain peso parity with the US dollar under so-called "dollarised" arrangements. A default on debt was expected to have a substantial impact on banks exposed to Argentina, particularly those on the Iberian peninsula; and a major devaluation would cause significant social dislocation, as well as refocus attention on the usefulness of dollarisation in macroeconomic management.

The second set of developments involved the bankruptcy of a major US corporation. The major issue was the effectiveness of existing external auditing arrangements in disclosing the true financial condition of business firms, and the implications of this for trading operations on securities exchanges and the consequential feed-through effects on real sector economic activity.

As the year came to a close, preparatory activities were being intensified for a major United Nations (UN) conference on the provision of Financing for Development, scheduled for March 2002 in Mexico. Part of the impetus for the conference came from the increasingly voiced observation that the growing disparity in incomes between rich and poor countries, the continued existence of extreme poverty in many parts of the developing world, and failure of many developing countries to grow substantially in the recent past, were potential major contributors to global instability. Further, there was the likelihood that the 2015 human development targets, which had been reaffirmed at the UN Global Millennium Summit, would not be achieved in the absence of substantial increase in the flows of international development assistance to poor countries, and in the absence of a reorientation of the international financial system to take greater account of the impact of its functioning on developing countries, and to provide greater support to the development efforts of those countries.

OECD Overview

Growth in the OECD countries slowed significantly in 2001, compared with 4% growth in 2000, with significant influence on the outturn coming from the US; although in most cases there were domestic factors at work as well. In some cases, domestic developments operated to some extent to counter the US influence; in others, as in Germany, the developments were reinforcing. The slowdown was reflected in increasing levels of unemployment, with job losses occurring in many sectors, as business firms cut production levels, reduced inventories, and slowed capital investment. The generalised slowdown in OECD economies as a group, following a general pattern of expansion, suggested a need for even greater consultation and policy coordination among the major players in an attempt to avoid exaggeration of cyclical trends.

Asia

For the emerging markets of Asia, industrial production and exports slowed sharply from mid-2000, driven by the global slowdown, with reduced demand from the high-technology sector in the US playing an important part in Asian output performance. These developments came on top of political uncertainty and lagging structural reforms, which had been started as a result of the emerging markets crisis. The recession in the region was reflected in share price volatility, in capital outflows, in fiscal constraints, and in periodic pressure on exchange rates.

Japan remained in recession, despite continuing efforts at fiscal stimulus, with ongoing weakness and instability in the financial sector as a result of past overexposure to weak business operations.

Central and Eastern Europe

Strong output growth continued in the Russian Federation during the year (6%, compared with 8% in 2000) with the main contributors being strong natural gas exports and higher domestic demand. Though import growth accelerated, the strong export earnings prevented a narrowing of the trade balance and the Federation posted a relatively large current account surplus. Government revenues continued to benefit from the high level of economic activity with the federal budget reporting a surplus of 4% of Gross Domestic Product (GDP) for the first half of the year. Active money market intervention by the authorities helped stave off nominal appreciation of the rouble resulting from strong current account inflows, and this also helped to ease inflationary pressures. Nonetheless, by September, the rate of inflation had reached the 14% target for the year. The strong Russian performance fed through to neighbouring countries.

Latin America

Following strong recovery in 2000, growth in Latin America is estimated to have slowed from 4.2% to 1.7% in 2001, resulting primarily from the increased impact of the global economic downturn and, to a lesser extent, the economic difficulties in Argentina and their adverse impact on neighbouring countries. Reflecting these developments, capital flows to the region weakened during the first half of the year, putting downward pressure on the region's currencies. While the external value of the Argentina peso remained virtually unchanged during the year, reflecting the currency board arrangements, a significant degree of instability in the system in the system was clearly evident; and at year-end the main issue was the timing and extent of the inevitable currency devaluation.

Africa

Economic performance in Africa was mixed in 2001. With exports accounting for more than one-third of African GDP, the global slowdown led to some weakening in export performance, particularly in trade with the European Union (EU). High oil and gas prices helped to sustain growth of domestic demand in some of the energy-producing countries, while weak non-fuel commodity prices (coffee, tobacco, cotton, aluminium and copper) resulted in high external trade deficits for major producers. Growth also continued to be hampered by the high incidence of HIV/AIDS, and by civil conflicts which continued to involve many states across the continent.

South Africa, the largest economy in sub-Saharan Africa, managed to reduce its vulnerability to external shock through improved macroeconomic policies. The budget deficit was reduced to 2.5% of GDP, which helped to keep inflation within the target range of 3% to 6%. This improved performance encouraged private capital inflows, but short-term prospects were somewhat dimmed by the global slowdown.

CDB's Non-Borrowing Member Countries

Non-Regional

Canada

The was some weakening in economic performance in Canada during 2001, reflecting the general downturn in economic activity in North America, with the situation being exacerbated by 9/11. GDP growth slowed sharply to 1.3%, compared with 4.4% in 2000. Substantial monetary easing since the start of the year was largely responsible for maintaining some measure of economic buoyancy in the face of softening domestic demand, but the situation was aggravated by 9/11 in the third quarter. The slowdown was reflected in a rise in unemployment to 7.3%, from 6.8% in 2000. At the same time, the slowdown, together with declining oil prices, helped to reduce the inflation rate.

China

China reported that real GDP expanded at an annual rate of 7.3% during 2001, slightly below 8% growth in 2000, reflecting continued growth in industrial output and rising private consumption demand. Exports and imports continued to expand, and the country recorded a trade surplus of some $22.6 bn as well as an overall balance of payments surplus. Despite the high rate of growth, inflation remained low, with consumer prices rising by 0.7%.

In December, China became the 143rd member of the WTO, and indicated that it would continue to reform domestic systems and institutional arrangements in order to encourage direct foreign investment and to promote the country's further integration into the global economy.

Germany

Preliminary data indicated negative growth in German output during 2001 compared with growth of 3% during 2000. Exports declined rapidly as world trade growth declined and as external demand for capital goods weakened. As a result, business investment and construction activity declined, and employment fell. Consumer confidence deteriorated in the face of rising unemployment but the effects on final domestic demand were partly offset by substantial income tax reductions which boosted disposable income. Falling oil prices during the year helped to keep the rate of inflation down.

Italy

Slowing external and domestic demand reduced growth in Italy to 1.8% in 2001, from 2.9% in 2000. Output growth was initially sustained by a delay in the transmission of the effects of the global slowdown to the domestic economy, because of the composition of exports; however, as the effects fed through output growth eventually slowed. The fall in oil prices helped to push the rate of consumer price inflation below the 3.1% recorded in 2000.

United Kingdom

Against the background of resilient consumer confidence, growth in the UK slowed moderately to 2.3% during 2001, down from 2.9% during 2000. This performance came despite the global slowdown and 9/11, and despite the effects of the foot-and-mouth crisis and poor weather conditions on tourism and agriculture. Spending by private households and parts of the services and construction sectors remained buoyant, in sharp contrast to weak activity in manufacturing industries that were directly exposed to international markets.

The combination of a buoyant domestic services sector and weakened performance of the manufacturing sector resulted in widening trade and current account deficits. At the same time, the unemployment rate edged to a historical low of 5.1%, as opposed to 5.5% in 2000. Monetary policy was eased significantly during the year in light of mounting evidence of a global slowdown.

Regional

Colombia

Growth in Colombia slowed to 1.6% in 2001, from 3% in 2000, reflecting a weakening of both external and domestic demand.

On the external side, the slowing of aggregate demand in external markets reduced earnings from exports of coffee and manufactured goods, and this, together with continuing rebel insurgency, affected domestic demand. Inflation declined to 7.6%, the lowest rate since 1970, but unemployment remained high at around 18% of the labour force.

The authorities continued to maintain a conservative policy stance, with fiscal and social security reforms implemented during the year, together with tight control of expenditure, contributing to a decline in the non-financial public sector deficit to 3.3% of GDP. Non-financial public sector external debt amounted to $22.8 bn at year-end, or about 28% of GDP, while net international reserves, at $10.2 bn, were equivalent to about nine months of imports of goods and services. The external value of the floating peso remained relatively stable during the year, depreciating by about 2.8%.

Mexico

GDP growth stagnated in 2001 following a 6.9% rate of expansion in 2000, reflecting a sharp drop in exports to the US as a result of developments in that country. The decline led to some shedding of employment in the formal sector. Disposable incomes, however, remained relatively strong during much of the year, supported by productivity improvements and remittances from abroad as oil export revenues continued to decline with falling oil prices. In a context of weaker economic activity, the strong peso helped to bring down inflation, with the rate of price increases falling to 4.4% for 2001, compared with 8.9% for 2000. The fiscal stance was tightened to compensate for declining revenues from oil exports, and the fiscal deficit declined to 0.7% of GDP from 1.1% in 2000.

Venezuela

Economic growth in Venezuela slowed to 2.7% during the year, down from 3.2% in 2000, despite rapid public expenditure growth, as private investment and business confidence remained weak, with the situation in the business sector characterised by capital outflows and increasing political uncertainty at year-end. The economy remained dependent on oil revenues; and with the decline in oil prices during the year, there was some pressure on internal and external balances.

Prospects

At year-end, partial data suggested that some recovery in the US economy could begin during the first half of 2002, reflecting relatively rapid adjustment of inventories and spending in the private business sector during the second half of 2001, and the maintenance of a higher than expected level of consumer confidence. The data also suggested, however, that the economy continued to carry relatively high debt levels and, given the high level of new auto sales under special pricing arrangements in the fourth quarter, as well as the absence of positive wealth effects from rising share prices, the capacity for consumer spending to sustain a recovery would be weak; and business spending would be based on corporate perceptions of consumer behaviour. With global economic performance being heavily dependent on US performance, economic recovery in 2002 is likely to be weak.

B. ECONOMIC DEVELOPMENTS IN CDB's BMCs

Overview

The global economic slowdown during 2001, and in particular the slowing in the growth of aggregate demand in the US and in Europe, together with the new concerns over terrorism and security, substantially affected both the performance and the short-term growth and medium-term development prospects of CDB's borrowing members as a group. Although there was a continuing trend of mixed economic performance continuing from 2000, preliminary indications are that there was a worsening in the pattern, with 6 countries reporting negative growth, compared with 4 in 2000, and with 13 of the 17 countries recording lower levels of performance than in the previous year, compared with 10 showing lower activity levels in 2000 compared with 1999. Of the four countries showing improved performance in 2001, based on the available provisional data (Anguilla, Guyana, Jamaica and Montserrat), it should be noted that activity in Montserrat continued to contract, although the level of contraction was lower than in the previous year, and that growth in the other three countries did not exceed 2%. The six countries experiencing economic contraction in 2001 were Barbados, Dominica, Grenada, Montserrat, St. Lucia and St. Vincent and the Grenadines, with Dominica and Montserrat continuing the downturn from 2000, while Anguilla and Guyana were able to turn the performance outturn around.

Growth estimated at 6% in the Turks and Caicos Islands, was the highest among the BMCs and was largely driven by tourism industry performance and by tourism-related construction activity. Expansion of 4.2% in Trinidad and Tobago, largely reflecting performance in petrochemicals production, was the next highest. Increased production of agricultural products underpinned economic performance in Guyana, where growth was 1.9%, following a contraction of 0.8% in 2000.

Growth generally slowed among the members of the Organisation of Eastern Caribbean States (OECS) except Anguilla, where a 2% rate of expansion represented recovery from contraction in 2000 caused by hurricane damage, and Montserrat where, as suggested earlier, the economy declined by 4.8%, but more slowly than the 6.7% recorded in the previous year.

Activity in the four Windward Islands contracted, as the banana industry continued to struggle with intense competition and low prices in the European markets, and with unfavourable weather, poor husbandry and declining production at home, the last two factors partly reflecting the poor earnings performance of the industry in recent times; and as tourism industry activity slowed in response to the general economic slowdown, beginning late in 2000 and exacerbated by the effects of 9/11.

In the Leeward Islands and in the UK Overseas Territories, growth slowed in response to both the slowdown in tourism (generally the main engine of growth), with the situation in the latter group of countries also reflecting and a decline in construction activity as public and private sector projects were completed, although in some countries the financial services industry continued to expand. The slow pace of implementation of several public sector projects in Montserrat was primarily responsible for the slowdown in 2001.

In Antigua and Barbuda, Dominica and Belize, external influences combined with fiscal difficulties and related economic management difficulties to depress performance, with the situation in Belize being further aggravated by damage caused by two hurricanes. Jamaica's recovery was set back by the effects of social disturbances in July, and by flooding and infrastructure damage as a result of rainstorms in November, in addition to the impact on tourism of 9/11. The Bahamas, heavily dependent on the US tourism market, was severely affected by the poor tourism industry performance.

The generally weak performance in tourism which prevailed throughout the year was a major influence on overall performance in the Region as a whole. Manufacturing operations across the Region, but particularly in Barbados, Dominica, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines, faced increased competition in both domestic and export markets, as trade liberalisation proceeded, leading to business reorganisation and initial job losses.

9/11 re-emphasised the structural weaknesses of economies in the Region and their vulnerability to external shocks. Growth was already slowing in many

Caribbean economies when the closure of US airspace to flights for some days and, following the resumption of air operations, the sharp decline in air travel as a result of air safety concerns, caused a massive and unprecedented reduction in tourist arrivals in Caribbean destinations.

With tourism being the major economic activity in many countries, there was great concern over the prospects for the short and medium term. Industry operators reacted by introducing cost-cutting measures, which included temporary staff reductions, reduced working hours, and wages cuts; by mounting aggressive promotion drives, which included steep price discounting; and by approaching governments, whose fiscal balances were showing the effects of both the earlier downturn in the industry and the post-9/11 contraction, for tax waivers and direct financial subsidies.

As the weeks passed and the events of 9/11 were not repeated, there was increasing evidence of slow recovery in the industry; and by year-end it was clear that industry and wider economic losses, while considerable, were not nearly as devastating as had initially been feared. It was equally clear, however, that the world had changed, and that it was no longer going to be business as usual.

9/11 pushed the slowing US economy into recession, slowing growth globally; and the prospect of reduced incomes and job losses together with lingering concerns over safety both in the air and on the ground, meant a much more cautious approach to leisure travel and to foreign business investment, and to a need for greater outlays in destinations on security and on increased surveillance in all areas, from air- and sea-ports to financial systems.

Issues relating to the offshore financial services sector, in particular the tax competition issue and money laundering, remained at the forefront of regional concerns during the year. The Financial Action Task Force (FATF) of the G-7 issued a revised list of non-cooperative countries and territories in June which included three BMCs, with two others having been removed from a previously issued list.

In September, a fourth BMC was added to the list and a decision was taken as to the timing of counter measures that might be applied to jurisdictions failing to make adequate progress in remedying identified deficiencies. Affected jurisdictions and the OECD met on several occasions to discuss their differences over the tax competition issue, and the initial timing on OECD countermeasures was pushed back after the US indicated its concerns over the potential for the OECD initiative to invade tax sovereignty.

As investigations continued into the possible sources of funding for global terrorism in the aftermath of 9/11, many governments tightened or otherwise improved their legislative frameworks and their supervision and enforcement arrangements covering the financial sector.

Two BMCs signed tax information exchange agreements with the US, and at least one other was approached with a view to the conclusion of such an agreement. In the UK Overseas Territories, some jurisdictions moved to implement recommendations from the October 2000 Report on financial services industry management. The ITIO was established in March by a number of small countries from the Caribbean, the Pacific and Asia, with the object of developing common responses to the challenges of providing international business services, and to publicise their concerns.

On the trade front, Ministers met in WTO Ministerial session at Doha in November, and discussions and negotiations on a broad range of issues are currently being planned as a result of the decisions taken at the meeting. The Anglophone Caribbean Region was represented at the meeting by two Ministers and by the Regional Negotiating Machinery (RNM).

One particular issue of great interest to the Region was a request to the WTO for a waiver granting the EU the right to provide preferential market access for the African, Caribbean and Pacific (ACP) Group of countries under the LOME convention. This waiver, including coverage of the ACP-EU banana trade, was agreed at Doha. Essentially, it allows ACP states a few years breathing space in restructuring their economies before the phasing out of import quotas on bananas, to be replaced with a tariff only import regime commencing 2006.

C. REGIONAL ECONOMIC POLICY DEVELOPMENTS

Fiscal Policy

The fiscal outturn in 2001 was mixed, ranging from the strong performance of Trinidad and Tobago as a result of oil prices performance, to weaker performance in some of the OECS countries and Belize, with Antigua and Barbuda and Dominica experiencing serious difficulty. Fiscal performance generally mirrored wider real-sector performance, although in some cases there were difficulties relating to poor revenue administration; high levels of public spending, particularly via public enterprises; high levels of debt service payments linked to ambitious capital programmes; and high public sector staffing costs. Except for Trinidad and Tobago, high oil prices had a negative fiscal impact, compounded by the decision in some countries to reduce the tax take on fuel in order to reduce the impact of the high prices on the general population; although prices subsequently declined.

In reacting to the economic downturn during the first half of the year, exacerbated by the effects of 9/11, many administrations in the most affected countries found themselves trying to stimulate activity and preserve jobs through fiscal and monetary expansion, while at the same time attempting to arrest deteriorating fiscal situations through retrenchment and austerity. Some countries, like Barbados, provided stimulus by instituting a buy-local campaign and increasing import tariffs on selected competing imports. Others, like St. Vincent and the Grenadines, provided special assistance arrangements for the poor and vulnerable. 9/11 generally highlighted the limited response capacity of Caribbean economies, both in terms of counter-cyclical operations and in terms of social safety nets.

A number of economies in the Region, seeking to enhance fiscal performance and to respond to the revenue effects of reductions in border taxes as a result of trade liberalisation, are in the process of implementing a combination of expenditure cutting and revenue enhancement measures. In some cases, the effort is being accompanied by stabilisation programmes, in recognition of secular fiscal decline. CDB, the Eastern Caribbean Central Bank (ECCB), the UK Department for International Development (DFID), the Canadian International Development Agency (CIDA), the World Bank and the International Monetary Fund (IMF) are assisting with some of these efforts, and it is expected that the Caribbean Technical Assistance Agency (CARTAC) based in Barbados, will also participate when it commences full operations in 2002. The efforts are in recognition of a need for increased investment to expand physical and institutional infrastructure in order to respond to the accelerating pace of change, and to restructure and reposition economies to facilitate fast and flexible private business production responses in an increasingly competitive environment.

On the revenue side, CDB and the ECCB are assisting with revenue systems reform to facilitate a shift away from revenue dependence on trade taxes on goods imports; while on the expenditure side, the work is focussed on making the public sector investment programme the centre of expenditure programmes, with recurrent operations supporting the development effort. CDB is also developing a programme to support capital spending in periods of economic downturn, so that the critical parts of country development programmes are not delayed or derailed.

Monetary Policy

There were no monetary surprises throughout the Region over the review period. The general policy stance was one of orthodoxy, with price and exchange rate stability being the major objectives as well as the necessary conditions for the achievement of economic and social development.

In the OECS, both the required reserve ratio and the interest rate floor on savings deposits remained unchanged in 2001. In Barbados, policy action was taken to reduce interest rates and bank reserves requirements in an effort to stimulate activity, in tandem with fiscal action in the same direction. In Trinidad and Tobago, reserve requirements were reduced as part of the effort to utilise open market operations to influence monetary behaviour.

As a consequence of these efforts, interest rates declined. In Jamaica, a stable exchange rate and declining inflation allowed some easing in the monetary stance. Both the liquid assets ratio and the cash reserves ratio were reduced, and interest rates declined somewhat as a result. Interest rates also declined in Guyana, reflecting high levels of banking system liquidity and downward movement in the Treasury Bill (reference) rate.

In the Eastern Caribbean there was some movement of capital between jurisdictions, facilitated in part by greater market liberalisation. Cross-border transactions allowed larger shares of the public capital programme in some countries to be financed from economies with surplus funds. In the Eastern Caribbean Currency Union (ECCU), efforts to create a single financial space took a big step forward with the launching of the Eastern Caribbean Securities Exchange (ECSE) in October, and a Government securities market is expected to be opened early in 2002. There are now formal securities exchanges operating in all the BMCs, with the exception of Belize, British Virgin Islands, Guyana and the Turks and Caicos Islands.

Prices and Incomes

Except for Barbados, there are no formal policies or protocols on prices and incomes in CDB's BMCs. Annual wage increases in the public sector are the result of negotiations with trade unions, the wages settlement being generally for a period of three years. Similar negotiations determine wages outcomes in the unionised segments of the private sector. In the non-unionised sectors, governments have attempted to sustain wage levels through the enactment of basic-wage legislation. In many cases, however, the wages floors have remained unchanged for years and may need updating.

Wage negotiations generally revolve around expected cost of living increases over the contract period and the employer's ability and willingness to pay. An important defect in many of these negotiations is the delinking of wage demands from growth in labour productivity, with the result that governments, in particular, find themselves overburdened by the wages bill. In a globalised environment, the linking of wages with productivity growth is essential and must be an integral part of wage negotiations if international competitiveness is to be achieved and maintained.

Public sector price policies in the Region have generally been dominated by social considerations. They have been used mainly to ensure access by all to basic goods and services, and resulted in a proliferation of price controls in the past. There have been significant efforts to remove price controls in the last few years as part of the effort to liberalise economies, and only a few price controls still exist, e.g. the price control on fuel, which exists in most countries.

External Sector Policies

Policy developments with respect to the external sector continued to be shaped by the need to increase international competitiveness and maintain balance of payments stability, in the face of enhanced global competition and trade liberalisation. Specific challenges included the emergence of liberalised and competitive regional, hemispheric and world trading regimes, the reduction in protected access to the EU market with the introduction of the 'Everything but Arms' initiative, and the requirements of the WTO, and the need for regulatory and legislative changes in response to the OECD and other initiatives in the area of financial services. Countries have adopted broadly similar policy approaches in three principal areas: reduction of tariffs and removal of non-tariff barriers; targeted assistance to productive sectors; and the maintenance of stable exchange rates.

With respect to trade barriers, countries face obligations under the CARICOM Single Market and Economy (CSME) and the WTO, and are focussed on the likely requirements of the FTAA, negotiations for which are currently underway. The FTAA should be substantially in place by 2005, necessitating the reduction and eventual removal of tariffs on hemispheric imports under transitional arrangements. These measures are likely to pose serious problems for uncompetitive domestic producers, and countries have been struggling not so much to find the appropriate balance between maintaining domestic production and achieving a smooth transition to a liberalised environment, but to find ways of encouraging domestic producers to reduce costs, improve production efficiency and flexibility, and to seek external markets.

Similar measures with respect to regional imports should be in place before 2005, as part of the CSME arrangements, together with the appropriate adjustment mechanisms. A number of governments are in the process of putting arrangements in place in respect of intellectual property rights and production standards, and liberalising the financial and telecommunications sectors in an effort to meet external obligations and boost external competitiveness.

With respect to financial sector strengthening, much of the impetus has come from the 'blacklisting' of some regional countries by the FATF with respect to alleged non-cooperation in the fight against money laundering, and from the OECD's harmful tax initiative. The removal of some countries from the FATF's list during 2001 and a gradual softening in the OECD's stance are evidence of the successful approach of targeted regulatory reform and aggressive engagement with these bodies on a group basis which most regional states have adopted.

Recognising the impact of liberalisation on protected domestic producers, countries have been targeting support, including tax credits, loans and TA, at potentially competitive producers in the sectors under threat. For example, Barbados, Belize and a number of OECS countries have focused efforts on agricultural and manufacturing sector firms. Most countries are also seeking to diversify their economies into new areas of activity, particularly services, and have to this end established government support and incentives for call centres, informatics and information technology firms and international financial services.

Finally, most countries have maintained a policy of exchange rate stability over the course of recent years. For those countries which continue to maintain a fixed exchange rate regime, this has involved careful reserves management, including selective recourse to international borrowing; and countries have indicated that they reserve the right to resort to exchange controls. These countries have been particularly cautious about liberalising the external capital account, with clear implications for freedom for capital movements under the CSME. For those countries with a nominally floating regime, exchange rate management has involved the use of tight monetary policy and intermittent currency market interventions. With a high degree of pass-through from external to domestic prices, the key objective of these policies has been the maintenance of domestic price stability.

Other Economic Issues

Role of the Private Sector

The private sector is generally viewed by Caribbean governments as the 'engine of growth' and as an essential partner in the stimulation of economic growth and development in the Region. The facilitation of the growth of this sector, including foreign investors in domestic production, has been principally through the provision of tax concessions, and through the provision of physical and institutional infrastructure. Most Caribbean governments have also privatised state enterprises, expanding the level of private sector operations.

Notwithstanding the general acceptance by all governments of the Region of the principle of private ownership of directly productive activity, some governments have continued to be directly involved in productive sector activities, mainly as a result of some variant of market failure; either to establish operations in areas seen as "risky", or to prevent the emergence of private monopolies in operations regarded as being difficult to control. In most cases, however, this kind of state involvement is seen to be temporary. Public sector operations in many countries during 2001 were characterised by renewed efforts to assist private sector development; to encourage investment, production flexibility, and competitiveness; to help new entrepreneurs establish and develop their operations; and to encourage established private sector interests to participate more in general economic management on the domestic side, and to participate in the regional and international trade negotiations.

Debt Management

Caribbean countries continued to accumulate debt during 2001, mainly in response to the deteriorating economic environment during the year. Acquisition of additional debt by Antigua and Barbuda, Belize, Dominica, and St. Kitts and Nevis in particular, reflected the need to borrow externally in order to maintain particular patterns of public spending, despite the implications for future debt servicing. In addition, tight fiscal current account outcomes forced some countries to borrow in order to meet the counterpart requirements of capital programmes, in preference to reducing the programmes themselves. One area of concern in relation to some of the borrowing relates to the fact that parts of it were on commercial terms from private financial institutions, with implications for the pace of increase in debt servicing levels.

Overall Sectoral Performance

Agriculture

A prolonged drought at the start of the year proved a mixed blessing for the agricultural sector which recorded another year of varying fortunes. In Guyana and Trinidad and Tobago, drought conditions led to declines of 0.2% and 5.3%, respectively, in the production of sugar, though in the case of the latter other factors such as a delay in the harvest start and industrial action compounded the situation. On the other hand, dry conditions proved beneficial in St. Kitts and Nevis by helping to improve the sucrose content in the sugarcane, which pushed production up by 24.6%.

In the banana industry, hurricane damage wreaked havoc in Belize, leading to a production decline of 30.2%. Production also declined in the Windward Islands (by 41.2%), though mostly on account of unfavourable weather conditions (below average rainfall) and the continued exodus of farmers from the industry. The objective of developing an efficient core of producers who will be able to compete in the open market received continued attention as the current system of preferential market access by the EU for ACP countries draws closer to an end. This trading arrangement is scheduled to be phased out by the end of 2006, and is to be replaced by a tariff-only system.

In the case of the non-banana agriculture sub-sector, the prospects are somewhat more robust. Prices have been more buoyant, and with the resolution of the pink mealy bug problem, a major obstacle to export growth in the Region has been removed. Continuation of the process of agricultural diversification continued to be one of the major developmental challenges facing the regional economy.

Manufacturing

Increased competition from both regional and extra-regional sources, and slowing global demand, combined to make the year a challenging one for the manufacturing industry. In Jamaica, output in the sector increased by 2.5%, largely a result of the resolution of technical production difficulties. With the exception of St. Kitts and Nevis, there was contraction in production in most of the other countries as a result of increased competition. The sector generally made only a small contribution to real income growth for most economies, even when operating under protection.

Construction

Performance of the construction sector in 2001 was mixed. Indications are that activity within the sector continued to be robust, though slowing, in Belize, which has made the construction sector a central plank in its growth policy; in St. Kitts and Nevis, where major capital projects were ongoing; and in Trinidad and Tobago because of a substantial inflow of foreign direct investment. The substantial increase in the Government's capital programme and the moderation of interest rates in Barbados helped to maintain some activity in construction in that country. The slowdown in construction elsewhere was related in part to the general slowing of economic activity in the Region and to budgetary constraints, particularly in those economies with low fiscal savings and/or substantial debt burdens. Institutional capacity constraints in the public sector also continued to inhibit growth in the sector.

Tourism

The performance of the tourism sector showed some variation during the year, but the long-stay visitor arrivals segment generally reported a protracted decline from February for at least ten of the destinations. By the end of October, cumulative long-stay arrivals were down by as much as 14.5% in St. Kitts and Nevis, with several other destinations (Antigua and Barbuda, Barbados, Cayman Islands, St. Lucia, and St. Vincent and the Grenadines) reporting declines in excess of 5%. In St. Lucia, for instance, declines in tourist arrivals for February through June were 8.5%, 15.1%, 19.6%, 38.2% and 35.1%, with similar trends reported in Antigua and Barbuda and Grenada. Though data was generally unavailable for the last quarter at the time of writing, what was available showed declines in the numbers out of the European market for more than half of the countries. However, because of the high dependence of the Region for tourists out of the US, the final outcome by market will be substantially different in light of 9/11. In the three weeks subsequent to the attacks, occupancy rates in all Caribbean countries plummeted (by over 50% in some cases) before staging a mild recovery. A great deal of optimism returned at the start of the winter season, however, as late bookings rose substantially and many resorts reported full occupancy at year-end.

Cruise arrivals continued to show great variation across the Region, and the more mature destinations (Antigua and Barbuda, The Bahamas, Barbados, Cayman Islands and St. Lucia) generally enjoyed some growth in this sector. For the period January to September, growth in St. Kitts and Nevis was a phenomenal 49.2%, and 26% for both Antigua and Barbuda and St. Lucia. For the other destinations recording growth, the rate hovered around the 5% mark. The significant decline in cruise passengers to Grenada (26.6% for the first three quarters) was attributed to the pullout of a mega-liner, while the marginal decline in the other territories was characteristic of the general economic climate. The greater marketing thrust of the cruise lines appears to be reaping handsome dividends at the expense of long-stay arrivals.

Other Services

In the international financial services sector, activity in 2001 continued to be dominated by a number of international initiatives relating to tax issues, money laundering and financial regulation. FATF which is concerned with implementing anti-money laundering measures worldwide, found in June 2000 that five Caribbean destinations – The Bahamas, the Cayman Islands, Dominica, St. Kitts and Nevis and St. Vincent and the Grenadines – were uncooperative in the fight against money laundering. Following substantive regulatory reforms during the remainder of 2000 and into 2001, The Bahamas and the Cayman Islands were removed from the FATF's revised list of non-cooperative territories in June 2001, and Grenada was added at a Plenary meeting in September. Additionally, during 2001, the UK and the US dropped their long-standing financial advisories against doing business with financial entities in Antigua and Barbuda.

The OECD's 'harmful tax competition' initiative came under attack from several sources. During the January 2001 meeting in Barbados, a coalition of the targeted states and multilateral groupings, including the Commonwealth Secretariat, called for the OECD to transform its initiative into a truly inclusive international dialogue with respect to tax issues. The OECD's threat of counter-measures or sanctions was widely attacked. The new US administration also signalled its hostility to elements of the OECD's proposals, particularly the "ring-fencing" element, arguing that it undermines fiscal sovereignty. As a result, a change in the OECD's proposal seems likely with the emphasis largely on information exchange in relation to criminal tax enquiries. The original July 2001 deadline for all 41 targeted countries to make an advanced commitment to reform has passed, with only 10 states choosing to make such a commitment to date.

Meanwhile, all countries in the Region are in the process of reviewing and updating their financial legislation and level of regulation and supervision to meet international standards. Countries such as Antigua and Barbuda and St. Vincent and the Grenadines have revoked the licences of a number of entities, signaling an increased commitment to high levels of probity within their financial sectors. Meanwhile, the Cayman Islands signed a non-reciprocal tax information agreement with the US to take effect from January 1, 2004, and Barbados is in the process of drawing up new offshore banking, International Business Company (IBC) and insurance legislation.

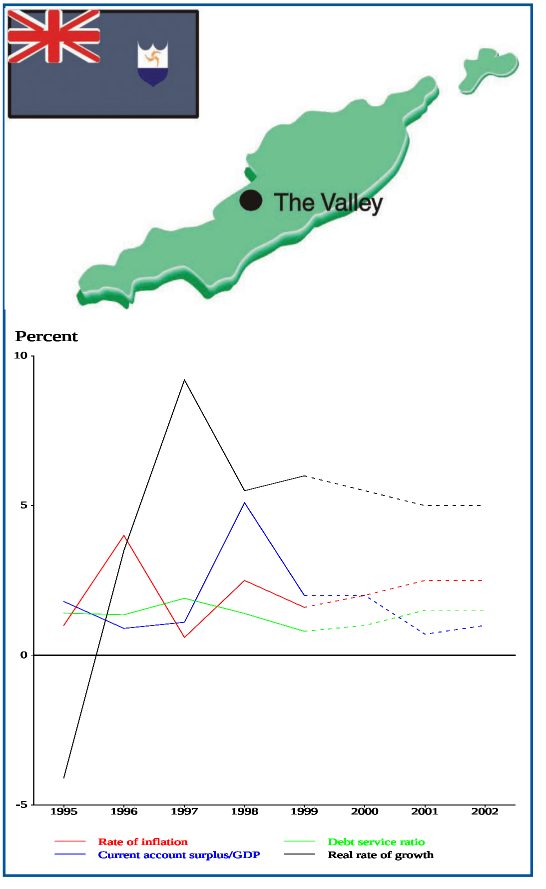
Overall, activity in the international financial services sector within the Region has continued to exhibit strong growth. However, there are signs that the uncertainty created by international developments, particularly the OECD initiative, in addition to the global economic slowdown, has impacted negatively on the level of activity recorded in 2001. Legislative and regulatory reforms in specific countries may also have had a negative impact, at least in the short run.

Prospects

Despite the generally sound macroeconomic policies being pursued by the BMCs, prospects in the near and medium-term may prove difficult as a result of a combination of factors. Principal among these is the impact of the US downturn on tourism given the significant direct and indirect contribution of that sector to GDP. The sagging agricultural sector will reel under further pressure in light of the erosion of preferential access for bananas and sugar into the EU, and the generally depressed commodity prices resulting from weak global demand. The recent decline witnessed in the offshore financial services industry will likely prevail for a while in response to increased international scrutiny and the concomitant tightening of the regulatory framework.

D. COUNTRY PERFORMANCE

ANGUILLA



After declining by 0.7% in 2000 as a result of hurricane damage, GDP in Anguilla expanded by about 2% during 2001, driven mainly by expansion in tourism. Growth of about 5% had been expected, with the economy returning to the higher growth path of the pre-hurricane period. However, the pace of recovery was affected initially by the economic slow-down in the US and other OECD countries, and subsequently by 9/11. Imports contracted, following the surge for hurricane rehabilitation and as activity slowed, with the associated decline in border tax collections contributing to a fall-off in budgeted revenue and, in turn, to a deterioration in the fiscal position of the central government. On the positive side, weak domestic demand conditions together with falling prices for imported petroleum products contributed to a decline in the inflation rate from 6.5% in 2000 to below 3% at the end of 2001; while financial services activity continued to develop during the year, with both offshore company registrations and domestic banking business expanding over year 2000 levels.

The tourism industry is the single largest contributor to overall economic activity in Anguilla. Tourism industry operations were adversely affected during 2000 by hurricane damage in November 1999, with the forced closure of a major hotel for rehabilitation during the first nine months of 2000 resulting in a 6.4% decline to 43,789 in stayover visitor arrivals. With the re-opening of this hotel for the start of the 2000/01 winter season plus the availability of additional rooms due to the opening of a new hotel, tourism activity rebounded in 2001. Stayover arrivals increased by 9.5% over 2000 levels to 47,946, above the pre-hurricane peak of 46,782 in 1999. At the same time, the rate of increase in stayover visitor arrivals was below pre-hurricane trend growth, reflecting the softening economic conditions in source markets. During the first four months of 2001, stayover visitor arrivals rose by 23.2% over corresponding 2000 levels; during the next four months, the growth rate in stayover arrivals declined steadily. With the downturn in global air travel following 9/11, arrivals declined during the last four months of the year, with the largest declines occurring in September (12%) and December (15%). Hotel occupancy rates mirrored this pattern, averaging 80% during January to April (for hotels with over 50 rooms), and declining during the remainder of the year. Occupancy rates for establishments with less than 50 rooms remained under 50% throughout the year.

In terms of market share, the US market continued to be the dominant source of stayover visitors, accounting for 63% of total stayover arrivals. Despite the slowdown in the US economy, US arrivals increased by 21.4% to 30,099, the highest level from this source. Visitors from the UK increased marginally (0.1%) while the number of visitors from the rest of Europe declined.

The number of excursionist arrivals (day-visitors) declined to 56,243 compared with 68,680 in 2000. Although the number of excursionists accounts for a large share of total visitors to Anguilla, the contribution of this class of visitors to industry value-added is relatively small.

Construction industry activity was lower during 2001 compared with 2000, following hurricane rehabilitation during the earlier year. Bank credit to the construction sector, including personal loans for home construction and renovation, remained relatively flat. In the commercial sub-sector, building starts declined, with activity being focused on the completion of relatively small expansion and renovation projects. Apart from preparatory work on a new hotel, construction of which started in the latter part of the year, no major commercial projects were implemented during the year. Public sector construction activity involved work on upgrading and expanding physical infrastructure in the health and education sectors. Government also continued rehabilitation work on roads and sea defences as part of a CDB-funded hurricane recovery project.

The financial services sector continued to expand during 2001. Registration of IBCs increased by 60% to 1,021, with the registration of overseas IBCs more than doubling. Domestic banking operations also expanded, with loans and advances rising by 13% over the 12 months to October 2001. The net foreign assets position of the banking system increased, associated with a contraction in liabilities to institutions outside of the ECCB currency union. On the liabilities side, money supply expanded, influenced by an increase in time and foreign currency deposit accounts. The developments in the domestic banking system probably reflected insurance inflows following the hurricane.

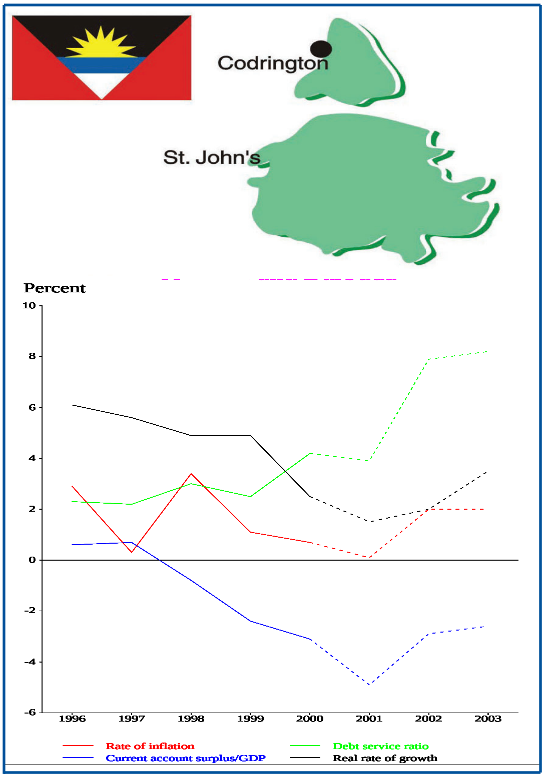
Anguilla's trade deficit narrowed by 17.7%, from $244.4 mn in the nine months to September 2000 to $201.2 mn in the corresponding 2001 period. This was associated with a 17.8% decline in imports from $255.2 mn to $209.8 mn, reflecting primarily a fall-off in capital goods imports. This, along with a 10% increase in estimated gross visitor expenditure to $162.7 mn, contributed to an improvement in the current account position, although the account remained in deficit.

Fiscal performance weakened during 2001 with a small recurrent surplus in 2000 being converted into a deficit of $2 mn; and the overall deficit widening from $2 mn in 2000 to $5.1 mn. Current revenue increased marginally by 1.4% to $26.9 mn. Although the authorities realised an increased intake from property taxes, water rates, and the hotel accommodation tax; and although an increase in motor vehicle-related tax rates resulted in higher collections in respect of drivers' and motor vehicle licences; a 13.3% decline in revenue from trade taxes, including import duties, restricted overall revenue growth. In contrast, current expenditure increased by 9.2%, driven by a similar rate of increase in personal emoluments and an 8.3% increase in expenditure on goods and services. Interest payments more than doubled, but, at $0.7 mn, continued to represent only a small share (2%) of recurrent expenditure. Capital spending declined by 18.7% to $4.6 mn. Capital grants, at $1.5 mn, were also down on the year 2000 level of $3.6 mn, contributing to the widening of the overall deficit.

Prospects for the Anguillan economy will depend on the continued expansion of the tourism industry, and, to a lesser extent, on the financial services sector and construction activity. With the US accounting for the bulk of visitor arrivals, further expansion in tourism will be influenced by developments in the US economy. Continued recession or slow growth in this economy will adversely affect the sector's performance in 2002. Growth should, however, remain positive in 2002, based on an expected expansion in the level of construction activity, particularly involving tourism-related projects.

ANTIGUA AND BARBUDA

Preliminary data indicated that GDP growth slowed to 1.5% in 2001 from 2.5% in 2000. This slowdown in economic activity was mainly caused by weak tourism performance, reflecting both weakness in the major OECD economies, beginning with the US in late 2000 and the effects of 9/11, and a slowdown in construction activity. Domestic inflation remained low, reflecting price conditions in Antigua and Barbuda's major trading partners. On external account, the current



account deficit narrowed despite a decline in earnings from tourism.

In tourism, total visitor arrivals fell by 5.4% to 601,988 in 2001 from 636,277 in 2000. Stayover arrivals declined by 6.6% to 193,176 from 206,871 a year earlier. The UK, with stayover arrivals at 67,785 or 35.1% of the total, represented the single largest source in spite of a decline of 9.6% on the previous year's total of 74,957. Stayover arrivals from the US, the second largest source, rose by 2% to 60,176 from 59,012 in 2000. Stayover arrivals from the Caribbean increased marginally to 31,326 from 31,250 a year earlier. Stayover arrivals from Canada, the rest of Europe and South America declined by 8.3%, 31.6% and 17.9%, respectively, to 12,839, 10,330 and 5,088, compared with 14,007, 15,092 and 6,196 in the previous year. The reduction in stayover arrivals from Europe caused some hotels to close temporarily during the year. In the aftermath of 9/11, there was a significant fall in hotel bookings during the final quarter. Some hotels cut their room rates to attract customers, while others were forced to lay off workers because of the fall in occupancy rates. The Ministry of Tourism and the Antigua Hotel and Tourist Association launched a major overseas campaign, mainly in the UK and US, to boost stayover arrivals. Some sectors of the industry successfully lobbied the government for temporary concessions to cope with the fall in occupancy levels.

Cruiseship passenger arrivals, which had experienced exceptional growth of 37.9% in 2000, declined by 4.8% in 2001 to 408,812, from 429,406 in 2000. This decline resulted from a decrease in the number of ships calling at St John's harbour, reflecting one major cruise line's dropping of Antigua and Barbuda from its list of destinations and the re-routing of smaller cruiseships prior to the introduction of new, larger ships on Caribbean routes.

Agricultural production increased marginally during the year despite a fall in crop production caused by a prolonged dry period during the first half of the year. Value-added in the livestock and fishing sub-sectors grew by 1.5% and 2.5%, respectively.

In the manufacturing sector output rose by 3%, in line with expansion during the previous year. Most of the growth was limited to the production of beverages, construction materials and furniture, mainly for domestic consumption.

A private and public sector joint-venture call centre was established during 2001, to provide telemarketing services to clients in the US. At full capacity, the call centre is expected to employ 850 persons. Training, provided by the Antigua and Barbuda Institute of Technology in the Free Trade Processing Zone, is expected to boost the country's ability to attract additional call centre ventures.

Activity in the construction sector grew at a slower pace than in the previous year. Ongoing public sector projects had included the construction of a new hospital, a parallel taxiway at the airport, the dredging of St. John's harbour and road rehabilitation. However, the tight fiscal situation of the Government of Antigua and Barbuda's (GAB) slowed the pace of work on the new hospital and on the parallel taxiway. The dredging of the harbour was completed in the final quarter of the year, and formed the first phase of a joint public-private sector venture to modernise the cruiseship facilities in St John's. In the private sector, work continued on commercial and residential construction projects, including a new office complex to be leased to GAB, and a sports and tourism complex at the airport. During the first nine months of the year, the value of new planning applications rose by 15% to $80.7 mn, from $70.2 mn for the corresponding period in 2000.

The financial advisories on banking transactions from Antigua and Barbuda, which had been issued by the Governments of the US and UK, were lifted during the year, following a series of revisions to legislation aimed at strengthening the regulation and supervision of offshore sector operations. This was in keeping with ongoing efforts in a number of CDB's BMCs to respond to initiatives from the OECD Secretariat and G7 agencies directed at offshore jurisdictions. In addition, GAB signed a tax information exchange agreement with the US in December, as part of the effort to strengthen international financial cooperation.

Official data on the level of unemployment remained unavailable, but there were indications that the unemployment rate, while thought to be relatively low, may have increased in 2001 because of the slowdown in economic activity. Public sector employment declined marginally during the year, although wage payments increased by about 3%. Partial data suggest a similar rate of increase in private sector wage rates during the year. The average increase in the consumer price index moved up to 1% in 2001 from 0.7% in the previous year. Marginal increases were recorded in the sub-indices for food and beverages, medical and health services, and education. The other sub-indices remained unchanged.

Total commercial bank deposits rose by 4.6% to $715.8 mn during the first nine months of the year, from $684.4 mn. Over the same period loans and advances fell by 0.3% to $618.3 mn, from $620.3 mn at the beginning of the year. Credit to the Central Government, statutory bodies and private individuals fell by 3.1%, 8.3% and 0.5%, respectively, during the first nine months of the year, to $86.1 mn, $31.1 mn and $273.9 mn, from $88.9 mn, $33.9 mn and $275.2 mn at the beginning of the year. Loans and advances to business firms increased by 1.2% to $210.2 mn, from $207.8 mn at the start of the year. The decline in credit to the public sector reflected an increasingly cautious approach by the commercial banks to funding public sector requirements given an increasingly tight fiscal situation, partly reflecting the slowing in the rate of growth in economic activity. Credit to private individuals was used mainly to fund residential housing activity. Interest rates remained stable during the first nine months of the year.

Preliminary balance of payments estimates indicated a narrowing of the current account deficit to $89.6 mn in 2001, from $100.2 mn in 2000. This decline in the current account deficit reflected a fall in the trade deficit to $304.4 mn, from $308.3 a year earlier, and an increase in the surplus on the services balance to $206.8 mn, from $201 mn in 2000. Private transfers increased marginally to $8 mn, from $7.1 mn. The surplus on the capital and financial account fell $19.1 mn to $73.3 mn from last year's level, despite an increase of $30.6 mn, to $51.5 mn in official disbursements. The overall deficit on the balance of payments rose to $16.3 mn, from $7.8 mn a year earlier. This deficit was financed by the accumulation of arrears on external debt service payments and a decline in the imputed reserves.

Preliminary data on the financial operations of the Central Government during the year showed an increase of 9.5% in total revenue and grants to $132 mn, from $120.6 mn in 2000, with recurrent revenue rising by 5.2% to $124.4 mn, from $118.2 mn. The growth in recurrent revenue resulted from increased collections from taxes on income and profits and from the property tax. Recurrent expenditure rose marginally to $156.8 mn, from $156.6 mn in 2000. Salaries and wages rose 2.9% to $78 mn, from $75.8 mn, while spending on goods and services fell marginally to $34.3 mn. Actual domestic and external interest payments declined to $25.1 mn in 2001, from $26.9 mn during the previous year. The recurrent account deficit declined to $32.4 mn, from $38.4 mn in 2000. Despite a 40% increase in capital expenditure and net lending to $24.7 mn, the overall deficit narrowed to $49.5 mn, from $53.7 mn in 2000. This deficit was financed by external loans and grants and the accumulation of domestic and external payments arrears. At the end of 2001, the total external debt including arrears was estimated at $423.7 mn, compared with $389.3 mn at the end of 2000.

The country has experienced continuing fiscal difficulty during recent years, with a severely over-staffed public sector (accounting for nearly 16% of the population) and weak public administration contributing to the recurrent account deficit. Ongoing efforts at fiscal adjustment have had limited success, despite the involvement of the regional financial institutions, and the country has sought financing from a variety of sources to meet its obligations. This financing has led to continuing debt servicing difficulties, and the overall situation has affected the country's relations with multilateral financial institutions. The situation was complicated during 2001 by the global economic slowdown, which affected tourist arrivals and lowered hotel occupancy rates. The downturn was exacerbated by 9/11, with tourist industry operators (including international airlines and cruiseship companies) seeking tax concessions, some successfully, to facilitate their continued operations and the preservation of jobs. These developments adversely affected GAB's revenue collections.

New efforts at fiscal stabilisation began during the year, again with the participation of regional and international institutions. At year-end, work was continuing on the preparation of a stabilisation programme. Much will depend on the willingness of the authorities to take advantage of the opportunity to address the difficulties without resorting to the acquisition of additional debt on commercial terms, or to further earmarking of revenue streams to service debt. Further movement in the latter direction could, among other things, constrain the capacity to engage in the restructuring of the tax system that will become necessary as a result of further trade liberalisation as the movement to regional and hemispheric free trade arrangements proceeds.

Improving basic education is fundamental to GAB's strategy to boost the quality of the country's human resources and broaden its economic base. The CDB-financed Basic Education Project, approved in 1997 and still ongoing, is aimed at enhancing the delivery of teaching services and improving the effectiveness of student learning. The project also provides support to education planning, data collection, curriculum review and development, and the management of education plant and equipment. GAB intends to increase the level of public resources allocated to skills-training, in order to equip workers for the private sector job market. As part of this effort, a building was completed in the Free Trade Processing Zone during the year to be used for training in computer-related skills. In addition, GAB continued to provide scholarships for the training of its nationals in universities and other tertiary education institutions abroad.

In the area of health care, work was ongoing during the year on a new 188-bed hospital, although construction was slowed by the Government's fiscal difficulties.

In 1985, the country recorded its first AIDS case. Since then, the number of persons infected with

HIV/AIDS has increased significantly, though at a somewhat lower rate than the general pattern in the Caribbean. GAB has established an AIDS Secretariat to educate and inform the population about the disease, and the Ministry of Health has developed special assistance programmes for persons infected with HIV/AIDS. In 2001, the AIDS Secretariat started work on a broad-based National Strategic Response Plan.

Data relating to social indicators in Antigua and Barbuda are sparse, making it difficult to identify and quantify social trends. About 12% of the population is thought to live below the poverty line. In recognition that pockets of poverty exist, GAB has established a Citizens' Welfare Division in the Ministry of Health to provide safety net facilities for vulnerable groups, particularly the aged and the indigent. In 2001, GAB requested assistance from United Nations Development Programme (UNDP) to undertake a poverty assessment study to determine the extent and distribution of poverty in the country.

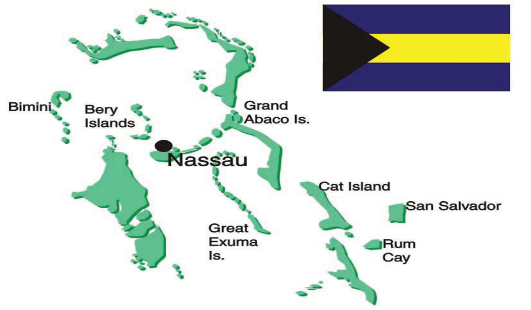
The Antigua and Barbuda authorities expect the economy to grow by about 2% during 2002, based on expected renewed growth in construction activity, with work expected to start on several new tourism-related projects. The decline in tourism is expected to bottom-out in 2002, with growth expected towards the end of the year and into 2003, reflecting recovery in the US and increased tourism marketing in the main overseas visitor source-countries.

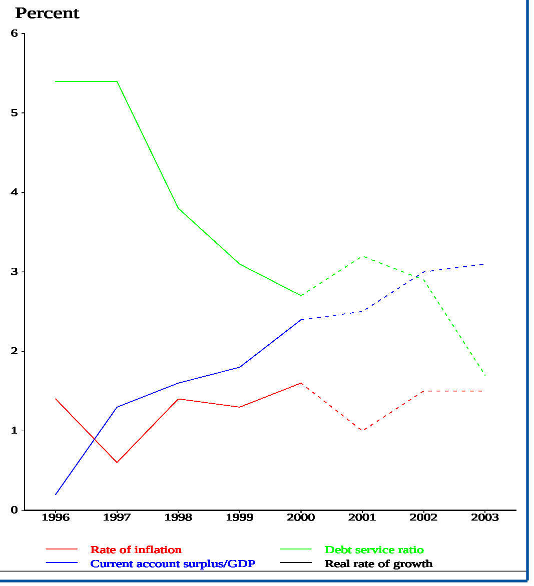
At the same time, however, public sector operations in 2002 will be affected by the country's fiscal situation, and by the nature of the reform programme which will be implemented. Significant fiscal contraction will feed through to the rest of the economy; on the other hand, the options for maintaining an expansionary fiscal stance have continued to narrow.

THE BAHAMAS

The pace of economic growth in The Bahamas is estimated to have slowed to between 1% and 2% in 2001, compared with growth of about 5% in 2000. This noticeable slowdown followed a period of expansion during the second half of the 1990s, with GDP growth averaging 5%, reflecting substantial private investment in tourism, construction and transportation, and continuing development of the financial services sector despite external pressures on that sector's operations. While there had been an expectation of a lower level of in overall GDP growth as a result of the completion of a number of investment projects, and as a result of the slowing in US growth that had begun in late 2000, 9/11 resulted in an unexpected sharp contraction in tourism, the main business activity in the country. Economic activity was further adversely affected by Hurricane Michelle, which struck the islands of Andros and New Providence during the latter part of the year, and which caused considerable wind and water damage to crops and physical infrastructure.

Prior to 9/11, tourism industry activity had continued to expand, although at a slower rate compared with the previous year. Despite weakened US economic





performance, this expansion resulted in total visitor arrivals over the eight months to August 2001 growing 5.3% to 3,075,750, compared with 2,921,494 visitors in the corresponding period of 2000. Of this total, air arrivals (36.9% of total arrivals) increased by 5.8%. The performance of the industry reflected improvements in market competitiveness, with a major contribution coming from investment in hotel plant modernisation and expansion. The investment in hotel plant resulted in a 7% increase in available room-nights and permitted an increase in hotel room rates, so that while there was some decline in occupancy rates in 2001 compared with 2000, total room revenue rose. Industry performance was particularly strong in the island of Grand Bahama where hotel plant expansion and modernisation had been started later than in other parts of the country and had been completed by 2000.

As a result of 9/11 and the fear of further air-transport-related terrorist attacks, particularly in the US, the tourist industry faced sharply reduced demand for leisure services. With US visitors accounting for 75% of tourist arrivals in The Bahamas, the number of arrivals declined sharply. Daily arrivals fell by 50% in the weeks immediately following 9/11, resulting in a 21% decline in the month of September alone, compared with September 2000. Hotel occupancy rates, particularly in the smaller establishments, fell sharply, generally to below 30% in the larger hotels, in some cases, and the institutions reacted with a combination of deep room-rate discounting, increased advertising and temporary staff cutbacks. While there was some recovery in November and December, occupancy rates in those months remained below normal levels. A cumulative decline of 10.9% in air-arrivals during the last third of 2001 compared with 2000 offset the earlier gains, but with cruise arrivals at 1.6% above 2000 levels, there was an overall annual decline of less than 1% in total visitor arrivals by year-end.

The tourism industry faced additional challenges during the year. During September, a major fire destroyed the main craft market in Nassau on the island of New Providence, and Hurricane Michelle struck late in the season in November. The longer-term impact of the hurricane on the tourism industry was, however, not expected to be major. While industry operations slowed sharply in anticipation of the passage of the hurricane, only one hotel in New Providence (this island accounts for 70% of the country's hotel plant) was forced to close as a result of damage.

Despite the difficulties faced by the industry during 2001, there were relatively few cancellations of forward hotel bookings for the 2001/2002 winter season. Early indicators point to a strong mid-winter performance in 2002 for New Providence and Grand Bahama, the two major destinations in the country.

The fall-off in visitor arrivals as a result of 9/11 had a number of adverse spill-over effects. Reduced hotel occupancy and the consequential reduction in revenue triggered shortened work-weeks for hotel workers and salary cuts for management and administrative staff in order to maintain operations. In a few instances, hotel properties were closed, resulting in staff lay-offs. Transportation services experienced reduced utilisation rates, as did restaurant operations; and craft and straw vendors experienced a reduction in sales. Beach and related leisure activities, including casino operations, experienced lower levels of business. The downturn in economic activity fed through to public sector fiscal performance.

9/11 also served to raise concerns over the possibility of links between money laundering and global terrorism, and between global terrorism and operations in the financial services sector. In 2000, The Bahamas had originally been included on a list of 15 jurisdictions deemed "non-cooperative" to a G-7 anti-money laundering initiative, and had been the subject of a US financial advisory on the country's financial sector supervision and regulatory systems. The country was de-listed in 2001, following strong representation from the Caribbean over the manner in which the OECD/G-7 initiative was being conducted, and following the implementation of a number of measures to strengthen the legislative and regulatory framework and to intensify financial sector supervision. The US advisory was also lifted. The implementation of the measures resulted in a number of changes in the financial sector, including the revocation of the licences of a number of banks and trust companies, reducing the number of those institutions from 410 at the end of 2000 to 367 nine months later. In relation to IBCs, the measures required the elimination of "brass-plate" operations and the establishment of a meaningful physical presence in The Bahamas. As a result, there was a sharp decline in the number of new IBC registrations during 2001. The number and value of mutual funds managed in The Bahamas also contracted.

Financial and external sector trends reflected developments in the real sector during the year. During the first half of 2001 the outturn on external current account included the effects of the completion of hurricane rehabilitation work following Hurricane Floyd in 1999, the completion of hotel renovation and expansion operations, reduced foreign payments for petroleum products following the fall in oil prices, and a rise in visitor expenditure. These contributed to a reduced current account deficit of $111.2 mn, compared with $161.4 mn for the corresponding six-month period in 2000. At the same time, however, a lower level of financial inflow – reflecting some compression in real estate sales, reduced equity investment flows from abroad and a lower level of private sector borrowing from abroad – resulted in a smaller overall payments surplus during the first half of 2001 ($24.9 mn), than in 2000 ($47.6 mn). Preliminary data for 2001 as a whole, including a 9.5% decline in the country's external reserves to $309.9 mn, suggest some worsening of this outcome, reflecting the impact of 9/11.

In the immediate aftermath of 9/11, the authorities adopted a more restrictive policy stance. Domestic credit growth slowed to 9.5%, led by a halving of the rate of expansion in credit to the private sector from 14.7% in 2000, to 7% in 2001. The growth in consumer credit softened expanding by 3%. However, mortgage lending growth remained robust, growing by 14.2%, reflecting a shift in construction activity from commercial to residential projects. In contrast to the private sector, credit growth to central government rose sharply from 2.6% in 2000 to 23.4%, reflecting the revenue contraction effects of the downturn in tourism. Consistent with the slower growth in economic activity, the monetary aggregates grew more slowly in 2001 compared, with the previous year.

