

# CDB - A catalyst for development resources in the Caribbean



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# Purpose of CDB

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



# Selected Charter activities

- Mobilising resources
- Offering a variety of products
- Supporting Regional integration
- Other activities deemed to consistent with the charter



# The nature of CDB

- **Multilateral character**
  - non-regional
  - regional non-borrowing
  - borrowing members
- **International staffing**
- **Dual character**
  - a bank
  - a development agency



# Borrowing Member Countries

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



# Other members

- **Regional non-borrowing**
  - Colombia
  - Mexico
  - Venezuela
- **Non-regional non-borrowing**
  - Canada
  - China
  - Germany
  - Italy
  - United Kingdom



# Mission statement

**In 2000 CDB adopted as its mission:**

“CDB intends to be the **leading catalyst for development resources** into the Region, working in an efficient, responsive and collaborative manner with our borrowing member countries and other development partners towards the systematic reduction of poverty in their countries through social and economic development.”



# The CDB catalytic process

- **CDB is a change agent**
- **Change is more rapid than normal**
  - CDB uses resources from development partners (**inputs**) combines it with internal resources (**catalytic medium**) to produce projects (**outputs**) which assist