The authorities moved closer to fiscal balance in the 2000/2001 fiscal year (FY) ending June 2001. Through gradual fiscal consolidation, the overall deficit has been steadily narrowed since FY 1996/97. Declining from $142.9 mn (3.7% of GDP), the deficit was reduced to $37.7 mn (0.8% of GDP) in FY 1999/2000, and further to $11 mn (0.2% of GDP) in FY 2000/01, just short of the zero balance target. This improvement in budgetary operations was facilitated by a combination of sustained expansion in revenue as a result of sustained economic growth and revenue systems streamlining, as well as expenditure restraint. Although revenue fell marginally short of the budgeted $984.9 mn by $16.1 mn, reflecting lower inflows from import duties and from the financial services sector as a result of the slower growth in economic activity in the fiscal year to June 2001 and the reorganisation of financial sector operational arrangements, the shortfall was compensated for by underspending on recurrent account. As a result, the current account surplus continued to expand, although slightly lower than budgeted, increasing by 18.8% from $100.3 mn in 1999/2000 to $119.2 mn. With the increase in savings, the authorities were able to implement the capital programme without recourse to unplanned loan financing. The overall debt position was stabilised, allowing a reduction in the share of revenue utilised for debt servicing, and an increase in the allocation for the social sectors.

Facilitated by continuing economic growth, the authorities continued to give high priority to advancing the social development agenda during the year, allocating an additional 10.3% (or 43% of the expenditure budget) on education, health and the provision of social benefits and services. Strong emphasis has been placed on human resource development, with particular attention to improving access to preventative health care, education and training, sports development and improved infrastructure. Education received the largest share of these resources as the authorities sought to reduce class size and improve learning outcomes. To that end, the focus remained on constructing new schools, refurbishing and upgrading existing physical plant, increasing the number of trained teachers, improving curricula and implementing the first phase of a $10 mn computerisation programme for schools. A country poverty assessment, to provide updated information about social conditions generally and the extent and distribution of poverty in particular, was underway at year-end.

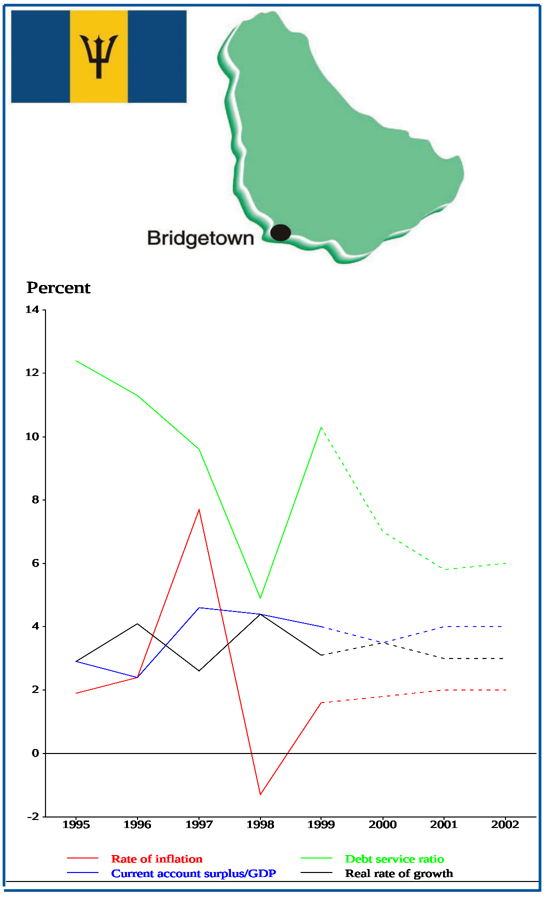
The FY 2001/02 budget targets a 9.3% increase in fiscal savings to $130.3 mn (2.5% of GDP) and a zero overall balance. Recurrent revenue is projected to increase by 5.1%, slightly slower than the 5.5% rise achieved in the previous fiscal year, reflecting the slowing in import growth as well as budgeted reduction in a number of tariff rates as a result of ongoing efforts, since 1992, to simplify and rationalise the import tariff system and in keeping with ongoing trade liberalisation efforts. Under this programme, the number of tariffs has been reduced from 129 to 29, with an average import duty of 30%. On the expenditure side, recurrent expenditure is projected to expand by 4.6%. The budget contemplates a 24% increase in capital expenditures to $108.2 mn, or 2% of GDP. Government's capital works programme places emphasis on expanding access to public utilities as well as on improving road and transportation infrastructure. A $52.2 mn New Providence road improvement project commenced in 2001.

The budget targets for FY 2001/02 are likely to be derailed as a result of 9/11. Revenue collections are likely to fall below projected levels consequent on the unanticipated slowdown in economic activity and the reduction in tourism revenues. In addition, with unbudgeted hurricane-related spending and the need to improve security, the planned elimination of the fiscal deficit is unlikely to be achieved. Efforts are already underway, focussing on reducing non-essential recurrent spending, and on collecting revenue. Arrangements have been put in place to access loan financing in the event of significant revenue shortfall.

In line with the global trend towards telecommunications modernisation and liberalisation, the Government of The Bahamas fashioned a new telecommunications policy during 2001. The policy framework provides for the introduction of private ownership and management to the local telecommunications industry and the encouragement of new entrants in order to promote competition. The authorities propose to delay opening up the industry to competition until after 2003, however, to allow the current monopoly service provider, which is a state-owned enterprise, time to prepare for a multi-provider environment.

Economic prospects for the medium term remain favourable, although developments are tied to the performance of the US economy. Continuing domestic streamlining and liberalisation, and the ongoing effort to improve the human resource response capacity, should enable The Bahamas to take early advantage of a resumption in US economic growth as soon as it occurs.

BARBADOS



Following a period of sustained expansion in GDP averaging 2.9% annually since 1993, output growth in Barbados contracted by 2.8% in 2001, in contrast to 3% growth in 2000. Activity in both the traded and non-traded sectors declined. Some sectors, particularly agriculture and manufacturing, continued to be affected by increased competition posed by trade liberalisation; while others, particularly tourism, were affected by the downturn in the world economy, with the outturn being exacerbated by 9/11. Partly in response to the developments in the real sector, Government adopted a somewhat expansionary fiscal stance and relaxed monetary policy in an effort to sustain aggregate demand and employment, although a number of large public sector projects had already been programmed or were already underway. The fiscal position deteriorated marginally over the review period, in response to the revenue effects of the slowdown in economic activity, while interest rates trended downwards. On the external side, the net international reserves were boosted by precautionary capital market borrowings undertaken because of uncertainty over the extent of the effects of 9/11.

Real value added in the tourism sector was estimated to have declined by 5.9% in 2001 compared with an increase of 7.7% during 2000, representing the largest fall since the 1990 Gulf War. Stayover arrivals were 507,086, or 6.9% below the previous year's total, with all source markets recording decreases. Stayover arrivals from the US contracted by 4.9%, while those from Canada, Germany and the UK fell by 12.6%, 17.5%, and 4.1%, respectively. The 1.1% decline in cruise passenger arrivals, to 527,597, was smaller, with the fall reflecting a lower number of ship calls during the summer as some lines sought to avoid the congestion of the Puerto Rico hub and operated out of Miami, and, following 9/11, consequential changes in cruise itineraries to allow potential passengers to drive to cruise departure points rather than having to fly to them, in response to a decreased willingness to travel on aircraft. Estimated total visitor expenditure declined by 3.5% to $1,213.5 mn. As part of the Government's October 2001 National Emergency Economic and Financial Programme, devised in response to 9/11, tourism received an allocation of $13.9 mn in public sector financial support.

Total sugar output fell during 2001, reflecting a late start to the crop, a fall in the acreage under cultivation, and unfavourable weather conditions. Production amounted to approximately 50,000 tonnes, or 14.7% less than the 2000 crop; and sugar earnings were reduced by a larger percentage as a result of further depreciation of the Euro. However, Barbados was able to meet its EU quota supply requirements. Real output in the non-sugar agriculture sub-sector, and in the manufacturing sector declined by 1.9% and 8.2%, respectively, reflecting increased competition faced by domestic producers as a result of ongoing trade liberalisation.

Increased business competition and the slowdown in activity encouraged some enterprises to restructure and streamline their operations, resulting in some job losses. Data for the first nine months of the year indicated a rise in the unemployment rate from 9.3% to 10.3%, with increases occurring for both males (from 7.3% to 8.8%) and females (from 11.3% to 11.8%). On the positive side, a buy-local campaign and the introduction of a 60% tariff on selected manufactured imports were expected to boost domestic output.

Real value added in the construction sector which had experienced double-digit growth rates for most of the previous five years as a result of substantial private investment in tourism and other commercial projects, contracted by 6.3% in 2001as most of the projects were completed. Since the construction boom of 1997-98, the output growth rate in the sector had been declining. At the same time, however, residential construction activity was maintained during the year. Reflecting the reduced activity in the tourism and other traded sectors, output in the wholesale and retail sub-sector contracted by 2.8%. Output from mining and quarrying fell by an estimated 13.1%, reflecting the temporary suspension of new oil well drillings until 2002, as well as a lack of success in extracting additional output from existing wells.

Public finances deteriorated in FY 2001/02, as government adopted an aggressive counter cyclical fiscal policy. Current savings, on a calendar-year basis, declined from 4% of GDP in 2000, to about 2.7% of GDP in 2001, as expenditure growth outstripped revenue inflows. As a result of the slump in real sector activity, tax revenue growth slowed to 1.2% (to $811.4 mn), compared with growth of 8.8% during the previous year. Direct tax collections were the main contributors to this outcome, with personal and corporate taxes rising by 2.5% and 4.7%, respectively. In part, this reflected higher rates of pay in 2001 and strong business performance in 2000. Indirect taxes collections contracted by 1.7% to $453.7 mn, as VAT collections fell 2.1% to $245.1 mn, while import duties dipped by approximately 3.7% to $71 mn.

Current expenditure rose by 6.9% to $803.1 mn, largely reflecting higher borrowing costs associated with a larger debt stock and increased transfers to statutory corporations. The Central Government wages bill remained relatively constant at $327.1 mn, or about 12.6% of GDP. On the capital side, investment spending rose by 13.6% to $160.8 mn, driven primarily by the ongoing extensive road rehabilitation and extension projects, the South Coast Sewerage project and the EDUTECH 2000 project. The overall fiscal deficit is estimated to have deteriorated to 3.3% of GDP, compared with 1.2% in 2000, and Government continued to rely on domestic sources to finance the deficit. The external debt stock rose by 25.9 % in 2001, mainly in response to precautionary borrowing to boost the reserves, given the uncertainty over the future during late 2001 and the country's attractive international credit rating.

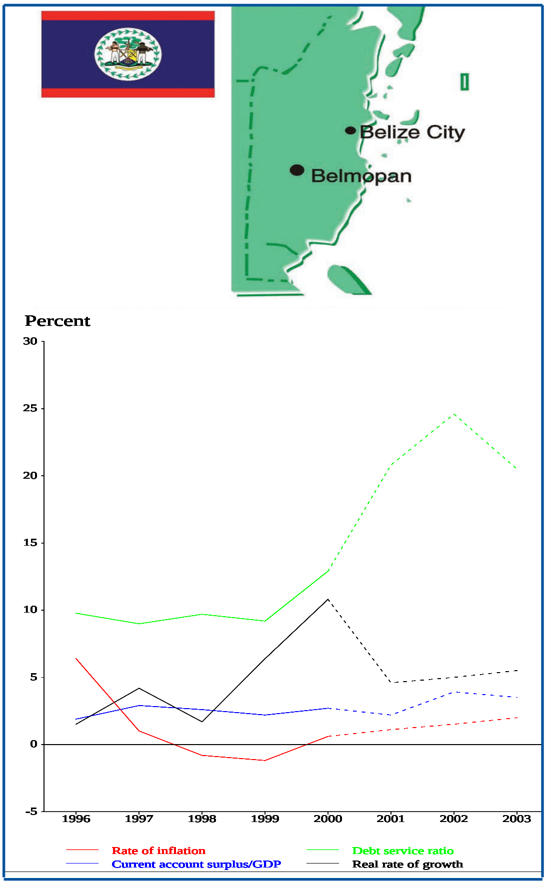
During the year, the financial sector was characterised by increasing levels of domestic liquidity as the growth in credit demand was exceeded a build-up in deposits. By the end of September, total commercial bank loans and advances stood at $1,771.2 mn, 1% above the year-earlier level; while total deposits rose over the same nine-month period by 4.5% to $2,136.1 mn, resulting in an increase of 2.6 percentage points in the excess liquidity ratio, to 10.4%. In an effort to stimulate economic activity through the lowering of borrowing costs, the central bank cut interest rates on four occasions during the year. At year-end, the minimum deposit rate was 3%, down from 4.5% a year earlier; the cash reserve requirement for banks stood at 5%, compared with 6%; and the discount rate was reduced from 10% to 7.5%.

The external position improved during the year as net international reserves rose by 45.4% to reach $704.2 mn, or approximately 37 weeks of import cover, compared with about 22 weeks at the end of 2000. This outturn partially reflected capital market borrowing in addition to a stronger current account performance. Preliminary data indicated a current account deficit of $52.2 mn (2% of GDP), sharply down from a deficit of $145 mn (5.6% of GDP) during 2000. The value of merchandise exports declined by 11.8%, due in part to the contraction in sugar earnings. The value of merchandise imports fell 13.5%, reflecting a slowdown in domestic demand, and this was reflected in all three categories of goods imports: consumer (4.4%), intermediate (26.2%), and capital (8%). Capital goods imports fell primarily as a result of a decline in imported machinery, while the contraction in intermediate and consumer goods imports involved reduced quantities of construction materials, lower oil prices, and fewer motor cars.

Retail prices rose at an annual average rate of 3% over the 12 months to November 2001, compared with 2.4% during the corresponding 1999-2000 period. Most of the increase was due to higher prices for food, alcoholic beverages, and housing. Increased housing costs reflected higher home insurance costs and higher rents for private residences.

Economic performance in 2002 will be influenced substantially by developments in the US and UK. Projections are for relatively flat output unless there is a pick-up in global demand. Tourism performance is expected to be weak until air travel levels return to normalcy, while sugar production is expected to contract as a result of reduced acreage and possible difficulties with yields. Non-sugar agriculture and domestic manufacturing are expected to benefit from the continuing buy-local campaign, and could show marginal growth. Prospects for construction sector activity appear somewhat brighter as residential housing activity continues together with a robust public sector investment programme. A number of private sector ventures are also expected to get underway during the year. In the absence of expected output increases in export-oriented activity, declines in the country's net international reserves are likely as an expansion in non-traded activity increases the demand for imports. The size of the decline will reflect the rate of the expansion in the economy, and the extent to which this is driven by the non-traded sectors. The size of the fiscal deficit is likely to rise as a result of weaker business performance in 2001-02, and the need to complete the capital programme. Reflecting past performance, the authorities are likely to pay close attention to developments, and to respond appropriately.

BELIZE



As a result of the slowdown in global economic activity, the aftermath of Hurricane Iris in October and 9/11, output growth slowed to about 4% in 2001, following growth of 10.4% in 2000. Growth in value-added in the agriculture and manufacturing sectors slowed, and tourism industry activity stagnated. Expansion in the construction sector slowed with lower levels of external funding compared with the previous year, reduced availability of privatisation receipts, and faltering demand for housing. Fiscal savings fell mainly because of growth in recurrent expenditure, and this contributed to an increase in the overall fiscal deficit. The foreign exchange supply situation worsened given a fall in export earnings (contributed to by hurricanes, the US downturn and the effects of 9/11), reduced external inflows and the absence of appropriate domestic policy adjustments. Preliminary indications are that the rate of unemployment increased from 11.5% in 2000. Growth in consumer prices remained below 2% during the year.

The rate of growth in agricultural production fell to an estimated 2.9% in 2001, from 3.4% in 2000. Banana production fell to an estimated 47,403 tonnes in 2001 from 65,782 tonnes in 2000 as a result of Hurricane Iris which devastated plantations in October. Sugarcane production also reflected the effects of hurricane damage, falling from 1.12 mn tonnes in 2000, to 1.08 mn tonnes. Despite some hurricane damage, production of oranges rose 2.5% from 5.59 mn boxes in 2000, to 5.73 mn boxes in 2001, while grapefruit production rose 5% to 1.5 mn boxes. Production of marine products (fish, lobster and shrimp) rose by 21%, compared with growth of 8.8% in 2000. Production of livestock and foodcrops also expanded.

In the manufacturing sector, output growth slowed from the 22.4% growth rate of 2000. Sugar production contracted by 13.7% to 105,500 tonnes. On the other hand, output of citrus concentrate rose from 4.4 mn gallons to 4.9 mn gallons. Value added in the garments industry contracted substantially as the main firm, in response to international competition, downsized its operations in pursuit of efficiency gains and attempted to reposition itself in the international market with the manufacture of new product lines. However, output growth in other light manufacturing industries (beer, soft drinks, cigarettes, batteries, and flour) continued to be strong.

Tourism activity stagnated in 2001, following growth of 18.8% in 2000, with arrivals estimated at 195,662, compared with 195,596 in 2000. The performance reflected the slowing in world economic activity growth and the effects of 9/11 on the US market, from which an estimated 70% of tourists to Belize are sourced.

Despite improved revenue performance, Central Government savings fell to about 2.2% of GDP, from 2.7% in FY 2000/01, mainly reflecting increased recurrent spending on wages and salaries and on debt interest payments. The reduced savings, together with a strong capital programme estimated at about 14.5% of GDP, were expected to produce an increase in the overall fiscal deficit to 10.8% of GDP from 9.8% in FY 2000/01. At the same time, privatisation receipts, principally from the disposal of the main port in Belize City, were expected to lower the overall deficit to 7.7% of GDP. Given the increased foreign exchange supply tightness, increasing public debt servicing requirements, and limited opportunities for further privatisation, there was increasing indication of a need for appropriate fiscal adjustment.

The stock of public and publicly guaranteed debt [including securitisation proceeds in relation to transactions involving the Development Finance Corporation (DFC) and the Social Security Board] rose from $554.8 mn in 2000 to $655.8 mn, following growth of 54.3% in 2000. Reflecting the continuing effects of substantial debt accumulation, and particularly the rise in debt contracted on commercial terms, external debt service rose from $51.7 mn in 2000, to $64.7 mn in 2001, or to about 35.4% of Central Government current revenue. The rise in external debt payments of 25.1% in 2001 following an increase of approximately 53.7% in 2000, together with a projected servicing requirement of $91.8 mn in 2002, underline continuing concern about the size of the debt burden.

In the commercial banking sector, deposit rates softened as a result of the continuing liquidity overhang, which partly reflected the reduced availability of foreign exchange, and which in turn reflected a contraction in inflows and fiscal expansion. The decline in deposit rates, reduced credit demand, and competition from non-bank institutions led to some decline in lending rates.

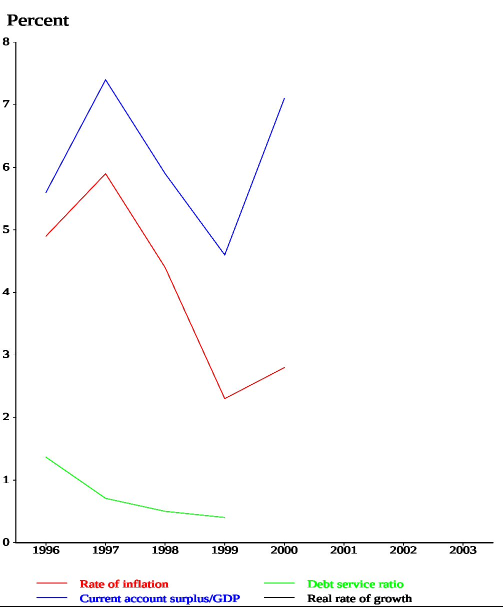
The balance of payments current account improved in 2001, despite the downturn in export performance. Commodity export receipts declined by 3.2% to $275.8 mn, but this was offset by a fall in import spending partly because of the slowdown in growth, the shortage of foreign exchange, and the reduction in oil prices. The improved trade balance, together with increased services exports receipts, contributed to a narrowing in the current account deficit. On the other hand, a fall in public sector inflows led to a worsening of the performance on capital account, and the overall balance of payments moved from a surplus of $51.6 mn in 2000, to a deficit of $10.5 mn in 2001. With the deterioration in the balance of payments, the net international reserves fell from $113.9 mn at the end of 2000, to $102.4 mn at the end of 2001. At year-end, there were indications that the full reserves total might not have been fully available for use.

Reflecting low import prices particularly from the US, the main source of imports, and the slowdown in general economic activity, indications are that the rate of inflation was less than 2% during 2001. Data up to the end of August indicated no increase in the general price level. Prices of clothing and footwear contracted by 4.5%, following a contraction of 1.4% in the previous year and registering the largest decline for all categories. Price declines were also recorded for household goods and maintenance (1.6%) and recreation, education and culture (0.8%). Modest price increases took place in the case of medical care (1.1%); food, beverages and tobacco (0.9%) and personal care (0.4%). The largest price increases were for transportation and communication (3.7%) and rent, water, fuel and power (2.2%).

In the social sector, the year 2001 witnessed the beginnings of some potentially important and far-reaching developments. The education sector began implementation of a CDB-funded project to strengthen technical and vocational education, through the construction of Centres of Employment and Training in five of the six districts. The beginning of construction is targeted for June 2002. Government also initiated implementation of the Belize Education Sector Improvement Programme, co-financed by DFID and the World Bank, for the rehabilitation and construction of secondary schools, curriculum development, teacher training and administrative strengthening. In the health sector, Government has begun implementation of a substantial programme of reform based on a system of decentralised management with the aim of enhancing efficiency in service delivery. The Ministry of Human Development, which is responsible for a wide range of social sector interventions (child services, social welfare, women's issues, probation etc.), has completed a substantial institutional reform programme aimed at increasing its efficiency. In the housing sector, the construction programme funded by Government through the DFC has slowed considerably, because of the lack of effective demand, contributing in no small measure to the deceleration in economic growth.

Indications are that the medium term will continue to witness at least moderate growth, barring significant shocks. Growth in the banana industry is projected to resume after the devastation by Hurricane Iris in October. Indications are also that the shrimp industry will rebound once the problem of the Taura Virus has been effectively addressed. With the recent expansion of tourism plant, improved tourism sector performance is projected. However, much will depend on an economic upturn in the US in particular. The sugar and citrus industries in the medium term will be undertaking important restructuring initiatives vital to their survival, and are projected to grow moderately. A significant issue, particularly during the first part of 2002, will involve the adequacy of supply of foreign exchange, and the impact of that on activity in both the real and financial sectors, and the management of the available resources. The authorities will need to exercise care in the management of available supplies until inflows expand following rehabilitation of hurricane damage to export production.

BRITISH VIRGIN ISLANDS



Partial data indicated a slowing in economic activity in the British Virgin Islands (BVI) in 2001, following robust performance during 2000. The main factor influencing the lower level of performance was the slowdown in tourism activity following 9/11, although some weakening in sector performance was evident from the first quarter of the year. The decline in visitor arrivals, and consequential reduction in visitor expenditure, fed through to domestic industry operations and to Central Government's finances; although continued strong financial services industry performance and the resultant revenue flow to Government, together with the availability of accumulated savings, meant that fiscal operations were not constrained by the downturn in tourism.

While the total number of visitor arrivals continued to increase during the first quarter of 2001, following the strong performance of the tourism industry in 2000, there were some signs of weakening. While total visitor arrivals at 199,039 were 6.2% above the level for the corresponding 2000 quarter, the increase was accounted for by a 15.2% rise in cruise passenger arrivals (to 99,321) as the number of stayover visitors declined 5.6% to 93,044. In addition, the average length of stay for overnight visitors declined to just under 8 nights during the first quarter of 2001 from 9.4 nights in the corresponding 2000 period. Visitor spending grew only marginally (1.7%) to $98.3 mn during the period. This performance reflected the effects of the downturn in the US economy. Provisional data for September and October 2001 showed further weakening in the industry, although the immediate effects of 9/11 were dampened somewhat by the fact that they occurred during the low period in an industry which has a marked seasonal pattern in the BVI. Total visitor arrivals were 22.7% below the level for the corresponding two-month period in 2000, with cruise passenger arrivals declining by 34.6% and stayover visitors by 5.4%. Estimated visitor expenditure during September and October 2001 was, at $18.2 mn, 9% below the$20 mn spent during the corresponding two-month period in 2000.

During 2001, business activity in the financial services industry was maintained at a high level, although there was some slowing from the record performance in 2000. At the end of November 48,796 new IBC registrations had been recorded, compared with 60,723 during the corresponding period in 2000; with the expectation that some 52,000 new registrations would have taken place by year-end, as against just over 64,000 in 2000. As in the case with IBC registrations, the number of new registrations of captive insurance companies and mutual funds during 2001 was expected to fall between 15% and 20% below the previous year's totals. Despite the slowdown, the contribution of the industry to Central Government revenue remained at a high level. Transfers to revenue during the first eleven months of 2001 amounted to some $98 mn, compared with $90 mn during the corresponding period in 2000. Central government total revenue during January to November 2000 amounted to $161.4 mn.

During the year, developments in the financial services industry continued to reflect the initiatives and negotiations arising out of the efforts of the OECD Secretariat and two G-7 agencies – the Financial Stability Forum (FSF) and the FATF – to restructure and influence business operations in financial services centres and in the domestic financial sectors of countries engaged in cross-border financial transactions. Significant developments affecting the BVI included a request from the US for the BVI to enter into a tax information sharing agreement with that country; the tabling of a Financial Services Commission Bill, designed to establish an independent financial services regulator (passage of the legislation would result in the BVI meeting the three priority recommendations identified in a specially commissioned report covering the UK Overseas Territories that had been published in October 2000: robust anti-money-laundering systems, an effective exchange of information system involving compulsory powers legislation, and an autonomous financial services system regulator); ongoing revision of the OECD harmful tax initiative, reportedly to address some of the concerns of affected jurisdictions; an OECD initiative to address the use of corporate vehicles to promote illicit activities which specifically targets the current patterns of use of bearer shares, bearer shares being an important instrument in IBCs; and the extension of the EU Code of Conduct on Business Taxation and of the proposed Savings Directive to UK Overseas Territories, a situation which could encourage affected jurisdictions to abandon income taxes as the only way of avoiding "ring-fencing" penalties.

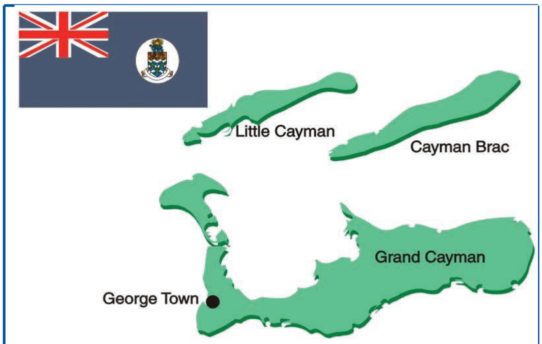
At year-end, the Directorate of Financial Services in the BVI remained actively engaged in a number of fora to defend the financial services industry in BVI, and to restructure and enhance internal supervision and regulatory arrangements to ensure that international prudential requirements continued to be satisfied.

Current revenue during the fist ten months of 2001 amounted to $122.9 mn, down 10% on the $136.6 mn collected during the corresponding 2000 period. The decline reflected sharply reduced collections during September and October, resulting from the downturn in tourism as a result of 9/11. During the January to August period, current revenue collections had been running marginally ahead (2%) of the rate during the first eight months of 2000. As a result of the combination of this decline and a rise of 6.7% in current spending to $109.1 mn, the current account surplus declined sharply ($13.9 mn as against $34.4 mn). With the significantly higher (89%) level of spending on capital account during 2001, the outturn for the first ten months of the year was an overall deficit of $28.8 mn as against a surplus of $13 mn during the corresponding period in 2000. The high level of capital spending reflected an ongoing ambitious capital programme, including new main airport facilities partly financed by CDB. The deficit was financed by a combination of borrowing and the use of accumulated reserves. The BVI uses the US dollar as its domestic currency, and does not participate in any central banking or currency board arrangement.

Management of the public sector capital programme remains an issue, as is the availability of timely statistical information for economic management purposes; although information on the financial system and the financial services sector is readily available. A project was underway at year-end to improve the management of the project cycle, but a significant amount of effort and considerable institutional change will be required before public sector investment programme management becomes fully functional. Efforts are underway to improve statistical data generation and dissemination.

Prospects for the BVI are closely linked with the outcomes of the various initiatives affecting the financial services industry, and with the prospects for tourism. Recovery in tourism will depend on the performance of the US economy, although, since BVI is a high-end destination, marginal recovery in the US, if sustained, would be sufficient to support some industry growth in BVI. In respect of the financial services industry, the authorities continue to monitor developments closely and to remain engaged with all aspects of the ongoing discussions and negotiations; and show every sign of being willing and able to respond appropriately and quickly as developments unfold.

CAYMAN ISLANDS



Economic growth in the Cayman Islands continued to decelerate in 2001, in response to the slowdown in the external environment, with growth for the year estimated at 1.5%. The slower rate of growth was evident in most sectors, except for financial services, activity in which continued to expand relatively briskly. Because of the slowdown in activity, recurrent and overall deficits widened, and reversed the previous downward trend in the unemployment rate. On the positive side, inflation remained low during the year.

The financial services sector recorded buoyant growth in mutual funds and captive insurance registrations, and positive but slower growth in stock market activities and Cayman dollar bank assets. Mutual funds registrations grew by 21% in 2001 (33% in 2000), with the number of registrations increasing to 3,648 from 3,014, while insurance licences increased to 572 from 545, reflecting an increase in captive insurance companies.

The number of registered banks and trust companies decreased marginally (3.7%), falling to 545 from 580 one year earlier, reflecting liquidations as a result of a new rule requiring that institutions have a physical presence in the country. By year end, 24 institutions opted to surrender their licences, 6 opened offices and retained their licences, and 12 were awaiting final decisions.

The Stock Exchange (CSX) continued to perform positively in 2001, though at a reduced level relative to 2000. Net listings increased from 386 at the end of 2000 to 418, with market capitalisation rising from $32.1 bn to $34.8 bn. The CSX improved its international image in 2001 when it was admitted to membership of the European Securitisation Forum and the Intermarket Surveillance Group. Additionally, it established a link with Euroclear's funds settlement system, which increased its usefulness to its listed funds.

The tourism sector continued its mixed performance in 2001. Air arrivals for the period January to October were 282,952, down 2.1% on the 289,067 for the corresponding period in 2000. 9/11 had a negative impact on air arrivals, and resulted in occupancy rates falling to 10% in some hotels. At the same time, the overall hotel occupancy rate for the first ten months of 2001 was 45.7%, marginally above the 45.4% for the corresponding period in 2000. Cruiseship arrivals, however, were more buoyant, increasing by 16.4% to 965,706 during January to October, from 829,441 for the corresponding period in 2000.

The construction sector continued its steadily declining level of activity since 1999. During 2001 the value of approved developments fell to $144.8 mn, well below the corresponding 2000 figure of $310.2 mn. Approvals in the apartments category declined 50.9%, to $44.5 mn. The value of building permits also declined sharply, from $512.3 mn in 2000 to $116.5 mn.

The slowdown in the US economy since late 2000 had an adverse impact on real estate investment activity, and led to some volatility in the real estate market in the Cayman Islands. As a result, the value of real estate transfers declined by 32.8% in 2001 to $173.5 mn, from $258 mn in 2000.

Government finances were adversely affected as a result of the slowdown in growth, with the recurrent account and the overall balance recording deficits of $37.3 mn and $73.7 mn, respectively. Improved revenue performance occurred with respect to work permit fees, import duty on fuel, and telecommunications licence fees, while areas showing declines included stamp duties on land transfers, tourist accommodation tax and company fees, with revenue declines outpacing increases. With respect to recurrent expenditure, there were savings on personal emoluments and grants, contributions and subsidies.

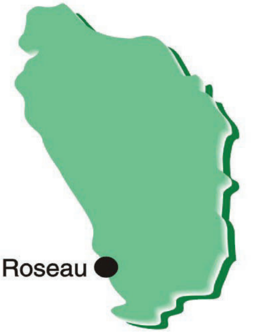
The public debt increased by 33% during the year, from $129.4 mn at the end of 2000, to $172.2 mn. A revenue shortfall rather than an increase in spending was the main cause of the increase in borrowing. The debt service to revenue ratio remained almost unchanged at 8.2%, since repayment of the new borrowings does not commence until 2002.

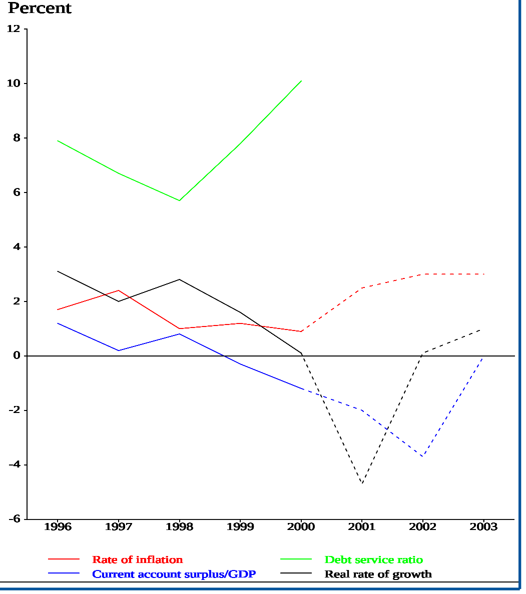
A resumption of substantial growth in the Cayman Islands depends on a resumption in growth in the US, the major tourism market and an important source of financial services business. In the meantime, the authorities were engaged at year-end in activities designed to help the country capitalise on available opportunities. Significant action had been taken to address OECD and G-7 concerns regarding operations in the financial services sector, human resources development activities were being emphasised, an expanded development banking institution had been established, and arrangements were being put in place to launch a housing programme for low and lower-middle-income families.

DOMINICA

Macroeconomic performance in Dominica continued to deteriorate in 2001. Real GDP is estimated to have fallen by more than 4%, with nearly all sectors, including agriculture, manufacturing, transportation, distribution, hotels and restaurants, and financial services, recording declines. The decline in output affected Government revenues, and helped to widen the fiscal deficit, and this contributed to a further increase in the stock of public sector debt. Growth in financial sector credit was concentrated in the public sector, reflecting a tight fiscal situation and the overall business downturn. Inflation picked up slightly, amounting to 2.3% over the year to September.

Value-added in the agriculture sector fell by 7.6%, led by a significant fall in banana output. The streamlining of the banana industry continued, as efforts to pay farmers a price for fruit which more closely reflected market prices induced the further exit of farmers from the industry. At the same time, initiatives to raise the productivity of a core set of farmers continued to be implemented. The exit of farmers, along with below average rainfall, caused a fall in exported production from 30,689 tonnes of bananas in 2000 to 19,056 tonnes in 2001, a fall of 37.9%. Earnings from these exports fell by 34.4%, from $12.5 mn to $8.2 mn. During the year, legislation was passed to





pave the way for the commercialisation of the Dominica Banana Marketing Corporation in an effort to make the industry more efficient and allow for the more effective transmission of market signals. Output of non-banana agricultural production rose by 4.7%, from 110,238.7 tonnes in 2000 to 115,466.1, mainly reflecting increased volumes of tree and root crops.

The contraction in manufacturing reflected reduced demand in the Jamaican market for the output of the sector's major manufacturer, Dominica Coconut Products, which manufactures toothpaste and soap, mainly as a result of competition from cheaper substitutes from South America.

Total visitor arrivals during the first three quarters of the year fell by 4.1%, from 211,189 to 202,506. Stopover arrivals fell by 0.9%, from 52,207 to 51,714, with the main source of decline occurring among Caribbean nationals, who accounted for 56.6% of total stopover arrivals. This category of visitors fell by 2.4%, from 29,970 to 29,249. Arrivals from the US increased from 11,478 to 11,642, a gain of 1.4%. Cruiseship passengers fell from 157,507 to 149,526, a decline of 5.1%, reflecting a fall in the number of ships calling at Dominica. Estimated visitor expenditure fell by 1.8% from $31.8 mn to $31.1 mn.

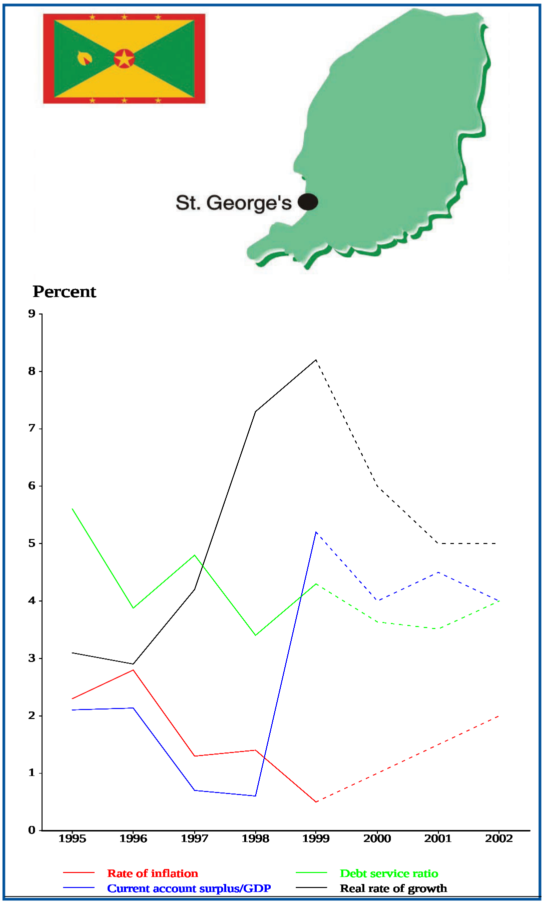
The money supply (M2) grew by 8.7% during the year. M1 growth was 1.4%, with demand deposits increasing by 3.8%. Quasi-money increased by 10.4%, with savings deposits and time deposits growing by 2% and 23.7%, respectively, while foreign currency deposits increased by 59%. On the assets side, net foreign assets increased by 8.4% while net domestic assets rose by 0.3%. Net credit to the non-financial public sector increased by 5.4%, while credit to the private sector fell by 3.1%.

Central Government's recurrent account balance deteriorated from a surplus of $0.8 mn in 2000, to a deficit of $5.9 mn in 2001. The overall deficit widened from $15.6 mn to $23.1 mn. Total revenue and grants fell by 2.2% from $89.8 mn to $87.8 mn. This reflected the impact of the contracting economy on current revenue, which fell 6.8% from $79.3 mn to $73.9 mn. Tax revenue declined from $67.3 mn to $59.9 mn, a fall of 10.9%, with the economic decline being manifested in a drop of 29.8% in revenue from taxes on income, profit and capital gains, which fell from $23.5 mn to $16.5 mn. Specifically, corporation tax revenue plummeted from $10.9 mn to $5.9 mn, reflecting a fall-off in corporate profitability. Revenue from taxes on international trade and transactions fell by 4.6% from $32.9 mn to $31.4 mn, resulting from the combination of a decline in imports and from the implementation of the final phase of the Common External Tariff in July. Revenue from taxes on domestic goods and services increased by 11%, from $10 mn to $11.1 mn. Non-tax revenue rose by 16.7%, from $12 mn to $14 mn, while grants inflows increased by 33.7%, moving from $9.5 mn to $12.7 mn. Total expenditure increased by 5.1%, from $105.5 mn to $110.9 mn. Interest payments fell by 3.2%, from $15.5 mn to $15 mn. Expenditure on wages and salaries grew by 1.8%, from $44.9 mn to $45.7 mn, while expenditure on goods and services rose by 4.5%, from $11.1 mn to $11.6 mn. Transfers and subsidies rose 2.3%, to $13.4 mn. Capital expenditure increased by 20.7%, from $20.8 mn to $25.1 mn.

The continuing fiscal deficit resulted in further Government borrowing in 2001, resulting in an increase in the public debt of 18.6%, from $213.4 mn at the beginning of the year to $253.1 mn. Most of this increase was in the form of external borrowing, which increased by 23.4%, from $131 mn to $161.6 mn, and was mainly the proceeds of a bond issued in Trinidad and Tobago. Domestic debt increased by 11.2%, from $82.4 mn to $91.6 mn. Most categories of domestic debt fell, except for Government's overdraft and arrears. The overdraft increased by 41.4%, from $15.7 mn to $22.2 mn, while arrears increased by 40.7%, from $13.5 mn to $19 mn. The increase in Government's overdraft came mainly from the Government-owned commercial bank, raising the issue of prudential exposure limits to a single borrower.

Dominica's fiscal situation, exacerbated by the externally-induced slowdown in tourism and the externally-triggered difficulties in the banana industry, is quite serious. At year-end, the ECCB and CDB, with significant participation from the DFID, were working with the Dominican authorities to design a stabilisation programme which would restore fiscal balance and allow attention to be refocused on addressing the country's development issues, rather than on the day-to-day fiscal crisis situation. Economic prospects are dependent as much on the nature and pace of fiscal stabilisation and adjustment, as on recovery in the external economy. The recurrent fiscal deficit needs to be eliminated, and savings are required for the implementation of a meaningful capital programme. The process of fiscal adjustment, however, could have temporary negative effects on aggregate demand and on GDP growth. External assistance will be required if the country is to achieve meaningful fiscal adjustment without severely compromising capital investment in future growth, and if the structural shifts to accommodate the increased production flexibility required by ongoing trade liberalisation are to take place.

GRENADA



Preliminary indications are that the Grenada economy contracted in 2001, owing largely to the adverse impact of the downturn in the US economy which began in late 2000, exacerbated by the events of 9/11 and the resulting downturn in the air-travel industry. Value-added in most sectors, including agriculture, manufacturing, construction, tourism and transport, declined, bringing to an end eight consecutive years of GDP growth averaging 5%. The contraction was reflected in reduced performance in other areas of the economy, including fiscal operations. Prior to this decline, Grenada had made significant advances, emerging as one of the stronger performing economies in the OECS sub-region. With the expansion in economic activity, unemployment had been reduced from 17% in 1996, to an estimated 11.5% in 2000, while fiscal savings had increased to 6% of GDP over the same period, well above the OECS average of 1.1%.

The pace of economic activity slackened prior to 9/11. During the eight months to August, tourism performance had deteriorated in both the cruise and stayover segments. Cruise performance was affected by the pull-out during 2000, of the largest cruise liner ever to call at Grenada; resulting in a return of cruise passenger volume to past trends. During the eight months to August, the number of cruise passengers declined by 26.5% to 102,263, from 139,272 in the corresponding period in 2000. In the stayover segment, arrivals declined by 1.5% to 91,952 during the same eight-month period, driven by a 6% fall-off in visitors from the UK. The UK market, which accounts for 23% of arrivals (and being longer-staying visitors, the more profitable segment of the market), was affected by a reduction in the number of available airline seats following the June 2001 withdrawal of a scheduled British carrier. In the same period, US arrivals (27% of stayover arrivals), fell marginally, reflecting the softening in the US economy as well as the withdrawal, during 2000, of the only direct flight from the US mainland. There were increases in the number of arrivals from other market sources. The number of Canadian visitors and visitors from Central and South America, although accounting for small shares, increased substantially during the year.

In the immediate aftermath of 9/11, tourism performance deteriorated sharply, but signs of recovery became evident by year-end. In the cruise segment, September arrivals declined by 44% from 564 passengers to 317, in what is, however, generally a slow month in the industry. Significantly, the sector rebounded to register increases of 13.1% in October, 12.4% in November and 8.9% in December. By November, the number of cruise calls was back in line with the corresponding month of 2000. For stayover arrivals, the number of visitors fell by 14.4% in September, by 18.4% in October, 7.7% in November and 8.4% in December. Notably, stayover arrivals from the US recovered, increasing by 18.8% during the month of December. Over the full year, stopover arrivals declined by 4.3%. The larger declines were concentrated in the UK market which fell by 11.6%. Arrivals from the US were down marginally by 1%. Corresponding with these declines, estimated gross visitor expenditure contracted by 9.5% to $60.3 mn.

In the financial services sector, Government revoked the licences of 26 banks and trust companies as part of efforts to bring the sector in line with international standards. This was in addition to measures implemented to strengthen the legislative and supervisory framework of the off-shore financial services sector. Notwithstanding this, Grenada was not removed from the FATF list of non-cooperative jurisdictions compiled in 2000. In the wake of 9/11 and heightened national security concerns, Grenada suspended its Economic Citizenship Programme.

Construction indicators suggest a significant slowing in activity in the sector following the completion of large commercial projects in the tourism and retail sectors. Retail sales of building materials were down by 16.9% for the first nine months of 2001. The reduced value of commercial bank mortgages committed for new construction also signaled moderation in the sector. The number of building permits that were granted during the year, indicative of future activity, was down by 6.4%. Public sector construction activity remained strong with the activity focused on rehabilitative road works and sea defence projects. This was, however, not sufficient to offset the dampening in private sector commercial activity.

Manufacturing output declined as a direct result of the slowdown in the US and regional economies, the main export markets. Beverage production contracted in response to lower demand in the highly competitive regional export markets. Similarly, the production of electronic components declined. About 70% of the labour force employed in the assembly of electronic components were laid off as the industry adjusted to the tightened demand conditions in the US. The production of milled grains, bakery products and animal feeds increased. Similarly, the output of chemicals with the exception of oxygen increased.

In the agriculture sector, production of the main export earners, nutmeg and cocoa declined. The decline in nutmeg was influenced by a softening in world prices due to a reduced demand for meat seasonings following the outbreak of Foot and Mouth disease in the UK and on the European Continent. The output of cocoa, the second largest export crop, declined by 37.8% as a result of low farmgate prices, adverse weather and the reduction in the number of farmers and acreage farmed. Banana production declined by 14.9% during the nine months to September 2001.

Public finances deteriorated during the year. The economic decline contributed to a 4.9% reduction in current revenue to $104.7 mn when compared with the previous fiscal year, a shortfall of $19.9 mn compared to budget. In spite of this, Government maintained a surplus on its recurrent account. At $9.1 mn, the surplus was $15.6 mn below the previous year's outturn and $8.6 mn below budget. The major tax category, taxes on international trade, which account for 55% of revenues declined. Non-tax revenues also declined, influenced by the contraction in offshore services during the year. Reflecting the past year's corporate performance, taxes on income and profits increased.

In light of the lower revenue collections, Government reduced its actual total expenditure to $151.2 mn, down from an initial $178 mn budgeted. Expenditure adjustments were made to both expenditure categories, $11.2 mn on current expenditure and $15.7 mn on capital expenditure. Compared with the previous year's outturn, however, current expenditure increased by 11.9% reflecting lump-sum retroactive salary payments due for the 1996-2000 period as well as higher domestic interest payments. Goods and services also increased influenced by the lease payments due on the recently constructed stadium and office complexes. On the capital side, expenditure rose by 11% to $55.6 mn. The capital programme placed emphasis on upgrading physical infrastructure, including road construction, sea defence work, expanding hospital and educational plant and housing infrastructure. This level of expenditure, against the $122.4 mn in current revenue and grants collected, led to a more than doubling of the fiscal deficit from $13 mn in 2000 to $28.8 mn. The larger portion of the deficit, $18.6 mn, was financed through commercial domestic sources and an accumulation of arrears.

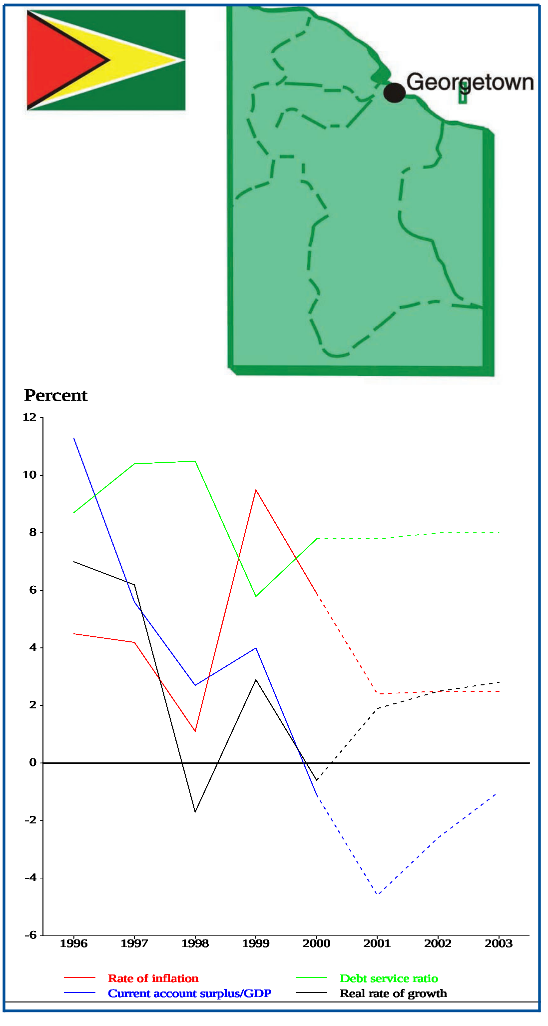
Preliminary data on trade transactions indicated a slight narrowing in the merchandise deficit from $167.8 mn in 2000 to $167.7mn. Mirroring lower levels of real sector activity as well as lower crude oil prices, the import bill contracted by 7.6% to $227.3 mn. Export revenues, at $55.6 mn declined by 23.7% largely reflecting lower earnings from electronic components.

The speed of an economic turnaround in Grenada will hinge largely on developments in the US economy. In the tourism industry, there are early indications of a recovery in the US segment of the market. Rebound in the UK market should be supported by additional airline capacity gained during December, as well as the additional marketing initiatives being put in place to counter the adverse effects of 9/11. Economic recovery efforts should be also boosted by the domestic operations of a new nutmeg processing plant which commenced production in early 2002.

Government operations are also expected to support economic recovery with the fiscal stimulus being provided through higher levels of public works spending. The capital programme is budgeted to amount to $199.7 mn, 18% of GDP. Although Government has incorporated in its 2002 budget, measures to restrain recurrent expenditure (such as a tightening in non-essential and discretionary expenditures and a 10% salary cut for all Cabinet members) and tax measures to augment revenue flows (including the rationalisation of concessions and tax exemptions and increased tax rates for selected taxes), the fiscal deficit is budgeted to widen to $35.6 mn, 9% of GDP.

GUYANA

Like many countries in the Region, the year 2001 was a challenging one for Guyana. The deceleration in global economic activity before and after 9/11, coupled with market uncertainties associated with national elections during the first half of the year, served to constrain domestic output. This notwithstanding, real GDP growth is estimated at 1.9%, compared with -0.8% in 2000. This was predicated on a better than forecast outturn particularly in the sugar, rice, forestry, gold and communications industries. Despite a slight depreciation in the Guyana dollar towards the last



quarter of the year and an upward movement in fuel prices, the rate of inflation remained low at 2.4%. In part, this reflected Government's policy decision to reduce the consumption tax on fuel in an effort to restrain input costs and fuel prices to final consumers. Indications are that unemployment may have risen somewhat in the year under review.

The slightly better performance of the agriculture sector in 2001 relative to 2000 was due in part to output in the sugar subsector. Initial estimates indicate that total production amounted to 284,474 tonnes, compared with 273,703 tonnes during the previous year, as weather conditions during the second crop facilitated higher yields. However, a depreciating Euro kept export earnings down. Notwithstanding the financial difficulties confronting the rice industry, rice production expanded by 10.4% to 322,300 tonnes in 2001, reflecting greater land area under cultivation and higher production yields. Increased demand for hardwoods, particularly from export markets, led to a 4% increase (to 431,700 cubic metres) in wood harvested during the year. Mining and quarrying output rose by 3% during the year, with the gold and diamond industries continuing to drive activity. Gold production rose by 4.8% to 400,171 ounces as a result of improved extraction efficiency. Diamond declarations rose by 110% to 184,308 metric carats following the use of new exploration methods. Bauxite production on the other hand, continued to be hampered by insufficient capital investment in the sector, leading to high production costs. Total bauxite mined declined by 25.8% to 2,023,000 tonnes. Metal grade (MAZ) and calcined bauxite production contracted by 28.1% and 13.5%, respectively. Chemical grade production, however, rose by 90%. The manufacturing sector continued to be adversely affected by regional and international competition in addition to unfavourable domestic market developments.

On the fiscal side, Government's finances deteriorated in 2001. Total revenue of GYD41.2 bn was in line with collections in 2000. Lower receipts from consumption taxes primarily reflected the decision of the authorities to reduce the tax rate on fuel imports from 50% to 30% in the first half of the year, in an effort to restrain the inflationary impact of rising oil prices. Uncertainties surrounding the outcome of the elections precipitated a slow down in both consumer spending and investment outlays by firms, particularly on inventories. The consequential reduction in import demand led to a 7.1% reduction in trade tax collections to GYD14.3 bn. On the expenditure side, current spending rose by 5.3% to GYD47.3 bn, as a result of greater outflows for wages and salaries (5.8% to GYD14.7 bn), goods and services (10.6% to GYD9.1 bn) and transfers (6.9% to GYD11.5 bn). Government's interest expenses were relatively constant at GYD12 bn as the interest rate, particularly on domestic debt, continued to trend downwards. Government's fiscal operations led to a current deficit of 4.6% of GDP compared with a deficit of 3% of GDP recorded for FY 2000. Capital expenditures declined by 2.3% to GYD15.5 bn, as the Government continued to focus on critical investment spending in the social sector and on road infrastructure and drainage and irrigation.

Guyana's total debt stock continued to fall. The Government's debt management strategy, which is influenced by the requirements of the Heavily Indebted Poor Countries (HIPC) initiative, resulted in a contraction in external commercial borrowings. On the domestic side, however, the level of Central Government's liabilities has reflected open market liquidity management operations. As at December 2001, the stock of outstanding public and publicly guaranteed external debt stood at $1,192.6 mn (201% of GDP) marginally below the level at the end of 2000. Debt service outlays declined 42.8% to $52.5 mn, reflecting ongoing debt relief. At the same time, the country's debt service ratio improved from 12.9% to 7.8%. On the domestic side, total outstanding debt rose marginally to G$49.7 bn, as a declining T-Bill rate allowed the accumulation of higher debt stocks at lower interest costs. Between December 2000 and December 2001, the 91-day T-Bill rate dipped by almost three percentage points to 6.25%.

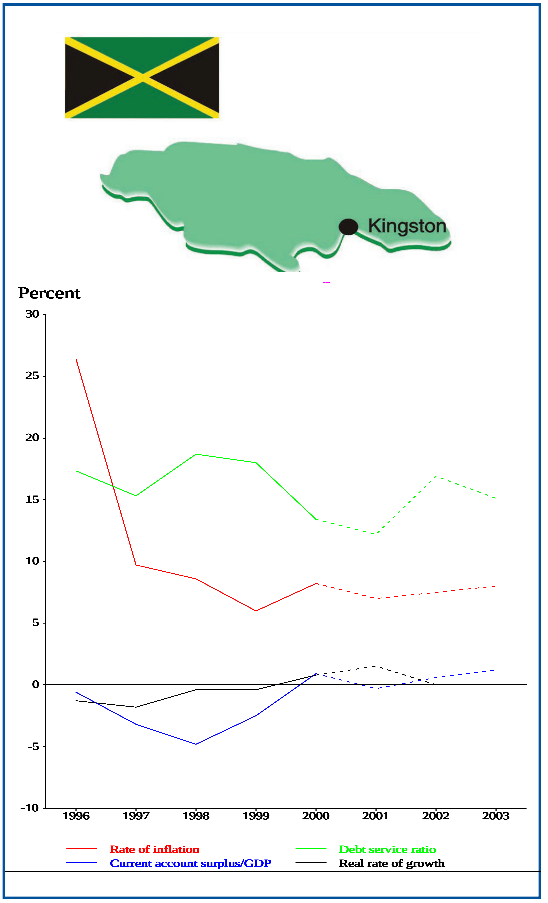
The monetary system in 2001 was characterised by excess liquidity, as deposit growth continue to outstrip growth in the demand for loans. At the end of December 2001, total commercial bank deposits stood at GYD84.3 bn, representing an 6.7% increase over the corresponding level at the end of 2000. Total loans and advances rose by approximately 1% to GYD59.3 bn, with credit to households, mainly to finance housing, being responsible for all of the increase. Credit to the agriculture, mining and quarrying, manufacturing and services sectors fell by 5.9%, 8.2%, 1.7% and 3%, respectively. The rise in housing credit reflected Government's intensified policy thrust in the low income housing market in addition to the licensing of two commercial banks for mortgage lending. Generally, the weak activity in the credit market reflected both demand and supply factors. Many households and firms postponed their spending and investment decisions during the first half of the year in the face of uncertainty surrounding the general elections and the possibility of post-election instability similar to that in 1998. In addition, banks exhibited an aversion to expanding their loan portfolios in an environment characterised by increasing default risks, higher provisioning levels and lower profit margins.

A deterioration in the terms of trade coupled with a fall-off in foreign direct investment adversely affected the external balance, as the current account deficit widened and the net foreign assets declined marginally. Lower export receipts for bauxite and particularly for rice and sugar stemming from a depreciating Euro, *vis-a-vis* the US dollar, precipitated a 4.3% decline to \$483.6 mn in merchandise exports for the year. The value of merchandise imports fell by 1.5%, to \$583.9 mn. The net services account registered a 5.3% improvement to negative \$72 mn, while unrequited transfers rose by 6.4%, to \$44 mn. As a result, the current account deficit deteriorated by 17.5%, to \$128.3 mn. In spite of higher official inflows on the capital side associated with HIPC assistance and larger project disbursements, a 23.3% contraction in foreign direct investment to \$52 mn led to a 19.7% decline to \$110.7 mn in the capital account balance. The overall balance of payments deficit was financed by net foreign assets amounting to \$16.6 mn, and debt forgiveness equalling \$26 mn.

In 2001, Guyana intensified its social recovery programme in an effort to further reduce poverty and raise living standards. An integral component of this policy thrust was the completion of a poverty reduction and strategy paper (PRSP). The PRSP provides a blueprint for interventions in both the social and economic sectors that are necessary for the rapid development of the country and its people. The strategy is premised largely on recent work conducted in the country on poverty profiles. Noteworthy is the fact that the analyses suggest that, even though economic growth is critical for poverty reduction, given the currently low per capita incomes, there is little scope for income redistribution as a mechanism for poverty reduction. Moreover, there appears to be an urgent need for policies that seek to integrate the rural and interior economies further into the development framework. Against this background, Government's recent expenditure policy has directly targeted a number of poverty reduction programmes in addition to further spending on health and education. Allocations for FY 2001 for the poverty programmes were up 113% to GYD500 mn, while spending on urban and rural development programmes was also significantly increased. A further GYD600 mn was earmarked for the development and upgrading of existing housing schemes and the regularisation of squatter settlements.

Guyana's economic growth performance in the near to medium term will continue to hinge on developments in the agriculture sector. Consequently, the ongoing initiatives to modernise the sugar industry and diversify into higher value added sugar products must be vigorously pursued if the country is to fully exploit the current preferential market environment. In addition, the country must find a lasting solution to the financial difficulties plaguing the rice sector in order to encourage and facilitate the investment spending required to enhance efficiency and promote longer-term production growth. Given the current slender tax base and the relatively high tax to GDP ratio, reform of the tax system will be unavoidable in the near term if Government is to continue providing the same level of goods and services.

JAMAICA



After growing by 0.8% in 2000, real GDP was on course to increase by more than 3% in 2001. However, economic performance was adversely affected by three sets of shocks during the second half of the year which kept growth closer to 2%. Violence in West Kingston in July and 9/11, both had negative effects on tourism, and resulted in additional public expenditure on tourism promotion and on security. In November, heavy rains associated with Hurricane Michelle resulted in severe flooding, extensive damage to infrastructure, and disruption of economic activity. On the positive side, agriculture, which had been adversely affected by low rainfall since 1996, recovered under the influence of more favourable weather conditions. Recovery continued in the bauxite industry and in some major sub-sectors of manufacturing. The Government of Jamaica (the Government) continued to meet the targets under the IMF staff monitored programme, although the targets had to be revised for the last two quarters of the 2001/02 fiscal year (April to March) in the wake of the adverse shocks.

The policies of the authorities continued to be geared towards the maintenance of a stable macroeconomic environment to support growth. Achievement of the targets under the staff monitored programme continued to be based on fiscal restraint and on efforts to increase tax compliance. Monetary policy continued to be geared towards the containment of inflation and the maintenance of exchange rate stability. Efforts continued to reduce domestic interest rates in order to facilitate GDP growth. The pace of structural reform was maintained in the financial sector, with the objective of returning operations to a situation of maximum efficiency and effectiveness in facilitating business activity and growth in the real sector.

The 12-month average inflation rate fell to 6.7% by the end of September 2001, compared with 8.1% a year earlier. This represented a continuation of the downward trend in the rate which had been observed during the 1990s. This was achieved through the continued containment of base money, which declined by 0.3% over the 12-month period to September. The stability of the exchange rate also contributed to the reduction of inflation. During this period, the exchange rate depreciated by some 2.4% from JMD44.82 per US dollar, to JMD45.94 per US dollar. However, from the end of October, the exchange rate was marked by some volatility, triggered initially by arbitrage activity related to the Canadian dollar.

The stability of the exchange rate for most of the year and falling inflation facilitated some easing of monetary policy. During the 12-month period to September, the liquid assets ratio of commercial banks and financial institutions covered by the Financial Institutions Act was reduced from 31% to 28%, while the cash reserve ratio of these institutions was reduced from 13% to 10%. These reductions were implemented in three one-percentage-point decrements on March 1, June 1 and September 1. The Bank of Jamaica also reduced its signal rate (the 30-day reverse repurchase rate) from 16.45% in October 2000 to 14.25% in October 2001. The reduction in the liquid assets ratio and the cash reserve requirement and the reduction in the signal rate contributed to a reduction in commercial bank interest rates and interest rate spreads. The average loan rate fell from 31.67% to 26.79%, while the average savings deposit rate fell from 9.86% to 9.08%.

The performance of the tourism industry in 2001 began favourably, but gradually deteriorated as the effects of recession in the US started to become manifest. The impact of the US recession on arrivals was then exacerbated, first by violence in West Kingston in July, and more significantly, by the events of 9/11 and their aftermath. Total visitor arrivals during the first nine months of the year fell by 1.2% from 1,685,286 to 1,664,595. Cruiseship arrivals fell by 2.6% from 664,749 to 647,235, while stayover arrivals fell by 0.3% from 1,020,539 to 1,017,360. US residents account for 70% of the stayover arrivals to Jamaica, so that the Jamaican tourist industry is very sensitive to developments in that economy. Estimated visitor expenditure fell by 2.5%, from $1,025.9 mn to $1,000 mn.

Output in agriculture grew significantly during the nine-month period to September. According to the Planning Institute of Jamaica's Agricultural Production Index, total crop production increased by 10.3%. This performance reflected the recovery from the drought conditions which prevailed in 2000 and Government support initiatives which involved the supply of planting material and other inputs. Export crop production increased by 9.2%, while the output of crops produced for domestic consumption increased by 13.1%. Poultry production recorded a large increase, mainly reflecting reorganisation of the industry.

Bauxite and alumina production and exports grew significantly during the first nine months of 2001, reflecting the return to near full capacity of operations at the Gramercy Alumina Refinery in Louisiana in the US. Operations at the refinery, which absorbs approximately 60% of Jamaica's bauxite, were disrupted by an explosion in June 1999. The return to near full capacity resulted in an increase in crude bauxite production and exports by 86.7%, from 1.5 mn tonnes to 2.8 mn tonnes. Alumina production and exports increased 3.7%, from 2.7 mn tonnes to 2.8 mn tonnes. Gross earnings from bauxite and alumina exports rose from $543.1 mn to $594.1 mn, an increase of 9.4%. The increase in export volume was offset by an average decline of 4.8% in the price of aluminium.

Output in the manufacturing sector during the first three quarters of the year was 2.5% above that in the corresponding period in 2000. Petroleum products registered growth, as did food processing. Beverage production also increased, as did cigarette production. Cement production increased substantially after technical difficulties at the plant had affected production to July 2000.

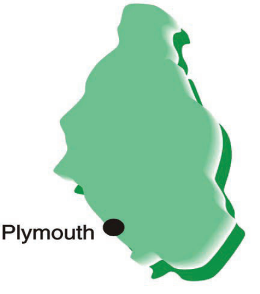
During the first three quarters of the fiscal year, Government's overall deficit widened to JMD22,479.1 mn, compared with JMD4,604.2 mn in the corresponding period in FY 2000/01. Total expenditure grew by 22.5%, from JMD78,442.8 mn to JMD96,111.8 mn, while total revenue and grants fell by 0.3% to JMD73,632.7 mn.

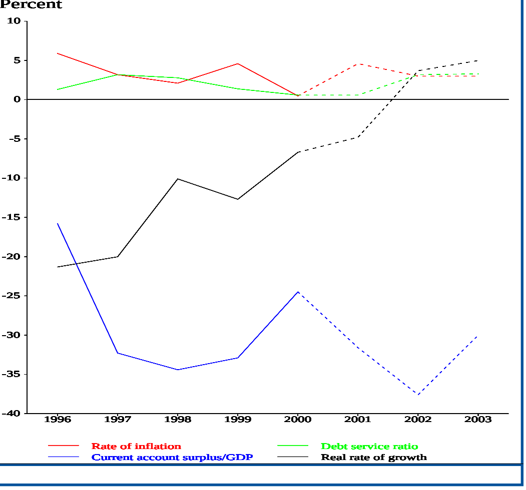
Current expenditure rose 21.3%, from JMD72,208.3 mn to JMD87,669.3 mn, while capital expenditure increased by 20.4%, from JMD6,453.6 mn to JMD7,772.5 mn. The increase in expenditure reflected Government's response to the three sets of economic shocks. Within the current expenditure category, interest payments rose 25%, increasing from JMD32,040.2 mn to JMD40,052.9 mn. This reflected a significant increase in interest payments on both domestic and external debt, the stock of which climbed substantially. Expenditure on wages and salaries increased 16.4%, from JMD26,673 mn to JMD31,056.8 mn, mainly as a result of new wage contracts and associated retroactive payments. Expenditure on programmes increased 22.7%, from JMD13,495.2 mn to JMD16,559.6 mn. The overall performance of revenue and grants reflected mixed performances among the sub-categories. Tax revenue increased from JMD62,504.6 mn to JMD64,856.2 mn, reflecting the improved performance of the economy during the first nine months of the year. Capital revenue rose by 27.3% to JMD1,915.7 mn, resulting from increased divestment proceeds, related especially to the sale of the Jamaica Public Services Company (JPSCo). However, non-tax revenue fell by more than half from JMD6,507.7 mn to JMD3,231.3 mn, representing a return to more normal levels following the one-off sale of cellular telephone licences in the previous year.

The external account during the period from January to August 2001 was characterised by a $629.4 mn accumulation of net international reserves, compared with a build-up of $485.2 mn in the corresponding period of the previous year. Net inflows on the capital and financial account amounted to $281.5 mn, compared with $114.7 mn during the first eight months of 2000, influenced largely by the proceeds of Government's $400 mn Euro-bond issue in May. Government also received $28.4 mn during the period, representing the proceeds of the divestment of JPSCo, the electricity utility. On the current account, the visible trade deficit widened from $839 mn to $1,004.1 mn, with visible exports falling from $1,063.7 mn to $1,007.2 mn and visible imports increasing from $1,902.7 mn to $2,011.3 mn. The fall in visible exports was largely influenced by the decline in apparel exports, and occurred in spite of a significant increase in exported crude materials. The surplus in trade in services increased from $450 mn to $473.7 mn. This was influenced by the improved performance, during this period, of the tourism industry, so that net inflows related to travel increased by 2.5%, from $794.8 mn to $815 mn. Net income outflows increased by 23%, from $263.7 mn to $324.4 mn. This increased outflow of income reflected increased profitability of foreign investments as well as a rise in the foreign ownership of domestic assets which accompanied the rehabilitation of the financial sector and the general restructuring of the economy. Current transfers grew by 6.6%, from $538 mn to $573.3 mn. Official transfers fell from $110.4 mn to $49.7 mn, while private transfers climbed from $427.6 mn to $523.6 mn.

The Jamaican authorities have requested Fund staff monitoring of a new programme, expected to commence during FY 2003/03 in order to benefit from enhanced credibility expected to flow from successful completion of the current programme. Enhanced credibility could impact on the costs of future external borrowing. The existing policy stance is expected to remain unchanged, with continued commitment to sustainable public finance operations, reasonable inflation targets, declining interest rates, and exchange rate stability. The continuation of structural reforms in the financial sector is likely to lead to improved sectoral performance during 2002. GDP growth is expected to continue to be positive as occurs in the other sectors, and as damage rehabilitation from the November rainstorms is completed.

MONTSERRAT





Preliminary data indicated that the downward trend in economic activity experienced by Montserrat since the Soufriere Hills Volcano started erupting in 1995 slowed in 2001. Real GDP contracted by 4.8% in 2001, compared with 6.7% in 2000 and 12.6% in 1999. The much anticipated return to economic growth did not occur in 2001 because of a downturn in the telecommunications sector and delays in the start of several major public sector projects. Work on new police and fire stations and on a housing project, although commencing late in 2001, contributed to an expansion in construction sector output. Data from the June 2001 census put the country's population at 4,540.

Total tourist arrivals for the first ten months of the year increased by 8.7% to 12,392, from 11,399 for the corresponding period in 2000, reflecting growth in the number of excursionists to 4,878, from 3,478 in 2000. Over the same period, stayover tourist arrivals fell by 5.1%, to 7,514 from 7,921 in the previous year. Visitors from the English-speaking Caribbean, at 3,458, accounted for 46% of tourist arrivals. The establishment of adequate transportation facilities remains a major constraint to the further development of the sector, as the country can now only be accessed by helicopter or ferry. It was expected that work would start in 2002 on the construction of a new airport at a cost of about $17 mn.

Agricultural output declined sharply in 2001 mainly because of a fall in crop production and lower fish landings. Extremely dry conditions during the first half of the year held back crop production. In the livestock subsector, effort was focused on increasing the output of small ruminants. Output in the manufacturing sector, that is mainly for the domestic market, stagnated during the year.

Despite the unavailability of official employment data, evidence suggests that the rate of unemployment increased during the year. Delays in the implementation of several major public sector projects partly accounted for the increase in the rate of unemployment. Wage growth remained modest. The retail price index rose by 4.6% during the first eleven months of the year. Increases were recorded in the gas, electricity and water and the food and non-alcoholic beverages sub-indices. The increase in the gas, electricity and water sub-index mainly reflected higher fuel costs. Higher domestic fruit and vegetable prices during the first half of the year were reflected by the food and non-alcoholic sub-index.

In the financial sector, bank deposits declined by 0.4%, to $50.3 mn from $50.5 mn during the first nine months of the year. Over the same period in 2000 deposits fell by 3.6%, to $52.1 mn from $54.1 mn. These data suggest that the decline in commercial bank deposits since the start of the volcanic eruptions has started to bottom out. Total loans and advances declined by 4.1% to $10.1 mn during the first nine months of the year, compared with an increase of 2%, to $10.5 mn from $10.3 mn for the corresponding period in 2000. Commercial bank credit to the private sector and business firms declined during the year. Credit to private individuals increased by 3.7%, to $5.9 mn from $5.6 mn at the beginning of the year. These loans were mainly used to finance land purchases and the construction of residential housing. Data for the first 10 months of the year indicate 52 new planning applications valued at $9.2 mn, compared with 72 applications valued at $3.9 mn for the same period in 2000. During the first 10 months of 2001 there were 11 new public sector applications, valued at $5.4 mn, or 59% of total new applications. There was only one new public sector planning application, valued at $77,000, during the corresponding period in 2000.

Preliminary trade data for the first ten months of the year indicate that the trade deficit narrowed to $14.8 mn, compared with $17.9 mn for the corresponding period in 2000. Exports increased marginally to $557,780, and mainly represented the re-export of machinery, transport equipment and mineral fuels. Domestic exports remain very small. Imports fell by 6.6%, to $15.4 mn from $18.5 mn for the corresponding period in 2000. The trade deficit was mainly financed by official and private transfers.

The country remains dependent on the Government of the UK for budgetary support, in the form of a recurrent grant, and for financing of the Public Sector Investment Programme (PSIP). Data on the operations of the Central Government during the first ten months of 2001 indicate that recurrent budgetary support amounted to $7.6 mn, compared with $9.5 mn for the corresponding period in 2000. Recurrent revenue declined by 9.4%, to $7.7 mn from $8.5 mn for the same period in 2000. This decline mainly reflected a fall-off in revenue obtained from direct taxes, import duties, consumption taxes and stamp duties. Recurrent expenditure increased by 2.8%, to $14.6 mn from $14.2 mn in 2000. Outlays on personnel emoluments and wages rose by 1.6%, to $6.4 mn from $6.3 mn for the corresponding period in 2000. The recurrent account deficit, before transfer of the recurrent grant, rose by 19.3%, to $6.8 mn from $5.7 mn for the corresponding period in 2000. Central Government capital expenditure for FY 2001 was projected at $29 mn, compared with $35 mn for FY 2000. As a result of the delays in implementation of several projects, there were significant shortfalls for both years. The revised estimate of capital expenditure for 2001 is $8.8 mn, compared with an actual expenditure of $7.5 mn in 2000.

Total disbursed and outstanding external debt at the end of 2001 increased by 8.4%, to $8.4 mn from $7.8 mn at the end of the previous year.

Housing remains one of the most important areas for development in Montserrat. Significant progress has been made over the last four years. However, there remain 547 persons on the housing register, 140 persons in shelters and 229 persons in temporary accommodation. The provision of adequate housing is now the top priority of the Government. In 2000, a five-year housing strategy was developed which focused on identifying the major constraints on the provision of housing. The strategy highlighted three main areas for possible Government interventions: the provision of housing for vulnerable groups; the availability of land and the availability of finance. Mechanisms are being put in place for the transfer of ownership of government-built homes to residents and to support private sector efforts to provide affordable mortgages. In addition, a service is being developed to provide direct support for those persons who cannot look after themselves through the development of sheltered housing.

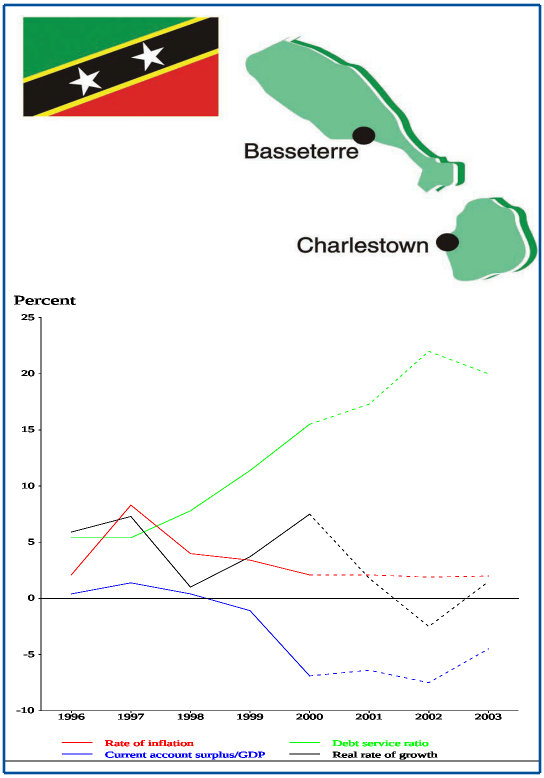
Government intends to build on the findings of the Participatory Poverty and Hardship Assessment Study conducted in June 2000 in its efforts to tackle the problems of poverty. It has established a social welfare system to protect the most vulnerable, particularly the elderly, mentally challenged, sick and disabled, and those with dependents unable to work. The scheme has been in place since February 2000.

Government recognises that good health is a prerequisite for a productive economy. Its primary aim is to deliver a reasonable standard of health care regardless of ability to pay. Health care facilities have been re-established in the North of the island with the construction of the St. John's Hospital. In 2001, funds were allocated in the development estimates for the construction of a better operating theatre at the hospital. In addition to the physical infrastructure, emphasis is being placed on the re-establishment and provision of primary and community health care activities.

Government is committed to improving the quality of education and student performance in Montserrat. Over the last few years several initiatives have been undertaken to strengthen the educational infrastructure and delivery mechanisms, including the rehabilitation of the Salem Campus of the Montserrat Secondary School, the upgrading of teachers' skills through various training programmes and the introduction of information technology as a compulsory subject at secondary level and computer literacy programmes at the primary level. The development of a community college and an expansion in physical infrastructure at the primary level are seen as priorities.

The level of economic activity is expected to increase significantly in 2002, with growth being mainly driven by increased public sector capital expenditure. Several projects started in late 2001 are expected to carry over into 2002 and 2003. In the tourism sector, recent marketing efforts are likely to impact positively on the sector. It is expected that the number of stayover visitors and excursionists will increase, particularly given the continued moderation in volcanic activity. The impact of the steep rise in oil prices in 2001 is likely to abate in 2002, causing the rate of inflation to fall back broadly in line with Montserrat's major trading partners.

ST. KITTS AND NEVIS



Adverse global economic developments during 2001 presented significant challenges to the economic performance of St. Kitts and Nevis. The weakening of the international economy, compounded by 9/11, accounted in large measure for the deceleration in economic growth in 2001. Real GDP growth slowed to an estimated 2% in 2001, compared with 7.5% and 3.7% in 2000 and 1999, respectively. The tourism sector was seriously affected, especially in the third and fourth quarters, by the economic slowdown and concerns over the safety of air travel. There was also moderation in construction activities as some major projects came to a close, and some projects were put on hold due to financing difficulties.

Agricultural output was mixed, with sugarcane, livestock and some foodcrops showing increases, while production of other foodcrops declined. Indications are that output in the non-sugar manufacturing sector declined because of the fall-off in demand resulting from the slow-down in the US economy. The annual rate of inflation remained low, averaging 2.1% in 2001, the same level as in 2000, compared with 3.4% in 1999.

Notwithstanding the deceleration in economic activity, overall fiscal performance improved modestly as expenditure growth was curtailed, and revenue collection improved as a result of policy measures implemented during the year. The current deficit of the balance of payments widened significantly during the year as net inward transfers declined sharply, while relatively high levels of imports associated with the capital programme were maintained during the year.

Construction activity slowed during the year, compared with 2000. Construction activity in the tourism sector involved ongoing work on several large projects, including the Royal St. Kitts Beach Resort and Casino, the Paradise Beach Resort and the Golf View Resort; while public sector-financed activity included ongoing reconstruction of the J.N.F. General Hospital, the construction of a Hospitality Centre at the Clarence Fitzroy Bryant College, the Japanese-funded Fisheries Complex, the rehabilitation of Port Zante, the construction of the Nevis Airport Tower, and the resurfacing of roads.

The tourism sector was adversely affected by the slowing in economic activity in the US, and this was reflected in a fall in the number of stayover visitors. The poor performance was exacerbated by 9/11, with air-safety concerns being the primary factor. Occupancy levels at the hotels reached very low levels after 9/11, however, by November there were signs of recovery in visitor arrivals. Stayover arrivals in 2001 amounted to 70,565, or about 3.5% lower than 73,149 in 2000. Visitor arrivals in 2001 totalled 233,361, or 34.8% higher than in the previous year. The major contributor to this growth in visitor arrivals was the substantial increase in arrivals by cruiseship/yacht passengers and excursionists, which grew by 51.6% and 14.4%, to 259,134 and 3,662, respectively. Post-hurricane rehabilitation of berthing facilities, as well as being included on the route of a new cruise-liner, accounted in large measure for the increase in passenger arrivals. The year 2000 is not a particularly good year for comparison for tourism in St. Kitts and Nevis, since the largest hotel was closed for 11 months because of damage caused by hurricanes in 1999.

Sugar production in 2001 grew by 24.6% to 22,846 tonnes compared with marginal growth of 1.8% in 2000. Higher output in 2001 was attributed to favourable weather conditions, a larger acreage of cane reaped and improved yields per acre of cane. The prolonged dry period in the first half of the year presented favourable conditions for the ripening of the canes, which served to increase the sucrose content of the cane, as well as facilitating harvesting. The total acreage of cane reaped in 2001 was 8,937 or 4.9% higher than in the previous year, reflecting a replanting programme. The higher sucrose content of cane in 2001 contributed to a reduction in the average amount of cane required to produce one tonne of sugar, from 10.6 tonnes in 2000 to 9.56 tonnes in 2001, while the average yield of cane per acre improved from 22.48 tonnes in 2000 to 24.06 in 2001. The volume of sugar exported increased by 25.3% to 21,609 tonnes in 2001, compared with a marginal 0.4% increase in 2000. Most of the sugar exported was to the EU market under quota arrangements. The value of sugar exported increased by 30.4% in 2001 to $10.3 mn, from $7.8 mn in 2000. However, despite higher export earnings in 2001 the sugar industry continued to incur large financial losses. The industry has a substantial debt overhang.

The performance of non-sugar agricultural production was mixed during the year, with lower production of vegetables and some food crops, mostly because of prolonged dry conditions, while livestock production increased. Crops which recorded lower production during 2001 included sweet pepper, cabbage, carrots, white potato, onions, pineapples and mangoes. In the livestock industry, substantially increased production of beef and pork reflected improved husbandry practices and promotion of the use of locally-produced meat. However, a high incidence of attacks on animals by dogs continued to affect production. Fish landings rose 51%, to 355,900 kg, the highest level in seven years. In contrast, the production of milk declined by 3% to 58,700 litres in 2001.

Manufacturing sector output declined marginally despite the positive developments in sugar manufacturing; while a decline in food and beverage production reflected strong competition from firms elsewhere in the Caribbean. In contrast, output of concrete products rose despite the overall slowing in construction, as a result of changes in the required mix of inputs.

The rate of inflation, as measured by the retail prices index, rose by 2.1% during 2001, the same rate as during the previous year. Increases were recorded in the heavily weighted food category (2.3%), housing (0.5%), transportation (2.1%), fuel and light (0.8%), furniture and domestic appliances (2.7%) and other goods and services (5.2%). Decreases were recorded for alcoholic drinks and beverages (0.6%), and for clothing and footwear (0.4%).

Preliminary data on Central Government's financial operations indicated a marginal improvement from the previous year, arising principally from policy measures implemented during the year. The current account deficit was lower at $15.6 mn, compared with $16.7 mn for the corresponding period in the previous year, as current expenditure growth was contained while revenue performance reflected modest improvement. Expenditure on wages and salaries rose by 2.4% to $52 mn, in response to efforts to contain the wages bill. Outlays on goods and services declined by 9.5% to $29.4 mn, while interest payments rose by 16.4% to $18.4 mn in 2001. Recurrent revenue increased by 2.3% to $96.9 mn in 2001, from $94.7 mn in 2000. Total tax revenue grew by 2.7% to $71.9 mn, mainly as a result of increases in Social Security Levy, Customs Service Charge and in consumption taxes which were effected during the year. The capital programme in 2001 was constrained by financing difficulties. Capital expenditure totalled $33.1 mn, or about 3% below the previous year's level. The slightly lower level of capital expenditure and the improvement in the recurrent deficit contributed to a marginal decline (0.7% to $45.6 mn) in the overall deficit, as capital receipts also declined.

Financing of the overall deficit involved a shift from domestic borrowing to external borrowing. Net external borrowing in 2001 totalled $38.5 mn, compared with $3.2 mn in 2000. In contrast, on the domestic side, net borrowing of $45 mn in 2000 was converted to net repayment of $1.6 mn in 2001. The financing of the deficit increased the public debt of the Federal Government.

On the external side, the current deficit of the balance of payments weakened significantly in 2001 compared with an improvement in the previous year. The current account deficit was estimated to have increased to $112.7 mn, from $57.9 mn in 2000, mainly because of significant reduction in current transfers and lower export earnings. Net current transfers were expected to decline from $62.6 mn in 2000 to $19.7 mn in 2001, due to a reduction in private transfers (mainly insurance receipts). Merchandise imports declined marginally to $171.5 mn. Export receipts declined by 6.9% to $50.8 mn, as a result of lower exports of electrical and electronic components. Net service exports were estimated to have declined to $21.9 mn, from $26.7 mn in 2000, reflecting a fall in travel receipts.

During the course of the year the authorities took further measures to deal with legislative deficiencies which had been identified by the FATF, in order to strengthen the regulation and surveillance of the offshore financial services industry. Amendments to the Financial Services Commission (Federal) Act and to the Anti-Laundering Money Regulation (Federal) Act were passed during 2001 to strengthen compliance. Amendments were also made to the Companies Act (St. Kitts), the Nevis Business Corporation Act and the Nevis Offshore Banking Act during the year.

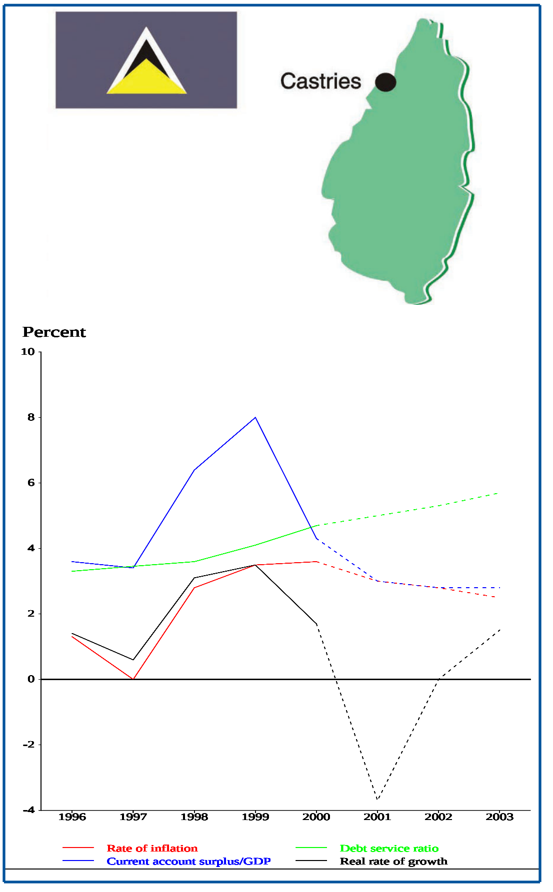
The authorities have emphasised improvement in human resources capacity as critical in creating a services-oriented economy in St. Kitts and Nevis. The policy for human resource development reflects the recognition that a better educated and trained population is essential for success in meeting the economic and social challenges facing the Federation. Focus has been placed on devising measures aimed at improving achievement levels in academic and technical fields, promoting the acquisition of creative problem-solving and critical thinking skills, inculcating appropriate values and attitudes for national development, and identifying areas for strategic involvement in order to realise policy objectives. The authorities continue to spend to expand the educational facilities through substantial investment in primary, secondary and tertiary institutions. The emphasis is to reorient the educational system to provide the skills necessary to support growth and development in the key sectors of the economy. Greater emphasis is also being placed on developing vocational and technical training to facilitate a greater level of economic participation by a larger number of people.

In the health sector significant progress continued to be made in the construction and upgrading of physical facilities, including the J.N.F. Hospital. Health reform measures during the year focused on institutional strengthening, legislative and regulatory changes, and on training, in an effort to improve the delivery of the health care services in the Federation. The decision-making process at the Ministry of Health has improved as a result of administrative restructuring. The hospital has been made more autonomous in its operations.

The authorities continued to focus attention on HIV/AIDS awareness through a national consultation and have expanded efforts through consultations at the community level throughout the Federation. The National Strategic Plan on HIV/AIDS aims at promoting greater awareness of the problem and combating the disease. A major focus of the plan is to provide treatment and support to persons already affected with the disease.

The expectation is that growth will be negative in St. Kitts and Nevis in 2002. Unless there is strong recovery in the US, substantial tourism activity is not expected, and current prospects are for some slowing in construction sector activity. Fiscal performance is not expected to improve significantly in the medium term, and the external current account deficit is projected to widen. Prospects for the financial services industry seem more favourable given the work that has gone into improving regulation and supervision.

ST. LUCIA



After more than a decade of uninterrupted growth, St. Lucia's economy contracted by approximately 3% in real terms in 2001. This performance, reflected in other economies in the Region, resulted from a combination of the downturn in US performance and from very poor banana industry output. It adversely affected aggregate demand, the performance of the fiscal and external sectors, as well as employment levels. In spite of the tight liquidity conditions that characterised the monetary sector, interest rates exhibited little variation. Notwithstanding higher fuel costs towards the middle of the year, the rate of inflation remained below 5%, while unemployment expanded somewhat, due in part to plant closures in the tourism sector.

Initial estimates indicate a 19.8% real contraction in the hotel and restaurants sub-sector. Total visitor arrivals, which rose by 16.5% to 726,454 in 2000, contacted by 11.5% to 651,550 in 2001. Stayover arrivals were the hardest hit, declining by 20.2% to 215,340. The US market contracted by about 18% to 79,976, while the UK and Caribbean markets dipped by 3% and 1%, respectively, to 71,230 and 54,049. The European market, particularly France and Germany, also contracted marginally. Generally, this reflected the performance of the US economy, the effects of which extended to Europe and Asia. Poor industry performance was accentuated by the withdrawal of a number of air services out of major source markets. These include the loss of JMC out of the UK, Sunquest from Canada and Condor from Germany. Cruise passenger arrivals, on the other hand showed, some level of resilience, expanding by 5% to 465,939 in 2001. Excursionists also registered a slight increase. Total visitor expenditure is estimated to have contracted by 18% to $228.5 mn.

Banana production slumped by just under 40%, to 39,000 tonnes during 2001. This poor performance was precipitated by severe drought conditions during the first half of the year and insufficient use of pre-planting inputs, which made the fruit particularly vulnerable to leaf spot disease. There was a high incidence of ship-ripened fruit. Adverse exchange rate developments coupled with a reduction in the unit price of the fruit contributed to the deterioration in export earnings. This notwithstanding, the average fruit quality consistency score was 82.8 %, or about 6 percentage points higher than the corresponding period in 2000.

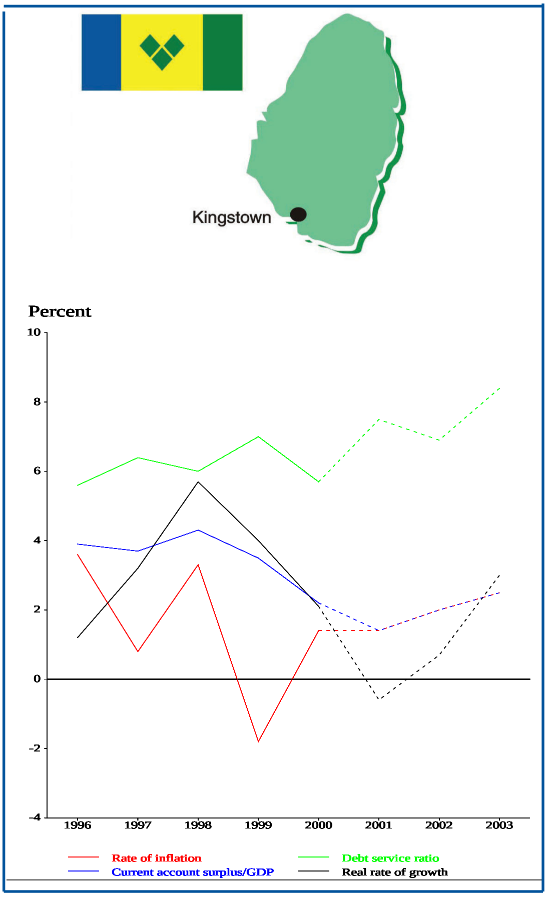
Real output in the manufacturing sector continued to trend downwards, falling by 9.7%, as a result of increasing regional and extra regional competition. There was one business closure during the year as a result of production competition. In addition, the fall-out in the banana industry led to a significant reduction in the demand for boxes. Output in the wholesale and retail as well as the construction sectors also registered declines of 5% and 3.5%, respectively. These developments reflected the lower level of aggregate demand in the economy.

The contraction in the real sector led to a decline in revenue inflows and a weakening of the fiscal position, with the current balance shrinking by 41.9% to $13 mn for the first six months of FY2001/02. Current revenue fell by 6.2% to $62.5 mn, compared to the corresponding period one year earlier. Income taxes and taxes on international trade declined by 3.4% and 17.8%, respectively, to $25.9 mn and $17.9 mn, reflecting weak business performance and compressed import demand. On the expenditure side, current outlays rose by 6.1% to $69.5 mn, on account of a higher wages bill and larger interest costs. Capital spending on the other hand contracted by 6.9% to $18.1 mn, representing a marginal slow-down in the rate of implementation of the public sector investment programme.

A moderate tightening of liquidity was recorded in the monetary sector over the first half of 2001. The loans to deposits ratio rose by 2.2 percentage points to 93.7%, exceeding the ECCB prudential guidelines by 3.7 percentage points. The growth of credit to the personal sector expanding by 3.5% to $555.9 mn, with mortgage lending growing by 6.6%. Interest rates remained relatively stable with only one institution gradually reducing its mortgage rate.

The economic outlook for St. Lucia is mixed. Given the current critical importance of the US market to the country's fortunes in tourism, the speed of recovery will depend on recovery in the US. Partly in response to this, the country has embarked on an aggressive marketing drive that seeks to, among other things, further diversify source markets. The trend decline of border taxes that is consistent with trade liberalisation highlights the urgent need for tax reform, given the importance of trade taxes in current revenue.

ST. VINCENT AND THE GRENADINES



Preliminary data showed that GDP growth declined by about 0.6% in St. Vincent and the Grenadines during 2001, following growth of 4.2% and 2% in 1999 and 2000, respectively. This outcome reflected declines in tourism and banana industry performance, and continuing sluggishness in the construction sector. Manufacturing activity continued to struggle in the face of continuing competition in the domestic and regional markets. On the other hand, non-tourism service exports (informatics) expanded. Central Government savings improved despite the deceleration in real income growth as the authorities embarked on several initiatives to improve the fiscal outturn. With the slowdown in economic activity, unemployment expanded; however, inflation remained low.

Following growth of 6.6% in 2000, agricultural output is estimated to have contracted by approximately 5% as a result of the decline in both banana and non-banana production, because of drought in the early part of the year. Banana export volume declined by approximately 2.3% in 2001 to 33,000 tonnes, compared with growth of 12.3% in 2000; and banana export revenues fell as a result of both reduced export volume and a decline in prices. Non-banana production is estimated to have also declined substantially because of the drought and because of a softening in export prices in regional and extra-regional markets as a result of the slowdown in economic activity. Moderate growth in livestock and forestry together with improved growth in fishing output helped to counteract in part the fall in crop production.

Tourism sector activity declined in 2001 in the face of world recession and particularly the recession in the US, from which most visitors to the country originate. 9/11 accelerated the decline which had begun earlier in the year. The decline in stayover arrivals (0.7% up to the end of August) is estimated to have reached 15.5% by the end of the year. The substantial increase in cruiseship arrivals in 2000 gave way to a sharp decline in 2001, reaching 31.8% up to the end of August, and 36.3% by the end of the year. On the other hand, yacht arrivals grew by approximately 25% up to the end of August, and was projected to remain relatively strong to the end of the year. Nevertheless, tourism expenditure is estimated to have declined by approximately 15%.

Performance in non-tourism service exports was mixed. Activity in the offshore finance sector suffered a downturn with the increase in due diligence and regulatory procedures. The strengthening of the legal and institutional framework was accompanied by a deceleration in growth of applications for IBCs and offshore banks, while the number of trusts and mutual funds remained stagnant. In the informatics sector, however, there was an increase in activity with the establishment of a call centre at Arnos Vale employing an estimated 400 individuals, with the prospect of an additional centre being established in Georgetown in early 2002 employing an additional 200 persons.

For the manufacturing sector, 2001 was another difficult year. The major manufacturer, producing flour, rice, animal feed and polypropylene bags and accounting for the major portion of manufacturing output, suffered further declines in sales in the domestic and regional markets as a result of increased competition. In the case of flour, domestic and regional market shares contracted further because of continuing competition from regional and non-regional exports. Rice sales were severely hampered by competition from Guyanese and Trinidadian exports. In the case of the brewery, the second largest manufacturer, indications are that output growth declined in the face of a slowing economy and continued competition from imports.

Construction activity is estimated to have expanded marginally in 2001, following contractions of 4.1% and 9.9% in 1999 and 2000, respectively. While Central Government investment activity improved marginally from $13 mn (3.9% of GDP) to an estimated $15.1 mn (4.5% of GDP) in 2001, investment by public sector enterprises plummeted by more than 50%, falling from $9.3 mn in 2000, to an estimated $4.3 mn in 2001. However, indications are that private sector construction activity was strong, with the authorities providing some stimulus to housing construction through a 100% mortgage facility to eligible members of the public service.

Despite a slowing economy, Central Government savings are estimated to have improved to 2.7% of GDP, from 2.4% of GDP in 2000, as the authorities implemented several measures to improve the fiscal outturn. The new administration increased petroleum taxes, embarked on a campaign early in the year to collect tax arrears, and reduced discretionary import duty concessions. On the recurrent expenditure side, the authorities agreed to a moratorium on the Ottley Hall debt, essentially suspending payment of approximately $3 mn of external debt, and was able to negotiate a freeze on salaries and employment in the public sector in the last quarter of the year. Growth in recurrent revenue accelerated to an estimated 7%, compared to 1.6% in 2000. Growth in recurrent expenditure at 6.5% was slightly above the 5.7% registered in 2000. Improved current account savings coupled with continuing sluggishness in Central Government investment expenditure led to a conversion of the overall budgetary deficit of 1.4% of GDP in 2000 to a surplus of 0.5%.

In the commercial banking sector, growth in broad money supply (M2) fell substantially below the 9.4% registered in 2000, reflective of the slowdown in general economic activity. In the context of the economic slowdown and the continuing uncertainty, growth in commercial bank credit also fell sharply. Growth in credit to the private sector is estimated at less than 3%, substantially down from the 8.5% registered in 2000. Lending to the public sector also slowed substantially, given current initiatives to improve the fiscal outturn. There remains a high level of liquidity in the banking system which is likely to lead to further moderation of deposit and lending rates which can contribute to economic upturn.

Available data suggest a widening of the deficit in the current account of the balance of payments from 7.7% of GDP in 2000, to 18.6% of GDP in 2001. Commodity export revenues declined in the face of the continuing difficulties in the banana and manufacturing industries. Together with the continuation of import growth related in part to mobilisation for projects about to come on stream in 2002, the trade deficit is estimated to have expanded from 27% of GDP in 2000, to 34.4% of GDP in 2001. The services balance, though remaining positive, contracted substantially with the downturn in tourism and in the financial services industry. An additional contributor to the deterioration in the services balance was the decline in remittances related to the slowdown in economic activity abroad. Preliminary data suggest that direct investment inflows rose, and this helped to contain the overall payments deficit to 1.5% of GDP, compared with a surplus of 3.7% of GDP in 2000.

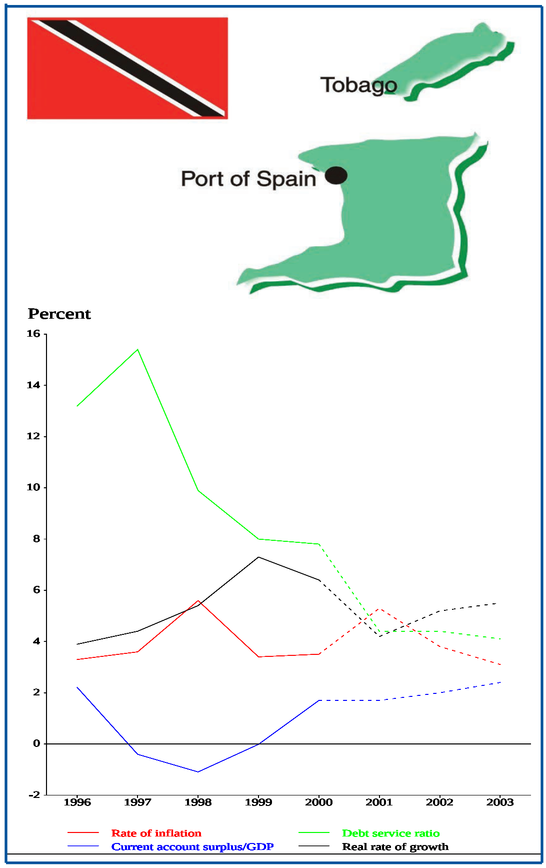
Inflation in 2001 was estimated at approximately 2%. Up to November 2001, the year-on-year estimate was 1.7%. Contributors to the low inflation rate were the decline in prices for clothing and footwear (-1.5%);

household supplies (-0.8%); and medical, educational, recreational and other services (-2.8%). The foregoing item categories together account for close to 20% of the consumer basket. Prices for housing and for transport and communication remained virtually unchanged. However, prices for tobacco and alcohol (1.1%) and for furniture, furnishings and domestic appliances (1.7%) rose moderately. The highest price increase occurred in the case of food and beverages (3.6%) which accounts for approximately 60% of the consumer basket. The latter increase reflects to some extent the effects of drought in the early part of the year on locally produced food items.

There were some setbacks in the social sector in 2001. The slowdown in economic activity, especially in the banana and tourism industries and the distributive trades, contributed to increased levels of unemployment and poverty. The authorities attempted to counter this with some financial support to the tourism industry for marketing purposes and pursued aggressively the establishment of call centres. An important Government initiative on the poverty front during 2001 was the granting of relief, particularly to the elderly poor, through concessionary rates for water and electricity use. The other significant setback in the social sector was the further delay in the establishment of the National Health Insurance Scheme, which was not expected to be on stream before the latter half of 2003. Meanwhile, in the water and sewerage sector, the authorities continued implementation of the Solid Waste Management Improvement Project, jointly funded by the World Bank, CDB and the Global Environmental Facility. In the education sector, the authorities continued implementation of the Basic Education Phase I project (teacher training, curriculum development, school construction) funded by CDB, and the EU-funded Post Secondary II project which seeks to establish a Community College through integration of the A Level College, Technical Vocation Institute, Teacher Training College and the Nurses' College.

Medium-term economic prospects are modest. In the banana industry, medium-term expectations of increased growth in export volume need to be set against prospects of further price declines as a result of international competition. In the manufacturing sector, further growth in the two major industries will depend critically on restructuring efforts. There is hope of a return to a better performance by the tourism industry, in both the cruiseship and stayover segments, subsequent to renegotiations with cruise operators and the recent expansion of hotel capacity in the Grenadines. Much, however, will depend on the medium-term performance of the US economy, which is currently in recession, and on the willingness of tourists to undertake normal air travel. In the case of non-tourism service exports, while the informatics industry is likely to experience fairly robust growth, prospects for the offshore finance industry are clouded by ongoing initiatives to improve transparency and supervision, and to harmonise tax systems with those of other parts of the world.

TRINIDAD AND TOBAGO



Preliminary data indicate that the Trinidad and Tobago economy grew by 4.2% in 2001, compared with 6.4% in 2000. This represented the eighth consecutive year of economic growth. Unlike 2000, the energy sector was the main engine of growth in 2001, growing by 5.2%. Within the sector, petrochemical operations led the way, growing by 12.9%. In the non-energy sector of the economy, the rate of growth slowed to 4%, compared with 6.7% in 2000. Within this sector services operations grew by 4.8%, while agriculture and manufacturing declined by 2.1% and 0.2%, respectively.

Growth in the energy sector was mainly attributable to the performance of the refining (including liquid natural gas) and petrochemicals industries. Output of crude oil and condensate declined. The fall in crude oil production was attributable to the natural decline in mature oil fields. Currently, marine extraction of oil represents approximately 77% of total crude oil production, while land-based extraction account for the remaining 23%. Mirroring the decline in crude oil production, shipments of crude oil declined. The export price of crude oil fluctuated considerably during the year, while the lower crude oil production reduced refinery throughput. To supplement the shortfall in local crude production, Petrotrin signed an agreement with Petrobras of Brazil for an ongoing supply of crude.

Natural gas production increased during the year, with the expansion resulting from the operation of the large liquid natural gas (LNG) facility at Point Lisas at full capacity. In order to strengthen the management of the country's natural gas resources, the Government of Trinidad and Tobago (GOTT) has formulated a Natural Gas Master Plan. It is expected that additional LNG capacity will come on-stream in 2003, significantly boosting the production of gas for export.

In the petrochemicals sub-sector, the production of nitrogenous fertilizers increased in 2001, resulting from of the resumption of normal operations at two plants that had been shut down for six months in 2000. Trinidad and Tobago is now the world's largest exporter of ammonia. Throughout the year, the world market prices of nitrogenous fertilisers mirrored the price of natural gas, the main feed stock. Methanol production rose significantly in 2001 as a result of a new plant that started production in 2000, completing its first full year of production. It is expected that a second new methanol plant will start operation in early 2002, further boosting production.

The production of iron and steel improved in 2001. Production of billets and wire rods increased marginally, while that of the direct reduced iron (DRI) increased to meet the requirements of the producers' main export markets, although average export prices generally declined.

In the manufacturing sector, output declined in 2001 because of contractions in the wood and related products, and the food, beverages and tobacco sub-sectors. The decline in the wood and related products sub-sector was mainly caused by a reduction in the output of a major firm engaged in the processing of teak. The decline in the food, beverages and tobacco sub-sector was caused by the cessation of local production of various commodities by a major food manufacturer. Other sub-sectors recorded growth but at a reduced rates compared with the previous year.

Output from the agricultural sector declined by 2.1% in 2001. In the sugar sub-sector production declined by 5.3%, compared with growth of 13% in 2000, because of a reduction in the tonnage of cane harvested. The reduction in cane harvested reflected a delay in the start of the crop season, a severe and prolonged dry season, and work stoppages because of industrial action. Exports of sugar to the EU and US under preferential trade agreements fell by 29.3%, compared with the previous year. Export agriculture, which involves mainly cocoa, declined because unseasonably dry conditions during the first half of the year resulted in poor yields. Domestic agricultural production rose by 2.1% in 2001, compared with 1.4% in 2000. However, the sub-sector's performance was mixed. Production of copra, broilers and table eggs increased, while there were declines in the production of rice, beef, pork and milk. The prolonged dry season was the most significant factor affecting production.

Output in the tourism sector, which had experienced rapid growth in recent years, was expected to decline by just under 25% mainly as a result of the withdrawal of major airlines from the Tobago route. In recent years the sector had benefitted from investment of over $300 mn in new hotel accommodation. During 2000 and 2001, approximately 300 additional rooms were added to the room inventory. The events of 9/11 did not significantly affect tourist arrivals to Trinidad and Tobago, with US visitor travel into and out of Trinidad and Tobago normalising about a month after the terrorist attack. Demand from Europe, particularly from the UK, was not affected; a major tourism promotion in the UK at the end of October may have helped to maintain demand from that country.

The rate of unemployment fell to 11.1% at the end of March 2001, from 12.8% a year earlier. There was a downward shift in the rate of unemployment of both males and females. In males, the fall was to 9.4% from 11.2%, while the decline among females was from 15.5% to 13.9%. It was estimated that 24,600 new jobs were created across most sectors of the economy during the year. On the other hand, there were some job losses in the agriculture, forestry, hunting and fishing and the petroleum sectors.

Inflation, as measured by the retail price index, on a year-on-year basis to June 2001, rose by 5.3% compared with 3.5% for the corresponding period in 2000. Increases in the prices of foodstuff, in particular chicken, and fresh fruits and vegetables, were mainly responsible for this upward movement in the rate of inflation. The dry weather conditions during the first half of the year caused fruit and vegetable prices to move upwards. Other sub-indices to experience price increases included recreation and education, transportation, and health and personal care.

Preliminary data on the Central Government's fiscal operations for FY 2000/01 indicate that total revenue and grants rose by 17.2% to TTD14,301.8 mn, from TTD12,199.4 mn in FY 1999/2000, because of the stronger performance of taxes on incomes and profits. This was heavily influenced by higher than budgeted crude oil prices, firm petrochemical prices and GOTT's continuing effort to strengthen tax administration and compliance. The higher than budgeted oil prices facilitated an additional transfer of about TTD600 mn into the Revenue Stabilisation Fund. Capital receipts are expected to increase by approximately TTD200 mn primarily as a result of the sale of the first tranche of National Enterprises Limited (NEL) shares. Non-tax revenue registered a small increase.

Total expenditure and net lending rose by 13.5% in FY 2000/01 to TT14,168.6 mn, from TTD12,482.7 mn in the previous financial year. Recurrent expenditure totalled TTD13,423.2 mn in FY 2000/01, compared with TTD11,275.1 mn in FY 1999/2000. All major categories of recurrent expenditures increased in FY 2000/01 except interest payments. Subsidies and transfers showed the largest increase because of the additional transfer of TTD600 mn to the Revenue Stabilisation Fund and the allocation of TTD240 mn towards the Dollar for Dollar Education Plan. As a result of the partial payment of arrears and pay increases for teachers, police, fire-fighters, defense force officers and public officers, expenditure on wages and salaries increased significantly in FY 2000/01. Capital expenditure and net lending fell by 38.3% in FY 2000/01 to TTD745.4 mn, from TTD1,207.6 mn in the previous financial year. Central Government operations recorded a recurrent account surplus of TTD606.3 mn and an overall surplus of TTD133.3 mn in FY 2000/01, compared with a surplus of TTD858.2 mn and a deficit of TTD283.3 mn, respectively, in FY 1999/2000.

GOTT prepared its FY 2001/02 budget based on a crude oil price of $22 per barrel. Influenced by softer oil prices observed since the preparation of the budget, the Government has revised its oil price assumption for FY 2001/02 to $20.50 per barrel. Based on the earlier assumption, total revenue was estimated at TTD15,800 mn, or TTD2,170 mn higher than was budgeted in FY 2000/01. Recurrent revenue, at TTD15,365 mn, was higher that the budgeted level in the previous fiscal year. Total expenditure and net lending was estimated at TTD15,798 mn, which was 17% higher than the estimate for the previous fiscal year. Recurrent expenditure was estimated to increase by 16% to TTD14,428 mn in FY 2001/02, from TTD12,438 mn in the previous fiscal year, reflecting the impact of public sector wage settlements in FY 2000/01, transfers to households and state-owned enterprises and government lease payments. Capital expenditure and net lending was estimated at TTD1,339 mn, an increase of 36% over the previous fiscal year's estimate.

GOTT has pursued a prudent debt management strategy aimed at reducing external debt while lowering debt service payments. This was accomplished by the refinancing of maturing obligations and the lengthening of the maturity structure. Between 1993 and 1998, external debt repayments outstripped new borrowing. As a result, the external debt fell from $2,102.1 mn in 1993 to $1,471.1 mn at the end of 1998. Since 1998, the external debt has increased steadily, and based on existing commitments was projected to increase by 7.3% to $1,803 mn at the end of 2001 from $1,679.8 mn at the end of 2000. Despite this increase in the external debt, major indicators point to a sustainable debt position.

Monetary policy remained focused on the control of liquidity in the financial system and the maintenance of a stable exchange rate to facilitate economic growth. During the year, the Central Bank, in keeping with it stated intention, begun moving away from a regime of direct intervention towards a market-based system of open market operations. The statutory cash reserve requirement of the commercial banks was reduced to 18% from 21% of prescribed liabilities in May 2001. The move towards the use of open market operations was expected to reduce the intermediation costs of the commercial banks. The reduction in the reserve requirement caused an almost immediate cut in the prime lending rates being offered by the commercial banks to 15% from 16.5%. The general easing in commercial bank liquidity caused lending rates to fall in 2001.

Commercial bank net credit to the private sector rose by 6.4% to TTD15,971 mn during the first ten months of the year, from TTD15,007 mn at the beginning of the year. Credit to the public sector also increased during the year to TTD2,025 mn, from TTD1,537 mn at the beginning of the year. The narrowly defined money supply M1 and the more broadly defined M2 rose by 19% and 13.7%, respectively, during the first ten months of the year, to TTD5,817 mn and TTD15,874 mn from TTD4,887 mn and TTD13,965 mn at the beginning of the year. Money supply conditions during 2001 were influenced by several factors including an expansion in demand and savings deposits.

Trinidad and Tobago recorded an overall balance of payments surplus of $324.8 mn for the first half of 2001, compared with a larger surplus of $349.7 mn during the corresponding 2000 period. The merchandise account surplus was $640.6 mn compared with $457.1 mn in 2000, with the increase reflecting continued growth in the export of minerals, fuels and lubricants. The value of imports rose to $1,576.5 mn in the first half of 2001, from $1,483.3 mn in the corresponding 2000 period, with imports of machinery and transport equipment rising as a result of ongoing energy sector investments.

The capital account recorded a surplus of $44.6 mn in the second quarter of 2001, following deficits in the previous two quarters. The surplus in the second quarter was partly as a result of capital inflows of $87.3 mn by the commercial banks and a fall in official debt service payments. At the end of October 2001, Trinidad and Tobago's gross foreign assets and net official reserves stood at $2,530.9 mn and $1,845.9 mn, respectively, compared with $1,600 mn and $1,368.7 mn at the end of 2000. At the end of October 2001, the level of foreign reserves was equivalent to more than five months of import cover.

GOTT intends to continue to increase access to education in order to continue to develop a well educated, technologically skilled and highly professional human resource base as a critical input into improving the competitiveness of the economy. Universal secondary education will be facilitated by the continued implementation of the World Bank-supported Fourth Basic Education Programme and the IDB-supported Secondary Education Modernisation Programme. GOTT is also improving the physical environment at early childhood, primary, secondary and special levels by the rehabilitation, reconstruction and upgrading of existing facilities and the construction of new facilities. At the post-secondary level, emphasis is being placed on expanding tertiary education and improving the technological skills base of the country. One key initiative taken has been the establishment of the College of Science, Technology and Applied Arts of Trinidad and Tobago, based on the amalgamation of several public tertiary institutions into a single multi-campus college.

In September 2001, GOTT introduced the "Dollar for Dollar Education Plan" to support the expansion of tertiary education. Under this programme, GOTT will bear 50% of the tuition costs to new students pursuing tertiary education in Trinidad and Tobago. Currently, 8% of 18 to 22 year-olds participate in higher education. With the Dollar for Dollar Education Plan, GOTT intends to raise the participation rate to

20% by 2005. In 2001 and 2002, the programme will be available to students in any field of study at the undergraduate level. In 2003, a priority list of areas will be identified and students will be supported on that basis.

GOTT's goal in relation to health is to promote wellness by providing quality health care to the entire population. Under the ongoing health reform programme, emphasis has been placed on primary health care. Over the years, GOTT has committed resources to the prevention and control of lifestyles related diseases such as diabetes, hypertension, HIV/AIDS and heart disease. Over the medium-term, GOTT will continue to direct resources at the improvement of primary and secondary health care infrastructure.

HIV/AIDS is a serious problem in Trinidad and Tobago. It has the potential to erode many economic advances the country has made. To respond effectively to the disease and limit the social and economic impact, GOTT has accelerated and expanded its efforts to arrest the spread of infection. In 2001, the Ministry of Finance in collaboration with the Ministry of Health, started work to access funds from the World Bank's Caribbean Multi-country HIV/AIDS Prevention and Control Programme. The Government is also targeting the use of a portion of grant funds from the European Union and the UNDP for HIV/AIDS prevention.

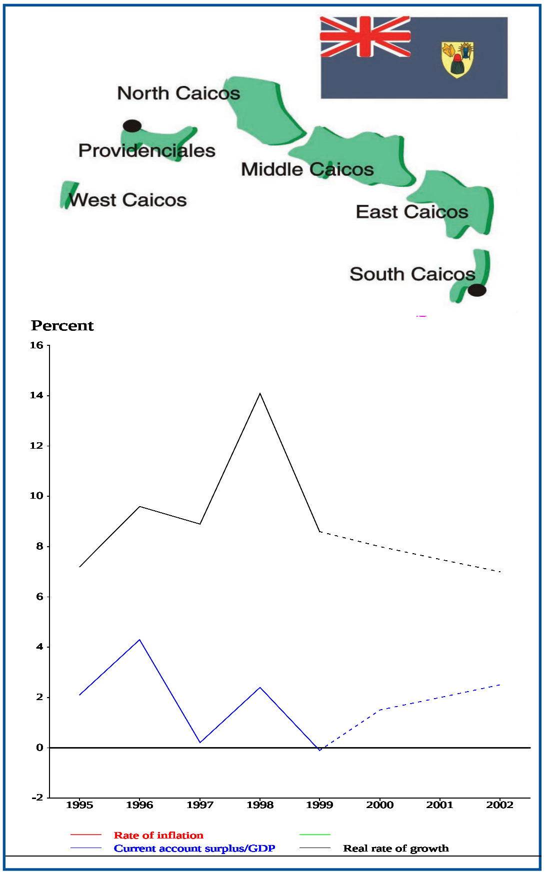
Poverty in Trinidad and Tobago is considered high. In order to address this problem, GOTT continues to implement its IDB-supported Community Development Fund Programme, which is designed to address the social fall-out of the structural reforms implemented in the 1980s and early 1990s. With a view to strengthening these efforts, GOTT commenced the implementation of a European Union-sponsored Poverty Reduction Programme in 2001. The main objective of the programme is to assist GOTT in the formulation and implementation of a National Poverty Reduction Strategy, including decentralisation of the social services delivery system so that it is more responsive to the needs of the most vulnerable groups. The project will include three main components: the improvement of the delivery of poverty reduction services; the establishment of a micro-project fund and a micro-credit fund; and the establishment of a network of information and resource centres. GOTT intends to expand its programmes aimed at NGOs and Community Based Organisations to empower the poor to help themselves.

Trinidad and Tobago's medium-term economic prospects remain favourable despite some weakening in the price of crude oil in the final quarter of 2001. Increased output from the gas and petrochemicals sub-sectors will be the most significant contribution to economic growth. The construction of two additional LNG terminals (trains), scheduled for completion in 2003, is likely to result in Trinidad and Tobago becoming one of the world's largest exporters of LNG. Increased gas production will also act as a stimulus for the further development of petrochemicals production and for the creation of additional demand in the non-energy sectors. The prospects for the services sector are also favourable over the medium-term.

The economy is expected to grow by 4% per annum over the medium term, with inflation remaining broadly in line with the level in the country's major trading partners. The rate of unemployment is expected to decline to about 10.2%. Gross official reserves are projected to further strengthen gradually. The external debt to GDP ratio is projected to fall to about 15% in 2005 from its current level of 21.7%.

Over the medium term, GOTT will continue to improve its social and economic infrastructure while placing additional emphasis on human resource development. This investment would be supported by projected gross national savings of about 25% of GDP, of which Central Government savings would be equal to about 2% of GDP. On the balance of payments, the current account is projected to remain in surplus throughout the period 2001-05. The most important downside risks over the medium-term relate to the continued deterioration in the world market price of crude oil, which would reduce budgetary revenue and reduce the country's ability to further accumulate foreign reserves.

TURKS AND CAICOS ISLANDS



Economic performance in the Turks and Caicos Islands (TCI) during 2001 remained strong up until September, after which there was a sharp decline in economic ctivity. Output growth was mainly driven by tourism-related construction activities, improved performance in the tourism industry prior to 9/11, and by increased activity in the offshore sector. The deceleration in growth reflected the completion of a number of tourism projects and the weakening of tourism industry performance during the last quarter of the year.

The level of activity in the construction sector was buoyant during the early part of the year, with work ongoing on tourism related projects, on commercial and residential properties, and on the public sector investment programme. Construction in the tourism sector was boosted with the extension and renovation of several hotel properties, including the Royal West Indies Hotel, Arawak Inn, Osprey Beach Hotel, and continued construction activities at the Alexandria Resort, Trade Winds Resort and the Renaissance Resort. Similarly, strong growth was evidenced in the construction of private dwellings and other commercial properties.

The tourism industry was seriously affected by 9/11. Prior to September, however, visitor arrivals had been growing strongly at an annual rate of 20%. Total visitor arrivals for the period January to December 2001 were 165,160, or 9% higher than in the corresponding period in 2000, mainly on account of improvements in air access, increased room capacity and increased promotion. The major market continued to be the US, which supplies 70% of total tourist arrivals; with Canada and Europe accounting for 10% and 9 % of total, respectively.

Fisheries industry performance improved in 2001 over the 2000 level. Lobster landings were 24.8% higher, at 623,769 lbs. Exports of whole lobster and lobster tails were 2,750 lbs and 93,020 lbs, respectively. The lobster industry continues to be adversely affected by illegal fishing, especially during the off-season. The authorities are planning to review the period of the "closed" season as well as the level of licensing fees. Conch landings in 2001 were 1,489,003 lbs, of which 633,800 lbs of conch meat and 216,000 lbs of conch trimmings were exported. Conch production was limited by the nominal export quota of 600,000 lbs. The demand for conch was very high in the United States due to the closure of the Jamaican market. As a result, prices rose, and export earnings from the sector were higher in 2001.

Environmental management programmes continued during 2001, with the expansion of the Coastal Management Programme which involved co-management arrangements with major sector organisations and stakeholders. There has been progress with the advancement of plans for the National Solid Waste Mnagement Project.

The manufacturing sector remained very small in the Turks and Caicos Islands. The milling and packaging plant, which processes rice from Guyana for the EU market, recorded increased output in 2001. Prospects for rice exports are encouraging with the granting of a 10,000 ton permanent quota to the Turks and Caicos Islands by the EU, which should remove past uncertainties that affected the sector.

Government finances deteriorated during the first nine months of FY 2001/02, ending December 2001, as expenditure growth outpaced revenue collections. Recurrent revenue rose by 13.9% to $5.7 mn. Initial revenue growth remained favourable on account continued economic growth especially from the tourism and the offshore financial sectors. However, following discussions with the private sector, prior to 9/11, the implementation schedule for revised tax rates was delayed and some rates were not raised as much as initially proposed. Following 9/11, stamp duty on land sales in Providenciales was dropped for six months in an attempt to maintain economic activity. Consequently, the increases in revenue forecast in the budget were not realized. Additionally, efforts to curtail expenditures have not been as successful as planned, and there have been increased demands for expenditure associated with increased security. Despite severe cut-backs in development expenditure to less than $9 mn, it is likely that all remaining reserves will have been exhausted by the end of FY 2001/02, thereby requiring further cut-backs in the FY 2002/03 budget.

The Government recognises the structural imbalance between revenue and expenditure programmes and the need to improve public sector financial management by the urgent use of the new accounting system to effectively control expenditure. The need to further improve revenue collections is currently being addressed. Options to strengthen revenue administration are presently being evaluated for implementation in FY 2002/03. The significant demand for infrastructure projects for continued growth in the economy is placing pressure on the authorities to seek new options for loan financing for these projects while recognising the need to avoid developing a high debt profile. However, the recent fall in reserves means that borrowing may be restricted as reserves are required to be 20% of outstanding debt under prudent guidelines agreed between the UK and the UK Overseas Territories during the year. The restoration of reserves therefore becomes a priority as recommended in a recent UK Government commissioned study on the UK Overseas Territories, post 9/11. Consideration should be given to allowing fiscal stimulus via easing of the constraints on borrowing, particularly given that TCI has some priority infrastructure projects nearly ready for implementation, including the proposed waste management project.

There has been relatively controlled growth in the financial services sector in TCI. The authorities emphasise quality in the provision of services rather than quantity in the areas where it has niche expertise. There were eight licensed banks with total deposits of $502.2 mn at the end of September 2001, and 18 licensed non-restricted trust companies with over $600 mn under management. One niche financial market in which TCI specialises is credit life, or producer-owned reinsurance companies (PORCs). These are small insurance businesses that can be set up quickly and inexpensively to allow foreign concerns to provide credit life insurance for their customers. PORCs are represented by local TCI agents, but use direct writers in the US to handle underwriting and claims. As many as 250 PORCs are formed each year under TCI's streamlined approval and regulatory processes, and there were 2,590 in existence as at December 2001. TCI also offers the formation of IBCs to facilitate the growth of its offshore finance industry. There were 16,714 companies at the end of December, 2001. The authorities are determined to keep its regulations and surveillance up to acceptable international standards.

There has been substantial investment in the social sectors, particularly education and health, in the last few years. The Government gave priority to the education sector as part of its strategy to develop the human resource base and to improve labour productivity. Current educational programmes include initiatives to improve the comprehensive secondary education system, to provide high quality education in the pre-primary and primary education sector, to expand access to tertiary education, to raise the level of student achievement, to improve teacher education, to improve the relevance of the curriculum at all levels and to provide skills training relevant to existing and emerging labour market needs. In FY 2000/01, the recurrent budget for education amounted to $11.3 mn, or 15% of the total recurrent budget; 29.5% of the education budget was spent on tertiary education and 36% on secondary education. However, over-expenditure in the social sectors, particularly medical referrals overseas, and rapid expansion in scholarships, have made significant indents in reserves and have forced the authorities to introduce expenditure control measures.

At the primary level, a number of successes have been achieved, assisted by the implementation of the Five-Year Education Development Plan. Access is universal, while the percentage of trained teachers has increased steadily. However, the rapid expansion of the population in Providenciales has created pressure on available school places resulting in the continued overcrowding of schools. Secondary education has become near universal with the expansion of school places across the archipelago. The objective is to ensure improved performance at the secondary level by upgrading the physical facilities and support services, and by continuing to ensure that the curriculum remains relevant to the country's needs.

In the health sector, significant progress was made in upgrading the physical facilities at the Myrtle Rigby Health Clinic in Providenciales. The primary health care system in TCI is relatively developed with easy access to the existing services by the vast majority of the population. However, secondary health care services are available mainly in Grand Turk. During the year, the Government agreed on a Health Sector Vision to guide the future development, organisation and management of the health sector. A major challenge has been the rising cost of overseas medical care. There was a significant reduction in the overall cost of treatment referrals abroad in 2001 as a result of strict enforcement of the referrals policy, exploring alternative referral centres as well as the upgrading of local health care facilities.

There is a comprehensive HIV/AIDS awareness programme which focuses on the most vulnerable groups. The management of the National HIV/AIDS Programme benefitted from the formulation of a strategic plan, which was developed during the year through a consultative process among key stakeholders.

Prospects for growth in 2002 are favourable, with expectations centering on tourism and on tourism-related construction. Marketing and promotion of the industry are being emphasised, with efforts being made to diversify market sources. Infrastructural development remains a major challenge, particularly given the archipelagic nature of the environment and the small populations on each island. The shortage of human resources also presents a significant constraint to development. The authorities expect to prepare a medium-term sustainable development strategy during the course of 2002.

II REVIEW OF ACTIVITIES

A. GENERAL

Operations Audit

CDB undertook a major review of the functioning of the Bank with the commissioning of an Operations Audit in 2000. Subsequently, a Task Force comprising members of the Board of Directors and representatives of the Bank's Management was established to review and advance recommendations which arose out of the audit. The ultimate aim of the re-organisation is to improve CDB's internal efficiency and productivity, to increase the level of innovation within the Bank so that its services are consistently relevant to its members, and to make it more responsive and flexible in a very dynamic environment.

In 2001, the implementation of some of those recommendations began. For example, steps were taken to re-organise the Projects Department to significantly improve the utilisation of the Department's staff resources by facilitating a more appropriate alignment of the tasks required with the available staff resources and to create greater flexibility in the use of these resources.

B. POLICY REVIEW

Interest Rate

CDB reviews interest rates on its OCR loans twice a year, in May for implementation from July 1, and in October for implementation from January 1 of the following year. In May 2001, a decision was taken to lower the rate for the six-month period commencing July 1, 2001, from 7.50% to 7.00% for all loans approved after April 1, 1984, to the public sector and private sector financial intermediaries, and after April 1, 1984, but before March 15, 1991, directly to the private sector, and to 9.00% for all loans approved directly to the private sector after March 15, 1991.

For the six-month period beginning on January 1, 2002, the corresponding rates were reduced to 5.75% and 7.75%, respectively.

Procurement

The total value of contracts awarded for capital projects and TA during the period 1997-2001 is shown in the table below. The value for each year is based on the total number of contracts awarded for goods and services, and is based on competitive bidding, proposals and invitations.

Year	Value ($ mn)
2001	24.7
2000	67.4
1999	22.1
1998	57.3
1997	32.4

C. OPERATIONS

Main Thrusts and Initiatives

Poverty Reduction

The Bank's objective to assist with the systematic and sustainable reduction of poverty in its Borrowing Member Countries (BMCs) has been emphasised by the production of a poverty strategy document entitled "Strategy for Poverty Reduction in the Borrowing Member Counties of the Caribbean Development Bank". The document delineates the application of a 'poverty prism' to all of the Bank's interventions. It recommends the targeting of CDB's resources "to the most critical areas for effecting social change in which CDB enjoys comparative advantage and synergy in its activities or in which it can influence key stakeholders to increase support to under-served areas". The document was approved by the Board of Directors in May 2001.

A second round of Country Poverty Assessments (CPAs), conducted with assistance from the Government of the UK and UNDP, was completed, with the presentation of the final CPA reports for TCI and St. Kitts and Nevis to their respective governments. CDB signed a Memorandum of Understanding with the Government of the UK for the funding of a new round of CPAs in Anguilla, the British Virgin Islands and Dominica. The CPAs are scheduled to begin by the second quarter of 2002.

The CPAs provide valuable data and information on the causes, characteristics, severity and distribution of poverty in the BMCs. This information is used to inform the design and targetting of poverty reduction projects and programmes in the countries in which CPAs have been conducted. Apart from BNTF 5, the most recent direct poverty reduction intervention is the Grenada Rural Enterprise Project, approved by CDB's Board of Directors in May 2001. This project, which is financed by CDB, the International Fund for Agricultural Development (IFAD) and the Government of Grenada, will assist Grenada in reducing rural poverty, by promoting community development and expanding opportunities for rural households to increase their incomes in a wide range of economic activities.

In order to translate the CPAs into appropriate social and economic policies that would help improve the lives of poor people on a sustainable basis, CDB recommends that each Government formulates a Poverty Reduction Strategy (PRS) as follow-up to the CPA. CDB has been working with the Development Partners Poverty

Working Group (DPPWG), coordinated by UNDP, to assist BMCs with the formulation of PRSs. PRSs are essentially policy instruments which target the poorest and most vulnerable population sectors and define strategic approaches to public policy for the systematic reduction of poverty in the short, medium and long term. The Government of Grenada is making steady progress in the formulation of a PRS, while in St. Kitts and Nevis preliminary actions have been taken to begin PRS formulation.

Through DPPWG, CDB has also been collaborating with UNDP and the World Bank to establish a framework for the training of statisticians, social researchers and economic and social policy analysts in the appropriate skills for the formulation of evidence-based, pro-poor policies.

Social assessments were conducted for 14 capital projects approved by the Board of Directors during 2001. The capacity of CDB to undertake the social assessments and social research will be enhanced under a new technical cooperation agreement with the Government of the UK. The cooperation agreement will strengthen the Bank's work in the areas of poverty assessment, poverty reduction, social analysis and social research. The services of a Social Policy Analyst Planner (SPAP) will be engaged, *inter alia,* in developing a training programme for CDB staff and project staff in BMCs in social analysis as well as in other aspects of social policy development. The services of a Social Researcher will be provided under this agreement, from the first quarter of 2002, to develop a social research programme and strengthen CDB's capacity to undertake social research.

Lending Operations

Capital Loans

The Board of Directors approved 28 capital loans in 2001, with a total value of $81.3 mn. The highest levels of approvals were for projects in Grenada, Jamaica, St. Kitts and Nevis and St. Lucia. Loans were approved for nine BMCs for an Emergency Tourism Programme to boost tourist arrivals after a sharp decline, in the wake of 9/11.

Technical Assistance

During the year, 27 TA programmes totalling $4.655 mn were approved. Draft appraisal reports were completed for 10 other TA projects. Staff of the Technical Cooperation Unit (TCU) have also provided technical inputs into one capital project and coordinated the preparation of two major policy papers, one on Governance and the other on the Private Sector.

The focus on Institutional Strengthening and Training operations continued during 2001, with these areas accounting for 25 (92.6%) of the 27 projects approved, and a policy paper on Governance and Institutional Development was submitted to the Board of Directors.

Of the $4.655 mn in TA approvals, one project costing $0.592 mn was financed on a loan basis. The remaining $4.063 mn financed 26 operations on a non-reimbursable basis. Eighteen were for regional activities amounting to $2.79 mn or 59.88% of non-reimbursable funding.

Sectoral Breakdown of TA Operations

	Sector Allocated Amount ($'000)	Per-centage (%)
Multi-Sector	2.918	62.69
Transport and Communications	0.592	12.71
Agriculture, Forestry and Fishing	0.25	5.37
Financing	0.173	3.72
Education	0.158	3.39
Environment	0.344	7.39
Health	0.22	4.73
Total	**4.655**	**100.00**

Disbursements

At December 31, 2001, $6.917 mn had been disbursed. Of this amount, $3.998 mn related to grant-funded projects (including $430,454 under the CTCF), while the remaining $3.056 mn went to loan-financed TA and PPA operations.

Brief on Capital and TA Projects in 2001 by Country

ANGUILLA

Implementation/Operation Highlights

CDB has approved 15 capital loans, one contingently recoverable loan and 22 TA grants for Anguilla, the equivalent of $23.2 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation and communication, housing, education, basic needs and disaster rehabilitation. At year-end 2001, there was the equivalent of $4.8 mn in undrawn balances of committed resources for CDB-financed projects.

The following table highlights the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Consolidated Line of Credit (LOC) (4th Loan)	July, 98	2.8	0.8
Disaster Mgmt.	May, 00	3.7	3.7

ANTIGUA AND BARBUDA

Loan Approval

Emergency Tourism Promotion Programme – $395,000 to the Government to respond to the sharp decline in air travel following the events of 9/11. It is a joint public/private sector initiative, which will be coordinated by the Caribbean Tourism Organization (CTO). The programme will consist of a television advertising campaign and public relations programme to promote the Caribbean as a destination and boost tourist arrivals from the major markets in the US, Canada, the UK and continental Europe.

Implementation/Operation Highlights

CDB has approved 33 capital loans, one contingently recoverable loan and 24 TA grants for Antigua and Barbuda, the equivalent of $33.6 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, transportation/communication, housing, education, basic needs and disaster rehabilitation. At year-end 2001, there was the equivalent of $13.2 mn in undrawn balances of committed resources for CDB-financed projects.

The following table highlights the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Consolidated LOC (4th Loan)	May, 97	4.2	2.6
Basic Education	Dec, 97	10.6	9.7

THE BAHAMAS

Implementation/Operation Highlights

CDB has approved 14 capital loans, one contingently recoverable loan and 23 TA grants for The Bahamas, the equivalent of $53.5 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, water and transportation/communication. At year-end 2001, there was the equivalent of $8.8 mn in undrawn balances of committed resources for CDB-financed projects.

The following table highlights the amount undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Agricultural and Indutrial Credit (AIC) (4th Loan)	Oct, 99	10.0	8.8

BARBADOS

Loan Approvals

Urban Rehabilitation Project - Variation in Scope and Additional Loan – $5.11 mn to the Government. The scope of the project - for which a loan of $25.23 mn was approved in 2000 - has been revised to allow for the refurbishment and restoration of the Old Town Hall building, the development of Jubilee Square and the landscaping of urban corridors in the capital, Bridgetown. The additional loan was approved to meet the increased costs associated with the revision in scope.

Secondary Education – Revision in Scope and Additional Loan – $4 mn to the Government for its Secondary Education Project. The loan will assist the Government to finance higher costs associated with the redevelopment of the St. Leonard's Boys' Secondary School. The original loan of $12.2 mn and a TA grant of $0.034 mn were approved in 1995.

Implementation/Operation Highlights

CDB has approved 40 capital loans, 4 contingently recoverable loans and 27 TA grants for Barbados, the equivalent of $199.4 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, mining, power/energy, water, transportation and communication, housing, health, education, urban rehabilitation and basic needs. At year-end 2001, there was the equivalent of $80.4 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Secondary Education	Dec, 95	12.2	5.3
Education Enhancement	Dec, 98	31.5	28.4
Agricultural and Industrial Credit - CCB	Jul, 00	5.0	4.8
Urban Rehabilitation	Dec, 00	25.2	25.2
Hilton Hotel Project	Dec, 00	7.0	7.0
Urban Rehab. (Add. Loan)	May, 01	5.1	5.1
Secondary Edu. (Add. Loan)	Dec, 01	4.0	4.0

BELIZE

Loan Approvals

Natural Disaster Management

Immediate Response Loan – Hurricane Iris – $500,000 to the Government to assist it in financing clearing and cleaning of areas affected by the passage of hurricane Iris, and emergency restoration of essential services to these areas.

Emergency Tourism Promotion Programme – $197,500 to respond to the sharp decline in air travel following the events of 9/11. It is a joint public/private sector initiative, which will be coordinated by the CTO. The programme will consist of a television advertising campaign and public relations programme to promote the Caribbean as a destination and boost tourist arrivals from the major markets in the US, Canada, the UK and continental Europe.

Implementation/Operation Highlights

Water and Sewerage Project – 2nd Loan: A loan for $13.83 mn was approved in 1997 for the Water and Sewerage Authority to install 10.4 km of new transmission mains for an expanded water treatment plant and pump stations to increase water delivery capacity in Belize City. All distribution and transmission pipelines, as well as pump stations, were completed in 2001. The water treatment plant is 80% completed and should be commissioned during the first quarter of 2002. The Government of Belize has sold the Water and Sewerage Authority to a private company which specialises in operating water utilities in various parts of the world.

CDB has approved 70 capital loans, 7 contingently recoverable loans, 2 equity participations and 36 TA grants for Belize, the equivalent of $184.5 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation and communication, housing, health, education, disaster management and basic needs. At year-end 2001, there was the equivalent of $49 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Water and Sewerage - 2nd Loan	May, 94	13.8	3.5
Rural Development	Jul, 98	3.4	3.2
Line of Credit - 5th Loan	Oct, 98	7.3	1.7
Disaster Management	Oct, 99	8.5	8.4
Orange Road By-Pass Road	Dec, 99	9.5	9.5
Enhancement of Tech/Voc Education	Oct, 00	13.1	13.1
Health Sector Reform Prog.	Dec, 00	5.6	5.6

BRITISH VIRGIN ISLANDS

Implementation/Operation Highlights

CDB has approved 23 capital loans, 2 contingently recoverable loans and 12 TA grants for the British Virgin Islands, the equivalent of $53.3 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation and communication, housing, education and disaster rehabilitation. At year-end 2001, there was the equivalent of $13.2 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Line of Credit - 5th Loan	Oct, 93	3.4	2.3
Airport Expansion Project	Dec, 99	19.6	9.4
Student Loan - 5th Loan	Dec, 99	1.5	1.5

CAYMAN ISLANDS

Loan Approval

Mortgage Finance – $5 mn to the Government to assist it in servicing the housing needs of low to lower-middle income Caymanians.

Implementation/Operation Highlights

CDB has approved 21 capital loans and 4 TA grants for the Cayman Islands, the equivalent of $48.5 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, mining, water, transportation and communication, housing, education and health. At year-end 2001, there was the equivalent of $5.5 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the amount undisbursed:

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

DOMINICA

Loan Approvals

OECS Solid Waste Management Project – Additional Loan – $1.3 mn to the Government to meet increased costs associated with the project to establish solid waste management systems in five participating countries of the OECS. The initial project financing was approved in 1995.

Shelter Development Project – $2.281 mn to assist in financing a project aimed at providing a comprehensive framework for shelter development in Dominica on a sustainable basis. The project will take into account the needs of low-income households in particular, and will provide resources to assist with the formulation of a National Shelter Policy.

Roseau Water and Sewerage Project – Revision of Scope and Additional Loan – $1.740 mn to the Government to assist the Dominica Water and Sewerage Company Limited in meeting the increased costs of implementing the Roseau Water and Sewerage Project. Financing totalling $8.240 mn was approved for the project in 1997.

Emergency Tourism Promotion Programme – $112,500 to the Government to respond to the sharp decline in air travel following the events of 9/11. It is a joint public/private sector initiative, which will be coordinated by the CTO. The programme will consist of a television advertising campaign and public relations programme to promote the Caribbean as a destination and boost tourist arrivals from the major markets in the US, Canada, the UK and continental Europe.

Implementation/Operation Highlights

Roseau Water and Sewerage Project: Work on the marine outfall began in mid-May, 2000, and was 90% complete by the end of the year. Installation of sewer and water pipe works was 75% complete by December 31, 2001, having commenced in July 2000. Work on the construction of the treatment facilities began in August 2000, and was 75% complete by year-end. The work package for the construction of pumping stations at Goodwill and Newtown are 85% complete. The final contract for construction of stand-by generator shelters is to be awarded in February 2002, with completion expected in May 2002. The overall project is scheduled for completion by August 31, 2002.

CDB has approved 72 capital loans, 7 contingently recoverable loans and 49 TA grants for Dominica, the equivalent of $131.3 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation and communication, sea defence, housing, education, health, disaster rehabilitation and basic needs. At year-end 2001, there was the equivalent of $24.5 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Roseau Water and Sewerage	Dec, 97	8.2	2.7
Natural Disaster Management	May, 00	9.5	7.2
Consolidated LOC - 7th Loan	Oct, 00	7.0	5.1
Shelter Dev.	Dec, 01	2.3	2.3

GRENADA

Loan Approvals

Bridge and Road Improvement Project – $17.095 mn to the Government to assist in financing a Bridge and Road Improvement Project for the restoration of approximately 20 kilometres of main roads linking the Eastern Main Road and the Western Main Road to St. George's. This phase of the project includes the replacement of two bridges, while another 12 bridges throughout Grenada will be replaced during the programme.

Rural Enterprise Development – $2.34 mn to the Government to assist in financing a project designed to help reduce poverty in rural communities of Grenada in a sustainable and gender-equitable manner. The funds will be used to help finance a Rural Investment Fund, institutional strengthening of Financial Intermediaries and TA for agricultural production, marketing and project coordination activities.

Emergency Tourism Promotion Programme – $197,500 to the Government to respond to the sharp decline in air travel following the events of 9/11. It is a joint public/private sector initiative, which will be coordinated by the CTO. The programme will consist of a television advertising campaign and public relations programme to promote the Caribbean as a destination and boost tourist arrivals from the major markets in the US, Canada, the UK and continental Europe.

Implementation/Operation Highlights

Second Multi-Project: A loan was approved in 1998 and an additional loan in 2000 for the reconstruction of 10.2 kilometres of roadways in Carriacou and a new reinforced concrete jetty in Petit Martinique. The jetty has been completed and has been in service for the last seven months of 2001, while the road construction is 90% completed. 75% of the $7.8 mn loan has been disbursed.

CDB has approved 47 capital loans, 7 contingently recoverable loans and 39 TA grants for Grenada, the equivalent of $120 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, mining, tourism, power/energy, water, transportation and communication, housing, education, health, disaster rehabilitation and basic needs. At year-end 2001, there was the equivalent of $30.5 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Natural Disaster Management	May, 00	9.0	6.1
Rural Enterprise Development	May, 01	2.3	2.3
Bridge and Road Improvement	Dec, 01	17.1	17.1

GUYANA

Loan Approvals

Emergency Tourism Promotion Programme – $112,500 to the Government to respond to the sharp decline in air travel following the events of 9/11. It is a joint public/private sector initiative, which will be coordinated by the CTO. The programme will consist of a television advertising campaign and public relations programme to promote the Caribbean as a destination and boost tourist arrivals from the major markets in the US, Canada, the UK and continental Europe.

TA

Establishment of a Coastal Zone Management System – $336,000 to assist the Government in strengthening its capacity for decision-making with respect to coastal and marine resources through the establishment of a coastal zone management system.

Road Improvement and Maintenance Project – $591,730 to the Government for use in the preparation of a feasibility study and the subsequent final design and tender documents for the rehabilitation of the West Coast Demerara Road, and the upgrading of the East Bank Demerara Road from the Demerara Harbour Bridge to Ruimveldt.

Implementation/Operation Highlights

Sea Defence: After significant implementation delays due to a failed joint procurement exercise undertaken with other donors, major progress was made in 2001 with the finalisation of detailed designs and tender documents, conclusion of the administration of the tender process and the award of a construction contract in June 2001. A loan for $7.4 mn was approved in 1991 for the installation of sea defence structures at Mon Chosi, Belair, Brahan and at Trafalgar Pump Station. Construction activity has begun and work is progressing satisfactorily in accordance with the contract specifications and schedules. At this time, approximately 700 m of sea defence structures have been installed and the contractor has already placed over 90% of the armour rock on site. Based on the rate of construction so far, it is expected that the entire work will be completed in May 2002. The Government has already completed the construction of 3,400 m of earthen dams at Brahan and 200 m of "rip rap" construction at Trafalgar Pump Station, as part of its counterpart contribution.

CDB has approved 20 capital loans, 7 contingently recoverable loans and 25 TA grants for Guyana, the equivalent of $140.8 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation and communication, sea defence, housing, education, disaster rehabilitation and basic needs. At year-end 2001, there was the equivalent of $22.8 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Sea Defences - Berbice	Dec, 91	7.4	4.1
Drainage and Irrigation	Oct, 93	5.1	5.1
Water Rehabilitation	Dec, 94	8.8	8.2
Rural Support Services	May, 98	5.1	4.4

JAMAICA

Loan Approval

Enhancement of Basic Schools – $13.4 mn to the Government to assist in providing enhanced learning environments for early childhood education, strengthening the institutional capacity for the provision of early childhood education, making quality improvements in the teaching and learning environments at this level, increasing equitable access, and improving awareness of the developmental and learning needs of young children.

Implementation/Operation Highlights

University of Technology Innovation Centre: The project involves the establishment of a facility to assist start-up technology companies. It includes the construction of a building with an area of 1150 sq. m., furniture, equipment and TA. A loan of $2.9 mn was approved in 1999. The building is 95% completed; 80% of the furniture, fittings and equipment has been installed; and a Technology Incubation Manager has been hired.

CDB has approved 49 capital loans, 1 contingently recoverable loan and 19 TA grants for Jamaica, the equivalent of $295.6 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, mining, power/energy, water, transportation and communication, housing, education, health, disaster rehabilitation and basic needs. At year-end 2001, there was the equivalent of $55.1 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Social Investment Fund	Dec, 99	14.1	8.0
Citrus Replanting	May, 00	9.9	9.8
Financial Sector Reform	Oct, 00	30.0	17.5
Enhancement of Basic Schools	Dec, 01	13.4	13.4

MONTSERRAT

Grant Approval

Emergency Tourism Promotion Programme – $28,250 to the Government to respond to the sharp decline in air travel following the events of 9/11. It is a joint public/private sector initiative, which will be coordinated by the CTO. The programme will consist of a television advertising campaign and public relations programme to promote the Caribbean as a destination and boost tourist arrivals from the major markets in the US, Canada, the UK and continental Europe.

Implementation/Operation Highlights

CDB has approved 18 capital loans, 1 contingently recoverable loan and 29 TA grants for Montserrat, equivalent to $16.3 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, mining, power/energy, transportation/communication, housing, education, disaster rehabilitation and basic needs. At year-end 2001, there was the equivalent of $1.9 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the amount undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
2nd Line of Credit	Dec, 93	2.0	1.4

ST. KITTS AND NEVIS

Loan Approvals

Nevis Power Project – $5.378 mn to the Nevis Electricity Company Ltd. (NEVLEC) to assist the company in providing a reliable, affordable and environmentally-sound electricity service, and to enable NEVLEC to meet the projected demand for electricity in Nevis to the end of the year 2003.

Road Improvement and Maintenance Project - Additional Loan – $3.75 mn to the Government to assist the Nevis Island Administration (NIA) in meeting the increased cost of implementing its Road Improvement Project. The original loan of $7.026 mn was approved in 1997 for the project, which consists of the reconstruction of approximately 17 km of the Island Main Road in Nevis.

OECS Solid Waste Management Project - Additional Loan - $4.9 mn to the Government to meet increased costs associated with the project to establish solid waste management systems in five participating member countries of the Organisation of Eastern Caribbean States. The initial project financing was approved in 1995.

Seventh Consolidated Line of Credit – $9.9 mn to the Development Bank of St. Kitts and Nevis to assist the institution in making loans for agriculture, industry and tourism, housing and education.

Emergency Tourism Promotion Programme – $197,500 to the Government to respond to the sharp decline in air travel following the events of 9/11. It is a joint public/private sector initiative, which will be coordinated by the CTO. The programme will consist of a television advertising campaign and public relations programme to promote the Caribbean as a destination and boost tourist arrivals from the major markets in the US, Canada, the UK and continental Europe.

Implementation/Operation Highlights

Road Improvement Project – Nevis: The project involves the reconstruction of 11 km of the Island Main Road (IMR) between Cotton Ground and Market Shop and the reconstruction of 6 km of the IMR between Newcastle and Cotton Ground. A loan of $7.02 mn for the Nevis Island Administration (NIA) was approved for this project in 1997, and an additional loan of $3.75 mn in 2001. Tender prices received in late 2000 for the works were substantially higher than available funding at the time. NIA agreed to increase its contribution to the project by fully financing the 6 km section between Newcastle and Cotton Ground, with CDB financing the 11 km section between Cotton Ground and Market Shop with additional financial assistance. Tender documents were re-issued and the tender process satisfactorily concluded with the award of a contract for the CDB-financed section in July 2001. NIA also awarded a contract in January 2001 for the section which they agreed to finance. This section is scheduled for completion in March 2002.

CDB has approved 63 capital loans, 6 contingently recoverable loans, one equity participation and 42 TA grants for St. Kitts and Nevis, the equivalent of $122.6 mn, with emphasis on such sectors as agriculture/ forestry/fishing, manufacturing, tourism, mining, power/energy, transportation and communication, housing, education, health, disaster rehabilitation and basic needs. At year-end 2001, there was the equivalent of $43.8 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
OECS Solid Waste Project	Jul, 95	3.2	2.7
Basic Edu. Project	May, 96	11.2	5.2
RIMP	Dec, 97	7.0	4.4
Natural Disaster Management	May, 00	3.0	3.0
Power Project, Nevis	May, 01	6.0	6.0
RIMP (Add. Loan)	Jul, 01	3.8	3.8
OECS Solid Waste Proj. (Add. Loan)	Oct, 01	4.9	4.9
Consolidated LOC - 7th Loan	Dec, 01	9.9	9.9

ST. LUCIA

Loan Approvals

Natural Disaster Management –

Rehabilitation – Landslide – $4.04 mn to the Government to assist in financing rehabilitation/relocation work in the Black Mallet area of the capital, Castries. A landslide in 1999 severely affected 88 houses, and 320 residents had to be relocated to Carellie. The funds will be used to finance rehabilitation work at Black Mallet and to provide engineering and project co-ordination services, construct infrastructure and install utilities at Carellie, provide financial assistance grants and help the displaced residents build new houses under a special mortgage programme.

Water Supply Project (Fifth Loan) – $4.541 mn to the Government for assistance in the determination and establishment of an appropriate institutional and regulatory framework for the effective management of the water and sewerage sector in St. Lucia. The financing is also for making critical capital and technical assistance interventions to allow for improved delivery of water and sewerage services to the population.

Student Loan Scheme (Sixth Loan) – $12 mn to assist the Government in improving the human resources capacity of St. Lucia, by providing loans to students under CDB's Student Loan Scheme for upgrading skills at the professional, technical and vocational levels.

Emergency Tourism Promotion Programme – $197,500 to the Government to respond to the sharp decline in air travel following the events of 9/11. It is a joint public/private sector initiative, which will be coordinated by the CTO. The programme will consist of a television advertising campaign and public relations programme to promote the Caribbean as a destination and boost tourist arrivals from the major markets in the US, Canada, the UK and continental Europe.

Implementation/Operation Highlights

CDB has approved 79 capital loans, 3 contingently recoverable loans and 42 TA grants for St. Lucia, the equivalent of $222 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation and communication, housing, education, health, disaster rehabilitation and basic needs. At year-end 2001, there was the equivalent of $87.3 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Industrial Estate - 8th Loan	Dec, 90	5.2	3.3
OECS Solid Waste Mgmt. Project	Jul, 95	2.4	2.4
Basic Education - 2nd Loan	Dec, 99	6.4	6.4
Road Development	Dec, 99	27.5	27.3
Consolidated LOC 7th Loan	Dec, 99	10.0	6.8
AIC LOC - NCB	Dec, 00	5.0	4.0
Shelter Dev. Project	Dec, 00	10.8	10.8
Natural Disaster Management	Mar, 01	4.0	4.0
Water Supply - 5th Loan	May, 01	4.5	4.5
Student Loan Scheme - 6th Loan	Dec, 01	12.0	12.0

ST. VINCENT AND THE GRENADINES

Loan Approvals

OECS Solid Waste Management Project – Additional Loan – $4.9 mn to the Government to meet increased costs associated with the project to establish solid waste management systems in five participating countries of the Organisation of Eastern Caribbean States. The initial project financing was approved in 1995.

Emergency Tourism Promotion Programme – $112,500 to the Government to respond to the sharp decline in air travel following the events of 9/11. It is a joint public/private sector initiative, which will be coordinated by the CTO. The programme will consist of a television advertising campaign and public relations programme to promote the Caribbean as a destination and boost tourist arrivals from the major markets in the US, Canada, the UK and continental Europe.

TA

Institutional Strengthening of Inland Revenue Department – $278,000 to the Government to strengthen the capacity of its Inland Revenue Department to administer property taxes, and to assist in the transition from a property tax administration system based on annual rental value, to one based on the market valuation of the asset.

Implementation/Operation Highlights

CDB has approved 71 capital loans, 6 contingently recoverable loans, 2 equity participations and 54 TA grants for St. Vincent and the Grenadines, the equivalent of $107.4 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, mining, power/energy, water, transportation and communication, housing, education, health, disaster rehabilitation and basic needs. At year-end 2001, there was the equivalent of $9.8 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Basic Education Project	May, 96	6.1	2.5
Line of Credit - 3rd Loan	Feb, 98	2.5	1.4
Third Grenadines Multi-Project	Dec, 00	5.2	3.6

TRINIDAD AND TOBAGO

Implementation/Operation Highlights

CDB has approved 21 capital loans, 1 contingently recoverable loan, and 12 TA grants for Trinidad and Tobago, the equivalent of $138.3 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, mining, water, transportation and communication, education and health. At year-end 2001, there was the equivalent of $35.1 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Southern Roads Dev. (Add. Loan)	Jul, 98	17.4	11.5
AIC - SCOTIABANK	May, 99	5.0	2.4
AIC - FINCOR	Oct, 99	7.0	4.7
AIC - RMB	Oct, 99	7.0	5.5
T&T Institute of Technology	Jul, 00	7.5	4.0
AIC - 2nd Loan, DFL	Dec, 00	5.0	5.0

TURKS AND CAICOS ISLANDS

Implementation/Operation Highlights

CDB has approved 16 capital loans, 3 contingently recoverable loans, and 20 TA grants for Turks and Caicos Islands, the equivalent of $21.9 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, transportation and communication, housing, education and basic needs. At year-end 2001, there was the equivalent of $6.2 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the larger amounts undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
Shelter Dev.	Dec, 97	1.6	1.2
Line of Credit - 4th Loan	Jul, 00	4.1	3.9

REGIONAL

Loan Approvals

Training Programme for Development Finance Institutions (DFIs): The purpose of this project is to strengthen the institutional capacity of DFIs through improving the level of training available to officers of DFIs in the areas of Loan Administration, Credit Appraisal, Credit Risk Management and Strategic Management of Financial Institutions. A grant of $233,530 was approved for this project. The DFI Training Programme - Southern Zone was implemented at a cost of $41,807. One hundred and two participants from 10 BMCs and Suriname attended the Training Programme for DFIs - Southern Zone. They represented 27 financial institutions - including CDB.

Equity Approval

Preferred Stock in the Inter-American Corporation for Infrastructure Finance (ICIF) - $3 mn in support of its loan financing of small and medium-sized, infrastructure projects and related services in Latin America and the Caribbean.

Implementation/Operation Highlights

CDB has approved 13 capital loans,5 equity participations and 387 TA grants for Regional programmes, the equivalent of $133.3 mn, with emphasis on such sectors as agriculture/forestry/fishing, manufacturing, tourism, power/energy, water, transportation and communication, housing, education, health and basic needs. At year-end 2001, there was the equivalent of $6 mn in undrawn balances of committed resources for CDB-financed projects.

The following table identifies the amount undisbursed:

	Date App.	Amt. App. ($ mn)	To be Disb. ($ mn)
2nd Line of Credit, CFSC	Oct, 94	5.0	5.0

Post implementation Evaluation

During 2001, the staff of the Post-Implementation Evaluation Unit (PIEU) evaluated the following projects and programmes, from which lessons have emerged:

Impact of Industrial Estates Programmes in CDB's BMCs (1995-2000)

This study is Phase 1 of an evaluation of the impact of industrial estate programmes on the economies of the BMCs over the period 1995-2000, and involves the assessment of the industrial estates in Belize, Grenada, Jamaica, and St. Kitts and Nevis. The experiences of Antigua, Barbados, Dominica, St. Lucia and St. Vincent and the Grenadines will be examined in Phase 2 during 2002, which will be incorporated in the final evaluation report.

The main objectives of the IE programmes were essentially to stimulate investment activity in the manufacturing sectors of the BMCs in the respective project areas, and to increase foreign exchange earnings through exports of manufactured goods, and savings through import substitution.

The IE programmes have contributed to the development of the economies of the respective BMCs in terms of employment generation and foreign exchange earnings through exports. Of the goods produced, an annual average of 78% was exported. Total employment during the period 1995-2000 in Belize, Grenada, and St. Kitts and Nevis averaged approximately 2,024 yearly. Most of those employed were women.

The evaluation revealed, however, that management of some IEs has been generally weak and that maintenance of some buildings and IE properties has been poor. Achieved rental rates have been below breakeven due to low occupancy levels. The most common reason for this situation is the competition from other countries in the Region which offer lower rental rates and, in some instances, greater incentives. Rental arrears have also been consistently high due to the inability of the EAs to collect outstanding rent from some tenants. Governments have therefore had to provide annual subventions for them, in addition to servicing the CDB loans.

Recently, the demand for factory space has come from companies in the information and communication technology (ICT) sub-sector, and several governments have recently taken steps to retrofit the traditional factory buildings to the requirements of the ICT companies. This can be expected to benefit the economies of the respective BMCs. Governments will, therefore, need to ensure that their education systems provide sufficient suitably qualified persons to meet the labour demands of ICT companies.

CDB's TA Programme (1992-1999)

CDB has been providing TA to its BMCs since its establishment, consistent with the functions stated in Article 2 of the Agreement establishing CDB. This Article requires CDB to provide appropriate TA to its regional members, particularly by undertaking or commissioning pre-investment surveys and by assisting in the identification and preparation of project proposals. The primary objectives of the TA Programme (TAP) are:

(i) the timely provision and effective use of resources to facilitate the removal of constraints to developmental initiatives; and pre-investment and other activities supportive and contributory to the investment function; and

(ii) enhancing and strengthening national and regional capabilities (human and institutional) and assisting in all aspects of the project cycle, and to collaborate, increase and speed up the implementation of actions that foster economic development.

These objectives have been achieved and, overall, the performance of TAP has increased over the previous period when an evaluation was done (1985-1991). This evaluation covers the period 1992-99. Of the 59 randomly selected projects from 14 BMCs, the design of 80% of the projects was considered appropriate and/or most appropriate. The staff of the Technical Cooperation Unit (TCU) were mainly responsible for the good quality of the projects' designs.

Additionally, there was a high level of professionalism demonstrated to CDB by direct beneficiaries, government personnel and project implementors at all levels. Performance rating on Appraisal and Approval, the time it took from the request being received by the Bank to the end of the implementation process, scored 96%. This level of services delivery maintains its consistency from the previous review period (1985-1991) where 97% of persons interviewed concurred on the high performance level of the staff of TCU. As was the experience of the preceding evaluation period, the turn-around time for projects (51 of 59) was good.

TA projects are making a positive contribution to the social and economic situations of the Region as they tend to influence change and to have an impact on strategic plans and development processes. The value of TA and the catalytic role of TAP have become increasingly obvious given CDB's involvement in projects focussing on poverty reduction, social development, environmental awareness and preservation, and entrepreneurial development.

The Programme has fostered a number of positive outcomes and it is expected that this will continue.

Canadian Technical Cooperation Fund (CTCF)

On December 19, 1996, an agreement was formalised between CDB and the Government of Canada to establish the Canadian Technical Assistance Fund (CTCF), to facilitate TA projects to CDB's BMCs. The balance of $2.4 mn from the Commercial Livestock Fund (CLF) was transferred to CTCF.

CTCF funds are intended to help in improving the social and economic conditions in many of CDB's BMCs due, *inter alia,* to structural adjustment programmes, lower commodity prices for traditional produce such as bananas, and rising unemployment. New policies and strategies are therefore needed which include but are not limited to utilisation of modern technology, improved institutional capacity and effective partnership between the public and private sectors. Appropriately trained persons, both technical and managerial, are therefore needed. One of the major challenges for BMCs is to develop a cadre of trained persons with the appropriate technological skills to improve economic growth and social development in the BMCs.

The objectives of the fund, therefore, are, *inter alia,* to:

(a) support CDB's work in economic and social analysis; and

(b) support the identification, preparation and implementation of CDB's policies and projects through project development.

The areas of focus in which CTCF funds have been utilised to date are:

(i) Institutional Development;

(ii) Economic Growth;

(iii) Environment Protection;

(iv) Human Resource Development; and

(v) Finance.

Evaluation of these studies have so far revealed that their objectives are being achieved and, by extension, those of CTCF through its efficient administration.

This programme requires continuous evaluation so that a summative evaluation can be done at the appropriate time.

D. SPECIAL ACTIVITIES

Basic Needs Trust Fund (BNTF)

BNTF 4

Status of Implementation

The Fourth BNTF programme was authorised by the BOD in May 1996, and providesd $25.5 mn over the period October 1996 to September 2002, the extended terminal disbursement date. An amount of $18 mn is being provided by CDB from SDF resources, $10 mn of which is for the Group 3 countries, $5 mn for Group 4 (Guyana), and an incentive amount of $3 mn for Group 3 countries (Belize, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and TCI) on the basis of individual performance. Local contributions of the equivalent of $7.5 mn are being provided by the nine beneficiary governments.

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

USAID approved contributions to BNTF 4 of $800,000, for use by the four Windward Islands, (Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines) arising out of the visit to the Region by the President of the US in 1997. Additional allocations were made to the four countries and amendments made to each of the four Grant Agreements. USAID's contribution was matched by the four Government's with $444,343 in local counterpart funds. CDB reallocated approved sub-projects in these countries to commit all of USAID's contributions in a timely manner. The total amount of USAID's contribution was disbursed by February 22, 2000, and funded 24 sub-projects.

Approvals

During 2001, 87 sub-projects were approved for a CDB contribution of $0.734 mn. The rate of sub-project submissions to CDB and approvals continued to decrease as the fourth programme comes to an end. By December 31, 2001 cumulative approvals under BNTF 4 reached 729 sub-projects, for CDB funding of $15.3 mn of which 575 sub-projects were completed and in operation.

Disbursements

Disbursements under BNTF 4 commenced in the third quarter of 1997. the pace of implementation has been slower than in previous programmes, due mainly to greater beneficiary participation, and the time required for consultants, country project staff and PSC members to understand and adopt the new methodologies necessary to implement the new thrust of BNTF 4. However, disbursements for BNTF 4 for the year ending December 31, 2001 totalled $3.56 mn. (includes $0.41 mn from the regional component for workshops etc.). Cumulative disbursements under BNTF4 totalled $14 mn.

BNTF 5

Board Approval

The Fifth Programme was approved by the BOD at their meeting of December 11, 2001, for the existing 9 participating BMCs, to be implemented over a period of six years (2002 to 2007). An amount of $32 mn was allocated by CDB from SDF resources: $25.775 mn of which is for country projects which includes $4.775 mn for engagement of technical services; $1.1mn for local institutional strengthening; an amount of $1.225 mn for regional coordination by CDB; and an increased incentive amount of $5 mn for distribution among all 9 beneficiary countries at mid-term based on an independent evaluation of the performance of each country project. Local counterpart contributions have been halved to 20% on account of fiscal difficulties being experienced by BMCs. This counterpart will amount to the equivalent of $9.315 mn being provided by the nine beneficiary governments.

Enhancements in BNTF 5

BNTF 5 builds on the Fourth Programme and introduces several initiatives to enhance the social development impact of the programme. The main enhancements include: greater support for capacity building through the strengthening of local institutional arrangements; introduction of new targeting and planning tools *viz.* a Poverty Reduction Action Plan to prioritise selection of interventions, an Annual Work Plan and Budget and an Operations Manual for improved project management, broader shareholder representation on the Project Steering Committee to facilitate a more bottom-up approach; specific procedures for more effective monitoring and evaluation; and increased CDB funding for a larger proportion of sub-project and local management costs. Special consideration has been given to implementation of procedures that improve good governance; facilitate better environmental screening of sub-projects; and the inclusion of disaster mitigation principles and techniques to reduce vulnerability of poor communities, in partnership with CDB's recently-launched Disaster Mitigation Facility for the Caribbean (DMFC).

Caribbean Technological Consultancy Services (CTCS)

For the year 2001, the CTCS received and responded to 148 requests for TA, 48 of which were for written information, while 100 required placement of consultants in the field to provide customised TA (65) and facilitate workshops (35).

For the period under review, a total of 74 TA interventions and 35 workshops were processed completely and 5 TAs are at various stages of implementation.

Sixteen requests for TA were received and processed from St. Vincent and the Grenadines, 14 from Jamaica, 6 from Anguilla and 5 from Barbados. Smaller numbers were received from the other BMCs.

Fifteen workshops were delivered in the twin-island state of St. Kitts and Nevis, 6 in St. Vincent and the Grenadines, 3 in each of the following: Antigua and Barbuda, The Bahamas, Jamaica and St. Lucia.

The following were the titles of the workshops and seminars:

- Needs Assessment Seminar for the Furniture Industry;
- Business Management Using Computer-Assisted Tools;
- Coaching Techniques for Loan Risk Assessment;
- Project Management using Computer-Assisted Tools;
- Management Techniques for Skilled Artisans;
- Costing and Pricing for Competitive Marketing, Record Keeping;
- Cookie Production;
- Management of Small Hotels;
- Customer Care and Management;
- Quality and Standards in Agro-Processing;
- Automotive Electronic Maintenance and Repair;
- Pattern Making;
- Garment Construction;
- Financial Statement Analysis, Budgeting and Forecasting;
- Field Crop Horticulture;
- Farm and Agri-business Management;
- Ornamental Horticulture;
- Floral and Gift Basket Design; and
- Craft Manufacture using batik and tie-dye, balata, conch and seashells and straw.

Consultants were contracted to provide assistance in a wide range of areas, including the following:

(a) framing as a commercial business;
(b) pottery and ceramic production and glazing techniques;
(c) fish plant practices and procedures to prepare frozen and chilled products;
(d) upgrading programme for a restaurant;
(e) strategic plan for strengthening NGOs and DFIs;
(f) HR policies and procedures for financial institutions;
(g) establishing a place of safety for youth at risk;
(h) fish processing plant;
(i) evaluation of air quality in CDB's office buildings;
(j) debt collection management strategies;
(k) skills audit of a development finance institution;
(l) customer care;
(m) design and construction of soft furnishings;
(n) modification of machinery to manufacture low density detergent powder;
(o) legal metrology;
(p) food processing technology;
(q) repairing and servicing printing equipment;
(r) operating a soft furnishing business;
(s) marketing strategy and plan for candied mixed peel and fruit;
(t) garment construction for beginners and advanced levels;
(u) improving efficiency of bakeries;
(v) quality control procedures for the manufacture of chlorine;
(w) small-scale commercial production of fruit-based juice, liqueurs and syrups; and
(x) assessment of the fish-trawling market.

Twelve clients were mobilised to the respective resource enterprises or institutions for training attachments. Through this medium, clients acquired and upgraded their skills in:

(a) analysing food products for nutritional content;
(b) the use of appropriate equipment, tools and materials for framing;
(c) identification of indigenous Arawak people;
(d) leading strategic planning and transformation for Competitive Advantage in banking;
(e) determining the direction of Fashion in the Caribbean and its representation at international shows; and
(f) manufacturing techniques and procedures for fruit-based products.

Twelve of the 48 requests for information were satisfied by supplying prepackaged CTCS documents, while 36 requests required the application of technical expertise. Twenty-three percent of these requests were related to food processing/ agro-industry, 29% to social services and 27% were for manufacturing know-how. Thirty-one percent were from small and medium-scale industries. Most of the requests (42%) were received from Barbados.

This year's activities have demonstrated an increased capability by local Cooperating Institutions to assume greater responsibility for organising workshops at the local level. This is part of the CTCS objective to strengthen these institutions' capacity to service the TA needs of the local small business sector.

Expenditure for the year was $411,527, drawn from the SDF. This excludes the salaries and travel expenses of permanent staff and overhead costs. Accruals amount to $22,441.

The CTCS earned $59,479 from the payment of fees for TA field missions, sale of publications and fees for workshops. This sum represents a 14% recovery on total expenditure for the period under review.

The most outstanding impact of CTCS continues to be its contribution to the enhancement of the technical skills of regional entrepreneurs. More recently, CTCS has been assisting with improving the efficiency of some cooperating institutions, mainly within the OECS, through the upgrading of the skills of their staff, thereby enabling them to operate more effectively.

Disaster Mitigation Facility for the Caribbean (DMFC)

The Caribbean Region is subject to numerous natural hazards, including earthquakes, volcanic activity, landslides, floods and severe weather systems such as hurricanes, tropical storms and drought. Over the last two decades, the Region has experienced a dramatic upsurge in the frequency of natural hazards and disasters. These events have caused significant social and economic disruption and environmental damage, including to CDB-financed projects.

In recognition of the need to mitigate the effects of natural hazards and disasters, CDB has recently established DMFC, with financial assistance from USAID. This initiative is consistent with CDB's goal to promote sustainable development in its 17 BMCs, through the reduction of natural hazard risk. Since 1972, the Bank has provided financial assistance for post-disaster reconstruction and emergency operations, as well as disaster mitigation projects. The DMFC aims to partner with BMCs to promote the integration of disaster mitigation into development planning. It became operational in September 2001, with the commencement of duty of the Consultant Project Manager.

The objectives for the facility are to:

(a) assist CDB's BMCs with the adoption and institutionalisation of successful disaster mitigation plans and policies; and

(b) strengthen CDB's institutional capacity to effectively implement its 1998 Natural Disaster Management Strategy, focusing on mitigation, to modify this Strategy as appropriate, and to integrate the revised Strategy into all of CDB's policies, projects and programmes.

CDB has established a Disaster Mitigation Desk in its Projects Department, which is responsible for the design, appraisal and implementation of the activities associated with the DMFC objectives.

The facility assists core partner countries in financing project activities in disaster mitigation. Areas of support will include:

– Formulating and implementing mitigation policies and programmes
– Community preparedness and prevention
– Vulnerability audits
– Capacity building for national and sub-national disaster management agencies and tertiary education institutions
– Better building practices.

Emphasis is being placed on developing guidelines for and promoting the use of natural hazard impact assessment during project preparation and appraisal and on incorporating natural hazard mitigation into post-disaster reconstruction activities. Training will also be provided to all BMCs.

The Disaster Mitigation Desk will also implement a disaster mitigation sensitisation programme among CDB staff. This will include training in disaster mitigation principles and techniques, preparation of natural hazard and risk impact assessment guidelines for all projects and more effective integration of CDB's disaster risk management strategy into the project cycle.

CDB will continue to strengthen partnerships with regional, bilateral and international organisations active in the area of disaster mitigation, in pursuit of its objective to strengthen the Region's capacity for disaster mitigation.

Canadian Technical Cooperation Fund (CTCF)

During the year under review, three TA projects utilising the resources of the CTCF were approved by the President. "Health" and "Human Resource Development" were the primary areas of focus for the three projects which are listed below:

– Institutional Strengthening of the Princess Margaret Hospital - Dominica;
– Training in Institutional and Organisational Assessment for CDB staff - Regional; and
– Evaluation of the First Programme of Agricultural Scholarships Tenable at Simon Bolivar United World College of Agriculture.

The total sum approved for these projects was $174,455, representing the cost for accessing 548 person-days of consultancy services. Actual disbursal amounts at year-end 2001 accounted for 43% of these committed resources - a total of $75,473.16.

Additional disbursements for ten other projects that were on-going during the year totalled $351,943.76.

The total disbursement figure from CTCF resources for the year 2001 rose by 4.4% to $427,416.92. To date, the total number of TA projects financed by this funding source is 20.

Training

Operations of the Human Resource Development Unit (HRDU)

In 2001, HRDU continued to balance its response to the training needs of the BMCs against the need to improve and expand its portfolio of HRD projects. Given the continuing staffing constraints, this resulted in the Unit conducting mainly short training courses and seminars aimed at supporting improvement in the efficiency and effectiveness of the overall CDB lending operations.

Beyond the very short courses, and in response to training needs identified among CDB staff, a special one-month training workshop on Project Implementation and Appraisal was conducted and delivered. This course addressed a combination of long-delayed staff orientation needs, as well as skills training needs among CDB staff. Targeted presentations were also made on issues related to new developments in CDB's corporate repositioning, and the consequent operational adjustments. In addition, HRDU designed and presented a short course on Project Management to senior education administrators and other personnel engaged in implementing the Education Sector Enhancement Programme (popularly known as EDUTECH 2000), at Erdiston College in Barbados.

A total of four project-launch workshops were conducted during 2001. These were in connection with the following projects: a) Citrus Rehabilitation Project, Jamaica; b) Social Investment Fund, Jamaica; c) Enhancement of Technical and Vocational Education, Belize; and d) Shelter Project, St. Lucia. These workshops aimed to provide the initial impetus required for starting the projects on a prompt and efficient process of implementation. At the same time, the workshops served to promote networking among key stakeholders on the projects, and create the basis for a positive and effective working relationship between CDB and the local project implementation units.

In total, HRDU conducted seven training activities during 2001, for almost 180 senior and mid-level public sector officials in the BMCs, over eight weeks' duration. The direct cost of conducting the training activities amounted to $55,000, of which 42% was for meeting consultants' costs; 26% was for participants' costs; 25% was for meeting the cost of the core staff of HRDU; and the remaining 7% was for covering the cost of training materials and supplies.

Cooperation with Governments and Other Organisations

Governments

CDB continued its outreach to governments and organisations which are of strategic importance in helping the Bank to carry out its mandate of servicing the development of its BMCs. This outreach is evidenced by the missions undertaken by CDB's chief executive during the year.

Early in 2001, outgoing President, Sir Neville Nicholls, participated in high-level consultations on the OECD Harmful Tax Competition Initiative, which were hosted by the Government of Barbados, the Commonwealth Secretariat and the OECD's Global Forum on International Taxation. He visited a number of countries to apprise government and other officials of some of the important developments at CDB and to say farewell. In this regard, Sir Neville visited Mexico, Canada, Colombia, Venezuela and the Turks and Caicos Islands.

Since assuming the office of President on May 1, 2001, Dr. Bourne has continued these visits, not only as part of a stated commitment to be more responsive to the concerns of member countries, but also to attempt to interest non-members in joining the Bank or collaborating with CDB in the delivery of programmes to benefit its BMCs.

Dr. Bourne paid a courtesy call on the Prime Minister of Dominica, held discussions with the Ministers of Finance of Trinidad and Tobago and Jamaica, and paid official visits to China and to Canada and Germany. In Antigua, he also met with the Prime Minister of Antigua and Barbuda and the Governor of the Eastern Caribbean Central Bank.

Other Organisations

CDB continued its collaboration with the IDB on a joint task force on the establishment of a CARICOM Reconstruction Facility. The two institutions set up the task force in response to concerns expressed by the Prime Minister of Barbados that some Caribbean countries faced a real danger of becoming failed societies, and therefore needed assistance in making the transition required in light of imminent changes in the international economic environment.

Sir Neville participated in task force consultations in St. Vincent and the Grenadines, Grenada, St. Kitts and Nevis and St. Lucia, while Dr. Bourne took part in the consultations held in Trinidad and Tobago.

Dr. Bourne addressed the Nova Scotia Environmental and Industry Association in Halifax, Canada, presented a paper on "Financing Sustainable Development in the Caribbean Community" at the Regional Preparatory Conference on Sustainable Development in Brazil, and addressed the Canadian Foundation for the Americas on the topic "Future of the Caribbean and the Role of the CDB".

He attended a meeting in Jamaica organised jointly by the World Trade Organization and the IDB, and also participated in a CARICOM meeting on Trade and Adjustment in Washington D.C., USA. In Washington, the President also held discussion with the World Bank's Vice-President, Latin America and Caribbean Region, on financing socio-economic development in CDB's Member Countries.

Young students at the Bight Primary School in Providenciales, Turks and Caicos Islands, can now study in the comfort of classrooms in a new block which was partly financed with funds from CDB's Basic Needs Trust Fund (BNTF).

In Montserrat, a number of roads such as this one have been constructed under CDB's BNTF programme, making life a little easier and safer for the residents of the communities involved.

CDB fosters human resource development in its BMCs by channelling funds for its Student Loans Scheme through national development banks. These five young people in St. Kitts and Nevis were able to access funds from the Development Bank of St. Kitts and Nevis to pursue higher education. They are (l-r) Marsha Henderson (Law, UWI); Petronella Crooke (Econ. and Management-UWI); Paul Martin (Management and Accounting-UWI); Chidi Liburd (Econ. and Management - UWI) and Steven Davis (Business Computer Information Systems - Midwestern State University, Texas).

A Technology Innovation Centre has been established at the University of Technology in Jamaica, with financing from CDB to assist start-up technology companies. The project includes the construction of a building with an area of 1150 square metres, furniture, equipment and technical assistance.

Tourism is an important foreign exchange earner for many of CDB's BMCs. A dive tourism project in St. Lucia, financed through CDB funds accessed through the Bank of Saint Lucia Limited, provides another activity for visitors to the island.

In 2000, CDB approved $9 mn to the Government of Jamaica for a Citrus Replanting Programme after the country was affected by the Citrus Tristeza Virus. The project involves the replanting of citrus groves, a public education programme and technical services in support of the replanting exercise. Here officers examine disease-free seedlings to be used in the programme.

III FINANCE

Overall Bank Performance

CDB's gross approvals for the year was $141.4 mn, compared with $186.8 mn in 2000. There was a net transfer of resources to its BMCs in 2001, amounting to $25.5 mn.

A. APPROVALS, DISBURSEMENTS AND REPAYMENTS

Gross approvals of loans, equity investments and grants in 2001 totalled $141.4 mn (2000 - $186.8 mn). Cancellations were $22.2 mn (2000 - $2.5 mn). Therefore net approvals amounted to $119.2 mn in 2001, a significant decrease of 35.3% over the comparative amount of $184.3 mn in 2000.

Disbursements for 2001 were $111.8 mn (2000 - $103.1 mn) with OCR funded projects accounting for $62 mn and SFR funded projects increasing to $41.7 mn from the 2000 figure of $27.2 mn.

Table 3.1 details the levels of approvals and disbursements on loans, equity investments and grants during 2001 and 2000.

Loan Approvals

Net loan approvals for 2001 amounted to $81.3 mn representing 28 projects, compared with $179.4 mn in 2000 for 24 projects.

Grant Approvals

In 2001, CDB approved $35.4 mn in respect of 48 grant-funded projects, while in 2000 net approvals were $4.1 mn in respect of 54 grant-funded projects.

Cumulative Financing

Net cumulative financing (loans, contingent loans, equity and grants) as at December 31, 2001 was $2,066.1 mn. Of this amount, $1,189.7 mn, or 57.6%, went to the LDCs ($1,098.7 mn, or 57.1%, in 2000).

Net cumulative loan and equity financing (Table 3.2 refers) to date, excluding grant financing, totaled $1,874 mn, of which $1,045.2 mn, or 55.8%, went to the LDCs ($982.2 mn, or 54.9%, at the end of 2000).

The major part of loan approvals to the LDCs continued to come from the SFR. At December 31, 2001, 57.2% of total loans approved to the LDCs of $598.2 mn were allocated from the SFR, compared with 58.1% at December 31, 2000.

Cumulative grant financing at the end of 2001 was $187.7 mn with the focus again being on the LDCs which received $145.3 mn, or 77.4%, of grant funds.

Cumulative Disbursements

Cumulative disbursements, including grants (Table 3.3 refers), increased by 8.1% in 2001 to $1,489.9 mn, from $1,378.1 mn in 2000.

The comparative analysis of cumulative disbursements shows that CDB's Ordinary Operations accounted for 45.7% of the funding (2000 - 44.9%) with the SFR share of funding decreasing to 54.3% in 2001 from 55.1% in 2000.

The distribution of cumulative disbursements between More Developed Countries (MDCs) and LDCs is provided at Table 3.4. At the end of 2001, total disbursements to MDCs increased 7% to $633.9 mn from $592.2 mn in 2000.

TABLE 3.1: APPROVALS AND DISBURSEMENTS ON LOANS AND GRANTS DURING 2001 AND 2000 ($'000)

Activity/Source of Funds	Approvals 2001 Gross Approvals	Approvals 2001 Cancel-lations	Approvals 2001 Net Approvals	Approvals 2000 Gross Approvals	Approvals 2000 Cancel-lations	Approvals 2000 Net Approvals	Disbursements 2001	Disbursements 2000
A. Loans								
Ordinary Operations	64,875	15,897	48,978	131,075	1,016	130,059	62,047	66,986
OCR	64,875	15,897	48,978	131,075	1,016	130,059	62,047	66,986
SFR	**38,161**	**5,791**	**32,370**	**50,549**	**1,228**	**49,321**	**41,743**	**27,209**
SDF	38,161	5,095	33,066	44,049	1,228	42,821	37,469	24,946
OSF	0	696	(696)	6,500	0	6,500	4,274	2,263
Total	**103,036**	**21,688**	**81,348**	**181,624**	**2,244**	**179,380**	**103,790**	**94,195**
B. Equity	3,000	0	3,000	894	0	894	0	0
C. Grants	35,355	488	34,867	4,273	212	4,061	7,963	8,860
Total Financing	**141,391**	**22,176**	**119,215**	**186,791**	**2,456**	**184,335**	**111,753**	**103,055**

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

	Total Approvals 1970-2001			Approvals from Special Funds Resources between MDC's and LDC's 1970-2001		
Year	**MDC's**	**LDC's**	**Total**	**MDC's**	**LDC's**	**Total**
1970-74	21,840	40,407	62,247	1,100	33,875	34,975
1975-79	104,265	90,418	194,683	46,362	82,845	129,207
1980-84	97,689	127,431	225,120	36,168	103,674	139,842
1985-89	100,495	146,261	246,756	36,811	118,312	155,123
1990-94	208,131	185,338	393,469	87,275	95,942	183,217
1995-99	184,213	302,877	487,090	13,407	94,660	108,067
2000	90,791	89,483	180,274	8,505	41,710	50,215
2001	21,342	63,006	84,348	8,148	27,222	35,370
Total 1970-2001	**828,766**	**1,045,221**	**1,873,987**	**237,776**	**598,240**	**836,016**
% Distribution	**44.2**	**55.8**	**100**	**28.4**	**71.6**	**100**

Cumulative disbursements to LDCs increased 8.9% to $856 mn from $785.9 mn in 2000. At December 31, 2001, the LDCs' share of cumulative disbursements was 57.5% (2000 - 57%).

The MDCs accounted for 59.6% and the LDCs for the remaining 40.4% of disbursements from CDB's Ordinary Operations. However, the LDCs received 71.8% of disbursements from CDB's Special Operations, while the MDCs received 28.2%.

Loan Disbursements

Cumulative loan disbursements totaled $1,331 mn at the end of 2001 (Table 3.5 refers). The ratio of cumulative loan disbursements to cumulative loan approvals was 71.2% at the end of 2001 (2000 - 68.6%).

Grant Disbursements

During 2001, CDB disbursed $8 mn in respect of grant-funded operations (2000 - $8.9 mn). Cumulative grant disbursements of $152.3 mn (2000 - %144.3 mn) accounted for 10.2% of cumulative disbursements in 2001 (2000 - 10.5%).

Cumulative Loan Repayments

At the end of 2001, cumulative capital repayments were $523.8 mn (2000 - $486.9 mn), Table 3.6 refers. Repayments to the OCR during the year amounted to $25.6 mn, bringing the cumulative level to $225.9 mn from $204.2 mn, after taking into account exchange rate fluctuations. SFR cumulative repayments, after exchange rate fluctuations, were $288.6 mn in 2001 (2000 - $273.5 mn).

CDB's loan portfolio grew by 7.8% to $772.1 mn, from the corresponding amount of $716.5 mn at the end of 2000

.

Resource Transfers

The net transfer of resources (defined as disbursements less repayments of principal, interest and other

TABLE 3.3: DISBURSEMENTS 1970–2001
($'000)

Source of Funds	**1970-79**	**1980-89**	**1990-99**	**1970-01**	**2000**	**2001**
Ordinary Operations	**40,197**	**159,026**	**360,391**	**681,396**	**66,986**	**62,047**
OCR	30,972	151,557	360,391	671,953	66,986	62,047
VTF	9,225	7,469	0	9,443	0	0
Special Operations	**88,864**	**317,850**	**315,986**	**808,475**	**36,069**	**49,706**
SDF	55,958	139,079	253,873	518,939	29,242	40,787
OSF	32,906	178,771	62,113	289,536	6,827	8,919
Total	**129,061**	**476,876**	**676,377**	**1,489,871**	**103,055**	**111,753**

TABLE 3.4: DISTRIBUTION OF CUMULATIVE DISBURSEMENTS TO MDCs AND LDCs 1970–2001 ($'000)

Source of Funds	Total	MDCs	LDCs
Ordinary Operations	**681,396**	**405,881**	**275,515**
OCR	671,953	398,122	273,831
VTF	9,443	7,759	1,684
Special Operations	**808,475**	**228,001**	**580,474**
SDF	518,970	129,621	389,349
OSF	289,505	98,380	191,125
Total	**1,489,871**	**633,882**	**855,989**
% distribution of total funds	100	42.5	57.5
% distribution of special funds	100	28.2	71.8

charges) to its BMCs in 2001 was $25.5 mn, representing a decrease of $2.5 mn from $28 mn in 2000.

B. TOTAL RESOURCES

As at December 31, 2001, the resources available to CDB for its ordinary and special operations amounted to the equivalent of $1,355.5 mn, an increase of $122.6 mn from the previous year. The distribution of these resources is shown at Table 3.7.

Borrowings and Capital Subscriptions – OCR Borrowings

During the year, OCR borrowings increased by $82.4 mn, compared with an increase of $4.8 mn in 2000. Resources undrawn under existing loan contracts amounted to $14.6 mn, compared with $18.2 mn at December 31, 2001.

C. RECENT DEVELOPMENTS

On January 1, 2001, CDB adopted International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement". The standard requires that derivative instruments, as defined by IAS 39, be recorded on the balance sheet and reported at fair value.

CDB uses derivative instruments in its borrowing portfolio for asset/liability management purposes. In applying the specific rules of IAS 39 for purposes of financial statement reporting, certain derivatives do not qualify for hedge accounting and are therefore treated as derivatives held for trading with fair value gains and losses reported in income. While CDB believes that its hedging strategies achieve its objectives, the application of IAS 39 qualifying hedge criteria would not make fully evident the risk management strategy that CDB employs.

TABLE 3.5: CUMULATIVE LOAN APPROVALS AND DISBURSEMENTS 1970–2001 ($'000)

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

TABLE 3.6: CUMULATIVE CAPITAL REPAYMENTS ON LOANS

($'000)

Source of Funds	Cumulative Loan Repayments to December 2000	Translation Adjustments	Repayments in 2001	Cumulative Loan Repayments to December 2001
OCR	204,201	(3,871)	25,561	225,891
VTF	9,267	0	0	9,267
SFR	273,468	(6,246)	21,427	288,649
Total	**486,936**	**(10,117)**	**46,988**	**523,807**

D. RESULTS OF OPERATIONS – OCR

NET INCOME – The Bank reported net income of $12.8 mn and $15.4 mn for the years ended December 31, 2001 and 2000 respectively. The $2.6 mn decrease in net income was due mainly to the effect of adopting IAS 39 from January 1, 2001.

GROSS INCOME – Gross income for the year was $38.4 mn, up $5.2 mn from $33.2 mn in 2000. Interest income totaled $37.7 mn for the year ended December 31, 2001, an increase of $4.8 mn, or 14.6%, over the $32.9 mn for the fiscal year 2000.

INTEREST ON LOANS – Interest on loans for the year to December 31, 2001 was $30.9 mn, an increase of $4.5 mn or 17%, compared with $26.4 mn in 2000. The growth in interest on loans was due to a $30.6 mn in average balances, which was supported by an increase of 45 basis points in the yield earned due to higher onlending rates during the year.

INTEREST ON INVESTMENTS – Interest on investments amounted to $6.8 mn at December 31,

TABLE 3.7: TOTAL RESOURCES 2001 AND 2000

($'000)

Item	2001	2000
1 Ordinary Capital Resources	**651,292**	**554,459**
(a) Paid-up Capital	155,696	155,696
(b) Ordinary Reserves, General Banking Reserve, Current Net Income	216,231	198,253
(c) Borrowings	279,365	200,510
2 Special Funds Resources	**703,720**	**727,502**
(a) Special Development Fund	530,417	538,120
(I) Contributions	441,389	439,303
(ii) Borrowings	14,652	16,332
(iii) Accumulated Net Income	62,520	67,767
(iv) Other	11,856	14,718
(b) Other Special Funds	173,303	189,382
(I) Contributions	49,870	52,517
- Canada	1,257	1,337
- United States	2,186	2,186
- Other	46,427	48,994
(ii) Borrowings	85,012	89,588
- Nigeria	1,400	1,600
- Trinidad and Tobago	460	504
- United States	19,073	23,298
- IDB	21,721	21,721
- IDA	31,449	31,449
- EU	5,325	5,834
- EIB	5,584	5,182
(iii) Accumulated Net and Current Net Income	38,421	47,277
Grand Total	**1,355,021**	**1,281,961**

2001, an increase of $0.3 mn, compared with $6.5 mn for 2000. Average balance outstanding on investment securities for 2001 was $127 mn, an increase of $27.9 mn or 28.2%, compared with $99.1 mn in 2000. The effect of the higher average balance was diluted by a decline in yields during the latter half of 2001.

BORROWING EXPENSES – Borrowing expenses amounted to $12.1 mn at December 31, 2001, an increase of $0.3 mn, compared with $11.8 mn in 2000. The increase in borrowing expenses was due to the new market borrowing of $100 mn in July 2001. However, the full effect of this borrowing was decreased by the reduced interest rates during the latter half of 2001.

PROVISION FOR LOAN LOSSES – The methodology used to calculate loan loss provisions was changed in 2001 with the introduction of IAS 39. The new measurement requires providing for the difference in the discounted cash flows of impaired loans against their carrying values which amounted to $712,000 in 2001. The residual general provision has been transferred to the Bank's equity as required by the standard.

ADMINISTRATIVE EXPENSES – Administrative expense includes all items of recurrent expenditure including salaries, employee benefits and depreciation. OCR's share of administrative expenses amounted to $6.6 mn for the year ended December 31, 2001. The increase in expenditure has been in line with the budgeted increase.

E. OCR FINANCIAL CONDITION

Assets

GENERAL – Total assets increased by $118 mn or 21.6%, from $546.3 mn at December 31, 2000, to $664.3 mn at December 31, 2001. The main contributor to this increase was the additional investments created by the borrowing of $100 mn in July 2001.

INVESTMENT SECURITIES – Investment securities were $153.2 mn, an increase of $66.4 mn or 76.6% at December 31, 2001 when compared with $86.7 mn at December 31, 2000. The growth in investments was due primarily to a market borrowing of $100 mn during the third quarter of the year.

LOANS OUTSTANDING, NET – Loans outstanding (net) were $422.5 mn at December 31, 2001. This represented an increase of $43.7 mn from $378.8 mn at December 31, 2000 to $422.5 mn at December 31, 2001. There was one non-accruing loan in the OCR portfolio with an outstanding amount of $527,000 compared with two valued at $6.7 mn as of December 31, 2000.

Liabilities and Capital and Reserves

GENERAL – The Bank's funding sources include borrowings from the international capital markets, multilateral development banks and shareholders' equity. The following discussion focuses on the major changes in these components during 2001.

LIABILITIES – Total liabilities increased by $95.9 mn from December 31, 2000 to December 31, 2001. Short-term liabilities, excluding the current portion of long-term borrowings, decreased by $3.5 mn, from $20.4 mn in 2000 to $16.8 mn in 2001. The decrease was caused by the final adjustment of the amount due to France on its withdrawal and the decrease in the accounts payable due.

The primary objective of the Bank's borrowing policy is to obtain the necessary resources to finance its lending programme at the lowest possible cost to its borrowers. The Bank has entered into interest rate and currency swap agreements as part of its borrowing strategy to lower its borrowing costs. At December 31, 2001, borrowings outstanding, including currency swap adjustments, had a carrying value of $264.7 mn, a 45.2% increase over the previous year. This increase was mainly due to the new borrowing of $100 mn which was contracted in July 2001. Additional information on borrowings is provided in Schedule 4 to the OCR Financial Statements.

CAPITAL AND RESERVES – At December 31, 2001, matured subscriptions, retained earnings and reserves totaled $365.8 mn, an increase of $22.2 mn, compared with $343.6 mn at December 31, 2000. The increase was mainly attributable to:

(a) the net income of $12.8 mn for the year; and

(b) the transfer of the general loan loss provision to the reserves.

LIQUIDITY – The Bank is required to maintain a liquidity ratio of at least 40% of undisbursed commitments. At December 31, 2001, the liquidity ratio was 37.2%, up from 18.2% at December 31, 2000. The market borrowing of $100 mn in July 2001 was the most significant factor in this increase.

F. SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

Financial Conditions and Results of Operations

NET INCOME - The SDF reported net income of $4.9 mn for the year ended December 31, 2001. SDF(U) net income was $1.9 mn compared with net income of $2.9 mn at the end of fiscal 2000. Net income of SDF Other was $3 mn for the financial year ended December 31, 2001, a decrease of $0.5 mn when compared with $3.5 mn for the year ended December 31, 2000.

INCOME FROM LOANS – Income from loans was $7.4 mn for 2001, a small increase of $0.2 mn over the loan income of $7.2 mn for the corresponding period last year. This was due to the increase in the average balances on loans from $278.7 mn in 2000 to $284 mn in 2001.

INCOME FROM CASH AND INVESTMENTS – Income from cash and investments was $7.1 mn in 2001, compared with $8.8 mn in 2000. Average balances outstanding on securities was $109.3 mn during 2001, down 13.6% from $126.5 mn in 2000.

ADMINISTRATIVE EXPENSES – Administrative expenses include salaries and employee benefits, depreciation and other expense items. SDF's share of administrative expenses amounted to $9.9 mn for the year ended December 31, 2001, an increase of $0.3 mn, compared with $9.6 mn for the year ended December 31, 2000. The growth was primarily due to an increase in staff costs.

ASSETS – Total assets decreased to $540.2 mn at December 31, 2001 from $555.5 mn at December 31, 2000, a decrease of $15.3 mn or 2.8%. This decrease in assets was due primarily to a decrease in receivables from contributors.

CASH AND INVESTMENTS – Cash and investments decreased by $21.2 mn to $106.6 mn at December 31, 2001, from $127.8 mn at December 31, 2000. This decrease was mainly due to the transfer of funds to the loan portfolio.

LOANS – Net loans increased by $21.9 mn or 7.7%, to $305.7 mn, and represented 56.6% of total assets at December 31, 2001, compared with $283.8 mn or 51.1% of total assets at December 31, 2000. Of the total earning assets, SDF(U) accounted for $446.4 mn or 82.6%, while SDF(O) was $93.7 mn or 17.4% at December 31, 2001, compared with $455.7 mn or 82%, and $99.7 mn or 18% for SDF(U) and SDF(O), respectively. Schedules 1 and 2 of the SDF Financial Statements provide further information on the investment and loan portfolios.

RECEIVABLES FROM CONTRIBUTORS – Receivable from contributors decreased by $15 mn or 10.7% to $125.5 mn at December 31, 2001 from $140.5 mn at December 31, 2000.

LIABILITIES AND CONTRIBUTIONS – Total liabilities at December 31, 2001 were $9.8 mn, or 1.8% of total assets, a decrease of $7.5 mn or 43.3%, compared with $17.3mn, and 4.6% of total assets at December 31, 2000. Net resources from contributors made available in the year increased by $0.4 mn to $456 mn at December 31, 2001, compared to $455.6 mn at December 31, 2000. The SDF(U) share of available contributions, net of TA allocations, amounted to $402.7 mn or 88.3%, while SDF(O) accounted for 11.7% or $53.4 mn at December 31, 2001. Schedule 3 to the Financial Statements provides further information on the contributed resources.

G. SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS (OSF)

Financial Condition and Results of Operations

GENERAL – OSF operations reported net income of $3.5 mn for the year ended December 31, 2001. There was a $0.6 mn decrease in net income from $4.1 mn in fiscal year 2000. The additional income arose from the write back of provisions in that year and hence were not available this year.

INTEREST INCOME – Interest income totaled $6.6 mn for the last two fiscal years, due primarily to decline in investment yields during the year.

INTEREST EXPENSE – Interest expense decreased by $0.24 mn to $1.1 mn for the year ended December 31, 2001, compared with $1.3 mn in 2000. The primary cause being the decline in contributed resources.

ADMINISTRATIVE EXPENSES – Administrative expenses include salaries and employee benefits, depreciation and other expense items. OSF's share of administrative expense amounted to $2.1 mn for the year ended December 31, 2001, a decrease of $0.2 mn or 9.8%, compared with $2.3 mn for the year ended December 31, 2000.

ASSETS – Total assets decreased to $157 mn at December 31, 2001 from $158.6 mn at December 31, 2000, a change of $1.6 mn was principally due to a decrease in accounts receivable by $12 mn in 2001.

CASH AND INESTMENT SECURITIES – Cash and investment securities increased by $10.8 mn or 11.2%, to $106.8 mn at December 31, 2001, compared with $96.1 mn at December 31, 2000. At December 31, 2001, investment securities amounted to 67.4% of total assets. Schedule 1 and Note B to the OSF Financial Statements provide further information on the investment securities.

LOANS RECEIVABLE, NET – Loans receivable, net, decreased by $0.4 mn to $43.1 mn at December 31, 2001, compared with $43.5 mn at December 31, 2000. However, its share of total assets remained constant at 27.5% for the two years ended December 31, 2001 and 2000. Schedule 2 and Note A to the OSF Financial Statements provide further information on the loan portfolio.

FUNDS – Contributed resources, accumulated net income, and TA and grant resources accounted for 99.3% of total funding at December 31, 2001. Contributed resources were $72.8 mn or 46.7% of total funding, down $2.6 mn from $75.4 mn at year-end 2000. Accumulated net income increased by $3.5 mn primarily due to the net income from operations. At December 31, 2001, accumulated net income accounted for 24.5% of total assets. TA and grant resources decreased by $2.6 mn to $44.7 mn, or 28.5% of total assets, from $47.3 mn at December 31, 2000. Note C to the OSF Financial Statements provides further information on Funds.

H. FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT ACCOUNTANTS

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

IV ORGANISATION AND ADMINISTRATION

Membership

The plan of action for the expansion of non-borrowing membership which commenced in the latter half of 2000, continued into 2001. The plan is focused on attracting high quality Members, and in particular "Aaa" Members, in order to enhance the callable capital of the Bank.

In this respect, visits were paid to a number of countries, not only to elicit their interest in becoming Members of the Bank, but also to seek ways of entering into partnership arrangements in the delivery of some of the services which the Bank provides in its BMCs. Some of the modalities which were discussed included participation in the Bank's concessionary lending window, the SDF, as well as possibilities for the co-financing of projects. CDB also explored possibilities for using its comparative advantage to intermediate funds on behalf of donor and multilateral agencies in the Region, for whom the cost of delivering the services associated with such funding might be high.

In accordance with its strategic thrust to widen its borrowing membership, follow-up discussions were held with the Surinamese Authorities to explore ways of advancing the process for the accession of that country to membership in the Bank.

While Haiti's application for membership in CDB has been approved by the BOD for submission to the Board of Governors, Haiti still has to meet the requirements for becoming a Member of CARICOM before it can become a Member of CDB.

Discussions were also initiated with a view to establishing appropriate links, including membership, with Cariforum countries. It is hoped that these discussions will lead to greater cultural diversity within the Bank's membership, at the same time providing an opportunity for the Bank to expand its portfolio as well as diversifying its risk exposure.

Board of Governors

The Board of Governors held a Special Meeting at the Bank's Headquarters in Barbados on March 6, 2001, and unanimously elected Dr. Compton Bourne to succeed Sir Neville Nicholls as President of CDB, effective May 1, 2001. The Board also passed a resolution expressing its appreciation for the work of Sir Neville, who had served for approximately 13 years as President.

The Thirty-First Annual Meeting of the Board of Governors was held in Gros Islet, St. Lucia, on May 23 and 24, 2001. The Meeting was hosted by the Government of St. Lucia.

In his first Annual Statement to the Board of Governors, the newly-elected President spoke on the theme "Tackling Poverty through Re-Invigorated Human Capital Investment". He stated that the institutional factors behind poverty are really mediated through the presence or absence of human resources capacity, and suggested that deep solutions to poverty will, therefore, be found in how we improve the educational capabilities and opportunities of those vulnerable to the poverty trap.

The Governor representing the grouping of the five UK territories - Anguilla, the BVI, the Cayman Islands, Montserrat and TCI - was elected Chairman, and the Governors for China and Jamaica were each elected as Vice-Chairmen for the period up to and including the next Annual Meeting.

The Board accepted an invitation from the Government of the Cayman Islands to host the Thirty-Second Annual Meeting of the Board of Governors in 2002.

A list of resolutions adopted by the Board of Governors during 2001 is shown at Appendix X, and a list of Governors and Alternate Governors is shown at Appendix VII.

Board of Directors

The Board of Directors held five scheduled meetings during 2001, one less than the six which had heretofore been the norm. The Board gave its approval for CDB to sign a Memorandum of Understanding with the Government of the UK to conduct Country Poverty Assessments for two UK territories in the Region - Anguilla and the BVI.

Directors noted the review of the 1999-2001 Country Strategy for Jamaica, and approved a $13.3 mn Country Strategy for Dominica to cover the period 2001-2003. The Board approved 28 loans for capital projects, with a total value of $103 mn. Among these were loans to the governments of nine BMCs to help them mitigate the effects of 9/11 on tourist arrivals through participation in a regional emergency tourism promotion programme. In the area of natural disaster management, loans were approved for the governments of Belize and St. Lucia.

The Board also approved a counterpart financing programme of $50 mn to assist the Bank's BMCs in meeting their counterpart requirements on projects financed by CDB was also approved.

The Board met twice in 2001 as a budget committee, to examine the budget options and the medium-term planning framework for preparing the administrative and capital budgets of the Bank for the ensuing year, as well as to approve a reduction in the interest rates charged for loans made from CDB's OCR. The Board also approved CDB's Work Programme and Administrative and Capital Budgets for 2002.

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

Audit and Post-Evaluation Committee (APEC)

APEC is made up of four members of the Board of Directors who were appointed by the Board for the following terms:

Members appointed in July 2000 for the 2000/2002 term:

(1) the representative from the lesser developed BMCs - the Director for Grenada and St. Vincent and the Grenadines.

Members appointed in July 2001:

2001/2002 term

(2) the representative from the Donor Members - the Director for Italy.

2001/2003 term

(3) the representative from the More Developed Countries Members - the Director for Trinidad and Tobago; and

(4) the representative from the Regional Non-borrowing Members - the Director for Colombia.

The Committee is advisory in nature and its main function is to assist in determining the efficiency and adequacy of financial and lending practices and procedures of the Bank, thereby enhancing the credibility and objectivity of Financial, Audit and Post-Implementation Evaluation Reports as well as the capacity for the Bank to learn from its own experiences.

Two meetings of the Committee were held in 2001, during which members reviewed the 2000 Audited Financial Statements and the proposed timetable and work plan for the 2001 audit, which were prepared and presented by the external auditors, PricewaterhouseCoopers, as well as reports issued by the Internal Audit and Post-Implementation Evaluation Units.

Depositories

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

Channels of Communication

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

Information Technology Management Services

During the year 2001, in pursuit of the objectives outlined in the Bank's Information and Communications Technology (ICT) Operational Strategy (2000-04), the Information and Technology Management Services Division (ITMSD) undertook a programme of activities aimed at specifically addressing the following two corporate strategies, through the utilisation of workflow, information systems, and communication technologies.

(a) Strengthening of CDB's institutional capabilities; and

(b) Improving the Bank's responsiveness to the BMCs.

Major initiatives were taken in the area of telecommunications with the development and implementation of Virtual Private Networks (VPNs), and Multimedia Connectivity which were successfully demonstrated by the first live broadcast to staff in Barbados from the 2001 Board of Governors meeting in St. Lucia. These are two major components of a larger Wide Area Network (WAN) project, which will form the basis of the Bank's Extranet.

The year also saw the release of the first set of three fully web-based applications, *viz*:

- Register of Consultants (ROC), which allows online registration of consultants and provides external users access to a comprehensive database of related information.
- Conference and Meetings Reservation System (CMRS), which facilitates the online registration of persons attending any CDB-sponsored meeting or conference.
- Electronic Distribution of Board Documents (EDBD), which allows authorised personnel online access to Board Papers/documents.

Significant work was undertaken to prepare the first phase of the Bank's INTRANET programme for implementation. Web pages have been developed for ITMSD and PIEU, and a web-based application for leave and facilities for viewing staff movements and a staff directory have been developed. Roll-out was delayed until the beginning of 2002.

The Bank's internal financial administration was further improved through the development and implementation of the Smartstream (SS) Accounts Payables, Funds Control, and Budgets financial applications, which have been integrated to provide greater efficiency in the processing of payments, and in budget management, with interfaces to the Payroll, Travel and Invoice Processing applications. Further streamlining of work processes for greater efficiency in travel budget management was addressed with the development of an integrated workflow travel expense system, currently in the final stages of testing and scheduled to be fully implemented bankwide in January 2002.

A harmonised system for the evaluation of project performance was developed as an additional module to the Project Portfolio Management System (PPMS) and has been designed to produce timely information for the monitoring and supervision of projects. This will enable the staff of Projects Department to better respond to the needs of the BMCs, and to provide them with strategic advice based on the lessons learnt during the implementation and operational phases of their projects.

In the area of Technical Support, a certified INTERNET webserver was deployed to establish a certified secure link between customers and the Bank via the INTERNET world wide web. On this platform, confidential information can be provided to CDB without fear of interception while in transit between the customer and the Bank. Systems such as CMRS registration, ROC and EDBD are deployed using this platform.

A seamless application interface was also deployed to reduce the complexity users face when accessing windows applications. The key feature of the system allows for a user to simply select the application they wish to access.

In the area of Information Management, improvement in the Bank's Records Management began with a study of user needs. Recommendations were made for a revised indexing structure which will greatly improve the access to documents. This project is expected to be completed in the first quarter of 2002.

The first phase of the Bank's Data Warehousing strategy was completed with the development of initial views/tables of Financial Information Management System (FIMS) and PPMS thus providing users with the capability for ad-hoc reporting through a standard reporting tool.

The second William G. Demas Memorial Lecture was organised to coincide with the Bank's Annual Meeting in St. Lucia. The lecture entitled "Poverty Reduction in Small Countries: What is to be done?" was delivered by Professor Gerald Helleiner of the University of Toronto, where he is Professor Emeritus in the Department of Economics, and Distinguished Research Fellow in the Munk Center for International Studies. Another CDB forum covering the topic "CARICOM Single Market and Economy" was organised in the Bank's continuing effort to heighten the awareness of various issues relevant to Caribbean development and enhanced regional interaction.

Generally, the staff in the Division underwent training in areas such as Business Objects, Desktop Publishing, Flash Technology, Project Management, web-based programming tools, culture and productivity. A visit was undertaken to the IT department at the World Bank, where there was valuable exchange of solutions and techniques.

Staff

The following table reflects the total CDB staffing position at December 31, 2001. Of those staff provided to CDB under technical assistance, two were financed by the UK.

Human Resources Management

For the Human Resources Unit (HRU), 2001 was a year of consolidation during which much of its work focused on the continuing implementation of the new Compensation and Benefits System, the New Pension Plan, providing guidance to existing staff who still had the opportunity to join the new plan or transfer benefits to the new plan and working with the Trustees, actuaries and Legal Department to prepare necessary modifications to the pension deeds of the old and new plans. Some of these modifications arose from recommendations of the actuaries during the triennial actuarial valuation of the two pension funds. The New Pension Plan now has 117 members, as compared with 67 in the Old Pension Scheme.

Work was also begun on a review of the Bank's staff performance appraisal system. A series of brainstorming sessions were designed to get the views of staff on the strengths and weaknesses of the current performance appraisal system to inform the design of a new system, including staff development planning. A study of modern systems was conducted, and consultations held with staff across the Bank, as well as with the partner institution - the World Bank. In particular, HRU engaged in consultation with the Corporate Policy and Planning Division with a view to co-ordinating the introduction and ensuring the integration of the new staff appraisal system with new performance indicators to be developed for the Bank as a whole early in 2002. This should ensure that staff performance will be inextricably linked to the Bank's corporate objectives.

While a number of the accepted recommendations from the Operations Audit formed an integral part of the 2001 work programme of the Bank, there were other aspects which Management felt required further study and special expertise to ensure their smooth and sustainable implementation. Final reports were received of process studies conducted by independent consultants in the Finance Department and Information and Technology Management Services Division to supplement the work of the Operations Audit consultants. These provided valuable insights into opportunities for streamlining and strengthening the operations of these areas. Work also begun on plans for the re-structuring of the Projects Department. The pre-qualification process for the selection of consultants to conduct a Change Management consultancy was begun in July. Six firms were short-listed and invited to submit proposals. Representatives of the six firms attended

Staff

	Established Positions	Budgeted Staff in Place	OCR Consultants	Provided to CDB	Provided by CDB to Member Countries	Total in Place
MPS	99	90	11	5	1	107
SS	102	102	0	0	0	102
Total	**201**	**192**	**11**	**5**	**1**	**209**

a comprehensive briefing session in December and have submitted their proposals. It is expected that the successful firm will take up the assignment in March 2002.

The Bank acquired a human resource information system (HRIS), in 1999 to handle the planning and administrative aspects of the Unit's work, and the package was implemented in three phases over the following two years. Work was done in 2001 to enable the HRIS to handle features of the new compensation system. Work remains to be done on building an interface between the HRIS and custom-built payroll module, as well as in integrating the package into the way the Unit functions. This is one of the main objectives of a process study to be conducted in the Human Resources and Administration Division in 2002.

Training and Development

Some areas where the need for training had been identified were addressed, namely, investment appraisal and risk analysis, infrastructure finance, post-privatization issues, institutional and organizational assessment and international procurement.

Managers were identified for special focus this year, and the first step in this process was taken with the conduct of the Managerial Assessment of Proficiency (MAP) test to provide the Bank with a needs assessment. The follow up to this means that in 2002 managers will be required to devote a significant portion of time to their own training. This must be carefully planned and managed within the constraints of the core business work cycle, but must take place if the management development programme is to be realised.

Some training was also provided for Secretaries and Project Officers. Secretaries were the primary beneficiaries of a series of in-house Microsoft Office re-training sessions and externally represented the Bank at sessions of the local and international chapters of Office Professionals' Annual Conference. In the case of the latter programme, the two participants shared the knowledge gained with their colleagues as part of the learning experience. Project Officers sharpened their PowerPoint presentation skills and the more recently recruited members among them participated in a four-week Project Implementation and Appraisal programme designed to refine their knowledge of the CDB approach to project management.

Other training interventions were targeted at all staff, while Financial Planning for Retirement was aimed primarily at those persons within 12 years of retirement.

Staff Relations

In the course of the year, meetings between the Staff Association and Management facilitated an exchange of views on the design of the new medical insurance plan and clarification of other developments, particularly decisions on the Work Programme and Administrative Budget for 2002. The new President was also afforded an opportunity to share with staff representatives some of his views on the way forward for the Bank. The President held his first general staff meeting in the newly renovated CDB Conference Centre in mid-June and subsequently hosted a reception for staff at the Official Residence.

Staff have continued to make full use of the monthly clinics conducted by a Registered nurse under the Bank's Wellness Programme. Some suggestions have been made for expanding the programme and for evaluating its effectiveness. The Caribank Co-operative Credit Union Ltd., which is marking its Twentieth anniversary in 2002, joined with the HRU in hosting the third Tree-Lighting Ceremony to mark the Christmas season. The programme included a number of guest performances as well as the CDB Chorale and was very well attended by staff and their families.

Awards

A special awards dinner was held at Restaurant 19, Royal Westmoreland, to acknowledge the contribution of long-serving members of staff and those whose performance during 2000 had earned them the President's Distinguished Performer Award. The ceremony was hosted by the President and his wife, and was attended by spouses and guests of the awardees. On this occasion, the Bank honoured 4 persons with 30 years service, 3 persons with 25 years service, 20 persons with 20 years service, 7 persons with 15 years service, 3 persons with 10 years service and 4 Distinguished Performers.

Information

Early in the year, retiring President Sir Neville Nicholls met with the local and regional media in what was to be his final Annual News Conference as CDB President, to update them on the performance of the Bank's member countries, and that of CDB itself.

The Information Officer maintained contact with the media during the year, apprising them of events which the Bank was hosting, and responding to their requests for information.

The programme of public information about the work of CDB continued with the issue of news releases highlighting significant events and achievements. This information was also placed on the Bank's website, which is being developed into a major source of information about CDB. Similarly, the four quarterly editions of "CDB News" and the Annual Report 2000 were used as vehicles through which the Bank's profile could be enhanced.

Editorial/advertising inserts were placed in international publications such as the Institutional Investor, The Economist, BusinessWeek, Caribbean Investment Profiles, the Commonwealth Trade and Investment Almanac, the International Bankers' Directory and a special publication entitled **"The Power of One"**, which was produced to commemorate the launch of the Bank of Saint Lucia in July.

There was continued cooperation with the Caribbean Media Corporation, which provided regional coverage of the Thirty-First Annual Meeting of the Board of Governors in St. Lucia. A special video production entitled **"The World of the Caribbean Development Bank: Fighting Poverty in the Caribbean"** and a companion CD-ROM were commissioned for display and dissemination at the Annual Meeting.

APPENDICES

I-A Gross Loan Approvals by Country and by Fund Resources - 2001

I-B Gross Equity Approval by Country and by Fund Resources - 2001

I-C Gross Grant Approvals by Country and by Fund Resources - 2001

I-D Contingent Loans, Equity and Grants Approved (Net) by Country and by Fund - 2001

I-E Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund - 2001

I-F Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Sector - 2001

I-G Distribution of Loans Approved (Net) by Country and by Fund - 2001

I-H Distribution of Loans Approved (Net) by Sector and by Fund - 2001

I-I Gross Loan Approvals by Country, Financing, CDB Cost Component and Channel - 2001

I-J Gross Loan Approvals by Project and Loan Equivalent - 2001

I-K Cancellations of Loans, Contingent Loans and Grants - 2001

I-L Disbursements of Loans, Contingent Loans, Equity and Grants by Country and by Fund - 2001

II-A Summary of Total Financing Approved (Net) Loans, Contingent Loans, Equity and Grants (1970-2001)

II-B Summary of Total Financing Approved (Net) by Sector, Loans, Contingent Loans, Equity and Grants - 1970-2001

II-C Summary of Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund (1970-2001)

II-D Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Fund (1970-2001)

II-E Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund (1970-2001)

II-F Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Sector (1970-2001)

II-G Approvals of Loans, Contingent Loans, Equity and Grants (Net) by Country and by Year (1970-2001)

II-H Summary of Loans, Contingent Loans, Equity and Grants Approved by Fund (1970-2001)

II-I Distribution of Loans Approved (Net) by Country and by Fund (1970-2001)

II-J Distribution of Loans Approved (Net) by Sector and by Fund (1970-2001)

II-K Distribution of Loans Approved (Net) by Country and by Sector (1970-2001)

II-L Gross Loan Approvals by Country, Financing, CDB Cost Component and Channel (1970-2001)

II-M Disbursements of Loans, Contingent Loans, Equity, Secondary Mortgages and Grants by Country and by Fund (1970-2001)

II-N Summary of Loans Approved by Fund (1970-2001)

II-O Contingent Loans Approved (Net):
- (1) by Country and by Fund (1970-2001)
- (2) by Fund and by Year (1970-2001)
- (3) by Sector and by Fund (1970-2001)
- (4) by Country and by Year (1970-2001)

II-P Equity Approved (Net) by Country (1970-2001)

II-Q Grants Approved (Net):
- (1) by Country and by Fund (1970-2001)
- (2) by Fund and by Year (1970-2001)
- (3) by Sector and by Fund (1970-2001)
- (4) by Country and by Year (1970-2001)

II-R
- (1) Capital Loans Withdrawn/Not Taken Up or Transferred During Each Year (1970-2001)
- (2) Contingent Loans Withdrawn/Not Taken Up or Transferred During Each Year (1970-2001)
- (3) Grants Withdrawn/Not Taken up During Each Year (1970-2001)

III Administrative Budget for the Year Ending December 31, 2001

IV Financial Statements and Reports of Independent Accountants for 2001

IV-A Ordinary Capital Resources
- (1) Report of the Independent Accountants on Ordinary Capital Resources
- (2) Balance Sheet
- (3) Statement of Changes in Equity
- (4) Statement of Income
- (5) Statement of Cash Flows
- (6) Summary Statement of Investments
- (7) Summary Statement of Loans
- (8) Statement of Subscriptions to Capital Stock and Voting Power
- (9) Summary Statement of Borrowings
- (10) Notes to Financial Statements

IV-B Special Funds Resources - Special Development Fund:
- (1) Report of the Independent Accountants on the Special Development Fund
- (2) Balance Sheet
- (3) Statement of Income and Accumulated Net Income
- (4) Statement of Cash Flows - Unified
- (5) Statement of Cash Flows - Other
- (6) Summary Statement of Investments
- (7) Summary Statement of Loans
- (8) Statement of Contributed Resources
- (9) Statement of Accumulated net Income

APPENDIX I-A

Gross Loan Approvals by Country and by Fund Resources - 2001
($'000)

	Borrower	OCR			Special Fund Resources			Grand Total
		Equity and Market	IDB	Total	Unified SDF	Other SDF	Total	
Antigua and Barbuda								
Emergency Tourism Promotion Programme	Government	-	-	-	395	-	395	395
Sub-Total		**-**	**-**	**-**	**395**	**-**	**395**	395
Barbados								
Urban Rehabilitation (Additional Loan)	Government	5,110	-	5,110	-	-	-	5,110
Secondary Education (Additional Loan)	Government	4,000	-	4,000	-	-	-	4,000
Sub-Total		**9,110**	**-**	**9,110**	**-**	**-**	**-**	**9,110**
Belize								
Immediate Response Loan	Government	-	-	-	500	-	500	500
Emergency Tourism Promotion Programme	Government	-	-	-	198	-	198	198
Sub-Total		**-**	**-**	**-**	**698**	**-**	**698**	**698**
Cayman Islands								
Mortgage Finance	Government	5,000	-	5,000	-	-	-	5,000
Sub-Total		**5,000**	**-**	**5,000**	**-**	**-**	**-**	**5,000**
Dominica								
OECS Waste Management (Additional Loan)	Government	900	-	900	400	-	400	1,300
Shelter Development Project	Government	-	-	-	2,281	-	2,281	2,281
Roseau Water and Sewerage (Additional Loan)	Government	-	1,740	1,740	-	-	-	1,740
Emergency Tourism Promotion Programme	Government	-	-	-	113	-	113	113
Sub-Total		**900**	**1,740**	**2,640**	**2,794**	**-**	**2,794**	**5,434**
Grenada								
Rural Enterprise Development Project	Government	-	-	-	-	2,339	2,339	2,339
Bridge and Road Improvement Project	Government	10,000	-	10,000	7,095	-	7,095	17,095
Emergency Tourism Promotion Programme	Government	-	-	-	198	-	198	198
Sub-Total		**10,000**	**-**	**10,000**	**7,293**	**2,339**	**9,632**	**19,632**
Guyana								
Road Improvement and Maintenance Feasibility Study - TA	Government	-	-	-	592	-	592	592
Emergency Tourism Promotion Programme	Government	-	-	-	113	-	113	113
Sub-Total		**-**	**-**	**-**	**705**	**-**	**705**	**705**
Jamaica								
Enhancement of Basic Schools	Government	6,785	-	6,785	6,598	-	6,598	13,383
Emergency Tourism Promotion Programme	Government	-	-	-	845	-	845	845
Sub-Total		**6,785**	**-**	**6,785**	**7,443**	**-**	**7,443**	**14,228**

APPENDIX I-A (cont'd)

Gross Loan Approvals by Country and by Fund Resources - 2001
($'000)

	Borrower	OCR			Special Fund Resources			Grand Total
		Equity and Market	IDB	Total	Unified SDF	Other SDF	Total	
St. Kitts and Nevis								
Power Project - Nevis	Government	5,378	-	5,378	669	-	669	6,047
Road Improvement and Maintenance (Add. Loan)	Government	276	3,474	3,750	-	-	-	3,750
OECS Waste Management (Add. Loan)	Government	3,800	-	3,800	1,300	-	1,300	5,100
Consolidated Line of Credit - 7th Loan	Development Bank	5,167	-	5,167	4,733	-	4,733	9,900
Emergency Tourism Promotion Programme	Government	-	-	-	198	-	198	198
Sub-Total		**14,621**	**3,474**	**18,095**	**6,900**	**-**	**6,900**	**24,995**
St. Lucia								
Natural Disaster Management, following Landslide	Government	1,490	-	1,490	2,550	-	2,550	4,040
Water Supply - 5th Loan	Government	-	2,335	2,335	2,206	-	2,206	4,541
Student Loan Scheme	Government	8,000	-	8,000	4,000	-	4,000	12,000
Emergency Tourism Promotion Programme	Government	-	-	-	395	-	395	395
Sub-Total		**9,490**	**2,335**	**11,825**	**9,151**	**-**	**9,151**	**20,976**
St. Vincent and the Grenadines								
OECS Waste Management (Add. Loan)	Government	1,620	-	1,620	330	-	330	1,950
Emergency Tourism Promotion Programme	Government	-	-	-	113	-	113	113
Sub-Total		**1,620**	**-**	**1,620**	**443**	**-**	**443**	**2,063**
Grand Total		**57,526**	**7,549**	**65,075**	**35,822**	**2,339**	**38,161**	**103,236**
Average Interest Rate (% per annum)		7.10	7.15	7.11	2.51	2.50	2.51	5.42
Distribution by Country Groups								
Group 1		14,110	-	14,110	-	-	-	14,110
Group 2		-	-	-	395	-	395	395
Group 3		43,416	7,549	50,965	34,722	2,339	37,061	88,026
Group 4		-	-	-	705	-	705	705

APPENDIX I-B

Gross Equity Approval by Country and by Fund Resources – 2001
($'000)

Country/Purpose	OSF Private Sector Fund
Regional	
Preferred Stock in Inter-American Corporation for Infrastructure Finance	3,000
Total	**3,000**

APPENDIX I-C

Gross Grant Approvals by Country and by Fund Resources – 2001

($'000)

Country/Purpose	SDFU	SDF Other	CTCF	Total
Anguilla				
Caribbean Technological Consultancy Services	17	-	-	17
Sub-Total	**17**	**-**	**-**	**17**
Antigua and Barbuda				
Caribbean Technological Consultancy Services	13	-	-	13
Sub-Total	**13**	**-**	**-**	**13**
Barbados				
Caribbean Technological Consultancy Services	17	-	-	17
Sub-Total	**17**	**-**	**-**	**17**
Belize				
Emergency Relief due to Hurricane Iris	100	-	-	100
Emergency Response Loan, Independent Inspection and Certification	20	-	-	20
Basic Needs Trust Fund - 5th Programme	3,255	-	-	3,255
Sub-Total	**3,375**	**-**	**-**	**3,375**
Dominica				
Public Sector Development Programme	44	-	-	44
Institutional Strengthening of Princess Margaret Hospital	93	-	100	193
Shelter Development Consultants to Train in Housing Micro-credit Methodologies	98	-	-	98
Basic Needs Trust Fund - 5th Programme	1,785	-	-	1,785
Caribbean Technological Consultancy Services	13	-	-	13
Sub-Total	**2,033**	**-**	**100**	**2,133**
Grenada				
Supervision Services for Rural Enterprise Development Project	69	139	-	208
Basic Needs Trust Fund - 5th Programme	1,680	-	-	1,680
Caribbean Technological Consultancy Services	10	-	-	10
Sub-Total	**1,759**	**139**	**-**	**1,898**
Guyana				
Establishment of Coastal Zone Project Management System	336	-	-	336
Basic Needs Trust Fund - 5th Programme	6,468	-	-	6,468
Caribbean Technological Consultancy Services	22	-	-	22
Sub-Total	**6,826**	**-**	**-**	**6,826**
Jamaica				
Caribbean Technological Consultancy Services	41	-	-	41
Sub-Total	**41**	**-**	**-**	**41**

APPENDIX I-C (cont'd)

Gross Grant Approvals by Country and by Fund Resources – 2001

($'000)

Country/Purpose	SDFU	SDF Other	CTCF	Total
Montserrat				
Basic Needs Trust Fund - 5th Programme	1,050	-	-	1,050
Emergency Tourism Promotion Assistance	28	-	-	28
Caribbean Technological Consultancy Services	4	-	-	4
Sub-Total	**1,082**	**-**	**-**	**1,082**
St. Kitts and Nevis				
Symposium on the Historical Fortifications of the Caribbean	21	-	-	21
Detailed Investigations of Soil Contamination at Power Station	8	-	-	8
Basic Needs Trust Fund - 5th Programme	1,092	-	-	1,092
Caribbean Technological Consultancy Services	18	-	-	18
Sub-Total	**1,139**	**-**	**-**	**1,139**
St. Lucia				
Basic Needs Trust Fund - 5th Programme	2,751	-	-	2,751
Caribbean Technological Consultancy Services	17	-	-	17
Sub-Total	**2,768**	**-**	**-**	**2,768**
St. Vincent and the Grenadines				
Diagnostic Study for the Establishment of an Integrated Project Management System	82	-	-	82
Institutional Strengthening of Inland Revenue Department	278	-	-	278
Introduction of Value -added Tax	145	-	-	145
Basic Needs Trust Fund - 5th Programme	2,184	-	-	2,184
Caribbean Technological Consultancy Services	67	-	-	67
Sub-Total	**2,756**	**-**	**-**	**2,756**
Turks and Caicos Islands				
Basic Needs Trust Fund - 5th Programme	735	-	-	735
Sub-Total	**735**	**-**	**-**	**735**
Regional				
Early Childhood Education, Care and Development	25	-	-	25
UWI Faculty of Medical Sciences - First Biennial Conference	25	-	-	25
Study for the Establishment of a Financial Intelligence Unit in the Eastern Caribbean	48	-	-	48
Seminar, Delivery of Comprehensive National Information Technology Strategies	50	-	-	50

APPENDIX I-C (cont'd)

Gross Grant Approvals by Country and by Fund Resources – 2001

($'000)

Country/Purpose	SDFU	SDF Other	CTCF	Total
Regional (cont'd)				
Conference on Governance in The Contemporary Caribbean, The Way Forward	22	-	-	22
IDB/CDB Task Force on Establishment of a Caricom Reconstruction Facility	284	-	-	284
Data Processing Workshop for Year 2000-Round of Population and Housing Censuses	37	-	-	37
Caribbean Education Course on Diabetes	12	-	-	12
Assistance to the Regional Negotiating Machinery	150	-	-	150
Seminar for Building Participatory Governance for Poverty Elimination and Local Government Development	15	-	-	15
Institutional Strengthening of the Offices of Research, UWI	138	-	-	138
Study of Venture Capital Experiences in the Region	125	-	-	125
PAHO/CDB Collaboration for Health Planning and Programme Development in the Caribbean	15	-	-	15
Project Preparation Assistance to Borrowing Member Countries	589	-	-	589
Basic Needs Trust Fund - 5th Programme	11,000	-	-	11,000
Evaluation of Agriculture Scholarships Programme Tenable at Simon Bolivar United World College of Agriculture	-	-	20	20
Sub-Total	**12,535**	**-**	**20**	**12,555**
Grand Total	**35,096**	**139**	**120**	**35,355**
Group 1	17	-	-	17
Group 2	30	-	-	30
Group 3	15,688	139	100	15,927
Group 4	6,826	-	-	6,826
Regional	12,535	-	20	12,555

APPENDIX I-D

Contingent Loans, Equity and Grants Approved (Net) by Country and by Fund – 2001 ($'000)

Country	Ordinary Capital Resources	Special Develop-ment Fund	Other Special Funds	Total	Percent-age of Total
Anguilla	-	17	-	17	0.0
Antigua and Barbuda	-	408	-	408	0.3
Barbados	9,110	17	-	9,127	7.6
Belize	(610)	4,073	-	3,463	2.9
Cayman Islands	4,580	-	-	4,580	3.8
Dominica	(8,120)	2,263	100	(5,757)	(4.8)
Grenada	10,000	11,100	-	21,100	17.7
Guyana	-	7,128	-	7,128	6.0
Jamaica	6,785	7,484	-	14,269	12.0
Montserrat	-	1,082	-	1,082	0.9
St. Kitts and Nevis	17,292	6,903	(696)	23,499	19.7
St. Lucia	11,825	11,918	-	23,743	19.9
St. Vincent and the Grenadines	1,017	2,233	-	3,250	2.7
Trinidad and Tobago	(2,701)	-	-	(2,701)	(2.3)
Turks and Caicos Islands	-	735	-	735	0.6
Regional :					
LDC Focus	-	74	-	74	0.1
LDC/MDC Focus	-	12,378	3,020	15,398	12.9
Total	**49,178**	**67,813**	**2,424**	**119,415**	
Percentage of Total	41.2	56.8	2.0		100.0
Distribution by Country Groups					
Group 1	10,989	17	-	11,006	9.2
Group 2	-	425	-	425	0.4
Group 3	38,189	47,791	(596)	85,384	71.5
Group 4	-	7,128	-	7,128	6.0
Regional	-	12,452	3,020	15,472	13.0

APPENDIX I-E

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund – 2001
($'000)

Sector	Ordinary Capital Resources	Special Develop-ment Fund	Other Special Funds	Total
Total All Sectors	**49,178**	**67,813**	**2,424**	**119,415**
Agriculture, Forestry and Fishing	-	(17)	-	(17)
Fishing	-	(17)	-	(17)
Mining and Quarrying	**(2,701)**	**(12)**	**-**	**(2,713)**
Fossil Fuels	(2,701)	-	-	(2,701)
Non-Metallic Minerals	-	(12)	-	(12)
Manufacturing	**(760)**	**(2,563)**	**-**	**(3,323)**
Industrial Estates	(760)	(2,563)	-	(3,323)
Tourism	**(420)**	**2,596**	**-**	**2,176**
Integrated Tourism Facilities	(420)	-	-	(420)
Tourism Supporting Services	-	2,596	-	2,596
Transportation, Communication and Sea Defense	**12,424**	**6,646**	**(696)**	**18,374**
Transport:				
Road Transport	12,663	6,838	(649)	18,852
Water Transport	-	(192)	(47)	(239)
Air Transport	(239)	-	-	(239)
Power, Energy and Water	**(1,151)**	**2,852**	**-**	**1,701**
Power and Energy:				
Electric Power	(5,226)	652	-	(4,574)
Water Supply	4,075	2,200	-	6,275
Social Services	**17,105**	**11,321**	**120**	**28,546**
Housing	-	2,318	-	2,318
Health	6,320	2,138	100	8,558
Education	10,785	6,865	20	17,670
Multi-Sector and Other	**6,600**	**39,661**	**3,000**	**49,261**
Urban Development	5,110	-	-	5,110
Disaster Rehabilitation	1,490	3,170	-	4,660
Structural Adjustment Programme	-	(397)	-	(397)
Other	-	36,888	3,000	39,888
Financing and Distribution	**18,081**	**7,329**	**-**	**25,410**
Agriculture	750	(404)	-	346
Industry and Tourism	664	-	-	664
Micro and Small-Scale Enterprises	-	400	-	400
Housing	6,500	(500)	-	6,000
Education	10,167	7,833	-	18,000

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Sector – 2001

($‘000)

Country	Directly Productive Sectors					Economic Infrastructure and Other								Multi-Sector	Total
	Agri-culture, Forestry and Fishing	Manu-facturing	Tour-ism	Mining	Sub-Total	Power and Energy	Water	Trans-portation and Commu-nication	Sea Defences	Housing	Education (includ-ing Student Loans)	Health and Sani-tation	Sub-Total		
Anguilla	-	-	-	-	**-**	-	-	-	-	-	-	-	**-**	17	**17**
Antigua and Barbuda	-	-	395	-	**395**	-	-	-	-	-	-	-	**-**	13	**408**
Barbados	-	-	-	-	**-**	-	-	-	-	-	4,000	-	**4,000**	5,127	**9,127**
Belize	-	-	198	-	**198**	(604)	-	(6)	-	-	-	-	**(610)**	3,875	**3,463**
Cayman Islands	-	-	(420)	-	**(420)**	-	-	-	-	5,000	-	-	**5,000**	-	**4,580**
Dominica	-	(3,323)	113	-	**(3,210)**	(10,000)	1,740	-	-	2,281	98	1,493	**(4,388)**	1,841	**(5,757)**
Grenada	(238)	-	198	-	**(40)**	-	-	16,903	-	-	-	-	**16,903**	4,237	**21,100**
Guyana	-	-	113	-	**113**	-	(6)	592	-	-	-	-	**586**	6,429	**7,128**
Jamaica	-	-	845	-	**845**	-	-	-	-	-	13,383	-	**13,383**	41	**14,269**
Montserrat	-	-	28	-	**28**	-	-	-	-	-	-	-	**-**	1,054	**1,082**
St.Kitts and Nevis	901	950	198	(12)	**2,037**	6,030	-	2,201	-	1,000	6,021	5,100	**20,352**	1,110	**23,499**
St. Lucia	-	-	395	-	**395**	-	4,541	-	-	-	12,000	-	**16,541**	6,807	**23,743**
St.Vincent and the	-	-	-	-											
Grenadines	(117)	(86)	113	-	**(90)**	-	-	(1,316)	-	-	-	1,950	**634**	2,706	**3,250**
Trinidad and Tobago	-	-	-	(2,701)	**(2,701)**	-	-	-	-	-	-	-	**-**	-	**(2,701)**
Turks and Caicos Islands	-	-	-	-	**-**	-	-	-	-	-	-	-	**-**	735	**735**
Regional :															
LDC Focus	(17)	-	-	-	**(17)**	-	-	-	-	37	6	-	**43**	48	**74**
LDC/MDC Focus	-	-	-	-	**-**	-	-	-	-	-	162	15	**177**	15,221	**15,398**
Total	**529**	**(2,459)**	**2,176**	**(2,713)**	**(2,467)**	**(4,574)**	**6,275**	**18,374**	**-**	**8,318**	**35,670**	**8,558**	**72,621**	**49,261**	**119,415**
Distribution by Country Groups															
Group 1	-	-	(420)	(2,701)	**(3,121)**	-	-	-	-	5,000	4,000	-	**9,000**	5,127	**11,006**
Group 2	-	-	395	-	**395**	-	-	-	-	-	-	-	**-**	30	**425**
Group 3	546	(2,459)	2,088	(12)	**163**	(4,574)	6,281	17,782	-	3,281	31,502	8,543	**62,815**	22,406	**85,384**
Group 4	-	-	113	-	**113**	-	(6)	592	-	-	-	-	**586**	6,429	**7,128**
Regional	(17)	-	-	-	**(17)**	-	-	-	-	37	168	15	**220**	15,269	**15,472**

APPENDIX I-G

Distribution of Loans Approved (Net) by Country and by Fund – 2001 ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	-	395	-	395	0.5
Barbados	9,110	-	-	9,110	11.1
Belize	(610)	698	-	88	0.1
Cayman Islands	4,580	-	-	4,580	5.6
Dominica	(8,120)	231	-	(7,889)	(9.7)
Grenada	10,000	9,394	-	19,394	23.7
Guyana	-	705	-	705	0.9
Jamaica	6,785	7,443	-	14,228	17.4
St. Kitts and Nevis	17,292	5,764	(696)	22,360	27.4
St. Lucia	11,825	9,151	-	20,976	25.7
St. Vincent and the Grenadines	1,017	(523)	-	494	0.6
Trinidad and Tobago	(2,701)	-	-	(2,701)	(3.3)
Total	**49,178**	**33,258**	**(696)**	**81,740**	
Percentage of Total	**60.2**	**40.7**	**(0.9)**		**100.0**
Distribution by Country Groups					
Group 1	10,989	-	-	10,989	13.4
Group 2	-	395	-	395	0.5
Group 3	38,189	32,158	(696)	69,651	85.2
Group 4	-	705	-	705	0.9

APPENDIX I-H

Distribution of Loans Approved (Net) by Sector and by Fund – 2001 ($'000)

Sector	Ordinary Capital Resources	Special Develop-ment Fund	Other Special Funds	Total
Total All Sectors	**49,178**	**33,258**	**(696)**	**81,740**
Mining and Quarrying	(2,701)	(12)	-	(2,713)
Fossil Fuels	(2,701)	-	-	(2,701)
Non-Metallic Minerals	-	(12)	-	(12)
Manufacturing	**(760)**	**(2,563)**	**-**	**(3,323)**
Industrial Estates	(760)	(2,563)	-	(3,323)
Tourism	**(420)**	**2,568**	**-**	**2,148**
Integrated Tourism Facilities	(420)	-	-	(420)
Tourism Supporting Services	-	2,568	-	2,568
Transportation, Communication and Sea Defense	**12,424**	**6,838**	**(696)**	**18,566**
Transport:				
Road Transport	12,663	6,838	(649)	18,852
Water Transport	-	-	(47)	(47)
Air Transport	(239)	-	-	(239)
Power, Energy and Water	**(1,151)**	**2,850**	**-**	**1,699**
Power and Energy:				
Electric Power	(5,226)	644	-	(4,582)
Water Supply	4,075	2,206	-	6,281
Social Services	**17,105**	**10,909**	**-**	**28,014**
Housing	-	2,281	-	2,281
Health	6,320	2,030	-	8,350
Education	10,785	6,598	-	17,383
Multi-Sector and Other	**6,600**	**5,339**	**-**	**11,939**
Urban Development	5,110	-	-	5,110
Disaster Rehabilitation	1,490	3,050	-	4,540
Other	-	2,289	-	2,289

Gross Loan Aprovals by Country, Financing, CDB Cost Component and Channel – 2001 ($'000)

Country	No. of Loan Projects	Estimated Project Cost	Financing			CDB Cost Component		Channel		
			CDB	Local	Other Foreign	Local	Foreign	Public	Private Direct	Private Indirect
Antigua and Barbuda	1	395	395	-	-	-	395	395	-	-
Barbados	2 a/	13,567	9,110	4,457	-	5,000	4,110	9,110	-	-
Belize	2	872	698	154	20	500	198	698	-	-
Cayman Islands	1	6,000	5,000	1,000	-	2,500	2,500	-	-	5,000
Dominica	4 a/	9,449	5,434	3,917	98	2,581	2,853	5,434	-	-
Grenada	3	29,836	19,546	5,888	4,402	6,339	13,207	19,546	-	-
Guyana	2 b/	1,005	791	214	-	200	591	791	-	-
Jamaica	2	16,709	14,228	2,481	-	6,383	7,845	14,228	-	-
St. Kitts and Nevis	5 a/	36,793	24,995	11,798	-	15,000	9,995	15,095	-	9,900
St. Lucia	4	30,456	20,976	6,880	2,600	4,561	16,415	8,976	-	12,000
St. Vincent and the Grenadines	2	2,063	2,063	-	-	1,950	113	2,063	-	-
Total	**28**	**147,145**	**103,236**	**36,789**	**7,120**	**45,014**	**58,222**	**76,336**	**-**	**26,900**
Group 1	2	19,567	14,110	5,457	-	7,500	6,610	9,110	-	5,000
Group 2	1	395	395	-	-	-	395	395	-	-
Group 3	23	126,178	87,940	31,118	7,120	37,314	50,626	66,040	-	21,900
Group 4	2	1,005	791	214	-	200	591	791	-	-

a/ Includes 2 Additional loans.

b/ Includes 1 Technical Assistance loan.

Gross Loan Approvals by Project and Loan Equivalent – 2001
($'000)

Project Name	Country	OCR Amount	OCR Loan Equivalent	SDF Amount	SDF Loan Equivalent	Total
1. Regional Tourism Emergency Programme	Antigua and Barbuda	-	-	395	1.00	395
2. Urban Rehabilitation Project (Add. Loan)	Barbados	5,110	1.00	-	-	5,110
3. Secondary Education Project (Add.)	Barbados	4,000	1.00	-	-	4,000
4. Natural Disaster Management, Immediate Response Loan	Belize	-	-	500	1.00	500
5. Regional Tourism Emergency Programme	Belize	-	-	198	0.50	198
6. Mortgage Finance	Cayman Islands	5,000	1.00	-	-	5,000
7. OECS Waste Management Project (Add. Loan)	Dominica	900	0.69	400	0.31	1,300
8. Regional Tourism Emergency Programme	Dominica	-	-	113	1.00	113
9. Shelter Development Project	Dominica	-	-	2,281	1.00	2,281
10. Roseau Water and Sewerage (Add. Loan)	Dominica	1,740	1.00	-	-	1,740
11. Rural Enterprise Development Project	Grenada	-	-	2,339	1.00	2,339
12. Bridge and Road Improvement Project	Grenada	10,000	0.59	7,095	0.42	17,095
13. Regional Tourism Emergency Programme	Grenada	-	-	198	1.00	198
14. Roads Improvement and Maintenance Feasibility Study - TA	Guyana	-	-	592	1.00	592
15. Regional Tourism Emergency Programme	Guyana	-	-	113	1.00	113
16. Enhancement of Basic Schools	Jamaica	6,785	0.51	6,598	0.49	13,383
17. Regional Tourism Emergency Programme	Jamaica	-	-	845	1.00	845
18. Power Project, Nevis	St. Kitts and Nevis	5,378	0.89	669	0.11	6,047
19. OECS Waste Management Project (Add. Loan)	St. Kitts and Nevis	3,800	0.75	1,300	0.26	5,100
20. Road Improvement and Maintenance (Add. Loan)	St. Kitts and Nevis	3,750	1.00	-	-	3,750
21. Consolidated Line of Credit - 7th Loan	St. Kitts and Nevis	5,167	0.52	4,733	0.48	9,900
22. Regional Tourism Emergency Programme	St. Kitts and Nevis	-	-	198	1.00	198
23. Natural Disaster Management, following Landslide	St. Lucia	1,490	0.37	2,550	0.63	4,040
24. Water Supply - 5th Loan	St. Lucia	2,335	0.51	2,206	0.49	4,541
25. Student Loan Scheme	St. Lucia	8,000	0.67	4,000	0.33	12,000
26. Regional Tourism Emergency Programme	St. Lucia	-	-	395	1.00	395
27. OECS Waste Management Project (Add. Loan)	St. Vincent and the Grenadines	1,620	0.83	330	0.17	1,950
28. Regional Tourism Emergency Programme	St. Vincent and the Grenadines	-	-	113	1.00	113
Total		**65,075**	**11.32**	**38,161**	**16.18**	**103,236**
Distribution by Country Groups						
Group 1		14,110	3.00	-	-	14,110
Group 2		-	-	395	1.00	395
Group 3		50,965	8.32	37,061	13.18	88,026
Group 4		-	-	705	2.00	705
Proportion of Lending by Fund Resources						
(a) Group 1		0.22		-		0.14
(b) Group 2		-		0.01		0.00
(c) Group 3		0.78		0.97		0.85
(d) Group 4		-		0.02		0.01
Total		**0.63**		**0.37**		**1.00**

APPENDIX I-K

Cancellations of Loans, Contingent Loans and Grants – 2001
($'000)

Country	Project	Loan Number	OCR	SDFU	OSF	Total
Loan Cancellations:						
Belize	Power Project - 4th Loan	14/OR-BZ	604	-	-	604
	Road Reconstruction	15/OR-BZ	6	-	-	6
Cayman Islands	Pedro St. James Heritage Project	8/OR-CI	420	-	-	420
Dominica	Industrial Estate - 6th Loan	6/SFR-OR-DO	760	2,563	-	3,323
	Power Project - 3rd Loan	7/OR-DO	10,000	-	-	10,000
Grenada	Consolidated Line of Credit - 2nd Loan	3/SFR-OR-GR	-	238	-	238
St. Kitts and Nevis	Commercial Quarrying Operation	39/SFR-SK	-	12	-	12
	Study to Establish Electricity Utility	41/SFR-SK	-	25	-	25
	Road Improvement and Maintenance	6/SFR-OR-SK	803	50	-	853
	Road Improvement and Maintenance, Nevis	34/SFR-SK	-	-	649	649
	Port Development, Nevis	35/SFR-SK	-	-	47	47
	Consolidated Line of Credit - 6th Loan	13/SFR-OR-SK	-	1,049	-	1,049
St. Vincent and the Grenadines	Consolidated Line of Credit - 2nd Loan	2/SFR-OR-SV	86	117	-	203
	Canouan Airport Redevelopment	7/OR-SV	239	-	-	239
	Second Grenadines Multi-Project	5/SFR-OR-SV	278	572	-	850
	Road Reconstruction	50/SFR-SV	-	227	-	227
	Design and Establishment of New Development Bank	55/SFR-SV	-	50	-	50
Trinidad and Tobago	National Gas Company	9/OR-TT	2,701	-	-	2,701
Total Loan Cancellations			**15,897**	**4,903**	**696**	**21,496**
Contingent Loan Cancellation:						
Grenada	Feasibility Study for Expansion of Seaport Facility	31/SFR-GR	-	192	-	192

Cancellations of Loans, Contingent Loans and Grants – 2001
($'000)

Country	Project	Loan Number	OCR	SDFU	OSF	Total
Grant Cancellations:						
Dominica	Public Sector Reform Programme		-	1	-	1
Guyana	Emergency Relief Assistance to Areas Affected by Severe Drought		-	6	-	6
	Economic Recovery Programme		-	397	-	397
St. Lucia	Institutionalisation of Local Government Reform		-	1	-	1
Regional	Conference on Distance Education in Small States		-	6	-	6
	Workshop on Planning and Development of Coastal Urban Areas		-	6	- -	6
	Strategic Planning Exercise for Caribbean Network for Integrated Rural Development		-	7	-	7
	Association of Caribbean States		-	32	-	32
	Conference on Violence, Self and the Young Male III		-	4	-	4
	Seminar for Caribbean Utility Regulators		-	1	-	1
	Fisheries Policy Development		-	17	-	17
	Conference on Early Childhood Education		-	10	-	10
Total Grant Cancellation			**-**	**488**	**-**	**488**

APPENDIX I-L

Disbursements of Loans, Contingent Loans, Equity and Grants by Country and by Fund – 2001 ($'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Funds Resources	Total
Anguilla	1,063	0	911	1,974
Antigua and Barbuda	381	0	737	1,118
Bahamas, The	1,242	0	18	1,260
Barbados	5,100	0	149	5,249
Belize	5,067	0	4,190	9,257
British Virgin Islands	10,276	0	0	10,276
Cayman Islands	163	0	0	163
Dominica	2,870	0	9,908	12,778
Grenada	3,291	0	5,463	8,754
Guyana	0	0	6,009	6,009
Jamaica	6,582	0	6,676	13,258
Montserrat	0	0	228	228
St. Kitts and Nevis	3,469	0	4,496	7,965
St. Lucia	2,841	0	2,994	5,835
St. Vincent and the Grenadines	2,231	0	4,156	6,387
Trinidad and Tobago	15,862	0	20	15,882
Turks and Caicos Islands	1,300	0	1,671	2,971
Regional	309	0	2,080	2,389
Total	**62,047**	**0**	**49,706**	**111,753**

APPENDIX II-A

Summary of Total Financing Approved (Net)
Loans, Contingent Loans, Equity and Grants
(1970 – 2001)
($'000)

Items	1970-2000	2001	Total
Loans	1,767,596	81,740	1,849,336
Contingent Loans	5,252	(192)	5,060
Equity	16,790	3,000	19,790
Grants	136,524	34,867	171,391
Total	**1,926,162**	**119,415**	**2,045,577**

APPENDIX II-B

Summary of Total Financing Approved (Net) by Sector
Loans, Contingent Loans, Equity and Grants
(1970 – 2001)
($'000)

Sector	1970-2000	2001	Total
Agriculture, Forestry and Fishing	111,535	(17)	111,518
Mining and Quarrying	38,610	(2,713)	35,897
Manufacturing	132,669	(3,323)	129,346
Tourism	61,620	2,176	63,796
Transportation and Communication and Sea Defence	447,670	18,374	466,044
Power, Energy and Water	156,799	1,701	158,500
Social Services	228,424	28,546	256,970
Multi-Sector and Other	320,165	49,261	369,426
Financing and Distribution	428,670	25,410	454,080
Total	**1,926,162**	**119,415**	**2,045,577**

APPENDIX II-C

Summary of Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund (1970 – 2001) ($'000)

	Loans								
Sector	**Ordinary Capital Resources**	**Venezuelan Trust Fund**	**Special Development Fund**	**Other Special Funds**	**Total Loans**	**Contingent Loans**	**Equity**	**Grants**	**Total Financing Approved**
Agriculture, Forestry and Fishing	26,020	-	58,720	20,163	**104,903**	594	1,442	4,579	**111,518**
Mining and Quarrying	31,220	-	3,173	436	**34,829**	759	-	309	**35,897**
Manufacturing	45,788	2,205	38,276	41,067	**127,336**	220	560	1,230	**129,346**
Tourism	46,388	4,725	9,008	-	**60,121**	304	1,091	2,280	**63,796**
Transportation and Communication	276,511	-	122,458	44,994	**443,963**	1,926	-	5,299	**451,188**
Sea Defence	1,901	-	9,955	3,000	**14,856**	-	-	-	**14,856**
Power, Energy and Water	71,968	3,248	68,981	9,255	**153,452**	834	-	4,214	**158,500**
Social Services	120,359	-	64,353	53,421	**238,133**	-	-	18,837	**256,970**
Multi-Sector and Other	89,202	-	125,689	3,250	**218,141**	423	16,250	134,612	**369,426**
Financing and Distribution	294,929	7,487	130,199	20,987	**453,602**	-	447	31	**454,080**
Total	**1,004,286**	**17,665**	**630,812**	**196,573**	**1,849,336**	**5,060**	**19,790**	**171,391**	**2,045,577**

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Fund (1970 – 2001) ($'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop-ment Fund	Agri-cultural Fund	Housing Funds	Counterpart Contribution Fund	Other Special Funds	Total	Percent-age of Total
Anguilla	10,631	-	11,312	-	-	-	1,240	23,183	1.1
Antigua and Barbuda	13,592	-	13,870	905	657	32	4,533	33,589	1.6
Bahamas, The	47,402	3,248	2,804	-	-	-	20	53,474	2.6
Barbados	171,689	3,646	6,580	882	-	-	16,588	199,385	9.7
Belize	83,639	750	83,408	8,162	2,062	512	6,011	184,544	9.0
British Virgin Islands	34,760	-	15,902	997	-	-	1,603	53,262	2.6
Cayman Islands	40,003	-	4,508	313	515	-	3,186	48,525	2.4
Dominica	25,802	-	80,386	3,626	1,663	1,279	18,583	131,339	6.4
Grenada	35,337	-	63,866	891	975	427	18,522	120,018	5.9
Guyana	20,632	1,591	99,870	-	-	-	18,667	140,760	6.9
Jamaica	180,369	5,896	71,370	-	962	-	37,035	295,632	14.5
Montserrat	1,087	-	12,382	743	86	32	1,995	16,325	0.8
St. Kitts and Nevis	46,512	259	62,246	59	285	358	12,832	122,551	6.0
St. Lucia	105,444	677	82,524	3,849	-	617	28,921	222,032	10.9
St. Vincent and the Grenadines	26,853	1,598	55,811	4,140	931	620	17,450	107,403	5.3
Trinidad and Tobago	134,540	-	3,480	-	-	-	283	138,303	6.8
Turks and Caicos Islands	8,641	-	12,879	-	-	-	388	21,908	1.1
Regional :									
LDC Focus	-	-	26,041	189	-	-	18,079	44,309	2.2
MDC Focus	7,353	-	6,621	-	-	-	10,484	24,458	1.2
LDC/MDC Focus	10,000	-	25,881	1,460	-	-	27,236	64,577	3.2
Total	**1,004,286**	**17,665**	**741,741**	**26,216**	**8,136**	**3,877**	**243,656**	**2,045,577**	
Percentage of Total	49.1	0.9	36.3	1.3	0.4	0.2	11.9		100.0
Distribution by Country Groups									
Group 1	393,634	6,894	17,372	1,195	515	-	20,077	439,687	21.5
Group 2	58,983	-	41,084	1,902	657	32	7,376	110,034	5.4
Group 3	513,684	9,180	524,872	21,470	6,964	3,845	141,737	1,221,752	59.7
Group 4	20,632	1,591	99,870	-	-	-	18,667	140,760	6.9
Regional	17,353	-	58,543	1,649	-	-	55,799	133,344	6.5

APPENDIX II-E

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund (1970 – 2001)

($'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop-ment Fund	Other Special Funds	Total
Total All Sectors	**1,004,286**	**17,665**	**741,741**	**281,885**	**2,045,577**
Agriculture, Forestry and Fishing	26,020	-	61,155	24,343	111,518
Crop Farming	17,759	-	20,811	9,244	47,814
Agriculture (excluding Crop Farming)	4,214	-	266	3,182	7,662
Mixed Farming	-	-	8,580	-	8,580
Drainage and Irrigation	-	-	1,313	-	1,313
Fishing	-	-	2,444	992	3,436
Land Settlement and Rural Development	373	-	4,138	428	4,939
Forestry	-	-	348	-	348
Feeder Roads	3,674	-	23,255	10,497	37,426
Mining and Quarrying	**31,220**	**-**	**3,871**	**806**	**35,897**
Fossil Fuels	30,673	-	-	-	30,673
Metal Ores	547	-	31	-	578
Non-Metallic Minerals	-	-	3,840	806	4,646
Manufacturing	**45,788**	**2,205**	**39,127**	**42,226**	**129,346**
Food, Beverages and Tobacco	92	-	5,247	32,942	38,281
Sugar	15,756	1,500	3,762	2,628	23,646
Textile, Wearing Apparel and Leather Goods	-	259	250	53	562
Wood and Wood Products	4,498	-	499	79	5,076
Paper and Paper Products	3,651	-	-	10	3,661
Chemical and Chemical Products	-	446	11	18	475
Non-Metallic Mineral Products	3,009	-	73	130	3,212
Miscellaneous Manufacturing and Repairs	-	-	-	43	43
Industrial Estates	18,782	-	29,285	6,323	54,390
Tourism	**46,388**	**4,725**	**10,560**	**2,123**	**63,796**
Hotels and Lodging Places	28,997	4,725	244	1,220	35,186
Cruiseship Piers and Marinas	8,944	-	-	-	8,944
Integrated Tourism Facilities	8,447	-	6,943	78	15,468
Tourism Supporting Services	-	-	3,373	825	4,198
Transportation, Communication and Sea Defence	**278,412**	**-**	**135,680**	**51,952**	**466,044**
Transport:					
Road Transport	158,127	-	55,922	17,242	231,291
Water Transport	22,886	-	41,563	19,713	84,162
Air Transport	87,248	-	27,883	11,882	127,013
Communication	8,250	-	357	115	8,722
Sea Defence	1,901	-	9,955	3,000	14,856
Power, Energy and Water	**71,968**	**3,248**	**69,948**	**13,336**	**158,500**
Power and Energy:					
Electric Power	29,288	-	30,635	2,404	62,327
Alternative Energy	-	-	500	3,060	3,560
Water Supply	42,680	3,248	38,813	7,872	92,613

APPENDIX II-E (cont'd)

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund (1970 – 2001)
($'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop- ment Fund	Other Special Funds	Total
Social Services	**120,359**	**-**	**73,628**	**62,983**	**256,970**
Housing	4,101	-	7,222	17,936	29,259
Health	23,058	-	19,866	9,221	52,145
Education	93,200	-	46,540	35,826	175,566
Multi-Sector and Other	**89,202**	**-**	**217,573**	**62,651**	**369,426**
Urban Development	35,241	-	104	5,528	40,873
Disaster Rehabilitation	21,838	-	62,156	1,632	85,626
Distributive Trade	-	-	52	2,657	2,709
Structural Adjustment Programme	-	-	46,603	-	46,603
Other	32,123	-	108,658	52,834	193,615

APPENDIX II-F

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Sector – (1970 – 2001)
($'000)

	Directly Productive Sectors					Economic Infrastructure and Other									
Country	Agri-culture, Forestry and Fishing	Manu-facturing	Tour-ism	Mining	Sub-Total	Power and Energy	Water	Trans-portation and Commu-nication	Sea Defence	Housing	Education (includ-ing Student Loans)	Health and Sani-tation	Sub-Total	Multi-Sector	Total
Anguilla	1,721	4,869	773	-	**7,363**	5,939	288	2,325	-	450	1,659	-	**10,661**	5,159	**23,183**
Antigua and Barbuda	3,528	6,730	1,833	-	**12,091**	272	-	201	-	3,485	13,295	-	**17,253**	4,245	**33,589**
Bahamas, The	10,052	10,816	2,187	-	**23,055**	-	15,248	14,705	-	-	-	37	**29,990**	429	**53,474**
Barbados	5,970	32,265	12,027	100	**50,362**	105	765	52,459	-	1,387	54,976	3,240	**112,932**	36,091	**199,385**
Belize	25,634	14,726	1,227	-	**41,587**	19,674	22,546	40,951	-	13,701	19,199	5,751	**121,822**	21,135	**184,544**
British Virgin Islands	4,509	5,770	349	-	**10,628**	4,537	-	30,629	-	4,000	2,791	-	**41,957**	677	**53,262**
Cayman Islands	1,372	1,562	6,283	388	**9,605**	-	2,775	23,091	-	5,515	460	7,000	**38,841**	79	**48,525**
Dominica	23,869	12,155	3,302	-	**39,326**	6,159	8,995	10,762	7,456	13,598	10,519	6,738	**64,227**	27,786	**131,339**
Grenada	16,534	7,691	4,298	450	**28,973**	158	2,472	48,316	-	5,099	4,207	5,495	**65,747**	25,298	**120,018**
Guyana	21,793	17,713	128	-	**39,634**	3,558	8,895	16,392	7,400	1,127	2,433	-	**39,805**	61,321	**140,760**
Jamaica	71,961	63,232	15,414	864	**151,471**	8,662	6,546	15,515	-	17,684	20,089	2,000	**70,496**	73,665	**295,632**
Montserrat	1,704	2,022	132	87	**3,945**	992	-	4,762	-	1,250	1,238	-	**8,242**	4,138	**16,325**
St.Kitts and Nevis	6,792	10,414	1,716	240	**19,162**	6,374	84	32,247	-	11,552	28,040	9,867	**88,164**	15,225	**122,551**
St. Lucia	21,433	29,943	10,721	62	**62,159**	1,417	18,380	49,371	-	19,119	42,402	5,556	**136,245**	23,628	**222,032**
St.Vincent and the Grenadines	14,707	16,859	363	2,896	**34,825**	6,727	2,717	30,831	-	3,589	12,059	5,480	**61,403**	11,175	**107,403**
Trinidad and Tobago	33,049	28,536	-	30,673	**92,258**	-	2,615	34,937	-	-	7,556	512	**45,620**	425	**138,303**
Turks and Caicos Islands	630	2,145	1,302	18	**4,095**	-	-	3,150	-	6,322	6,060	-	**15,532**	2,281	**21,908**
Regional :															
LDC Focus	1,135	1,312	448	119	**3,014**	677	75	25,210	-	242	495	310	**27,009**	14,286	**44,309**
MDC Focus	43	-	-	-	**43**	-	-	14,637	-	-	9,764	-	**24,401**	14	**24,458**
LDC/MDC Focus	6,670	5,716	1,293	-	**13,679**	636	212	697	-	60	6,765	159	**8,529**	42,369	**64,577**
Total	**273,106**	**274,476**	**63,796**	**35,897**	**647,275**	**65,887**	**92,613**	**451,188**	**14,856**	**108,180**	**244,007**	**52,145**	**1,028,876**	**369,426**	**2,045,577**
Distribution by Country Groups															
Group 1	50,443	73,179	20,497	31,161	**175,280**	105	21,403	125,192	-	6,902	62,992	10,789	**227,383**	37,024	**439,687**
Group 2	9,758	17,369	2,955	-	**30,082**	10,748	288	33,155	-	7,935	17,745	-	**69,871**	10,081	**110,034**
Group 3	183,264	159,187	38,475	4,617	**385,543**	50,163	61,740	235,905	7,456	91,914	143,813	40,887	**631,878**	204,331	**1,221,752**
Group 4	21,793	17,713	128	-	**39,634**	3,558	8,895	16,392	7,400	1,127	2,433	-	**39,805**	61,321	**140,760**
Regional	7,848	7,028	1,741	119	**16,736**	1,313	287	40,544	-	302	17,024	469	**59,939**	56,669	**133,344**

APPENDIX II-G

Approvals of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Year (1970 – 2001) ($'000)

Country	1970-1994	1995	1996	1997	1998	1999	2000	2001	Total
Anguilla	12,018	4	90	-	3,098	-	7,956	17	**23,183**
Antigua and Barbuda	17,213	24	7	15,152	726	-	59	408	**33,589**
Bahamas, The	43,086	42	41	23	177	10,027	78	-	**53,474**
Barbados	79,969	12,428	4,960	869	54,283	22	37,727	9,127	**199,385**
Belize	87,651	7,338	12,227	22,275	13,487	18,144	19,349	4,073	**184,544**
British Virgin Islands	32,119	-	3	-	-	21,131	9	-	**53,262**
Cayman Islands	38,150	5	5,370	-	-	-	-	5,000	**48,525**
Dominica	75,079	4,780	5,348	13,979	7,515	39	17,032	7,567	**131,339**
Grenada	58,232	15,271	1,333	3,760	6,221	1,808	11,863	21,530	**120,018**
Guyana	121,267	217	5,079	21	5,691	515	439	7,531	**140,760**
Jamaica	188,966	352	6,042	659	26,423	17,354	41,567	14,269	**295,632**
Montserrat	14,554	11	464	3	4	196	11	1,082	**16,325**
St. Kitts and Nevis	52,935	6,405	16,000	7,192	4,030	6,083	3,772	26,134	**122,551**
St. Lucia	104,082	16,865	2,324	7,368	4,156	46,473	17,020	23,744	**222,032**
St. Vincent and the Grenadines	72,771	3,598	14,607	411	5,182	97	5,918	4,819	**107,403**
Trinidad and Tobago	39,441	18,012	18,826	5,006	25,455	19,008	12,555	-	**138,303**
Turks and Caicos Islands	9,000	1,850	414	5,763	88	-	4,058	735	**21,908**
Regional :									
LDC Focus	36,248	592	4,489	384	100	2,115	284	97	**44,309**
MDC Focus	24,458	-	-	-	-	-	-	-	**24,458**
LDC/MDC Focus	21,506	583	457	2,507	4,728	11,719	7,619	15,458	**64,577**
Total	**1,128,745**	**88,377**	**98,081**	**85,372**	**161,364**	**154,731**	**187,316**	**141,591**	**2,045,577**
Distribution by Country Groups									
Group 1	200,646	30,487	29,197	5,898	79,915	29,057	50,360	14,127	**439,687**
Group 2	61,350	28	100	15,152	3,824	21,131	8,024	425	**110,034**
Group 3	663,270	56,470	58,759	61,410	67,106	90,194	120,590	103,953	**1,221,752**
Group 4	121,267	217	5,079	21	5,691	515	439	7,531	**140,760**
Regional	82,212	1,175	4,946	2,891	4,828	13,834	7,903	15,555	**133,344**

Note: Cancellations are deducted in the years in which approvals were made.

APPENDIX II-H

Summary of Loans, Contingent Loans, Equity and Grants Approved by Fund
(1970 – 2001)
($'000)

Fund Sources	1970-1994	1995	1996	1997	1998	1999	2000	2001	Total
Gross Approvals									
OCR (incl. Secondary Mortgages)	562,262	83,115	66,361	56,498	120,830	119,883	131,075	65,075	1,205,099
VTF 26,701	-	-	-	-	-	-	-	26,701	
SDF 533,838	20,750	37,909	28,602	33,840	31,050	48,520	73,396	807,905	
Agricultural Fund	33,347	2,800	-	-	-	-	-	-	36,147
Housing Funds:									
- Primary Market	6,616	-	-	-	-	-	-	-	6,616
- Secondary Market	3,125	-	-	-	-	-	-	-	3,125
Counterpart Contribution Fund	4,431	-	-	-	-	-	-	-	4,431
IDB-Global Line of Credit	19,112	-	-	-	3,320	4,250	6,500	-	33,182
IDB/CDB Pre-Investment Fund	9,532	-	-	356	86	478	-	-	10,452
European Investment Bank Fund	-	-	-	625	-	-	894	-	1,519
Caribbean Development Facility	66,432	-	-	-	-	-	-	-	66,432
Technical Assistance Fund	5,762	-	-	-	-	-	-	-	5,762
Canadian Technical Cooperation Fund	-	-	-	-	221	270	233	120	844
UK Special Trust Fund	5,338	-	-	-	-	-	-	-	5,338
UK Technical Cooperation Fund	-	120	-	-	-	-	-	-	120
Nigerian Loan	4,797	-	40	100	-	-	-	-	4,937
USAID-Basic Human Needs Fund	11,294	-	-	-	-	-	-	-	11,294
USAID-Caribbean Education Dev.	3,545	-	-	-	-	-	-	-	3,545
USAID-Employment Investment:									
- Technical Assistance	8,830	-	500	125	250	-	100	-	9,805
- Technology Research	964	-	-	-	-	-	-	-	964
USAID-Alternative Energy Systems	2,365	-	-	-	-	-	-	-	2,365
Basic Needs Trust Fund	26,200	-	-	-	-	-	-	-	26,200
European Development Fund	13,029	-	-	-	-	-	-	-	13,029
International Dev. Association	34,615	3,170	-	2,087	-	-	-	-	39,872
Private Sector Fund [1/]	-	-	-	-	3,000	10,000	-	3,000	16,000
IDB/CDB Technical Cooperation	390	-	-	-	-	-	-	-	390
General Development Fund	-	-	-	738	172	58	-	-	968
German Technical Assistance	502	-	-	-	-	-	-	-	502
United Nations Dev. Programme	2,412	-	-	-	-	-	-	-	2,412
Total	**1,385,439**	**109,955**	**104,810**	**89,131**	**161,719**	**165,989**	**187,322**	**141,591**	**2,345,956**

Summary of Loans, Contingent Loans, Equity and Grants Approved by Fund
(1970 – 2001)
($'000)

Fund Sources	1970-1994	1995	1996	1997	1998	1999	2000	2001	Total
Withdrawals/Cancellations									
OCR (incl. Secondary Mortgages) [2/]	102,781	7,477	5,305	30,922	24,608	13,543	1,016	15,897	201,549
VTF 9,036	-	-	-	-	-	-	-	9,036	
SDF 30,416	7,803	8,254	3,073	5,399	118	1,429	5,583	62,075	
Agricultural Fund	7,021	-	-	5	-	-	-	-	7,026
Housing Funds:						-	-	-	
- Primary Market	1,561	-	-	-	-	-	-	-	1,561
- Secondary Market	44	-	-	-	-	-	-	-	44
Counterpart Contribution Fund	550	-	-	-	-	-	-	-	550
Caribbean Development Facility	905	-	-	-	-	-	-	-	905
USAID-Employment Investment	1,809	-	-	-	-	-	-	-	1,809
IDB/CDB Pre-Investment Fund	919	-	-	-	-	-	-	-	919
IDB-Global Line of Credit	7,878	-	-	-	-	-	-	-	7,878
Technical Assistance Fund	794	-	-	-	-	-	-	-	794
USAID - Alternative Energy Systems	101	-	-	-	-	-	-	-	101
International Dev. Association	1,909	298	18	-	3,200	-	-	696	6,121
Nigerian Loan	-	-	-	-	-	-	11	-	11
Total	**165,724**	**15,578**	**13,577**	**34,000**	**33,207**	**13,661**	**2,456**	**22,176**	**300,379**
Net Approvals	1,219,715	94,377	91,233	55,131	128,512	152,328	184,866	119,415	2,045,577
Cumulative Net Approvals	1,219,715	1,314,092	1,405,325	1,460,456	1,588,968	1,741,296	1,926,162	2,045,577	

APPENDIX II-I

Distribution of Loans Approved (Net) by Country and by Fund (1970 – 2001) ($'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop-ment Fund	Agri-cultural Fund	Housing Funds	Counterpart Contribution Fund	Other Special Funds	Total	Percent-age of Total
Anguilla	10,631	-	10,808	-	-	-	500	21,939	1.2
Antigua and Barbuda	13,592	-	13,263	902	657	32	741	29,187	1.6
Bahamas, The	47,402	3,248	2,375	-	-	-	-	53,025	2.9
Barbados	171,689	3,646	5,442	882	-	-	15,689	197,348	10.7
Belize	83,639	750	74,936	6,720	2,062	512	1,278	169,897	9.2
British Virgin Islands	34,760	-	15,395	994	-	-	1,020	52,169	2.8
Cayman Islands	40,003	-	4,364	313	515	-	3,154	48,349	2.6
Dominica	25,802	-	74,165	3,505	1,663	1,279	11,272	117,686	6.4
Grenada	35,337	-	57,033	891	975	427	13,175	107,838	5.8
Guyana	20,632	1,591	79,095	-	-	-	18,400	119,718	6.5
Jamaica	180,369	5,896	68,814	-	962	-	36,228	292,269	15.8
Montserrat	1,087	-	8,974	743	86	32	197	11,119	0.6
St. Kitts and Nevis	46,512	259	56,806	59	285	358	8,100	112,379	6.1
St. Lucia	105,444	677	75,387	3,849	-	617	23,085	209,059	11.3
St. Vincent and the Grenadines	26,853	1,598	48,946	3,686	931	620	11,271	93,905	5.1
Trinidad and Tobago	134,540	-	3,265	-	-	-	-	137,805	7.5
Turks and Caicos Islands	8,641	-	10,222	-	-	-	-	18,863	1.0
Regional :									
LDC Focus	-	-	15,809	-	-	-	7,422	23,231	1.3
MDC Focus	7,353	-	5,672	-	-	-	10,484	23,509	1.3
MDC/LDC Focus	10,000	-	41	-	-	-	-	10,041	0.5
Total	**1,004,286**	**17,665**	**630,812**	**22,544**	**8,136**	**3,877**	**162,016**	**1,849,336**	
Percentage of Total	54.3	1.0	34.1	1.2	0.4	0.2	8.8		100.0
Distribution by Country Groups									
Group 1	393,634	6,894	15,446	1,195	515	-	18,843	436,527	23.6
Group 2	58,983	-	39,466	1,896	657	32	2,261	103,295	5.6
Group 3	513,684	9,180	475,283	19,453	6,964	3,845	104,606	1,133,015	61.3
Group 4	20,632	1,591	79,095	-	-	-	18,400	119,718	6.5
Regional	17,353	-	21,522	-	-	-	17,906	56,781	3.1

APPENDIX II-J

Distribution of Loans Approved (Net) by Sector and by Fund (1970 – 2001) ($'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop-ment Fund	Other Special Funds	Total
Total All Sectors	**1,004,286**	**17,665**	**630,812**	**196,573**	**1,849,336**
Agriculture, Forestry and Fishing	26,020	-	58,720	20,163	104,903
Crop Farming	17,759	-	19,328	7,174	44,261
Agriculture (excluding Crop Farming)	4,214	-	101	1,378	5,693
Mixed Farming	-	-	8,580	-	8,580
Fishing	-	-	2,222	814	3,036
Drainage and Irrigation	-	-	1,313	-	1,313
Land Settlement and Rural Development	373	-	4,138	398	4,909
Feeder Roads	3,674	-	23,038	10,399	37,111
Mining and Quarrying	**31,220**	**-**	**3,173**	**436**	**34,829**
Fossil Fuels	30,673	-	-	-	30,673
Metal Ores	547	-	-	-	547
Non-Metallic Minerals	-	-	3,173	436	3,609
Manufacturing	**45,788**	**2,205**	**38,276**	**41,067**	**127,336**
Food, Beverages and Tobacco	92	-	5,083	32,319	37,494
Sugar	15,756	1,500	3,542	2,553	23,351
Textile, Wearing Apparel and Leather Goods	-	259	-	2	261
Wood and Wood Products	4,498	-	450	-	4,948
Paper and Paper Products	3,651	-	-	-	3,651
Chemical and Chemical Products	-	446	-	-	446
Non-Metallic Mineral Products	3,009	-	-	-	3,009
Industrial Estates	18,782	-	29,201	6,193	54,176
Tourism	**46,388**	**4,725**	**9,008**	**-**	**60,121**
Hotels and Lodging Places	29,417	4,725	47	-	34,189
Cruiseship Piers and Marinas	8,944	-	-	-	8,944
Integrated Tourism Facilities	8,027	-	6,393	-	14,420
Tourism Supporting Services	-	-	2,568	-	2,568
Transportation and Commuinication	**278,413**	**-**	**132,413**	**47,994**	**458,820**
Transport:					
Main Roads and Bridges	158,128	-	55,405	17,180	230,713
Water Transport	22,886	-	40,050	19,147	82,083
Air Transport	87,248	-	26,962	8,667	122,877
Communication	8,250	-	41	-	8,291
Sea Defences	1,901	-	9,955	3,000	14,856
Power, Energy and Water	**71,968**	**3,248**	**68,981**	**9,255**	**153,452**
Power and Energy:					
Electric Power	29,288	-	30,343	1,984	61,615
Alternative Energy	-	-	460	-	460
Water Supply	42,680	3,248	38,178	7,271	91,377

APPENDIX II-J (cont'd)

Distribution of Loans Approved (Net) by Sector and by Fund (1970 – 2001) ($'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop-ment Fund	Other Special Funds	Total
Social Services	**120,359**	**-**	**64,353**	**53,421**	**238,133**
Housing	4,101	-	6,891	17,789	28,781
Health	23,058	-	18,930	9,058	51,046
Education	93,200	-	38,532	26,574	158,306
Multi-Sector and Other	**89,201**	**-**	**125,689**	**3,250**	**218,140**
Urban Development	35,240	-	-	-	35,240
Disaster Rehabilitation	21,838	-	61,181	1,000	84,019
Distributive Trade	-	-	-	2,250	2,250
Structural Adjustment Programme	-	-	45,000	-	45,000
Other	32,123	-	19,508	-	51,631
Financing and Distribution	**294,929**	**7,487**	**130,199**	**20,987**	**453,602**
Agriculture	117,463	4,760	25,848	12,744	160,815
Manufacturing	101,941	2,727	28,788	4,975	138,431
Micro and Small-Scale Enterprises	-	-	6,838	187	7,025
Housing	52,083	-	23,726	3,081	78,890
Education	23,442	-	44,999	-	68,441

APPENDIX II-K

Distribution of Loans Approved (Net) by Country and by Sector – (1970 – 2001) ($'000)

Country	Directly Productive Sectors					Economic Infrastructure and Other									
	Agri-culture, Forestry and Fishing	Manu-facturing	Tour-ism	Mining	Total	Power and Energy	Water	Trans-portation and Commu-nication	Sea Defence	Housing	Health and Sani-tation	Education (includ-ing Student loans)	Total	Multi-Sector	Total
Anguilla	1,721	4,869	683	-	**7,273**	5,816	288	2,325	-	450	-	1,500	**10,379**	4,287	**21,939**
Antigua and Barbuda	3,507	6,712	1,833	-	**12,052**	-	-	201	-	3,485	-	12,450	**16,136**	999	**29,187**
Bahamas	10,032	10,816	2,187	-	**23,035**	-	15,248	14,705	-	-	37	-	**29,990**	-	**53,025**
Barbados	5,800	32,136	11,580	100	**49,616**	-	765	52,188	-	1,387	3,225	54,926	**112,491**	35,241	**197,348**
Belize	23,932	14,720	948	-	**39,600**	19,320	22,435	40,674	-	13,701	5,591	18,378	**120,099**	10,198	**169,897**
British Virgin Islands	4,444	5,770	349	-	**10,563**	4,431	-	30,394	-	4,000	-	2,781	**41,606**	-	**52,169**
Cayman Islands	1,372	1,562	6,283	291	**9,508**	-	2,775	23,091	-	5,515	7,000	460	**38,841**	-	**48,349**
Dominica	23,594	12,088	3,174	-	**38,856**	5,720	8,907	10,395	7,456	13,578	6,520	8,714	**61,290**	17,540	**117,686**
Grenada	16,516	7,586	4,198	330	**28,630**	-	2,292	48,075	-	5,099	5,270	3,150	**63,886**	15,322	**107,838**
Guyana	21,403	17,640	113	-	**39,156**	3,342	8,801	16,392	7,400	1,127	-	1,500	**38,562**	42,000	**119,718**
Jamaica	71,699	63,115	14,789	547	**150,150**	8,628	6,479	15,515	-	17,684	2,000	19,989	**70,295**	71,824	**292,269**
Montserrat	1,704	2,022	-	-	**3,726**	679	-	4,533	-	1,250	-	931	**7,393**	-	**11,119**
St.Kitts and Nevis	6,782	10,191	1,668	123	**18,764**	6,236	-	31,610	-	11,426	9,867	27,225	**86,364**	7,251	**112,379**
St. Lucia	21,054	29,900	10,705	-	**61,659**	1,332	18,176	49,153	-	19,058	5,556	41,339	**134,614**	12,786	**209,059**
St.Vincent and the									0						
Grenadines	13,913	16,503	309	2,765	**33,490**	6,571	2,596	30,522	-	3,589	5,480	11,022	**59,780**	635	**93,905**
Trinidad and Tobago	33,033	28,507	-	30,673	**92,213**	-	2,615	34,937	-	-	500	7,540	**45,592**	-	**137,805**
Turks and Caicos Islands	930	1,845	1,302	-	**4,077**	-	-	2,460	-	6,322	-	5,946	**14,728**	58	**18,863**
Regional :															
LDC Focus	-	1,260	-	-	**1,260**	-	-	21,971	-	-	-	-	**21,971**	-	**23,231**
MDC Focus	-	-	-	-	**-**	-	-	14,613	-	-	-	8,896	**23,509**	-	**23,509**
MDC/LDC Focus	5,000	5,000	-	-	**10,000**	-	-	41	-	-	-	-	**41**	-	**10,041**
Total	**266,436**	**272,242**	**60,121**	**34,829**	**633,628**	**62,075**	**91,377**	**443,795**	**14,856**	**107,671**	**51,046**	**226,747**	**997,567**	**218,141**	**1,849,336**
Distribution by Country Groups															
Group 1	50,237	73,021	20,050	31,064	**174,372**	-	21,403	124,921	-	6,902	10,762	62,926	**226,914**	35,241	**436,527**
Group 2	9,672	17,351	2,865	-	**29,888**	10,247	288	32,920	-	7,935	-	16,731	**68,121**	5,286	**103,295**
Group 3	180,124	157,970	37,093	3,765	**378,952**	48,486	60,885	232,937	7,456	91,707	40,284	136,694	**618,449**	135,614	**1,133,015**
Group 4	21,403	17,640	113	-	**39,156**	3,342	8,801	16,392	7,400	1,127	-	1,500	**38,562**	42,000	**119,718**
Regional	5,000	6,260	-	-	**11,260**	-	-	36,625	-	-	-	8,896	**45,521**	-	**56,781**

APPENDIX II-L

Gross Loan Approvals by Country, Financing, CDB Cost Component and Channel (1970 – 2001)
($'000)

Country	Estimated Project Cost	Financing			CDB Cost Component		Channel		
								Private	
		CDB	Local	Other Foreign	Local	Foreign	Public	Direct	Indirect
Anguilla	45,867	27,420	13,401	5,046	4,007	23,413	18,155	715	8,550
Antigua and Barbuda	43,810	33,182	10,240	388	12,542	20,640	22,810	1,445	8,927
Bahamas, The	211,098	91,136	97,503	22,459	20,831	70,305	62,736	5,400	23,000
Barbados	658,811	211,582	316,132	131,097	82,024	129,558	185,362	18,146	8,074
Belize	351,514	187,569	90,571	73,374	61,631	125,938	137,635	5,732	44,202
British Virgin Islands	136,402	63,636	48,943	23,823	8,073	55,563	47,454	0	16,182
Cayman Islands	108,014	57,226	50,788	0	11,859	45,367	47,625	944	8,657
Dominica	282,545	143,343	102,566	36,636	37,083	106,260	108,743	771	33,829
Grenada	169,892	113,644	38,059	18,189	34,028	79,616	93,573	4,473	15,598
Guyana	195,303	148,120	31,246	15,937	43,106	105,014	131,088	7,721	9,311
Jamaica	1,102,277	381,283	344,543	376,451	141,133	240,150	277,977	13,343	89,963
Montserrat	40,752	24,599	10,217	5,936	3,195	21,404	18,007	0	6,592
St. Kitts and Nevis	185,488	125,586	51,468	8,434	44,864	80,722	90,691	472	34,423
St. Lucia	434,020	238,884	133,042	62,094	63,536	175,348	163,176	5,237	70,471
St. Vincent and the Grenadines	189,408	114,162	60,804	14,442	28,136	86,026	102,793	295	11,074
Trinidad and Tobago	319,166	162,008	86,232	70,926	51,522	110,486	102,047	2,070	57,891
Turks and Caicos Islands	29,782	19,566	8,121	2,095	1,793	17,773	8,638	1,390	9,538
Regional	123,109	78,613	24,693	19,803	5,423	73,190	29,254	36,099	13,260
Total	**4,627,258**	**2,221,559**	**1,518,569**	**887,130**	**654,786**	**1,566,773**	**1,647,764**	**104,253**	**469,542**
Distribution by Country Groups									
Group 1	1,297,089	521,952	550,655	224,482	166,236	355,716	397,770	26,560	97,622
Group 2	226,079	124,238	72,584	29,257	24,622	99,616	88,419	2,160	33,659
Group 3	2,785,678	1,348,636	839,391	597,651	415,399	933,237	1,001,233	31,713	315,690
Group 4	195,303	148,120	31,246	15,937	43,106	105,014	131,088	7,721	9,311
Regional	123,109	78,613	24,693	19,803	5,423	73,190	29,254	36,099	13,260

APPENDIX II-M

Disbursements of Loans, Contingent Loans, Equity, Secondary Mortgages and Grants by Country and by Fund (1970 – 2001)
($'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Funds Resources	Total
Anguilla	8,884	0	9,421	18,305
Antigua and Barbuda	4,893	0	14,533	19,426
Bahamas, The	41,532	1,658	2,892	46,082
Barbados	95,135	1,868	22,793	119,796
Belize	51,624	380	77,783	129,787
British Virgin Islands	23,415	0	16,971	40,386
Cayman Islands	39,077	0	7,872	46,949
Dominica	15,133	0	89,865	104,998
Grenada	22,557	0	65,058	87,615
Guyana	17,154	848	86,774	104,776
Jamaica	144,808	3,386	84,836	233,030
Montserrat	3,245	0	10,080	13,325
St. Kitts and Nevis	20,825	133	55,052	76,010
St. Lucia	46,516	347	85,677	132,540
St. Vincent and the Grenadines	22,019	823	70,430	93,272
Trinidad and Tobago	98,362	0	3,883	102,245
Turks and Caicos Islands	5,804	0	9,075	14,879
Regional	10,970	0	95,480	106,450
Total	**671,953**	**9,443**	**808,475**	**1,489,871**
Distribution by Country Groups				
Group 1	274,106	3,526	37,440	315,072
Group 2	37,192	0	40,925	78,117
Group 3	332,531	5,069	547,856	885,456
Group 4	17,154	848	86,774	104,776
Regional	10,970	0	95,480	106,450

Summary of Loans Approved by Fund
(1970 – 2001)
($'000)

Fund Sources	1970-1994	1995	1996	1997	1998	1999	2000	2001	Total
Gross Approvals									
OCR (incl. Secondary Mortgages)	562,262	83,115	66,361	56,498	120,830	119,883	131,075	65,075	1,205,099
VTF 26,701	-	-	-	-	-	-	-	26,701	
SDF 488,906	18,646	18,731	25,575	29,698	26,135	44,049	38,161	689,901	
Agricultural Fund	29,565	-	-	-	-	-	-	-	29,565
Housing Funds									
- Primary Market	6,616	-	-	-	-	-	-	-	6,616
- Secondary Market	3,125	-	-	-	-	-	-	-	3,125
Counterpart Contribution Fund	4,427	-	-	-	-	-	-	-	4,427
Consolidated Technical Assistance Fund	2,556	2,800	-	-	-	-	-	-	5,356
IDB-Global Line of Credit	20,274	-	-	-	3,320	4,250	6,500	-	34,344
IDB/CDB Pre-Investment Fund	1,778	-	-	-	-	-	-	-	1,778
Caribbean Development Facility	66,326	-	-	-	-	-	-	-	66,326
Technical Assistance Fund	422	-	-	-	-	-	-	-	422
UK Special Trust Fund	5,338	-	-	-	-	-	-	-	5,338
Nigerian Loan	4,797	-	40	-	-	-	-	-	4,837
USAID-Basic Human Needs Fund	2,000	-	-	-	-	-	-	-	2,000
USAID-Employment Investment	10,105	-	-	63	125	-	-	-	10,293
European Development Fund	10,344	-	-	-	-	-	-	-	10,344
International Dev. Association	32,968	3,170	-	2,087	-	-	-	-	38,225
Total	**1,278,510**	**107,731**	**85,132**	**84,223**	**153,973**	**150,268**	**181,624**	**103,236**	**2,144,697**

APPENDIX II-N (cont'd)

Summary of Loans Approved by Fund
(1970 – 2001)
($'000)

Fund Sources	1970-1994	1995	1996	1997	1998	1999	2000	2001	Total
Withdrawals/Cancellations									
OCR (incl. Secondary Mortgages)	102,781	7,477	5,305	30,186	24,608	13,543	1,016	15,897	200,813
VTF 9,036	-	-	-	-	-	-	-	9,036	
SDF 29,665	7,561	6,905	3,464	5,277	97	1,217	4,903	59,089	
Agricultural Fund	7,021	-	-	-	-	-	-	-	7,021
Housing Funds									
- Primary Market	1,561	-	-	-	-	-	-	-	1,561
- Secondary Market	44	-	-	-	-	-	-	-	44
Counterpart Contribution Fund	550	-	-	-	-	-	-	-	550
Caribbean Development Facility	905	-	-	-	-	-	-	-	905
USAID-Employment Investment	1,809	-	-	-	-	-	-	-	1,809
IDB/CDB Pre-Investment Fund	439	-	-	-	-	-	-	-	439
IDB-Global Line of Credit	7,878	-	-	-	-	-	-	-	7,878
Technical Assistance Fund	84	-	-	-	-	-	-	-	84
International Dev. Association	1,909	298	18	-	3,200	-	-	696	6,121
Nigerian Loan	-	-	-	-	-	-	11	-	11
Total	**163,682**	**15,336**	**12,228**	**33,650**	**33,085**	**13,640**	**2,244**	**21,496**	**295,361**
Net Approvals	**1,114,828**	**92,395**	**72,904**	**50,573**	**120,888**	**136,628**	**179,380**	**81,740**	**1,849,336**
Cumulative Net Approvals	**1,114,828**	**1,207,223**	**1,280,127**	**1,330,700**	**1,451,588**	**1,588,216**	**1,767,596**	**1,849,336**	

APPENDIX II-O (1)

Contingent Loans Approved (Net) by Country and by Fund (1970 – 2001) ($'000)

Country	Special Development Fund	IDB/CDB Pre-Investment Fund	Technical Assistance Fund	Total
Anguilla	90	95	-	185
Antigua and Barbuda	4	-	-	4
Barbados	466	-	156	622
Belize	443	-	52	495
British Virgin Islands	-	164	50	214
Dominica	521	-	351	872
Grenada	241	-	120	361
Guyana	73	-	-	73
Jamaica	286	-	-	286
Montserrat	87	-	-	87
St. Kitts and Nevis	323	10	154	487
St. Lucia	60	-	50	110
St. Vincent and the Grenadines	301	-	131	432
Trinidad and Tobago	-	200	-	200
Turks and Caicos Islands	632	-	-	632
Total	**3,527**	**469**	**1,064**	**5,060**
Distribution by Country Groups				
Group 1	466	200	156	822
Group 2	94	259	50	403
Group 3	2,894	10	858	3,762
Group 4	73	-	-	73

APPENDIX II-O (2)

Contingent Loans Approved (Net) by Fund and by Year (1970 – 2001) ($'000)

Fund	1970-1995	1996	1997	1998	1999	2000	2001	Total
Special Development Fund	3,642	77	-	-	-	-	(192)	3,527
IDB/CDB Pre-Investment Fund	469	-	-	-	-	-	-	469
Technical Assistance Fund	1,064	-	-	-	-	-	-	1,064
Total	**5,175**	**77**	**-**	**-**	**-**	**-**	**(192)**	**5,060**

APPENDIX II-O (3)

Contingent Loans Approved (Net) by Sector and by Fund
(1970 – 2001)
($'000)

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

APPENDIX II-O (4)

Contingent Loans Approved (Net) by Country and by Year
(1970 – 2001)
($'000)

Country	1970-1995	1996	1997	1998	1999	2000	2001	Total
Anguilla	95	90	-	-	-	-	-	185
Antigua and Barbuda	4	-	-	-	-	-	-	4
Barbados	622	-	-	-	-	-	-	622
Belize	495	-	-	-	-	-	-	495
British Virgin Islands	214	-	-	-	-	-	-	214
Dominica	872	-	-	-	-	-	-	872
Grenada	553	-	-	-	-	-	(192)	361
Guyana	73	-	-	-	-	-	-	73
Jamaica	286	-	-	-	-	-	-	286
Montserrat	87	-	-	-	-	-	-	87
St. Kitts and Nevis	500	(13)	-	-	-	-	-	487
St. Lucia	110	-	-	-	-	-	-	110
St. Vincent and the Grenadines	432	-	-	-	-	-	-	432
Trinidad and Tobago	200	-	-	-	-	-	-	200
Turks and Caicos Islands	632	-	-	-	-	-	-	632
Total	**5,175**	**77**	**-**	**-**	**-**	**-**	**(192)**	**5,060**
Distribution by Country Groups								
Group 1	822	-	-	-	-	-	-	822
Group 2	313	90	-	-	-	-	-	403
Group 3	3,967	(13)	-	-	-	-	(192)	3,762
Group 4	73	-	-	-	-	-	-	73

Equity Approved (Net) by Country
(1970 – 2001)
($'000)

Country	OSF				Sector				Total
	European Investment Bank	Special Develop-ment Fund	Agri-cultural Fund	Private Sector Fund	Agri-culture	Industry	Tourism	Multi-Sector	
Barbados									
2000	447	-	-	-	-	-	447	-	**447**
Sub-Total	**447**	**-**	**-**	**-**	**-**	**-**	**447**	**-**	**447**
Belize									
1977	-	-	650	-	650	-	-	-	650
1982	-	-	792	-	792	-	-	-	792
Sub-Total	**-**	**-**	**1,442**	**-**	**1,442**	**-**	**-**	**-**	**1,442**
Jamaica									
1997	625	-	-	-	-	-	625	-	625
Sub-Total	**625**	**-**	**-**	**-**	**-**	**-**	**625**	**-**	**625**
St. Kitts and Nevis									
1978	-	155	-	-	-	155	-	-	155
1980	-	34	-	-	-	34	-	-	34
Sub-Total	**-**	**189**	**-**	**-**	**-**	**189**	**-**	**-**	**189**
St. Vincent and the Grenadines									
1977	-	19	102	-	-	102	19	-	121
1979	-	-	269	-	-	269	-	-	269
Sub-Total	**-**	**19**	**371**	**-**	**-**	**371**	**19**	**-**	**390**
Regional									
1994	-	-	250	-	-	-	-	250	250
1998	-	-	-	3,000	-	-	-	3,000	3,000
1999	-	-	-	10,000	-	-	-	10,000	10,000
2000	447	-	-	-	223	224	-	-	447
2001	-	-	-	3,000	-	-	-	3,000	3,000
Sub-Total	**447**	**-**	**250**	**16,000**	**223**	**224**	**-**	**16,250**	**16,697**
Grand Total	**1,519**	**208**	**2,063**	**16,000**	**1,665**	**784**	**1,091**	**16,250**	**19,790**

APPENDIX II-Q (1)

Grants Approved (Net) by Country and by Fund
(1970 – 2001)
($'000)

Country	Special Development Fund	Agri-cultural Fund	Technical Assistance Fund	Other Special Funds	Total
Anguilla	397	-	60	602	1,059
Antigua and Barbuda	590	3	64	3,741	4,398
Bahamas, The	429	-	20	-	449
Barbados	655	-	112	201	968
Belize	8,029	-	166	4,515	12,710
British Virgin Islands	507	3	52	317	879
Cayman Islands	144	-	-	32	176
Dominica	5,687	121	227	6,746	12,781
Grenada	6,582	-	208	5,029	11,819
Guyana	20,680	-	1	288	20,969
Jamaica	2,229	-	-	223	2,452
Montserrat	3,317	-	19	1,783	5,119
St. Kitts and Nevis	4,910	-	239	4,347	9,496
St. Lucia	7,060	-	247	5,556	12,863
St. Vincent and the Grenadines	6,478	83	291	5,824	12,676
Trinidad and Tobago	215	-	-	83	298
Turks and Caicos Islands	2,025	-	77	311	2,413
Regional:					
LDC Focus	10,232	189	416	10,241	21,078
MDC Focus	949	-	-	-	949
LDC/MDC Focus	25,840	1,210	659	10,130	37,839
Total	**106,955**	**1,609**	**2,858**	**59,969**	**171,391**
Distribution by Country Groups					
Group 1	1,443	-	132	316	1,891
Group 2	1,494	6	176	4,660	6,336
Group 3	46,317	204	1,474	34,334	82,329
Group 4	20,680	-	1	288	20,969
Regional	37,021	1,399	1,075	20,371	59,866

APPENDIX II-Q (2)

Grants Approved (Net) by Fund and by Year
(1970 – 2001)
($'000)

Fund	1970-1995	1996	1997	1998	1999	2000	2001	Total
Technical Assistance Fund	2,858	-	-	-	-	-	-	2,858
Special Development Fund	38,840	17,752	2,682	4,020	4,894	4,259	34,747	107,194
Agricultural Fund	1,614	-	-5	-	-	-	-	1,609
Consolidated Technical Assistance Fund	-	-	-	172	58	-	-	230
USAID -								
Basic Human Needs Fund	9,294	-	-	-	-	-	-	9,294
Caribbean Education Development Fund	3,545	-	-	-	-	-	-	3,545
Employment Investment Promotion -								
Technical Assistance	1,384	500	62	125	-	100	-	2,171
Technology Research Assistance	964	-	-	-	-	-	-	964
Alternative Energy Systems Fund	2,264	-	-	-	-	-	-	2,264
Nigerian Fund	-	-	100	-	-	-	-	100
Basic Needs Trust Fund	26,200	-	-	-	-	-	-	26,200
UK Technical Cooperation Fund	120	-	-	-	-	-	-	120
IDB/CDB Technical Cooperation Fund	390	-	-	-	-	-	-	390
Canadian Technical Cooperation Fund	-	-	738	221	270	233	120	1,582
German Technical Assistance Fund	701	-	-	-	-	-	-	701
IDB/CDB Pre-Investment Fund	6,152	-	356	86	478	-	-	7,072
United Nations Development Programme	2,412	-	-	-	-	-	-	2,412
European Development Fund	2,685	-	-	-	-	-	-	2,685
Total	**99,423**	**18,252**	**3,933**	**4,624**	**5,700**	**4,592**	**34,867**	**171,391**

APPENDIX II-Q (3)

Grants Approved (Net) by Sector and by Fund
(1970 – 2001)
($'000)

Sectors	Special Development Fund	Agricultural Fund	Technical Assistance Fund	Other Special Funds	Total
Total - All Sectors	**107,194**	**1,609**	**2,858**	**59,730**	**171,391**
Agriculture, Forestry and Fishing	2,001	823	515	1,240	4,579
Crop Farming	1,302	657	355	996	3,310
Agriculture (excl. crop farming)	165	133	28	201	527
Fishing	41	3	132	43	219
Land Settlement and Rural Development	-	30	-	-	30
Forestry	348	-	-	-	348
Feeder Roads	145	-	-	-	145
Mining and Quarrying	**190**	**-**	**-**	**119**	**309**
Metal Ores	31	-	-	-	31
Non-Metallic Minerals	159	-	-	119	278
Manufacturing	**442**	**52**	**264**	**472**	**1,230**
Food (excluding sugar)	164	9	-	243	416
Sugar	145	-	75	-	220
Textile, Wearing Apparel and Leather Goods	9	-	-	51	60
Wood and Wood Products	49	-	10	69	128
Paper and Paper Products	-	-	-	10	10
Chemicals and Chemical Products	11	-	-	18	29
Non-Metallic Mineral Products	-	-	49	81	130
Miscellaneous Manufacturing and Repairs	-	43	-	-	43
Industrial Estates	64	-	130	-	194
Tourism	**1,277**	**-**	**45**	**958**	**2,280**
Hotels and Lodging Places	133	-	-	100	233
Integrated Tourism Facilities	159	-	-	78	237
Tourism Supporting Services	985	-	45	780	1,810
Transportation and Communication	**1,543**	**100**	**406**	**3,250**	**5,299**
Transport:					
Main Roads and Bridges	223	-	-	24	247
Water Transport	462	75	327	-	864
Air Transport	542	-	79	3,136	3,757
Communication	316	25	-	90	431
Power, Energy and Water	**649**	**40**	**367**	**3,158**	**4,214**
Power and Energy:					
Electric Power	185	40	81	48	354
Alternative Energy	-	-	-	2,823	2,823
Water Supply	464	-	286	287	1,037
Social Services	**9,275**	**109**	**508**	**8,945**	**18,837**
Housing	331	-	77	70	478
Health	936	-	10	153	1,099
Education	8,008	109	421	8,722	17,260

APPENDIX II-Q (3) (cont'd)

Grants Approved (Net) by Sector and by Fund
(1970 – 2001)
($'000)

Sectors	Special Development Fund	Agricultural Fund	Technical Assistance Fund	Other Special Funds	Total
Multi-Sector and Other	**91,817**	**485**	**722**	**41,588**	**134,612**
Urban Development	37	-	-	5,372	5,409
Disaster Rehabilitation	975	-	-	632	1,607
Distributive Trade	52	14	208	185	459
Structural Adjustment Programme	1,603	-	-	-	1,603
Other	89,150	471	514	35,399	125,534
Financing and Distribution	**-**	**-**	**31**	**-**	**31**
Housing	-	-	31	-	31

Grants Approved (Net) by Country and by Year
(1970 – 2001)
($'000)

Country	1970-1995	1996	1997	1998	1999	2000	2001	Total
Anguilla	994	-	-	12	-	36	17	1,059
Antigua and Barbuda	4,080	7	110	129	-	59	13	4,398
Bahamas, The	267	41	(141)	177	27	78	-	449
Barbados	827	31	(1)	23	22	49	17	968
Belize	7,274	1,425	6	307	144	179	3,375	12,710
British Virgin Islands	907	3	(40)	-	-	9	-	879
Cayman Islands	176	-	-	-	-	-	-	176
Dominica	8,567	1,868	109	23	40	42	2,132	12,781
Grenada	7,335	1,333	246	271	188	548	1,898	11,819
Guyana	7,896	5,083	21	597	515	434	6,423	20,969
Jamaica	1,287	42	34	368	326	354	41	2,452
Montserrat	3,359	464	3	4	196	11	1,082	5,119
St. Kitts and Nevis	6,600	1,177	166	205	111	98	1,139	9,496
St. Lucia	7,796	1,369	243	324	174	190	2,767	12,863
St. Vincent and the Grenadines	7,691	1,418	260	250	97	204	2,756	12,676
Trinidad and Tobago	246	5	6	18	8	15	-	298
Turks and Caicos Islands	1,081	414	95	88	-	-	735	2,413
Regional:								
LDC Focus	13,609	4,489	384	100	2,132	290	74	21,078
MDC Focus	949	-	-	-	-	-	-	949
LDC/MDC Focus	18,482	(917)	2,432	1,728	1,720	1,996	12,398	37,839
Total	**99,423**	**18,252**	**3,933**	**4,624**	**5,700**	**4,592**	**34,867**	**171,391**
Distribution by Country Groups								
Group 1	1,516	77	(136)	218	57	142	17	1,891
Group 2	5,981	10	70	141	-	104	30	6,336
Group 3	50,990	9,510	1,162	1,840	1,276	1,626	15,925	82,329
Group 4	7,896	5,083	21	597	515	434	6,423	20,969
Regional	33,040	3,572	2,816	1,828	3,852	2,286	12,472	59,866

APPENDIX II-R (1)

Capital Loans
Withdrawn/Not Taken Up Or Transferred During Each Year
(1970 – 2001)
($'000)

Year Withdrawn	Ordinary Capital Resources	Venezuelan Trust Fund	Special Development Fund	Other Special Funds	Total
1970-1995	110,258	9,036	37,226	22,498	179,018
1996	5,305	-	6,905	18	12,228
1997	30,186	-	3,464	-	33,650
1998	24,608	-	5,277	3,200	33,085
1999	13,543	-	97	-	13,640
2000	1,016	-	1,217	11	2,244
2001	15,897	-	4,903	696	21,496
Total	**200,813**	**9,036**	**59,089**	**26,423**	**295,361**

APPENDIX II-R (2)

Contingent Loans
Withdrawn/Not Taken Up Or Transferred During Each Year
(1970 – 2001)
($'000)

Year Withdrawn	Special Development Fund	Other Special Funds	Total
1970-1995	355	357	712
1996	13	-	13
1997	-	-	-
1998	-	-	-
1999	-	-	-
2000	-	-	-
2001	192	-	192
Total	**560**	**357**	**917**

APPENDIX II-R (3)

Grants
Withdrawn/Not Taken Up During Each Year
(1970 – 2001)
($'000)

Year Withdrawn	Special Development Fund	Technical Assistance Fund	Other Special Funds	Total
1970-1995	638	361	573	1,572
1996	1,336	-	-	1,336
1997	345	-	5	350
1998	122	-	-	122
1999	21	-	-	21
2000	212	-	-	212
2001	488	-	-	488

APPENDIX III

Administrative Budget for the Year Ending December 31, 2001

(With Revised 2001 Budget and Comparisons to 1999)

($'000)

	Actuals			Estimated		
Item	**1999**	**2000**	**2001**	**Original 2001**	**Revised 2001**	**Budget 2002**
Operational Expenses	**13,319**	**14,147**	**11,810**	**16,222**	**15,471**	**16,271**
Board of Governors	99	175	98	228	196	248
Board of Directors	118	146	143	206	174	197
Staff	8,326	8,538	7,195	9,363	8,884	9,362
Recruitment & Relocation	116	153	190	321	303	329
Travel	539	580	567	782	714	709
Other Operational and Administrative Expenses						
(a) Communication	393	402	371	426	421	395
(b) Utilities and Office Maintenance	540	528	582	555	714	694
(c) Supplies and Printing	194	185	181	203	196	202
(d) Contract Services	719	637	545	796	748	753
(e) Computer Services	510	625	478	765	652	572
(f) Depreciation	1,166	1,483	872	1,677	1,735	2,132
(g) Other Overhead Expenses	599	695	588	900	734	678
Technical Assistance Expenses	1,892	2,294	1,795	2,550	2,432	2,588
Staff Expenses	1,582	1,957	1,531	2,147	2,083	2,238
Travel	251	247	208	344	297	302
Other Expenses	59	90	56	59	52	48
Total Administrative Expenses	15,211	16,441	13,605	18,772	17,903	18,859
Less: Technical Assistance Recoverables	(1,892)	(2,294)	(1,795)	(2,550)	(2,432)	(2,588)
Less: Other Recoverables	(7,915)	(8,395)	(7,224)	(9,729)	(8,923)	(9,435)
Net Administrative Expenses	5,404	5,752	4,586	6,493	6,548	6,836
Income:						
From Loans	21,998	26,419	19,041	32,324	30,465	32,897
From Investments	3,983	6,455	5,863	7,326	5,628	5,753
Other	168	229	178	200	188	200
Exchange Gain/(Loss)	(110)	123	436	(100)	(214)	(200)
Total	**26,039**	**33,226**	**25,518**	**39,750**	**36,067**	**38,650**
Deduct:						
Interest and Commitment Fee on Borrowings and Service Fee on Mortgages	8,138	11,801	5,467	14,756	12,396	13,071
Provision for Losses	(962)	251	(103)	(800)	200	800
Total	**7,176**	**12,052**	**5,364**	**13,956**	**12,596**	**13,871**
Net Income on Loans and Investments	18,863	21,174	20,154	25,794	23,471	24,779
Net Administrative Expenses	(5,404)	(5,820)	(4,586)	(6,493)	(6,548)	(6,836)
Surplus	**13,459**	**15,354**	**15,568**	**19,301**	**16,923**	**17,943**

APPENDIX IV

FINANCIAL STATEMENTS AND REPORTS OF THE INDEPENDENT ACCOUNTANTS FOR 2001

APPENDIX IV-A(1)

PRICEWATERHOUSECOOPERS

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

February 26, 2002

AUDITORS' REPORT
TO THE BOARD OF GOVERNORS
CARIBBEAN DEVELOPMENT BANK

We have audited the accompanying financial statements of the Ordinary Capital Resources of the Caribbean Development Bank as of December 31, 2001, and for the year then ended as set out on pages 136 to 156. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ordinary Capital Resources of the Caribbean Development Bank as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

PricewaterhouseCoopers

CHARTERED ACCOUNTANTS

APPENDIX IV-A(2)

ORDINARY CAPITAL RESOURCES
BALANCE SHEET
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	2001		2000
ASSETS			
CASH IN BANKS AND OTHER DEPOSITORIES		8,997	7,532
INVESTMENTS - Trading (Schedule 1) - Note B		153,192	86,746
LOANS (Schedule 2) - Note A		422,521	378,785
DERIVATIVE FINANCIAL INSTRUMENTS - Note F		1,020	-
RECEIVABLE FROM MEMBERS			
Non-negotiable demand notes (Schedule 3) - Note C	46,326		46,190
Amounts required to meet maintenance of value on currency holdings - Note D	7,924		6,053
Amounts required to meet maintenance of value on currency holdings out on loans - Note D	2,057		2,202
Subscriptions in arrears	204		1,374
		56,511	55,819
RECEIVABLES - OTHER			
Accounts receivable including interfund receivables	6,237		3,136
Accrued income on investments and demand notes	2,912		985
Accrued income on loans	4,106		4,113
		13,255	8,234
OTHER ASSETS			
Property and equipment - Note E		8,777	9,138
		$664,273	$546,254

APPENDIX IV-A(2)

APPENDIX IV-A(2)

ORDINARY CAPITAL RESOURCES
BALANCE SHEET
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	2001	2001	2000	2000
LIABILITIES AND EQUITY				
LIABILITIES				
Obligation for repurchase of shares - Note G		8,470		9,494
Accounts payable including interfund payables		5,541		7,373
Accrued charges on borrowings		2,735		2,607
Amounts required to meet maintenance of value on currency holdings - Note D		65		470
Amounts required to meet maintenance of value on currency holdings out on loans - Note D		32		233
Subscriptions in advance		0		185
		16,843		20,362
DERIVATIVE FINANCIAL INSTRUMENTS - Note F		16,936		-
BORROWINGS (Schedule 4) - Note F		264,724		182,282
		298,503		202,644
EQUITY				
Capital stock (Schedule 3) - Note G				
Authorised capital - 118,526 (2000 - 118,526) shares				
Subscribed capital - 107,971 (2000 - 107,971) shares	705,041		705,041	
Less callable capital - 84,328 (2000 - 84,328) shares	549,345		549,345	
Paid-up capital - 23,643 (2000 - 23,643) shares	155,696		155,696	
Less subscriptions not yet matured	6,157		10,339	
Subscriptions matured	149,539		145,357	
Retained earnings - Note H	202,121		191,999	
Reserves - Note I	14,110		6,254	
		365,770		343,610
		$664,273		$546,254

Approved by: Compton Bourne
President
Date: February 26, 2002

Dennis A. Smellie
Treasurer and Controller (Ag.)

ORDINARY CAPITAL RESOURCES
STATEMENT OF CHANGES IN EQUITY
December 31, 2001 and 2000
Expressed in thousands of United States Dollars - Note A

	Capital stock	Reserves	Retained earnings	Total
Balance at January 1, 2000	152,123	6,254	192,098	350,475
Appropriation to Special Fund Resources	-	-	(13,000)	(13,000)
Currency translation adjustments	-	-	(320)	(320)
Net income for the year	-	-	15,354	15,354
Obligation for repurchase of shares - Note G	(10,785)	-	(2,133)	(12,918)
Subscriptions matured during the year	4,019	-	-	4,019
Balance at December 31, 2000	145,357	6,254	191,999	343,610
Balance at January 1, 2001				
as previously reported	145,357	6,254	191,999	343,610
Effect of adopting IAS 39:				
- derivative instruments - Notes A and F	-	-	(2,414)	(2,414)
- provision for losses on loans - Note J	-	-	7,856	7,856
Transfer to reserves - Note I	-	7,856	(7,856)	-
As restated	145,357	14,110	189,585	349,052
Currency translation adjustments	-	-	(299)	(299)
Net income for the year	-	-	12,835	12,835
Subscriptions matured during the year	4,182	-	-	4,182
Balance at December 31, 2001	149,539	14,110	202,121	365,770

ORDINARY CAPITAL RESOURCES
STATEMENT OF INCOME
For the years ended December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	2001	2000
INCOME		
From loans	30,859	26,419
From investments and cash balances - Note B	6,793	6,455
From other sources	165	229
Exchange	570	123
GROSS INCOME	38,387	33,226
EXPENSES		
Administrative expenses 1/ - Notes A , K and L	6,585	5,820
Charges on borrowings	12,125	11,801
Net derivative expense - Notes A and F	6,818	-
TOTAL EXPENSES	25,528	17,621
NET INCOME FROM OPERATIONS	12,859	15,605
Provision for losses on loans - Note J	24	251
NET INCOME FOR THE YEAR	$12,835	$15,354

1/ Administrative expenses are shown net of expenses allocated to Special Funds Resources of $8,562,000 (2000 - $8,363,000) and of other recoverables of $20,000 (2000 - $32,000).

APPENDIX IV-A(5)

ORDINARY CAPITAL RESOURCES
STATEMENT OF CASH FLOWS
For the years ended December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	2001		2000
Operating activities:			
Net income for the year		12,835	15,354
Adjustments for non-cash items:			
Unrealised gain on trading portfolio	(249)		(216)
Depreciation	1,640		1,482
Amortisation of finance costs	135		169
Net increase in derivative expense	6,818		-
Interest income	(35,299)		(31,178)
Interest expense	11,990		11,632
Provision for losses on loans	24		251
Increase in accounts receivable including interfund receivables	(3,234)		(3,433)
(Decrease)/increase in accounts payable including interfund payables	(2,856)		1,782
Net additions to property and equipment	(1,279)		(2,394)
Net (increase)/decrease in trading securities	(83,320)		13,476
Total adjustments		(105,630)	(8,429)
Interest received		33,379	29,531
Interest paid		(11,862)	(10,031)
Lending activities:			
Disbursements on loans	(62,047)		(66,986)
Principal repayments to the Bank on loans	25,561		22,977
Decrease in loans resulting from exchange rates fluctuations	582		915
Net cash used in lending activities		(35,904)	(43,094)
Net cash used in operating activities		(107,182)	(16,669)
Financing activities:			
Borrowings:			
Drawdowns	102,648		69,965
Repayments	(13,521)		(22,447)
Decrease in borrowings resulting from exchange rates fluctuations	(1)		(1)
Finance costs paid	(2)		(38)
Capital subscriptions	4,182		4,019
Increase in amounts required to maintain the value of currency holdings	(2,332)		(2,188)
Decrease/(increase) in other receivables from members	849		(555)
Net cash provided by financing activities		91,823	48,755
Translation adjustments		(299)	(320)
Net (decrease)/increase in cash and cash equivalents		(15,658)	31,766
Cash and cash equivalents - beginning of year		61,417	29,651
Cash and cash equivalents - end of year		45,759	61,417
Represented by:			
Cash in banks and other depositories		8,997	7,532
Time deposits		36,762	53,885
		45,759	61,417

APPENDIX IV-A(6)
SCHEDULE 1

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF INVESTMENTS
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

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

	2000				
	USD	EUR	CAD	Other Currencies	All Currencies
Government and Agency Obligations	24,032	2,568	1,801	2,054	30,455
Supranationals	1,314	-	1,092	-	2,406
Time Deposits	31,999	12,266	1,513	8,107	53,885
TOTAL	**$57,345**	**$14,834**	**$4,406**	**$10,161**	**$86,746**

RESIDUAL TERM TO CONTRACTUAL MATURITY

Due in one year or less	*113,076*
Due after one through five years	*40,116*
TOTAL	*$153,192*

APPENDIX IV-A(7)
SCHEDULE 2

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF LOANS
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

			Effective Loans				
Member countries in which loans have been made	Total loans approved 1/	Loans approved but not yet effective	Signed agreements	Principal repaid to bank	Undisbursed	Outstanding 2/	Percentage of total loans outstanding
Anguilla	10,599	-	10,599	1,484	1,746	7,369	1.7
Antigua and Barbuda	12,951	-	12,951	3,377	8,274	1,300	0.3
Bahamas	48,590	-	48,590	20,325	8,758	19,507	4.6
Barbados	171,672	12,110	159,562	31,249	67,747	60,566	14.3
Belize	82,097	-	82,097	7,645	31,153	43,299	10.2
British Virgin Islands	34,286	750	33,536	5,617	10,669	17,250	4.1
Cayman Islands	42,070	5,000	37,070	23,096	127	13,847	3.3
Dominica	24,504	900	23,604	2,310	8,542	12,752	3.0
Grenada	35,199	10,000	25,199	4,159	2,720	18,320	4.3
Guyana	15,045	-	15,045	14,190	-	855	0.2
Jamaica	170,875	6,785	164,090	63,033	25,761	75,296	17.8
Montserrat	485	-	485	485	-	-	0.0
St. Kitts and Nevis	45,738	8,767	36,971	2,873	16,620	17,478	4.1
St. Lucia	104,242	8,000	96,242	10,495	50,461	35,286	8.3
St. Vincent and the Grenadines	27,062	-	27,062	4,184	5,250	17,628	4.2
Trinidad and Tobago	132,560	-	132,560	23,412	34,734	74,414	17.7
Turks & Caicos Islands	8,719	-	8,719	1,988	3,165	3,566	0.8
Regional	15,579	-	15,579	5,969	5,110	4,500	1.1
	982,273	52,312	929,961	225,891	280,837	423,233	100.0
Provision for losses	(712)	-	(712)	-	-	(712)	
TOTAL - 2001	**$981,561**	**$52,312**	**$929,249**	**$225,891**	**$280,837**	**$422,521**	
TOTAL - 2000	**$928,659**	**$68,508**	**$860,151**	**$204,016**	**$277,350**	**$378,785**	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to $629,000 (2000 - $1,629,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

APPENDIX IV-A(7)
SCHEDULE 2

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF LOANS (continued)
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

Currencies Receivable	Loans Out-standing 2000	Trans-lation Adjust-ments	Disburse-ments	Sub-Total	Repay-ments	Pro-vision for Losses	Loans Out-standing 2001
Bahamian dollars	111	-	-	111	(30)	-	81
Barbados dollars	252	-	-	252	(35)	-	217
Belize dollars	83	-	-	83	(12)	-	71
Canadian dollars	4,622	(274)	-	4,348	(464)	-	3,884
Cayman Islands dollars	4	-	-	4	(1)	-	3
Euros	4,834	(231)	-	4,603	(735)	-	3,868
East Caribbean dollars	1,737	-	-	1,737	(163)	-	1,574
IBRD Units	7,860	-	-	7,860	(677)	-	7,183
Jamaica dollars	31	(2)	-	29	(10)	-	19
Japanese yen	540	(67)	-	473	(238)	-	235
Pounds sterling	1,831	(54)	-	1,777	(244)	-	1,533
Swiss francs	402	(9)	-	393	(220)	-	173
Trinidad and Tobago dollars	2,796	55	-	2,851	(192)	-	2,659
United States dollars	362,226	-	62,047	424,273	(22,540)	-	401,733
Sub-Total	387,329	(582)	62,047	448,794	(25,561)	-	423,233
Provision for losses	(8,544)	-	-	(8,544)	-	7,832	(712)
TOTAL - 2001	**$378,785**	**($582)**	**$62,047**	**$440,250**	**($25,561)**	**$7,832**	**$422,521**
TOTAL - 2000	**$335,942**	**($915)**	**$66,986**	**$402,013**	**($22,977)**	**($251)**	**$378,785**

MATURITY STRUCTURE OF LOANS OUTSTANDING

January 1, 2002 to December 31, 2002	*27,178*
January 1, 2003 to December 31, 2003	*32,211*
January 1, 2004 to December 31, 2004	*32,974*
January 1, 2005 to December 31, 2005	*35,242*
January 1, 2006 to December 31, 2006	*38,287*
January 1, 2007 to December 31, 2011	*143,813*
January 1, 2012 to December 31, 2016	*84,571*
January 1, 2017 to December 31, 2039	*28,957*
TOTAL	*$423,233*

APPENDIX IV-A(8)
SCHEDULE 3

ORDINARY CAPITAL RESOURCES
STATEMENT OF SUBSCRIPTION TO CAPITAL STOCK AND VOTING POWER
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Sub-scriptions Matured	Voting Power: No. of votes	Voting Power: % of total votes	Receivable from members. Non-negotiable Demand Notes
Regional States and Territories:									
Jamaica	19,342	17.91	116,666	91,122	25,544	24,812	19,492	17.54	12,173 1/
Trinidad and Tobago	19,342	17.91	116,666	91,122	25,544	24,812	19,492	17.54	10,677
Bahamas	5,703	5.28	34,399	26,865	7,534	7,318	5,853	5.27	1,612
Guyana	4,167	3.85	25,134	19,633	5,501	5,343	4,317	3.88	3,156
Colombia	3,118	2.89	18,807	14,687	4,120	4,120	3,268	2.93	627
Mexico	3,118	2.89	18,807	14,687	4,120	4,120	3,268	2.93	-
Venezuela	3,118	2.89	18,807	14,687	4,120	4,120	3,268	2.93	3,068
Barbados	3,630	3.36	21,895	17,100	4,795	4,658	3,780	3.40	1,070
Belize	859	0.80	5,181	4,047	1,134	1,101	1,009	0.91	-
Dominica	859	0.80	5,181	4,047	1,134	1,101	1,009	0.91	269
Grenada	736	0.68	4,439	3,468	971	971	886	0.80	213
St. Lucia	859	0.80	5,181	4,047	1,134	1,101	1,009	0.91	344
St. Vincent and the Grenadines	859	0.80	5,181	4,047	1,134	1,101	1,009	0.91	97
Antigua and Barbuda	859	0.80	5,181	4,047	1,134	1,101	1,009	0.91	296
St. Kitts and Nevis	859	0.80	5,181	4,047	1,134	1,101	1,009	0.91	222
Anguilla[2/]	182	0.17	1,098	857	241	241	)	)	15
Montserrat[2/]	213	0.20	1,285	1,002	283	275	1,184	1.07	-
British Virgin Islands[2/]	213	0.20	1,285	1,002	283	275	)	)	-
Cayman Islands [2/]	213	0.20	1,285	1,002	283	275	)	)	4
Turks and Caicos Islands[2/]	213	0.20	1,285	1,002	283	275	)	)	-
	68,462	63.43	412,944	322,518	90,426	88,221	70,862	63.75	33,843
Non-Regional States:									
Canada	10,402	9.63	62,742	49,002	13,740	13,740	10,552	9.50	4,298
United Kingdom	10,402	9.63	62,742	49,002	13,740	13,740	10,552	9.50	2,150
Italy	6,235	5.77	37,608	29,374	8,234	8,234	6,385	5.75	487
Germany	6,235	5.77	37,608	29,374	8,234	8,234	6,385	5.75	5,549
China	6,235	5.77	37,608	29,374	8,234	7,575	6,385	5.75	-
	39,509	36.57	238,308	186,126	52,182	51,523	40,259	36.25	12,484
SUB-TOTAL	107.971	100.00	651,252	508,644	142,608	139,744	111,121	100.00	46,327
ADDITIONAL SUBSCRIPTION									
China			18,804	14,688	4,116	823			
Colombia			1,810	905	905	905			
Germany			12,546	9,681	2,865	2,865			
Italy			12,546	9,681	2,865	2,865			
Mexico			6,273	4,841	1,432	1,432			
Venezuela			1,810	905	905	905			
SUB-TOTAL	-	-	53,789	40,701	13,088	9,795	-	-	-
TOTAL 2001	**107,971**	**100.00**	**$705,041**	**$549,345**	**$155,696**	**$149,539**	**111,121**	**100.00**	**$46,327**
TOTAL 2000	**107,971**	**100.00**	**$705,041**	**$549,345**	**$155,696**	**$145,357**	**111,121**	**100.00**	**$46,190**

1/ Includes interest-bearing notes of $39,000 (2000 - $41,000)
2/ In accordance with Article 3 paragraph 4 of the Agreement establishing the Bank and Board of Governors Resolution No. 4/81, these territories are considered as a single member of the Bank for the purpose of Articles 26 and 32 of the Agreement.

APPENDIX IV-A(9)
SCHEDULE 4

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF BORROWINGS
December 30, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	Original amounts 1/	Trans-lation adjust-ments	Repay-ments to date	Currency swap agreements	Undrawn 2/	Out-stand-ing	Cost of borrow-ings %	Due Dates
CDB Market Borrowing:								
8.00% Notes - US$	30,000	-	(25,000)	-	-	5,000	6.95	1997-2002
7.14% Notes - US$	35,000	-	(3,500)	-	-	31,500	7.22	2001-2006
6.00% Notes - US$	50,000	-	-	-	-	50,000	4.96	2008
4.35% Notes - Yen	60,000	-	-	(616)	-	59,384	6.29	2030
2.75% Notes - Yen	100,000	-	-	(6,068)	-	93,932	3.37	2022
	275,000	-	(28,500)	(6,684)	-	239,816		
European Investment Bank								
Global Loan II - A - US$	24,972	(7,282)	-	-	(4,656)	13,034	3.35	2003-2011
	24,972	(7,282)	-	-	(4,656)	13,034		
International Bank for Reconstruction and Development:								
Loan 1234-0 CRG - US$	3,000	-	(3,000)	-	-	-		1983-2001
Loan 3200 CRG - US$	14,508	(1,016)	(12,187)	-	-	1,305	4.99	1995-2007
	17,508	(1,016)	(15,187)	-	-	1,305		
Inter-American Development Bank:								
Loan 30/VF-RG - US$	7,180	(4,017)	(2,609)	-	-	554	7.90	1985-2005
Loan 926/OC-RG - US$	20,000	-	-	-	(9,985)	10,015	4.72	2003-2021
	27,180	(4,017)	(2,609)	-	(9,985)	10,569		
TOTAL - 2001	**$344,660**	**($12,315)**	**($46,296)**	**($6,684)**	**($14,641)**	**$264,724**		
TOTAL - 2000	**$244,660**	**($11,532)**	**($32,618)**	**-**	**($18,228)**	**$182,282**		

1/ Net of cancellations and borrowings fully repaid.
2/ A commitment fee of 0.75% is payable on aounts eligible or withdrawal but undrawn.

APPENDIX IV-A(9)
SCHEDULE 4

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF BORROWINGS (continued)
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

Currencies repayable	Out-standing borrow-ings 2000	Trans-lation adjust-ments	Draw-downs	Currency swap agreements	Repay-ments	Out-standing borrow-ings 2001
IBRD Units	4,625	-	-	-	(4,625)	-
United States dollars	177,651	-	102,648	(6,684)	(8,895)	264,720
Venezuelan bolivars	6	(1)	-	-	(1)	4
TOTAL - 2001	**$182,282**	**($1)**	**$102,648**	**($6,684)**	**($13,521)**	**$264,724**
TOTAL - 2000	**$134,765**	**($1)**	**$69,965**	**-**	**($22,447)**	**$182,282**

MATURITY STRUCTURE OF BORROWINGS OUTSTANDING[1/]

January 1, 2002 to December 31, 2002	*12,396*
January 1, 2003 to December 31, 2003	*7,396*
January 1, 2004 to December 31, 2004	*9,079*
January 1, 2005 to December 31, 2005	*9,039*
January 1, 2006 to December 31, 2006	*5,500*
January 1, 2007 to December 31, 2011	*59,362*
January 1, 2012 to December 31, 2016	*3,428*
January 1, 2017 to December 31, 2031	*165,208*
TOTAL	*$271,408*

1/ Without effect of currency swap agreements.

APPENDIX IV-A(10)

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Accounting and Reporting Developments

On January 1, 2001, the Caribbean Development Bank (CDB) adopted International Accounting Standard (IAS) 39, Financial Instruments: Recognition and Measurement. The standard includes a requirement that derivative instruments, as defined by IAS 39, be recorded on the balance sheet and reported at fair value.

CDB uses derivative instruments in its borrowing portfolio for asset/liability management purposes. In applying the specific rules of IAS 39 for purposes of financial statement reporting, certain derivatives do not quality for hedge accounting and are therefore treated as derivatives held for trading with fair value gains and losses reported in income. While CDB believes that its hedging strategies achieve its objectives, the application of IAS 39 qualifying hedge criteria would not make fully evident the risk management strategy that CDB employs.

The cumulative effect of a change in accounting principle includes the difference between the carrying value and the fair value of the embedded derivatives and derivative instruments, as defined by IAS 39, in the borrowings portfolio on January 1, 2001, offset by any gains or losses on those borrowings for which a fair value exposure was being hedged. Upon adoption of IAS 39, CDB's retained earnings at January 1, 2001, decreased by $2,414,000 representing the fair value of derivative instruments classified as trading on that date and current year's net income decreased by $6,818,000 representing the change in fair value of those instruments from January 1, 2001 to December 31, 2001 offset by the effect of those instruments which qualify as hedges.

Use of Estimates

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

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

Translation of Currencies

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

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

Income and expenses in currencies other than United States dollars are translated into United States dollars at average market rates of exchange prevailing during the fiscal year. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the determination of net income for the year.

Capital Stock

In the Agreement establishing the Bank (the Agreement), the capital stock of the Bank is expressed in terms of United States dollars of the weight and fineness in effect on September 1, 1969 (the 1969 dollar). However, with effect from April 1, 1978, the Second Amendment to the Articles of Agreement of the International Monetary Fund

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Stock (continued)

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

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

Investments

All investments securities are held in a trading portfolio and reported at fair market value. Investments securities are classified based on management's intention at the date of purchase. Realised and unrealised gains and losses are included in income from investments.

Loans

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

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

Loans outstanding to the Bank at December 31, 2001 and their estimated fair values are shown in the table below:

($'000)

	2001		2000	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Loans	423,233	401,680	387,329	411,081

The effective interest rates earned on loans outstanding was 7.43% (2000 - 6.98%).

Loans are placed in non-accrual status after 180 days or when three full instalments are due, whichever is earlier.

At December 31, 2001, loans with principal balances outstanding of $527,000 (2000 - $6,747,000) were in non-accrual status. Interest on these loans was $63,000.

APPENDIX IV-A(10)

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CDB suffers losses resulting from the difference between the discounted present value of expected cash flows according to the related loan's contractual terms and the actual cash flows. Certain borrowers have found it difficult to make timely payment for protracted periods, resulting in their being placed in non-accrual status. Management determines the appropriate level of specific provisions by calculating the difference between the present values of the cash flows of these loans and the carrying values. Charges in respect of the provision for losses are included in the determination of net income. In fiscal year 2001, the reassessment of probable losses resulted in an increase in the provisions of $24,000 (Note J).

Derivative Financial Instruments and Hedging

CDB uses interest rate and currency swaps in its borrowings and liability management to take advantage of cost-saving opportunities in the capital markets to lower its funding costs and ultimately the onlending rate to its borrowers. These derivatives are used to modify the interest rate and/or currency characteristics of the borrowing portfolio. Derivative financial instruments are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. All derivatives are carried as assets when fair value is positive as liabilities when fair value is negative. Changes in the fair value of derivatives held for trading are included in net trading income/expense.

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

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

(a) formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship is prepared before hedge accounting is applied;
(b) the hedge is documented showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the reporting period; and
(c) the hedge is effective on an on-going basis.

Changes in the fair value of derivatives that are designated and qualified as fair value hedges and that prove to be highly effective in relation to hedged risk are recorded in the income statement, along with the corresponding change in fair value of the hedged asset or liability that is attributable to that specific hedged risk.

Certain derivative transactions, while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses reported in income.

Prior to the adoption of IAS 39, derivatives were reported off balance sheet at their fair value.

CDB has a potential risk of loss if a swap counterparty fails to perform its obligations, and in order to reduce such credit risk, CDB only enters into long-term swap transactions with counterparties eligible under CDB's swap guidelines which include the requirement that counterparties have a credit rating of AA or higher. CDB does not anticipate that any of its counterparties will fail to perform their obligations under such agreements.

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in banks and other depositories and time deposits with less than 90 days maturity from the date of acquisition.

Property and Equipment

Property and equipment are stated at cost and depreciation is provided on the straight-line basis at rates considered adequate to write-off cost of the assets, less salvage, over their useful lives as follows:

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (continued)

	Years
Buildings	25
Furniture and Equipment	4-8
Computers	4
Motor Vehicles	4

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

Borrowings

To ensure funds are available for lending and liquidity purposes, CDB borrows institutionally and from the private placement market. CDB issues medium and long-term debt instruments with fixed interest rates. Borrowings are carried on the balance sheet at cost, adjusted for any unamortised premiums or discounts and the effect of hedging instruments. Issuance costs associated with a bond offering are deferred and amortised over the life of the bond.

Administrative Expenses

Administrative expenses incurred by the Bank are allocated between the Ordinary Capital Resources and the Special Funds Resources in accordance with a method of allocation notified to the Board of Directors.

Pension Obligations

The Bank operates a defined benefit scheme and a hybrid scheme, the assets of which are generally held in separate trustee-administered funds. The pension schemes are generally funded by payments from employees and by the Bank, taking account of the recommendations of independent qualified actuaries.

For defined benefit schemes, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who value the plans once every three years. All actuarial gains and losses are spread forward over the average remaining service lives of employees.

Other Post-retirement Obligations

The Bank provides post-retirement health care benefits to their retirees. Entitlement to these benefits is based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefit pension plan. Valuation of these obligations is carried out by independent qualified actuaries.

NOTE B – INVESTMENTS

As part of its overall portfolio management strategy, CDB invests in government and government-guaranteed obligations and time deposits. For the government and agency obligations, CDB may only invest in obligations issued or unconditionally guaranteed by governments of countries with a minimum credit rating of AA; however, if such obligations are denominated in the home currency of the issuer, no rating is required. Investments are permitted in supranational institutions and US Government Agencies that are rated AAA.

The annualised rate of return on the average investments held during the year, including gains and losses both realised and unrealised, was 5.22% (2000 - 5.99%). Realised gains on investments traded during 2001 totalled $52,560 (2000 - loss of $52,929), while unrealised gains/(losses) for 2001 were $249,035 (2000 - loss of $215,956).

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE C - NON-NEGOTIABLE DEMAND NOTES

The Agreement permits the Bank to accept from a member non-negotiable, non-interest bearing demand notes in place of part of the member's subscription to the paid-up capital which shall be payable in the member's currency and maintenance of value in respect of such part, provided that such currency is not required for the conduct of the operations of the Bank. A member which has issued such demand notes may, at the request of the Bank, convert any of them into interest-bearing notes or into cash to be invested in government securities of that member.

NOTE D - MAINTENANCE OF VALUE

In accordance with Article 24 of the Agreement, each member is required to maintain the value of its currency held by the Bank and consisting of or derived as repayments of principal from currencies originally paid to the Bank by the member in respect of capital subscriptions. The Bank is also required to repay to any member an amount of currency equal to the increase in value of its currency which is held by the Bank in respect of capital subscriptions. The Agreement expressed the standard of value for those purposes in terms of the 1969 dollar and, as indicated in Note A above, on December 11, 1986, the Board of Directors, pursuant to Article 59 of the Agreement, agreed that, until the Agreement be amended in respect of the standard of value, the 1969 dollar be interpreted to mean the 1974 SDR, valued as aforesaid. Maintenance of value (MOV) is therefore being determined on the basis of the 1974 SDR, and is treated in the financial statements on this basis. For the purposes of effecting settlement, MOV obligations are established at December 31 in each year. The Board of Directors has agreed that MOV obligations on any part of a member's paid up capital which is represented by loans outstanding be postponed and become payable on each portion of the principal of such loans when such portion is repaid to the Bank. MOV obligations which are not so deferred are due for settlement within 12 months of the date established.

NOTE E - PROPERTY AND EQUIPMENT

	($'000)				
	Buildings	**Computers**	**Furniture and Equipment**	**Motor Vehicles**	**Total**
Cost					
At January 1, 2001	8,145	8,465	3,393	1,114	20,117
Additions	271	585	404	24	1,284
Disposals	-	(4,921)	-	(28)	(4,949)
At December 31, 2001	8,416	4,129	3,797	110	16,452
Accumulated depreciation					
At January 1, 2001	2,830	5,941	2,175	33	10,979
Disposals	-	(4,921)	-	(23)	(4,944)
Depreciation expense	336	853	421	30	1,640
At December 31, 2001	3,166	1,873	2,596	40	7,675
Net book values					
At December 31, 2001	5,250	2,256	1,201	70	8,777
At December 31, 2000	5,315	2,524	1,218	81	9,138

APPENDIX IV-A(10)

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE F - BORROWINGS AND SWAPS

Fair Value

The following table reflects the carrying and estimated fair value of the borrowings portfolio as at December 31, 2001 and 2000.

($'000)

	2001		2000	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Borrowings	264,724	219,863	182,282	184,879

There was a net derivative expense of $6,818 represented by:

($'000)

	January 1, 2001	December 31, 2001	Profit/(Loss)
Cross Currency Swaps	1,565	10,252	(8,687)
Interest Rate Swaps	849	(1,020)	1,869
	2,414	9,232	(6,818)

The estimated fair values are based on quoted market prices where such prices are available. Where no quoted market price is available, the fair value is estimated based on the cost at which the Bank could currently undertake borrowings with similar terms and remaining maturities. The fair value of swaps represents the estimated cost of replacing these contracts at that date.

Borrowings by the Bank for use in the Ordinary operations are limited by resolution of the Board of Governors to the extent of the investment grade callable capital plus paid-in capital and retained earnings amounting to approximately $747,720,000 (2000 - $729,742,000, limited to the extent of the callable capital of Canada, Germany, Italy, Trinidad and Tobago, the United Kingdom and Venezuela). The Board of Directors has restricted such borrowings to 65% of total capitalisation.

The effective cost of borrowings outstanding, including short-term borrowings, during the fiscal year ended December 31, 2001 was 5.41% (2000 - 6.85%).

The fair value of derivative instruments held at December 31, 2001 are shown below:

($'000)

	Notional Amount	Fair values Assets	Fair values Liabilities
Cross Currency Swaps	160,000	-	(16,936)
Interest Rate Swaps	55,000	1,020	-
	215,000	1,020	(16,936)

NOTE G - CAPITAL STOCK

In the Agreement, the capital stock of the Bank is expressed in terms of the 1969 dollar. On December 11, 1986, the Board of Directors, pursuant to its powers of interpretation under Article 59 of the Agreement, agreed that the 1969 dollar be interpreted to mean the 1974 SDR valued as mentioned in Note A and that the value of the capital stock of the Bank be expressed on the basis of the 1974 SDR.

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE G - CAPITAL STOCK (continued)

On April 27, 2000, France gave notice of its withdrawal from membership of the Bank. Under Article 42-2 of the Charter, the withdrawal became effective on October 27, 2000. The Charter also provides for CDB to repurchase the shares of France at a price as shown on the books of the Bank on the date of cessation of membership. A review of the financial statements has determined the book value of the shares as at October 27, 2000 to be $8,470,000 after netting off non-negotiable demand notes and maintenance of value amounting to $3,200,000 and $1,400,000, respectively. Under Article 42-3 no amount due to France was to be paid before April 27, 2001.

At December 31, 2001, the Bank's authorised capital consisted of 118,526 shares (2000 - 118,526) of which 10,555 shares were unassigned. Each share has a par value of 5,000 1974 SDRs valued at the rate of $1.206348 per 1974 SDR. Of the authorised capital, 107,971 shares have been subscribed, of which 84,328 are callable capital and 23,643 are paid-up capital. In accordance with the principles set out in Note A - Capital Stock, the value of the subscribed capital expressed in dollars is $705,041,000 comprising callable capital of $549,345,000 and paid-up capital of $155,696,000.

In accordance with Resolutions of the Board of Governors, some members admitted subsequent to the establishment of the Bank were required to pay additional subscriptions on the basis of the 1969 dollar. Consequent on the abovementioned decision of the Board of Directors on December 11, 1986, these subscriptions valued on the basis of the 1974 SDR total $53,789,000 of which $40,701,000 is callable and $13,088,000 is paid-up. These additional subscriptions are subject to the MOV provisions described in Note D.

The callable capital is subject to call only as and when required by the Bank to meet its obligations incurred on borrowings included in, or guarantees chargeable to, the Ordinary Capital Resources of the Bank.

The paid-up capital is payable by instalments and of each instalment 50% is payable in gold or in a convertible currency which is freely and effectively usable in the operations of the Bank or in a currency which is freely and fully convertible into such a currency, provided that, if the currency of a member meets either of these requirements, such payments shall be made in the currency of that member, and 50% shall be paid in the currency of the member subject to the option outlined in Note C.

NOTE H - RETAINED EARNINGS

Retained earnings comprise the following elements at December 31, 2001 and December 31, 2000.

	($'000) 2001	2000
Ordinary reserves	177,937	167,450
Currency translation adjustments	(299)	(320)
Surplus	11,648	11,648
Obligation for repurchase of shares	-	(2,133)
Unallocated Net Income	12,835	15,354
	$202,121	$191,999

In accordance with Article 39 of the Agreement, the Board of Governors shall determine at least annually the disposition of the net income of the Bank arising from its Ordinary operations. In previous years the net income has been allocated to the Ordinary Reserves of the Bank which may be used, *inter alia,* to meet possible future losses on loans and guarantees made by the Bank in its Ordinary operations and possible future losses from currency devaluations.

NOTE I - RESERVES

Special

In accordance with Article 18 of the Agreement, commissions and guarantee fees received on loans made out of the Ordinary Capital Resources of the Bank are required to be set aside in a Special Reserve which

APPENDIX IV-A(10)

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE I - RESERVES (continued)

shall be kept for meeting liabilities of the Bank. The assets of the Special Reserve are to be held in such liquid form as the Board of Directors may decide.

At the One Hundred and Nineteenth Meeting of the Board of Directors held on July 21, 1988, the Board decided that appropriations to the Special Reserve should be discontinued with effect from January 1, 1989. Pursuant thereto, no commission is charged on loans approved after January 1, 1989 and all amounts received after that date as commission on loans approved before that date are treated as interest and accounted for as such. During 1993, the Special Reserve was converted into United States dollars and is valued at $6,254,000.

General Banking Reserve

On adoption of IAS 39 loan loss provisions amounting to $7,856,000 were deemed to be a provision for general banking risks and were transferred to a general banking reserve (Note J).

NOTE J - PROVISION FOR LOSSES ON LOANS

The Bank charges income with a provision for losses determined by the policy as stated in Note A - Loans above.

The movements on the provision for loans during the years ended December 31, 2001 and 2000 were as follows:

	($'000)
Balance at January 1, 2000	8,297
Translation	(4)
Provision taken during the year	251
Balance at December 31, 2000	8,544
Adjustment re IAS 39 at January 1, 2001 (Note I)	7,856
	688
Provision taken during the year	24
Balance at December 31, 2001	$712

NOTE K - STAFF COSTS

	($'000)	
	2001	**2000**
Salaries and allowances	7,151	7,188
Pension costs - hybrid scheme - Note L	369	432
Pension costs - defined benefit plan - Note L	1,295	980
Other post retirement benefits - Note L	228	74
	9,043	8,674

Pension costs of $291,000 are included in the administrative expenses for the Unified Special Development Fund.

APPENDIX IV-A(10)

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE L - PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS

Pension schemes

The Bank has a defined benefit scheme and a hybrid scheme for securing retirement pensions and other benefits for the eligible employees of the Bank. Both schemes are final salary defined benefit plans. These Plans are valued by independent actuaries every three years using the projected unit credit method. The most recent actuarial valuations were carried out as at January 1, 1999.

The amounts recognised in the balance sheet are as follows:

	($'000) 2001	2000
Present value of funded obligations	25,063	20,970
Fair value of plan assets	(23,884)	(20,295)
	1,179	675
Unrecognised actuarial loss	(817)	(385)
Unrecognised transitional liability	(61)	(92)
Unrecognised current service cost	-	(138)
	301	60

The amounts recognised in the income statement are as follows:

	2001	2000
Current service cost	1,709	1,370
Interest cost	1,545	1,341
Expected return on plan assets	(1,621)	(1,420)
Amortisation of transitional liability	31	31
	1,664	1,322
Actual return on the plan assets	2,322	1,087

Movement in the liability recognised in the balance sheet:

	2001	2000
At January 1, 2001	60	29
Pension cost	1,664	1,322
Contributions paid	(1,423)	(1,291)
At December 31, 2001	**301**	**60**

The principal actuarial assumptions used for accounting purposes were:

	%	%
Discount rate	7.5	7.5
Expected return on plan assets:	7.5-8.5	7.5-8.5
Future salary increases	6.5	6.5
Future pension increases	0-2.5	0-2.5

Other Retirement Obligations

The Bank also operates a post-retirement medical plan. The method of accounting and frequency of valuations are similar to those used for the Bank pension schemes.

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE L - PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS (continued)

The amounts recognised in the balance sheet are as follows:

	($'000)	
	2001	**2000**
Present value of obligations	867	631
Unrecognised actuarial loss	(333)	(187)
Unrecognised transitional liability	(136)	(205)
Unrecognised current costs	-	(59)
	398	180

The amounts recognised in the income statement are as follows:

Current service cost	82	6
Interest cost	70	-
Amortisation of actuarial loss	8	-
Amortisation of transitional liability	68	68
	228	**74**

Movement in the liability recognised in the balance sheet:

At January 1, 2001	180	112
Benefit cost	228	74
Premiums paid	(10)	(6)
At December 31, 2001	**398**	**180**

The principal actuarial assumptions used for accounting purposes were:

	%	%
Annual discount rate	7	7
Annual increase in benefit	4	4

APPENDIX IV-B(1)

PRICEWATERHOUSECOOPERS

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

February 26, 2002

AUDITORS' REPORT
TO THE BOARD OF GOVERNORS
CARIBBEAN DEVELOPMENT BANK

We have audited the accompanying special purpose financial statements of the Special Development Fund of the Caribbean Development Bank as of December 31, 2001 and as set out on pages 158 to 174. These special purpose statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the accompanying special purpose financial statements of the Special Development Fund of the Caribbean Development Bank as of December 31, 2001, have been properly prepared in all material respects, in accordance with the accounting policies set out in Note A.

Without qualifying our opinion, we emphasise that the accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of International Accounting Standards.

PricewaterhouseCoopers

CHARTERED ACCOUNTANTS

APPENDIX IV-B(2)

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
BALANCE SHEET
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	2001			2000		
	UNIFIED	OTHER	TOTAL	UNIFIED	OTHER	TOTAL
ASSETS						
CASH IN BANKS AND OTHER DEPOSITORIES	643	6,199	6,842	5,662	4,898	10,560
INVESTMENTS (Schedule 1)	36,657	63,136	99,793	48,961	68,273	117,234
LOANS (Schedule 2)	282,505	23,224	305,729	258,887	24,941	283,828
RECEIVABLE FROM CONTRIBUTORS						
Non-negotiable demand notes (Schedule 3)	119,284	-	119,284	131,459	-	131,459
Contributions in arrears	6,267	-	6,267	6,267	-	6,267
Amounts required to meet maintenance of value on currency holdings	-	-	-	2,760	-	2,760
	125,551	-	125,551	140,486	-	140,486
RECEIVABLES - OTHER						
Accounts receivable including interfund receivables	263	92	355	335	104	439
Accrued income on investments	348	1,050	1,398	1,072	1,454	2,526
Accrued income on loans	473	53	526	322	62	384
	1,084	1,195	2,279	1,729	1,620	3,349
	$446,440	$93,754	$540,194	$455,725	$99,732	$555,457
LIABILITIES AND FUNDS						
LIABILITIES						
Accounts payable including interfund payables	7,661	2,079	9,740	13,680	3,617	17,297
Accrued charges on contributions	-	37	37	-	40	40
	7,661	2,116	9,777	13,680	3,657	17,337
FUNDS						
Contributed resources (Schedule 3)						
Contributions	477,662	54,945	532,607	475,327	56,874	532,201
Less amounts not yet made available	-	-	-	-	-	-
Amounts made available	477,662	54,945	532,607	475,327	56,874	532,201
Allocation to technical assistance and grant resources	(75,000)	(1,566)	(76,566)	(75,000)	(1,566)	(76,566)
	402,662	53,379	456,041	400,327	55,308	455,635
Accumulated net income (Schedule 4)	24,555	37,965	62,520	27,554	40,213	67,767
Technical assistance and grant resources	11,562	294	11,856	14,164	554	14,718
	$438,779	$91,638	$530,417	$442,045	$96,075	$538,120
	$446,440	$93,754	$540,194	$455,725	$99,732	$555,457

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
STATEMENT OF INCOME AND ACCUMULATED NET INCOME
For the years ended December 31, 2001 and 2000
Expressed in thousands of United States dollars

	2001			2000		
	UNIFIED	OTHER	TOTAL	UNIFIED	OTHER	TOTAL
INCOME						
From loans	6,697	694	7,391	6,385	824	7,209
From investments and cash balances	3,173	3,955	7,128	4,415	4,418	8,833
GROSS INCOME	9,870	4,649	14,519	10,800	5,242	16,042
EXPENSES						
Administrative expenses	8,641	1,244	9,885	8,291	1,296	9,587
Charges on contributions	-	428	428	-	472	472
Exchange	(678)	5	(673)	(371)	(62)	(433)
TOTAL EXPENSES	7,963	1,677	9,640	7,920	1,706	9,626
NET INCOME FOR THE YEAR	1,907	2,972	4,879	2,880	3,536	6,416

STATEMENT OF CHANGES IN ACCUMULATED NET INCOME

	UNIFIED	OTHER	TOTAL	UNIFIED	OTHER	TOTAL
ACCUMULATED NET INCOME - BEGINNING OF YEAR						
as previously reported	26,273	39,688	65,961	28,227	36,519	64,746
- provision for losses on loans - Note A	1,281	525	1,806	1,281	525	1,806
- as restated	27,554	40,213	67,767	29,508	37,044	66,552
Currency translation adjustments	594	(333)	261	166	(367)	(201)
Appropriations for technical assistance operations	(5,500)	(4,887)	(10,387)	(5,000)	-	(5,000)
Net income for the year	1,907	2,972	4,879	2,880	3,536	6,416
ACCUMULATED NET INCOME - END OF YEAR	24,555	37,965	62,520	27,554	40,213	67,767

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND (UNIFIED)
STATEMENT OF CASH FLOWS
For the years ended December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	2001		2000
Operating activities:			
Net income for the year		1,907	2,880
Adjustments for non-cash items:			
Unrealised gains on trading portfolio	(224)		(315)
Interest income	(9,646)		(10,485)
Decrease/(Increase) in accounts receivable including interfund receivables	72		(145)
Decrease in accounts payable including interfund payables	(6,019)		(10,010)
Allocation/appropriations for technical assistance and grant operations	(5,500)		(5,000)
Total adjustments		(21,317)	(25,955)
Interest received		10,219	10,543
Net decrease in trading securities		16,997	14,263
Lending activities:			
Disbursements on loans	(37,700)		(24,596)
Principal repayments to the Bank on loans	14,023		10,691
Decrease in loans resulting from exchange rates fluctuations	59		77
Technical assistance disbursements	(2,683)		(3,359)
Net cash used in lending activities		(26,301)	(17,187)
Net cash used in operating activities		(18,495)	(15,456)
Financing activities:			
Contributions:			
Increase in contributions for loans	7,409		4,472
Decrease in contributions resulting from exchange rates fluctuations	(5,074)		(7,343)
Decrease in receivables from contributors	14,935		20,154
Technical assistance allocation	81		181
Net cash provided by financing activities		17,351	17,464
Translation adjustments		594	166
Net (decrease)/increase in cash and cash equivalents		(550)	2,174
Cash and cash equivalents - beginning of year		7,236	5,062
Cash and cash equivalents - end of year		6,686	7,236
Represented by:			
Cash in banks and other depositories		643	5,662
Time deposits		6,043	1,574
		6,686	7,236

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND (OTHER)
STATEMENT OF CASH FLOWS
For the years ended December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	2001		2000
Operating activities:			
Net income for the year		2,972	3,536
Adjustments for non-cash items:			
Unrealised gains on trading portfolio	(189)		(567)
Interest income	(4,460)		(4,675)
Interest expense	428		472
Decrease/(increase) in accounts receivable including interfund receivables	12		(1)
(Decrease)/increase in accounts payable including interfund payables	(1,538)		1,803
Allocation/appropriations for technical assistance and grant operations	(4,887)		-
Total adjustments		(10,634)	(2,968)
Interest received		4,873	4,207
Interest paid		(431)	(474)
Net increase in trading securities		(2,937)	(8,123)
Lending activities:			
Disbursements on loans	(2,235)		(349)
Principal repayments to the Bank on loans	3,736		4,025
Decrease in loans resulting from exchange rates fluctuations	216		392
Technical assistance disbursements	(260)		(405)
Net cash provided by lending activities		1,457	3,663
Net cash provided by operating activities		(4,700)	(159)
Financing activities:			
Contributions:			
Repayments of contributions	(1,467)		(1,477)
Decrease in contributions resulting from exchange rates fluctuations	(462)		(734)
Technical assistance allocation	-		-
Net cash used in financing activities		(1,929)	(2,211)
Translation adjustments		(333)	(367)
Net decrease in cash and cash equivalents		(6,962)	(2,737)
Cash and cash equivalents - beginning of year		17,809	20,546
Cash and cash equivalents - end of year		10,847	17,809
Represented by:			
Cash in banks and other depositories		6,199	4,898
Time deposits		4,648	12,911
		10,847	17,809

APPENDIX IV-B(6)
SCHEDULE 1

SPECIAL FUND RESOURCES - SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF INVESTMENTS
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	2001			2000		
	Market value			Market value		
	UNIFIED	OTHER	TOTAL	UNIFIED	OTHER	TOTAL
Government and Agency Obligations	27,753	50,450	78,203	41,244	48,353	89,597
Supranationals	2,861	8,038	10,899	6,143	7,009	13,152
Time Deposits	6,043	4,648	10,691	1,574	12,911	14,485
TOTAL	$36,657	$63,136	$99,793	$48,961	$68,273	$117,234

RESIDUAL TERM TO CONTRACTUAL MATURITY

Due in one year or less	*19,078*
Due after one through five years	*69,861*
Due after five through ten years	*10,854*
TOTAL	*$99,793*

APPENDIX IV-B(7)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND (UNIFIED)
SUMMARY STATEMENT OF LOANS
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

			Effective Loans				
Member countries in which loans have been made	Total loans approved 1/	Loans approved but not yet effective	Signed agree-ments	Principal repaid to bank	Undis-bursed	Out-standing 2/	Percent-age of total loans out-standing
Anguilla	9,532	-	9,532	2,595	2,974	3,963	1.4
Antigua and Barbuda	10,999	395	10,604	4,041	4,489	2,074	0.7
Bahamas	1,577	-	1,577	1,116	-	461	0.2
Barbados	5,595	-	5,595	2,550	535	2,510	0.9
Belize	47,751	198	47,553	9,937	17,092	20,524	7.3
British Virgin Islands	11,693	750	10,943	3,363	1,016	6,564	2.3
Cayman Islands	3,749	-	3,749	3,042	362	345	0.1
Dominica	63,886	2,794	61,092	11,959	12,110	37,023	13.1
Grenada	53,597	7,293	46,304	12,266	8,472	25,566	9.1
Guyana	78,935	112	78,823	3,877	19,641	55,305	19.6
Jamaica	63,444	7,443	56,001	9,059	15,135	31,807	11.3
Montserrat	9,731	-	9,731	822	1,823	7,086	2.5
St. Kitts and Nevis	47,505	6,231	41,274	7,237	8,845	25,192	8.9
St. Lucia	56,736	4,395	52,341	8,916	15,481	27,944	9.9
St. Vincent and the Grenadines	38,687	113	38,574	9,896	3,728	24,950	8.8
Trinidad and Tobago	4,628	395	4,233	2,395	16	1,822	0.6
Turks & Caicos Islands	9,155	-	9,155	2,125	3,039	3,991	1.4
Regional	9,408	-	9,408	3,212	818	5,378	1.9
TOTAL - 2001	**526,608**	**30,119**	**496,489**	**98,408**	**115,576**	**282,505**	**100.0**
TOTAL - 2000	**$495,696**	**$13,279**	**$482,417**	**$85,532**	**$137,998**	**$258,887**	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to $509,000 (2000 - $588,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

APPENDIX IV-B(7)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND (OTHER)
SUMMARY STATEMENT OF LOANS (Continued)
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

			Effective Loans				
Member countries in which loans have been made	Total loans approved 1/	Loans approved but not yet effective	Signed agree- ments	Principal repaid to bank	Undis- bursed	Out- standing 2/	Percent- age of total loans out- standing
Anguilla	1,386	-	1,386	1,089	83	214	0.9
Antigua and Barbuda	2,817	-	2,817	2,817	-	-	-
Bahamas	773	-	773	719	-	54	0.2
Barbados	1,586	-	1,586	1,527	-	59	0.3
Belize	25,706	-	25,706	14,426	529	10,751	46.3
British Virgin Islands	3,728	-	3,728	2,640	-	1,088	4.7
Cayman Islands	486	-	486	413	-	73	0.3
Dominica	9,976	-	9,976	8,727	69	1,180	5.1
Grenada	3,904	-	3,904	3,115	-	789	3.4
Guyana	22	-	22	22	-	-	-
Jamaica	4,871	-	4,871	3,863	-	1,008	4.3
Montserrat	776	-	776	759	-	17	0.1
St. Kitts and Nevis	10,032	-	10,032	4,794	3,220	2,018	8.7
St. Lucia	18,527	-	18,527	14,545	-	3,982	17.1
St. Vincent and the Grenadines	11,722	-	11,722	9,272	570	1,880	8.1
Turks & Caicos Islands	1,442	-	1,442	1,331	-	111	0.5
Regional	2,519	-	2,519	2,519	-	-	-
TOTAL - 2001	**100,273**	**-**	**100,273**	**72,578**	**4,471**	**23,224**	**100.0**
TOTAL - 2000	**$101,261**	**-**	**$101,261**	**$69,615**	**$6,705**	**$24,941**	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to $32,000 (2000 - $38,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

APPENDIX IV-B(7)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS (Continued)
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

			Effective Loans				
Analysis by contributor	Total loans approved 1/	Loans approved but not yet effective	Signed agree-ments	Principal repaid to bank	Undis-bursed	Out-standing 2/	Percent-age of total loans out-standing
SPECIAL DEVELOPMENT FUND - UNIFIED							
MEMBERS/CONTRIBUTORS	526,608	30,119	496,489	98,408	115,576	282,505	100.0
TOTAL SDF - (UNIFIED)	**$526,608**	**$30,119**	**$496,489**	**$98,408**	**$115,576**	**$282,505**	
SPECIAL DEVELOPMENT FUND - OTHER							
MEMBERS							
Colombia	8,617	-	8,617	7,014	83	1,520	6.5
Germany	12,717	-	12,717	10,625	-	2,092	9.0
Mexico	9,280	-	9,280	4,333	465	4,482	19.3
Venezuela	43,319	-	43,319	25,515	3,923	13,881	59.8
	73,933	-	73,933	47,487	4,471	21,975	
OTHER CONTRIBUTORS							
Sweden	3,508	-	3,508	2,960	-	548	2.4
United States of America	22,832	-	22,832	22,131	-	701	3.0
	$26,340	-	$26,340	$25,091	-	$1,249	
TOTAL - SDF (OTHER)	**$100,273**	**-**	**$100,273**	**$72,578**	**$4,471**	$23,224	**100.0**
TOTAL SDF - 2001	**$626,881**	**$30,119**	**$596,762**	**$170,986**	**$120,047**	**$305,729**	
TOTAL SDF - 2000	**$596,957**	**$13,279**	**$583,678**	**$155,147**	**$144,703**	**$283,828**	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to $541,000 (2000 - $626,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

APPENDIX IV-B(7)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS (Continued)
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

Currencies receivable	Loans out-standing 2000	Trans-lation adjust-ments	Disburse-ments	Sub-Total	Repay-ments	Loans out-standing 2001
(a) SPECIAL DEVELOPMENT FUND - UNIFIED						
Canadian dollars	718	(42)	-	676	(235)	441
Pounds sterling	430	(17)	-	413	(187)	226
United States dollars	257,739	-	37,700	295,439	(13,601)	281,838
TOTAL - 2001	**$258,887**	**($59)**	**$37,700**	**$296,528**	**($14,023)**	**$282,505**
TOTAL - 2000	**$245,059**	**($77)**	**$24,596**	**$269,578**	**($10,691)**	**$258,887**
(b) SPECIAL DEVELOPMENT FUND - OTHER						
Euros	2,790	(142)	-	2,648	(556)	2,092
Swedish kroners	836	(74)	-	762	(213)	549
United States dollars	21,315	-	2,235	23,550	(2,967)	20,583
TOTAL - 2001	**$24,941**	**($216)**	**$2,235**	**$26,960**	**($3,736)**	**$23,224**
TOTAL - 2000	**$29,009**	**($392)**	**$349**	**$28,966**	**($4,025)**	**$24,941**

MATURITY STRUCTURE OF LOANS OUTSTANDING

January 1, 2002 to December 31, 2002	*15,374*
January 1, 2003 to December 31, 2003	*15,807*
January 1, 2004 to December 31. 2004	*15,751*
January 1, 2005 to December 31, 2005	*15,756*
January 1, 2006 to December 31, 2006	*14,050*
January 1, 2007 to December 31, 2011	*60,471*
January 1, 2012 to December 31, 2016	*57,313*
January 1, 2017 to December 31, 2021	*46,774*
January 1, 2022 to December 31, 2039	*64,433*
TOTAL	*$305,729*

APPENDIX IV-B(8)
SCHEDULE 3

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

CONTRIBUTORS	Total approved 1/	Approved but not yet effective 2/	Total contribution agreed	Amounts not yet made available	Amounts made available	Receivable from members Non negotiable Demand Notes
SDF - UNIFIED						
Members						
Trinidad and Tobago	12,700	-	12,700	-	12,700	4,641
Bahamas	7,120	-	7,120	-	7,120	2,603
Barbados	7,120	-	7,120	-	7,120	2,603
Jamaica	10,520	-	10,520	-	10,520	4,983
Guyana	7,120	-	7,120	-	7,120	2,603
Antigua and Barbuda	912	-	912	-	912	348
Belize	1,800	-	1,800	-	1,800	731
Dominica	1,800	-	1,800	-	1,800	703
St.Kitts and Nevis	1,800	-	1,800	-	1,800	804
St. Lucia	1,800	-	1,800	-	1,800	830
St.Vincent and the Grenadines	1,813	-	1,813	-	1,813	900
Grenada	1,800	-	1,800	-	1,800	1,167
Montserrat	700	-	700	-	700	366
British Virgin Islands	700	-	700	-	700	261
Turks and Caicos Islands	700	-	700	-	700	-
Cayman Islands	600	-	600	-	600	234
Anguilla	700	-	700	-	700	307
Colombia	16,333	-	16,333	-	16,333	2,130
Venezuela	11,782	-	11,782	-	11,782	3,876
Canada	101,796	-	101,796	-	101,796	20,438
United Kingdom	77,678	-	77,678	-	77,678	20,023
Germany	45,652	-	45,652	-	45,652	14,119
Italy	53,539	-	53,539	-	53,539	18,901
China	24,000	-	24,000	-	24,000	-
Mexico	8,000	-	8,000	-	8,000	-
	398,485	-	398,485	-	398,485	103,571
Other Contributors						
France	55,798	-	55,798	-	55,798	15,713
Netherlands	23,379	-	23,379	-	23,379	-
	477,662	-	477,662	-	477,662	119,284
Technical Assistance Allocation	(75,000)	-	(75,000)	-	(75,000)	-
	402,662	-	402,662	-	402,662	119,284
SDF - OTHER						
Members						
Colombia	5,000	-	5,000	-	5,000	-
Germany 3/	3,517	-	3,517	-	3,517	-
Mexico 4/	13,767	-	13,767	-	13,767	-
Venezuela	17,474	-	17,474	-	17,474	-
	39,758	-	39,758	-	39,758	
Other Contributors						
Sweden	2,486	-	2,486	-	2,486	-
United States of America 3/	11,135	-	11,135	-	11,135	-
	13,621	-	13,621	-	13,621	-
	53,379	-	53,379	-	53,379	-
TOTAL SDF	**$456,041**	**-**	**$456,041**	**-**	**$456,041**	**$119,284**
SUMMARY						
Members	363,243	-	363,243	-	363,243	103,571
Other contributors	92,798	-	92,798	-	92,798	15,713
TOTAL SDF - 2001	**$456,041**	**-**	**$456,041**	**-**	**$456,041**	**$119,284**
TOTAL SDF - 2000	**$455,635**	**-**	**$455,635**	**-**	**$455,635**	**$131,459**

1/ Net of repayments.
2/ Contributions not yet formally pledged by Governments.
3/ Contributions with fixed repayment dates.
4/ Net of appropriation for Technical Assistance of $1,566,000

APPENDIX IV-B(8)
SCHEDULE 3

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES (Continued)
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

Currencies	Amounts made available 2000	Translation adjustments	Drawdowns/ Appropriations from Capital 2/	Sub-total	Repayments	Amounts made available 2001
(a) SPECIAL DEVELOPMENT FUND - UNIFIED						
Canadian dollars	31,883	(1,893)	-	29,990	-	29,990
Euros	52,013	(2,489)	7,409	56,933	-	56,933
Pounds sterling	23,767	(692)	-	23,075	-	23,075
United States dollars	292,664	-	-	292,664	-	292,664
TOTAL - 2001	**$400,327**	**($5,074)**	**$7,409**	**$402,662**	**-**	**$402,662**
TOTAL - 2000	**$403,198**	**($7,343)**	**$4,472**	**$400,327**	**-**	**$400,327**
(b) SPECIAL DEVELOPMENT FUND - OTHER						
Euros	4,442	(212)	-	4,230	(713)	3,517
Swedish kroners	2,736	(250)	-	2,486	-	2,486
United States dollars	48,130	-	-	48,130	(754)	47,376
TOTAL - 2001	**$55,308**	**($462)**	**-**	**$54,846**	**($1,467)**	**$53,379**
TOTAL - 2000	**$57,519**	**($734)**	**-**	**$56,785**	**($1,477)**	**$55,308**

1/ Subject to maintenance of value provision on the contribution to the second tranche of the SDF(U).
2/ Net of conversions to United States dollars in accordance with the funding Rules of the SDF(U).

MATURITY STRUCTURE OF REPAYABLE CONTRIBUTIONS OUTSTANDING*

January 1, 2002 to December 31, 2002	*1,490*
January 1, 2003 to December 31, 2003	*1,514*
January 1, 2004 to December 31, 2004	*1,538*
January 1, 2005 to December 31, 2005	*1,376*
January 1, 2006 to December 31, 2006	*1,215*
January 1, 2007 to December 31, 2011	*5,309*
January 1, 2012 to December 31, 2015	*2,210*
TOTAL	*$14,652*

** Relates to Germany and the United States of America only.*

APPENDIX IV-B(9)
SCHEDULE 4

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
STATEMENT OF ACCUMULATED NET INCOME
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	ACCUMULATED NET INCOME				
CONTRIBUTORS	**Brought forward 2000**	**Translation Adjustments**	**Net Income 2001**	**Appropriations**	**Carried forward 2001**
SPECIAL DEVELOPMENT FUND - UNIFIED	**27,554**	**594**	**1,907**	**(5,500)**	**24,555**
SPECIAL DEVELOPMENT FUND - OTHER					
Members					
Colombia	2,952	-	264	-	3,216
Germany	97	(22)	(69)	-	6
Mexico	3,118	-	606	-	3,724
Venezuela	23,254	-	1,372	(4,887)	19,739
	29,421	(22)	2,173	(4,887)	26,685
Other contributors					
Sweden	3,208	(311)	105	-	3,002
United States of America	7,584	-	694	-	8,278
	10,792	(311)	799	-	11,280
	40,213	(333)	2,972	(4,887)	37,965
TOTAL SDF	**$67,767**	**$261**	**$4,879**	**($10,387)**	**$62,520**
SUMMARY					
Members	56,975	572	4,080	(10,387)	51,240
Other contributors	10,792	(311)	799	-	11,280
TOTAL SDF - 2001	**$67,767**	**$261**	**$4,879**	**($10,387)**	**$62,520**
TOTAL SDF - 2000	**$66,552**	**($201)**	**$6,416**	**(5,000)**	**$67,767**

APPENDIX IV-B(10)

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Special Development Fund (SDF) was established to carry out the special operations of CDB by providing resources on concessional terms to assist borrowing members primarily for poverty reduction. Resources are provided by contributions from members and other contributors.

Due to the nature of the SDF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. These financial statements are not intended to be a presentation in accordance with International Accounting Standards. These special purpose financial statements have been prepared in accordance with the accounting policies outlined below.

Preparation of these special purpose financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Prior to January 1, 2001, these financial statements were prepared in accordance with International Accounting Standards.

Translation of Currencies

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

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

Income and expenses in currencies other than United States dollars are translated into United States dollars at average market rates of exchange prevailing during the fiscal year. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the determination of net income for the year.

Investments

All investments securities are held in a trading portfolio and reported at fair market value. Investments securities are classified based on management's intention at the date of purchase. Realised and unrealised gains and losses are included in income from investments.

Loans

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

The Bank is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans. The Bank has two categories of loans: (a) variable-rate loans; and (b) fixed-rate loans. The interest rate on variable loans is reset semi-annually. For all loans and related commitments, the Bank is of the opinion that due to its unique position in its lending operations and the absence of a secondary market, it is not practicable to estimate a fair value for the Bank's lending portfolio.

Loans outstanding to the Bank were $305,731,000 (2000 - $283,833,000). The average interest rate earned on loans outstanding was 2.60% (2000 - 2.59%).

APPENDIX IV-B(10)

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans (continued)

Loans are placed in non-accrual status after 180 days or when three full instalments are due whichever is earlier. At December 31, 2001, loans with principal balances outstanding of $308,310 (2000 - $1,553,000) were in non-accrual status. Income on these loans was $7,000 (2000 - $31,000).

Effective January 1, 2001, the Bank changed its policy on loan loss provisions so that no provision is established due to the concessional nature of the loan portfolio. The effect of this change in accounting policy has been applied retroactively by increasing prior years' retained earnings by $1,806,000. The financial statements for the year ended December 31, 2000 have been restated.

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in banks and other depositories and time deposits with less than 90 days maturity from the date of acquisition.

Technical Assistance and Grants

Technical assistance and grants for capital projects to borrowing member countries are provided either from grants received from contributors or from other resources specifically allocated for this purpose.

Administrative Expenses

Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the Ordinary Capital Resources, the Other Special Funds and the Special Development Fund in accordance with a method of allocation notified to the Board of Directors.

Comparatives

Certain comparative figures have been restated in order to conform with changes in presentation in the current year.

NOTE B - INVESTMENTS

As part of its overall portfolio management strategy, the Bank invests in Government, agency, supranational and bank obligations, including time deposits. The Bank limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Bank.

The annualised rate of return on the average investments held during the year, including gains and losses both realised and unrealised, was 5.93% (2000 - 6.78%). Net realised gains on investments traded during 2001 totalled $441,572 (2000 - $252,788) while net unrealised gains totalled $413,000 (2000 - $882,968).

NOTE C - FUNDS

In accordance with the Agreement establishing the Bank (the Agreement), Special Funds Resources comprise the Special Development Fund and Other Special Funds established or administered by the Bank, including technical assistance and other grant resources contributed on a nonreimbursable basis. The Special Development Fund was established to receive contributions or loans which may be used to make or guarantee loans of high developmental priority, with longer maturities, longer deferred commencement of repayment and lower interest rates than those determined by the Bank for its Ordinary Operations. As a result of Rules adopted by the Bank in May 1983 for the Special Development Fund, contributions to the Special Development Fund currently comprise funds made available to the Bank subject to the former rules and funds made available to the Bank subject to the new rules. Funds made available to the Bank under the former rules would continue to be governed by such rules except where contributors opt to transfer funds under the new rules.

APPENDIX IV-B(10)

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE C – FUNDS (Continued)

For the purposes of these financial statements the Special Development Fund has been presented separately from the Other Special Funds in accordance with the Rules for the Special Development Fund. Further, funds made available to the Bank subject to the former rules (referred to herein as "Other") are shown separately from funds made available subject to the new rules (referred to herein as 'Unified').

Details of contributions and loan resources to the Special Development Fund are stated at the equivalent in thousands of United States dollars where such contributions and loans have been made in currencies other than United States dollars and are as follows:

(a) SPECIAL DEVELOPMENT FUND - UNIFIED

	2001	2000
Contributions (as per Schedule 3)	$402,662	$400,327

All contributions to the Special Development Fund - Unified are interest-free with no date for repayment.

Effective October 27, 2000, France ceased to be a member of the Bank, but under the Rules of the Special Development Fund, its contributions are non-reimbursable.

(b) SPECIAL DEVELOPMENT FUND - OTHER

	2001	2000
Colombia	$5,000	$5,000

The contribution is interest-free and was not repayable before 2000. The agreement with the contributor provides that not less than 5% nor more than 10% of the contribution may be used for TA. To date, $39,000 (2000 - $39,000) has been incurred on technical assistance and has been charged against the income from the contribution.

	2001	2000
Germany		
First Contribution	7,463	7,838
Less repayments	6,157	6,075
	1,306	1,763
Second Contribution	5,264	5,529
Less repayments	3,053	2,850
	2,211	2,679
	$3,517	$4,442

The contributions consist of two loans which are subject to interest at the rate of 2% on the amounts drawn and a commitment fee of 0.25% per annum on the amounts undrawn. The first contribution is repayable during the period 1985 to 2005 and the second contribution is repayable during the period 1993 to 2012.

	2001	2000
Mexico		
First Contribution	7,000	7,000
Less Technical Assistance	1,566	1,566
	5,434	5,434
Second Contribution	5,000	5,000
Third Contribution	3,333	3,333
	$13,767	$13,767
Technical Assistance Resources	$1,566	$1,566

The contributions are interest-free and are not subject to call before 2009.

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE C - FUNDS (Continued)

(b) SPECIAL DEVELOPMENT FUND - OTHER (Continued)

	2001	2000
Venezuela		
First Contribution	10,000	10,000
Less Technical Assistance	176	176
	9,824	9,824
Second Contribution	7,650	7,650
	$17,474	$17,474

The contributions are interest-free and were not subject to calls before 1999 and 2006 respectively. The agreement with the contributor provides that up to 10% of the first contribution may be used to finance technical assistance on the basis of contingent recovery.

	2001	2000
Sweden	$2,486	$2,735

The contribution is interest-free with no definite date for repayment.

	2001	2000
United States of America		
First Contribution	10,000	10,000
Less repayments	5,320	4,965
	4,680	5,035
Second Contribution	12,000	12,000
Less repayments	5,545	5,145
	6,455	6,855
	$11,135	$11,890

The contributions are subject to interest at the rate of 2% per annum on the amounts outstanding for the first ten years after first disbursement and thereafter at the rate of 3% per annum. The first contribution is repayable during the period 1982 to 2012 and the second contribution during the period 1984 to 2014.

NOTE D - ACCUMULATED NET INCOME AND NET INCOME FOR THE YEAR

In accordance with the rules of the Special Development Fund, the accumulated net income and net income for the current year form part of the contributed resources of the fund and are not available for allocation by the Board of Governors.

NOTE E - TECHNICAL ASSISTANCE AND GRANT RESOURCES

In accordance with paragraph 4.9.2 of the Rules for the Special Development Fund, allocations/appropriations of income and capital of the Fund may be made for the purpose of the Bank's technical assistance and grant operations. The movements (expressed in thousands of United States dollars) during the years ended December 31, 2001 and 2000 were as follows:

Balance at January 1, 2000	18,301
Allocations for the year	181
Expenditure for the year	(3,764)
Balance at December 31, 2000	$14,718
Allocations for the year	81
Expenditure for the year	(2,943)
Balance at December 31, 2001	$11,856

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE F - STAFF COSTS

	2001	2000
Salaries and Allowances	$1,696	$1,627

Administrative expenses include pension costs of $291,000, which was allocated from the OCR Fund for the Unified Special Development Fund.

APPENDIX IV-C(1)

PRICEWATERHOUSECOOPERS

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

February 26, 2002

AUDITORS' REPORT
TO THE BOARD OF GOVERNORS
CARIBBEAN DEVELOPMENT BANK

We have audited the accompanying special purpose financial statements of the Other Special Funds of the Caribbean Development Bank as of December 31, 2001 and as set out on pages 176 to 192. These special purpose statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the accompanying special purpose financial statements of the Other Special Funds of the Caribbean Development Bank as of December 31, 2001, have been properly prepared in all material respects, in accordance with the accounting policies set out in Note A.

Without qualifying our opinion, we emphasise that the accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of International Accounting Standards.

PricewaterhouseCoopers

CHARTERED ACCOUNTANTS

APPENDIX IV-C(2)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
BALANCE SHEET
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

		2001	2000
ASSETS			
CASH IN BANKS AND OTHER DEPOSITORIES		1,048	4,246
INVESTMENTS (Schedule 1)		105,798	91,850
LOANS (Shedule 2)		43,128	43,535
RECEIVABLES - OTHER			
Accounts receivable including interfund receivables	5,203		17,227
Accrued income on investments	1,673		1,608
Accrued income on loans	168		132
		7,044	18,967
		$157,018	$158,598
LIABILITIES AND FUNDS			
LIABILITIES			
Accounts payable including interfund payables		864	697
Accrued charges on contributions		257	277
		1,121	974
FUNDS			
Contributed resources (Schedule 3)			
Contributions	86,269		90,925
Less amounts not yet made available	13,514		15,496
Amounts made available	72,755		75,429
Accumulated net income (Schedule 4)	38,421		34,918
		111,176	110,347
Technical assistance and other grant resources (Schedule 5)		44,721	47,277
		$157,018	$158,598

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF INCOME AND ACCUMULATED NET INCOME
For the years ended December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	2001	2000
INCOME		
From loans	728	741
From investments and cash balances	5,909	5,910
From other sources	-	15
GROSS INCOME	**6,637**	**6,666**
EXPENSES		
Administrative expenses	2,093	2,320
Charges on contributions	1,140	1,288
Exchange	(138)	171
TOTAL EXPENSES	**3,095**	**3,779**
NET INCOME FROM OPERATIONS	3,542	2,887
Provision for losses on loans	-	(1,183)
NET INCOME FOR THE YEAR	**$3,542**	**$4,070**

STATEMENT OF CHANGES IN ACCUMULATED NET INCOME

	2001	2000
BEGINNING OF YEAR - as previously reported	32,151	28,164
- provision for losses on loans - Note A	2,767	2,773
- as restated	34,918	30,937
Currency translation adjustments	(39)	(89)
Net income for the year	3,542	4,070
ACCUMULATED NET INCOME - END OF YEAR	**$38,421**	**$34,918**

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUND
STATEMENT OF CASH FLOWS
For the years ended December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	2001		2000
Operating activities:			
Net income for the year		3,542	4,070
Adjustments for non-cash items:			
Unrealised losses on trading portfolio	(449)		(442)
Interest income	(5,981)		(6,048)
Interest expense	1,140		1,288
Provision for losses on loans	-		6
Decrease/(increase) in accounts receivable including interfund receivables	12,024		(1,147)
Increase/(decrease) in accounts payable including interfund payables	167		(2,302)
Total adjustments		6,901	(8,645)
Interest received		5,881	5,716
Interest paid		(1,160)	(1,346)
Net increase in trading securities		(14,154)	(13,320)
Lending activities:			
Disbursements on loans	(4,285)		(2,263)
Principal repayments to the Bank on loans	3,668		5,242
Decrease in loans resulting from exchange rates fluctuations	1,024		1,719
Technical Assistance disbursements	(7,483)		(6,687)
Net cash used in lending activities		(7,076)	(10,939)
Net cash used in operating activities		(6,066)	(15,514)
Financing activities:			
Contributions:			
Increase in contributions for loans	4,372		2,823
Repayments	(5,747)		(7,653)
Decrease in contributions resulting from exchange rates fluctuations	(1,300)		(1,891)
Technical Assistance contributions	4,927		19,009
Net cash provided by financing activities		2,252	12,288
Translation adjustments		(39)	(89)
Net decrease in cash and cash equivalents		(3,853)	(3,315)
Cash and cash equivalents - beginning of year		8,052	11,367
Cash and cash equivalents - end of year		$4,199	$8,052
Represented by:			
Cash in Bank and other Depositories		1,048	4,246
Time deposits		3,151	3,806
		4,199	8,052

APPENDIX IV-C(5)
SCHEDULE 1

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF INVESTMENTS
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	2001 Market value	2000 Market value
Government and Agency Obligations	81,012	77,260
Supranationals	14,366	9,164
Time Deposits	3,151	3,806
Other Investments	7,269	1,620
TOTAL	**$105,798**	**$91,850**

RESIDUAL TERM TO CONTRACTUAL MATURITY

Due in one year or less	*35,366*
Due after one through five years	*65,173*
Due after five through ten years	*5,259*
TOTAL	*$105,798*

APPENDIX IV-C(6)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

			Effective Loans				
Member countries in which loans have been made	**Total loans approved 1/**	**Loans approved but not yet effective**	**Signed agree-ments**	**Principal repaid to bank**	**Undis-bursed**	**Out-standing 2/**	**Percent-age of total loans out-standing**
Anguilla	500	-	500	150	-	350	0.8
Antigua and Barbuda	2,656	-	2,656	1,939	-	717	1.7
Barbados	17,441	-	17,441	16,911	-	530	1.2
Belize	7,798	-	7,798	7,632	-	166	0.4
British Virgin Islands	1,812	-	1,812	1,812	-	-	0.0
Cayman Islands	2,595	-	2,595	2,595	-	-	0.0
Dominica	17,543	-	17,543	8,075	72	9,396	21.8
Grenada	14,791	-	14,791	4,351	1,979	8,461	19.6
Guyana	19,073	-	19,073	15,615	3,036	422	1.0
Jamaica	37,819	-	37,819	36,648	-	1,171	2.7
Montserrat	1,142	-	1,142	1,043	-	99	0.2
St. Kitts and Nevis	7,046	-	7,046	2,341	95	4,610	10.7
St. Lucia	26,871	-	26,871	8,807	8,962	9,102	21.1
St. Vincent and the Grenadines	13,448	-	13,448	8,761	125	4,562	10.6
Trinidad and Tobago	2,314	-	2,314	708	-	1,606	3.7
Regional	2,297	-	2,297	275	86	1,936	4.5
TOTAL - 2001	**175,146**	**-**	**175,146**	**117,663**	**14,355**	**43,128**	**100.0**
TOTAL - 2000	**$177,590**	**6,500**	**$171,090**	**$114,894**	**$12,661**	**$43,535**	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to $45,000 (2000 - $53,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

APPENDIX IV-C(6)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS (Continued)
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

Analysis by Special Fund	Total loans approved 1/	Loans approved but not yet effective	Effective Loans: Signed agreements	Effective Loans: Principal repaid to bank	Effective Loans: Undisbursed	Effective Loans: Outstanding 2/	Effective Loans: Percentage of total loans outstanding
MEMBERS							
Trinidad and Tobago	1,361	-	1,361	1,314	-	47	0.1
OTHER CONTRIBUTORS							
Caribbean Development Bank	9,554	-	9,554	6,754	6	2,794	6.5
Nigeria	4,876	-	4,876	2,639	50	2,187	5.1
United States of America	93,321	-	93,321	90,499	313	2,509	5.8
Inter-American Development Bank	28,458	-	28,458	10,775	10,410	7,273	16.9
European Union	7,258	-	7,258	2,764	37	4,457	10.3
International Development Association	30,318	-	30,318	2,918	3,539	23,861	55.3
TOTAL - 2001	**175,146**	**-**	**175,146**	**117,663**	**14,355**	**43,128**	**100.0**
TOTAL - 2000	**$177,590**	**6,500**	**$171,090**	**$114,894**	**$12,661**	**$43,535**	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to $45,000 (2000 - $53,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

APPENDIX IV-C(6)
SCHEDULE 2

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

Currencies Receivable	Loans Outstanding 2000	Translation Adjustments	Disbursements	Sub-Total	Repayments	Loans Outstanding 2001
Canadian dollars	301	(19)	-	282	(58)	224
Euros	5,576	(270)	-	5,306	(433)	4,873
Japanese yen	47	(6)	-	41	(41)	-
Pounds sterling	387	(11)	-	376	(38)	338
Special Drawing Rights	18,876	(711)	-	18,165	(381)	17,784
Trinidad and Tobago dollars	72	2	-	74	(26)	48
United States dollars	18,180	-	4,285	22,465	(2,679)	19,786
Others	96	(9)	-	87	(12)	75
TOTAL - 2001	$43,535	($1,024)	$4,285	$46,796	($3,668)	$43,128
TOTAL - 2000	$48,233	($1,719)	$2,263	$48,777	($5,242)	$43,535

MATURITY STRUCTURE OF LOANS OUTSTANDING

January 1, 2002 to December 31, 2002	*1,526*
January 1, 2003 to December 31, 2003	*1,748*
January 1, 2004 to December 31, 2004	*1,668*
January 1, 2005 to December 31, 2005	*1,555*
January 1, 2006 to December 31, 2006	*1,430*
January 1, 2007 to December 31, 2011	*7,062*
January 1, 2012 to December 31, 2093	*28,139*
TOTAL	*$43,128*

APPENDIX IV-C(7)
SCHEDULE 3

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF CONTRIBUTIONS
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

Contributors	Total 1/	Contributi mounts not yet made available	Amounts made available
MEMBERS			
Canada 2/	1,257	-	1,257
Trinidad and Tobago	460	-	460
	1,717	-	1,717
OTHER CONTRIBUTORS			
Nigeria	1,400	-	1,400
Inter-American Development Bank 2/	21,721	1,947	19,774
European Investment Bank	5,584	4,699	885
United States of America	19,073	-	19,073
European Union	5,325	-	5,325
International Development Association	31,449	6,868	24,581
	84,552	13,514	71,038
TOTAL - 2001	**$86,269**	**$13,514**	**$72,755**
TOTAL - 2000	**$90,925**	**$15,496**	**$75,429**

1/ Net of cancellations and repayments.
2/ Contributions with no fixed date of repayment - $1,847,513.

MATURITY STRUCTURE OF REPAYABLE CONTRIBUTIONS OUTSTANDING

January 1, 2002 to December 31, 2002	*3,962*
January 1, 2003 to December 31, 2003	*3,012*
January 1, 2004 to December 31, 2004	*3,019*
January 1, 2005 to December 31, 2005	*3,058*
January 1, 2006 to December 31, 2006	*3,098*
January 1, 2007 to December 31, 2011	*15,544*
January 1, 2012 to December 31, 2016	*12,839*
January 1, 2017 to December 31, 2056	*26,375*
TOTAL	*$70,907*

APPENDIX IV-C(7)
SCHEDULE 3

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS (continued)
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

Currencies repayable	Contributions made available 2000	Translation adjustments	Drawdowns/ Appropriations from Capital	Sub-total	Repayments	Contributions made available 2001
Canadian dollars	1,927	(115)	-	1,812	(62)	1,750
Euros	6,922	(331)	442	7,033	(310)	6,723
Japanese yen	652	(82)	-	570	(83)	487
Pounds sterling	868	(25)	-	843	(52)	791
Special Drawing Rights	19,574	(737)	-	18,837	(266)	18,571
Swedish kroners	208	(19)	-	189	(13)	176
Trinidad and Tobago dollars	504	10	-	514	(54)	460
United States dollars	44,759	-	3,930	48,689	(4,906)	43,783
Others	15	-	-	15	(1)	14
TOTAL - 2001	**$75,429**	**($1,299)**	**$4,372**	**$78,502**	**($5,747)**	**$72,755**
TOTAL - 2000	**$82,150**	**($1,891)**	**$2,823**	**$83,082**	**($7,653)**	**$75,429**

APPENDIX IV-C(8)
SCHEDULE 4

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF ACCUMULATED NET INCOME
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

CONTRIBUTORS	Brought forward 2000	Trans-lation Adjust-ments	Net Income 2001	Appro-priations	Carried forward 2001
General Funds	3,970	(194)	1,381	-	5,157
Private Sector Fund	14	-	380	-	394
European Investment Bank	59	32	3	-	94
European Union	1,239	(5)	73	-	1,307
Inter-American Development Bank	788	107	403	-	1,298
International Development Association	283	25	67	-	375
Nigeria	6,177	(4)	(62)	-	6,111
United States of America	22,388	-	1,297	-	23,685
TOTAL - 2001	**$34,918**	**($39)**	**$3,542**	**-**	**$38,421**
TOTAL - 2000	**$30,937**	**($89)**	**$4,070**	**-**	**$34,918**

APPENDIX IV-C(9)
SCHEDULE 5

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF TECHNICAL ASSISTANCE AND GRANT RESOURCES
December 31, 2001 and 2000
Expressed in thousands of United States dollars - Note A

	CONTRIBUTIONS				
CONTRIBUTORS	**Total 1/**	**Amounts not yet made available**	**Amounts made available**	**Amounts utilised**	**Net amounts available**
MEMBERS					
Canada	4,279	68	4,211	1,815	2,396
United Kingdom	1,222	-	1,222	845	377
Italy	457	-	457	252	205
	5,958	68	5,890	2,912	2,978
OTHER CONTRIBUTORS					
Caribbean Development Bank	85,901	-	85,901	44,221	41,680
United States of America	22,250	2,186	20,064	20,064	0
UNDP	141	-	141	141	0
Inter-American Development Bank	1,960	1,638	322	305	17
Nigeria	193	-	193	147	46
Subtotal	110,445	3,824	106,621	64,878	41,743
TOTAL - 2001	**$116,403**	**$3,892**	**$112,511**	**$67,790**	**$44,721**
TOTAL - 2000	**$111,487**	**$3,903**	**$107,584**	**$60,307**	**$47,277**
SUMMARY					
Basic Needs Trust Fund	61,200	-	61,200	55,509	5,691
Other Resources	55,203	3,892	51,311	12,281	39,030
TOTAL - 2001	**$116,403**	**$3,892**	**$112,511**	**$67,790**	**$44,721**
Basic Needs Trust Fund	61,200	-	61,200	51,498	9,702
Other Resources	50,287	3,903	46,384	8,809	37,575
TOTAL - 2000	**$111,487**	**$2,960**	**$107,584**	**$60,307**	**$47,277**

1/ Net of cancellations and resources fully utilised and expended in non-reimbursable operations.

APPENDIX IV-C(10)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Other Special Funds (OSF) were established to carry out the special operations of CDB by providing resources on concessional terms to assist borrowing members primarily for poverty reduction. Resources are provided by contributions from members and other contributors.

Due to the nature of the OSF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. These financial statements are not intended to be a presentation in accordance with International Accounting Standards. These special purpose financial statements have been prepared in accordance with the accounting policies outlined below.

Preparation of these special purpose financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Prior to January 1, 2001, these financial statements were prepared in accordance with International Accounting Standards.

Translation of Currencies

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

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

Income and expenses in currencies other than United States dollars are translated into United States dollars at average market rates of exchange prevailing during the fiscal year. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the determination of net income for the year.

Investments

All investments securities are held in a trading portfolio and reported at fair market value. Investments securities are classified based on management's intention at the date of purchase. Realised and unrealised gains and losses are included in income from investments.

Loans

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

The Bank is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans. The Bank has two categories of loans: (a) variable-rate loans; and (b) fixed-rate loans. The interest rate on variable loans is reset semi-annually. For all loans and related commitments, the Bank is of the opinion that due to its unique position in its lending operations and the absence of a secondary market, it is not practicable to estimate a fair value for the Bank's lending portfolio.

Loans outstanding to the Bank at December 31, 2001 were $43,128,000 (2000 - $45,328,000). The average interest rates earned on loans outstanding was 1.68% (2000 - 1.67%).

APPENDIX IV-C(10)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans (continued)

Loans are placed in non-accrual status after 180 days or when three full instalments are due, whichever is earlier.

At December 31, 2001, loans with principal balances outstanding of $80,000 (2000 - $745,000) were in non-accrual status. Income on these loans was $80,000 (2000 - $745,000).

Effective January 1, 2001, the Bank changed its policy on loan loss provisions so that no provision is established due to the concessional nature of the loan portfolio. The effect of this change in accounting policy has been applied retroactively by increasing prior years' accumulated net income by $2,767,000. The financial statements for the year ended December 31, 2000 have been restated.

Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash in banks and other depositories and time deposits with less than 90 days maturity from the date of acquisition.

Technical Assistance and Grants

Technical assistance and grants for capital projects to borrowing member countries are provided either from non-reimbursable grants received from contributors or from other resources specifically allocated for this purpose. An amount of $13,000,000 has been included to assist in the relief of Guyana's debt service under the Heavily Indebted Poor Countries Initiative.

Administrative Expenses

Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the Ordinary Capital Resources, the Other Special Funds and the Special Development Fund in accordance with a method of allocation notified to the Board of Directors.

Comparatives

Certain comparative figures have been restated in order to conform with changes in presentation in the current year.

NOTE B - INVESTMENTS

As part of its overall portfolio management strategy, the Bank invests in Government agency, supranational and bank obligations, including the time deposits. The Bank limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Bank.

The annualised rate of return on the average investments held during the year, including gains and losses both realised and unrealised, was 6.23% (2000 - 6.43%). Net realised gains on investments amounted to $207,206 (2000 - $226,418), while net unrealised gains/(losses) amounted to $448,927 (2000 - ($442,169)).

NOTE C - FUNDS

In accordance with the Agreement establishing the Bank (the Agreement), Special Funds Resources comprise the Special Development Fund and Other Special Funds established or administered by the Bank, including technical assistance and other grant resources contributed on a non-reimbursable basis. For the purposes of these financial statements, the Other Special Funds have been presented separately from the Special Development Fund. The Other Special Funds are established in accordance with agreements between the Bank and contributors and, in general, are for specific types of projects as agreed between the Bank and the contributors. In accordance

APPENDIX IV-C(10)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE C - FUNDS (Continued)

with the Agreement, each Special Fund, its resources and accounts are kept entirely separate from other Special Funds, their resources and accounts.

For the purpose of presentation in these financial statements, the financial statements of each of the Other Special Funds have been aggregated.

Technical assistance and other grant resources include resources for the Basic Needs Trust Fund and other resources established for specific purposes as determined between the Bank and contributors. An amount of $40,200,000 is included for Basic Needs Trust Fund capital projects in the less developed member countries.

Details of contributions, loans and technical assistance resources of the Other Special Funds are stated at the equivalent in thousands of United States dollars where such contributions, loans and technical assistance grants have been made in currencies other than United States dollars and are as follows:

	2001	**2000**
Canada		
Agricultural	$1,257	$1,337

The contributions are interest-free with no date for repayment.

Technical Assistance Resources	$4,279	$4,279
Italy		
Technical Assistance Resources	$457	$452
Trinidad and Tobago		
Counterpart Contribution	1,346	1,320
Less repayments	886	816
	$460	$504

The contribution is subject to interest at the rate of 2.5% and is repayable during the period 1985-2010.

Nigeria		
Contribution	5,000	5,000
Less repayments	3,600	3,400
	$1,400	$1,600
Technical Assistance Resources	$193	$193

The contribution from Nigeria is subject to interest at the rate of 3% per annum and is repayable during the period 1984-2008.

United Kingdom		
Technical Assistance Resources	$1,222	$1,132

APPENDIX IV-C(10)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE C - FUNDS (Continued)

	2001		2000
Inter-American Development Bank			
First Global loan	7,116		7,363
Less repayments	6,363		6,194
		753	1,169
Second Global loan	4,109		4,289
Less repayments	1,837		1,732
		2,272	2,557
Pre-investment loan	454		454
Less repayments	431		409
		23	45
975/SF-RG		16,726	17,950
		$19,774	$21,721
Technical Assistance Resources		$1,960	$1,960

The first global loan was subject to interest at the rate of 1% per annum until 1983 and thereafter at 2% per annum and is repayable during the period 1985 to 2003. The second global loan was subject to interest at the rate of 1% per annum until 1994 and thereafter at 2% per annum and is repayable during the period 1995 to 2015.

The pre-investment loan was subject to interest at the rate of 1% per annum up to 1982 and subsequently at 2% per annum and is repayable during the period 1983 to 2002.

Loan 975/SF-RG is subject to interest at the rate of 1% per annum until 2006 and thereafter at 2% per annum and is repayable during the period 2003 to 2036.

The loans are subject to a credit fee of 0.5% per annum on any undrawn balance.

	2001	2000
European Investment Bank		
Global Loan II - B	$5,584	$5,182

Repayable in full in a single instalment on September 30, 2016.

	2001		2000	Due Dates
United States of America				
Contributions				
Agricultural	7,052		7,052	1988-2018
Less repayments	2,465		2,253	
		4,587	4,799	
Basic Human Needs	2,000		2,000	1991-2001
Less repayments	2,000		1,890	
		-	110	
Caribbean Development Facility				
First Contribution				
Part 1	17,870		17,870	1988-1998
Part 2	2,000		2,000	1988-2008
Subtotal	19,870		19,870	
Less repayments	19,100		19,002	
	770		868	

APPENDIX IV-C(10)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE C - FUNDS (Continued)

		2001		2000	Due Dates
Caribbean Development Facility (continued)					
Second Contribution	17,500			17,500	1990-2000
Less repayments	17,500			17,500	
	-			-	
Third Contribution	16,000			16,000	1991-2001
Less repayments	16,000			14,252	
	-			1,748	
Fourth Contribution	12,000			12,000	1992-2002
Less repayments	10,689			9,416	
	1,311			2,584	
		2,081		5,200	
Employment Investment Promotion	6,732		6,732		1990-2000
Less repayments	1,954		1,763		
		4,778		4,969	
Housing		8,400		8,400	1983-2012
Less repayments		4,171		3,882	
		4,229		4,518	
Regional Agri-business Dev.		6,300		6,300	1991-2021
Less repayments		2,902		2,598	
		3,398		3,702	
		$19,073		$23,298	

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.

		2001		2000
Technical Assistance Resources		$22,250		$22,250
European Union				
First contribution	5,175		5,435	
Less repayments	1,556		1,463	
		3,619		3,972
Second contribution	18,592		19,528	
Less cancellation	16,398		17,224	
	2,194		2,304	
Less repayments	488		442	
		1,706		1,862
		$5,325		$5,834

The contributions are subject to interest at the rate of 1% per annum. The first contribution is repayable during the period 1992-2002 and the second contribution during the period 1994-2024.

APPENDIX IV-C(10)

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (Continued)
December 31, 2001 and 2000

NOTE C - FUNDS (Continued)

	2001		2000		Due Dates
International Development Association					
Credit No. 960/CRG	6,481		6,481		1990-2029
Less repayments	1,037	5,444	842	5,639	
Credit No. 37/CRG (EEC)	675		705		1990-2029
Less repayments	108	567	92	613	
Credit No. 1364/CRG	6,811		7,077		1993-2033
Less repayments	579	6,232	531	6,546	
Credit No. 1785/CRG	5,817		6,045		1997-2037
Less repayments	262	5,555	212	5,833	
Credit No. 2135/CRG	6,993		12,818		2000-2030
Less repayments	210				
Credit No. 2640/CRG	-	6,783	-	12,818	2004-2034
		$24,581		$31,449	

The credits are subject to a service charge of 0.75% per annum on amounts outstanding. In addition, the credits totalling $35,404,896 (2000 - $36,790,607) representing 28,200,000 Special Drawing Rights are subject to a commitment fee not exceeding 0.5% per annum on amounts eligible for withdrawal but remain undrawn.

The credit of $567,000 (2000 - $613,000) consisting of various currencies represents resources from the Special Action Credit of the European Commission.

	2001	2000
Caribbean Development Bank		
Technical Assistance Resources	$85,901	$81,079

NOTE D - ACCUMULATED NET INCOME AND NET INCOME FOR THE YEAR

It is normal for the Board of Governors to determine the disposition of the accumulated net income and net income for the current year of each of the Other Special Funds, subject to any rules and regulations governing each Fund and any agreement relating thereto.

APPENDIX V

RESOLUTIONS OF THE BOARD OF GOVERNORS DURING 2001

No.	Subject	Date of Adoption
1/01	Election of the President of the Caribbean Development Bank	January 10, 2001 by the Special Voting Procedures under Section 9 of the By-Laws
2/01	Election of the President of the Caribbean Development Bank	March 6, 2001
3/01	Postponement of Date of Termination of Office of Sir Neville Nicholls	March 6, 2001
4/01	Appreciation for the Work of the Third President of the Bank	March 6, 2001
5/01	Audited Financial Statements and Reports of the Independent Accountants	May 23, 2001
6/01	Allocation of Net Income	May 23, 2001
7/01	Expenses of Governors and Alternates Attending Meetings of the Board of Governors	May 23, 2001
8/01	Place and Date of the Thirty-Second (2002) Annual Meeting	May 23, 2001
9/01	Election of Officers of the Board of Governors	May 23, 2001
10/01	Appreciation	May 24, 2001

APPENDIX VI

DEPOSITORIES AND CHANNELS OF COMMUNICATION

COUNTRY	DEPOSITORY	CHANNEL
Anguilla	Barclays Bank PLC The Valley Anguilla	Director, Finance and Planning Ministry of Finance The Valley Anguilla
Antigua and Barbuda	*ECCB P.O. BOX 89 Headquarters Building Basseterre St. Kitts and Nevis	Permanent Secretary Ministry of External Affairs and Defence St. John's Antigua and Barbuda
The Bahamas	Central Bank of The Bahamas P.O. Box N-4868 Nassau The Bahamas	Financial Secretary Ministry of Finance and Planning P.O. Box N 3017 Nassau The Bahamas
Barbados	Central Bank of Barbados P.O. Box 1016 Bridgetown Barbados	Director of Finance and Economic Affairs Ministry of Finance Government Headquarters Bay Street, St. Michael Barbados
Belize	Central Bank of Belize P.O. Box 852 Belize City Belize	Permanent Secretary Ministry of Economic Development P.O. Box 42, Administrative Building Belmopan Belize
British Virgin Islands	The Treasury Tortola British Virgin Islands	Financial Secretary Ministry of Finance Tortola British Virgin Islands
Canada	234 Wellington Street Ottawa Canada	President Canadian International Development Agency 200 Promenade du Portage Hull, Quebec K1A OG4 Canada
Cayman Islands	*ECCB P.O. BOX 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Office of the Financial Secretary Portfolio of Finance and Economic Development Government Administration Building George Town Grand Cayman Cayman Islands
Colombia	Banco de la Republica Carrera 7a, Numero 14-18 Oficina Principal Bogota Colombia	General Manager Banco de la Republica Carrera 7a, Numero 14-18 Oficina Principal Bogota Colombia

* Eastern Caribbean Central Bank

APPENDIX VI (cont'd)

COUNTRY	DEPOSITORY	CHANNEL
Dominica	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Ministry of Finance, Industry and Planning Government Headquarters Roseau Dominica
Germany	Deutsche Bundesbank P.O. Box 10 06 02 Wilhelm-Epstein Strasse 14	Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung (BMZ) Referat 402 Postfach 12 03 22 D-53045 Bonn Germany
Grenada	*ECCB P.O. Box 89 Basseterre St. Kitts and Nevis	Permanent Secretary Ministry of Finance St. George's Grenada
Guyana	Bank of Guyana Avenue of the Republic Georgetown Guyana	Secretary to the Treasury Ministry of Finance P.O. Box 1073 Georgetown Guyana
Italy	Bank of Italy Casella Postale 2484 00100 Rome Italy	Ministry of the Treasury Via XX Settembre Rome Italy
Jamaica	Bank of Jamaica P.O. Box 621 Kingston Jamaica	Financial Secretary Ministry of Finance and Planning 30 National Heroes Circle Kingston 4 Jamaica
Mexico	Banco de Mexico, S.A. Subgerencia de Control de Operaciones Area Internacional Edificio Guardiola 2 Piso 0659 Mexico, D.F. Mexico	Director General of International Affairs Secretariat of Finance and Public Credit Insurgentes sur, 826 - Piso 10 Colonia del Valle 03100 Mexico D.F. Mexico
Montserrat	Barclays Bank Brades Montserrat	Financial Secretary Ministry of Finance and Economic Development New Administration Building Brades Montserrat
People's Republic of China	International Department People's Bank of China 32 Cheng Fang Street West District Beijing 100800 China	CDB's Desk Economist Division for International Financial Institutions International Department People's Bank of China 32 Cheng Fang Street West District Beijing 100800 China

* Eastern Caribbean Central Bank

APPENDIX VI (cont'd)

COUNTRY	DEPOSITORY	CHANNEL
St. Kitts and Nevis	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Director Planning Unit of St. Kitts P.O. Box 186 Basseterre St. Kitts and Nevis
St. Lucia	Barclays Bank Castries St. Lucia	Director of Finance Ministry of Finance and Economic Affairs Treasury Building Castries St. Lucia
St. Vincent and the Grenadines	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Director of Finance and Planning Ministry of Finance P.O. Box 608 Kingstown St. Vincent and the Grenadines
Trinidad and Tobago	Central Bank of Trinidad and Tobago P.O. Box 1250 Port of Spain	Permanent Secretary Ministry of Finance Eric Williams Finance Building Eric Williams Plaza Independence Square Port of Spain Trinidad and Tobago
Turks and Caicos Islands	Barclays Bank PLC Main Branch Grand Turk Turks and Caicos Islands	Permanent Secretary/Finance Ministry of Finance Front Street Grand Turk Turks and Caicos Islands
United Kingdom	Bank of England Threadneedle Street London EC2R 8AH England	Department for International Development 94 Victoria Street London SW1E 5JL England
Venezuela	Banco Central de Venezuela Esquina de Carmelitas Caracas 105 Venezuela	President Venezuelan Investment Fund Avenida Universidad Traposos a Colón Torre FIV, Piso 7 Caracas 1010 Venezuela

* Eastern Caribbean Central Bank

APPENDIX VII

BOARD OF GOVERNORS
(As at December 31, 2001)

Hon. George McCarthy	Anguilla, British Virgin Islands, Cayman Islands, Montserrat, and Turks and Caicos Islands	Chairman
Mr. Dai Xianglong	China	Vice-Chairman
Dr. the Hon. Omar Davies	Jamaica	Vice-Chairman

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands	Hon. George McCarthy[1/] Financial Secretary Portfolio of Finance and Economic Development Cayman Islands	Hon. Ralph T. O'Neal[2/] Chief Minister and Minister of Finance British Virgin Islands
Antigua and Barbuda	Hon. Lester B. Bird[3/] Prime Minister and Minister of Finance	Hon. Asot Michael[4/] Minister of State Ministry of Finance
The Bahamas	Hon. Sir William C. Allen Minister of Finance	Hon. Zhivargo Laing[5/] Minister of Economic Development
Barbados	Hon. Reginald Farley[6/] Minister of Economic Development	Mr. Grantley Smith Director of Finance and Economic Affairs
Belize	Hon. Ralph Fonseca Minister of Budget Management, Investment and Trade	Mr. Keith Arnold Governor Central Bank of Belize
Canada	Hon. John Manley Minister of Foreign Affairs Department of Foreign Affairs and International Trade Branch Department of Finance	Mr. Bruce Montador General Director International Trade and Finance
Colombia	Dr. Juan Manuel Santos Calderón Minister of Finance and Public Credit	Mr. Miguel Urrutia Governor Banco de la Republica
Dominica	Hon. Pierre Charles[7/] Prime Minister and Minister for Finance and Planning	Mr. Ambrose M.J. Sylvester Financial Secretary
Germany	Dr. Uschi Eid Parliamentary State Secretary Federal Ministry for Economic Cooperation and Development	Dr. Rolf Wenzel[8/] Deputy Director General Federal Ministry of Finance

1/ Succeeded Hon. Victor F. Banks on May 28
2/ Succeeded Hon. George McCarthy on May 28
3/ Succeeded Hon. John E. St. Luce on January 8
4/ Succeeded Mr. Keith Hurst on January 8
5/ Succeeded Mr. Julian W. Francis on March 16
6/ Succeeded Rt. Hon. Owen S. Arthur on November 28
7/ Succeeded Hon. Ambrose George on December 25
8/ Succeeded Mr. Michael Röskau on May 25

APPENDIX VII (cont'd)

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Grenada	Hon. Anthony Boatswain Minister of Finance, Trade and Planning	Mr. Timothy Antoine Permanent Secretary Ministry of Finance
Guyana	H.E. Mr. Bharrat Jagdeo President	Hon Saisnarine Kowlessar Minister in the Office of the President Responsible for Finance
Italy	Hon. Giulio Tremonti[9/] Minister of the Economy and Finance	Dr. Lorenzo Bini Smaghi[10/] Director for International Financial Relations Ministry of the Economy and Finance
Jamaica	Dr. the Hon. Omar Davies Minister of Finance and Planning	Dr. Wesley Hughes Director General Planning Institute of Jamaica
Mexico	Mr. Francisco Gil Díaz Secretary of Finance and Public Credit	Dr. Augustin Carstens Carstens Under-Secretary of Finance and Public Credit
People's Republic of China	Mr. Dai Xianglong Governor People's Bank of China	Mr. Li Ruogu Assistant Governor and Director-General People's Bank of China
St. Kitts and Nevis	Hon. Dr. Denzil Douglas Prime Minister and Minister of Finance	Hon. Vance Amory Premier and Minister of Finance Nevis Island Administration
St. Lucia	Dr. the Hon. Kenny D. Anthony Prime Minister and Minister for Finance, Economic Affairs and Information	Dr. Bernard La Corbiniere Permanent Secretary Ministry of Finance and Economic Affairs
St. Vincent and the Grenadines	Dr. the Hon. Ralph Gonsalves[11/] Prime Minister and Minister of Finance	Hon. Louis Straker[12/] Deputy Prime Minister and Minister of Foreign Affairs, Commerce and Trade
Trinidad and Tobago	Senator the Hon. Gerald Yetming[13/] Minister of Finance	Mr. Winston Dookeran Governor Central Bank of Trinidad and Tobago
United Kingdom	Rt. Hon. Ms. Clare Short Secretary of State for International Development, Department for International Development	Mr. Hilary Benn, M.P.[14/] Parliamentary Under-Secretary of State for International Development Department for International Development

9/ Succeeded Mr. Vincenzo Visco on July 6
10/ Succeeded Professor Mario Draghi on October 1
11/ Succeeded Mr. Arnhim U. Eustace on March 28
12/ Succeeded Rt. Hon. Sir James F. Mitchell on March 28
13/ Succeeded Senator the Hon. Brian Kuei Tung on February 20
14/ Succeeded Mr. Chris Mullin, M.P. on June 19

APPENDIX VII (cont'd)

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Venezuela	Mr. Jorge Giordani[15/] President (Ag.) Venezuelan Economic and Social Development Bank	H.E. Mr. Hernani Escobar[16/] Ambassador and Director of Cooperation for the Caribbean and Central America Ministry of Foreign Affairs

15/ Succeeded Mr. Antonio Giner on July 9
16/ Succeeded H.E. Mr. Pedro Camacho on July 9

APPENDIX VIII

BOARD OF DIRECTORS AND VOTING GROUPS
(As at December 31, 2001)
Chairman: Dr. Compton Bourne
President

DIRECTOR	ALTERNATE DIRECTOR	COUNTRY OR GROUP OF COUNTRIES
Regional		
Mrs. Leila May Palmer	Mrs. Carol Nelson	Jamaica
Mrs. Victoria Mendez-Charles	Mr. Leroy Mayers[1/]	Trinidad and Tobago
Mrs. Ruth Millar	Mr. George Rodgers	The Bahamas
Mr. Hernan Mejia	Mr. Alberto de Brigard	Colombia
Mr. José Barona	Vacant	Mexico
Ms. Angela Flores[2/]	Mr. Gabriel Marín[3/]	Venezuela
H.E. Havelock Brewster	Mr. Clyde Roopchand	Guyana
Mr. Carson Browne[4/]	Mr. Kelvin Dalrymple	Barbados
Mrs. Yvette Alvarez[5]	Hon. George McCarthy[6/]	Belize and Anguilla, British Virgin Islands, Cayman Islands, Montserrat and the Turks and Caicos Islands
Mr. Wendell Lawrence	Mr. Alphonsus Derrick[7/]	Antigua and Barbuda and St. Kitts and Nevis
Mr. Ambrose Sylvester	Dr. Bernard La Corbiniere	Dominica and St. Lucia
Mr. Maurice Edwards	Mr. Gregory Renwick	Grenada and St. Vincent and the Grenadines
Non-Regional		
Ms. Joanne Goulet[8/]	Mr. William Anderson	Canada
Mr. Desmond Curran	Mr. Andrew Hall	United Kingdom
Mrs. Raffaella Di Maro	Mr. Alessandro Legrottaglie	Italy
Mrs. Kirsten Garaycochea	Ms. Maren Bettina Lipps[9/]	Germany
Mr. Han Mingzhi	Mr. Jiao Chengyue	People's Republic of China

1/ Appointed February 20
2/ Succeeded Mrs. Trina Rojas de Rivodò on July 9
3/ Succeeded H.E. Hernani Escobar on July 9
4/ Succeeded Mr. Andrew Cox on November 28
5/ Appointed October 1
6/ Succeeded Mrs. Yvonne Hyde on March 29
7/ Succeeded Mr. Lennox Weston on January 8
8/ ucceeded Mr. Gilles Bouchard on September 25
9/ Succeeded Mr. Georg Rademacher on October 16

APPENDIX IX

PRINCIPAL OFFICERS OF CDB
December 31, 2001

President	Dr. Compton Bourne*
Operations	
Vice-President (Ag.)	Mr. P. Desmond Brunton**
Deputy Director, Corporate Policy and Planning	Dr. Warren Smith
Corporate Services	
Vice-President (Corporate Services) and Bank Secretary (Ag.)	Mr. Neville Grainger**
Deputy Director, Information and Technology Management Services	Mrs. Kathleen Gordon
Deputy Director, Human Resources and Administration	Miss Jennifer Courtenay
Economics and Programming Department	
Director	Mr. Alan Slusher
Deputy Director	Vacant
Projects Department	
Director (Ag.)	Dr. Jeffrey W. Dellimore
Deputy Director, Productive Sector	Mr. Carlson Gough
Deputy Director, Social Development (Ag.)	Mr. Clairvair Squires
Finance Department	
Officer-in-Charge (Ag.)	Mr. Dennis Smellie**
Deputy Controller (Ag.)	Mr. Carlyle Assue
Legal Department	
General Counsel	Mr. Ivor Wilkinson**
Deputy General Counsel	Vacant

* Chairman, Senior Management Group
** Members, Senior Management Group

APPENDIX X

CARIBBEAN DEVELOPMENT BANK
OTHER PUBLICATIONS

1. CDB - Its Purpose, Role and Functions - Twenty Questions and Answers
2. Basic Information
3. Lending Policies
4. Sector Policy Papers - The Environment and Human Resource Development
5. Guidelines for Procurement
6. Procedures for the Selection and Engagement of Consultants by Recipients of CDB Financing
7. Statements by the President
8. CDB News
9. CTCS Newsletter
10. Social and Economic Indicators - BMCs
11. Central Government Finance Statistics of the LDCs
12. External Public Debt - BMCs

These publications are available on request by writing to:

The Vice-President (Finance)
Caribbean Development Bank
P.O. Box 408
Wildey
St. Michael
BARBADOS

Tel: (246) 431-1600
Telefax: (246) 426-7269
Internet Address: http://www.caribank.org
E-mail Address: info@caribank.org

In addition, specific requests for information about CDB and its activities can be sent to the above address.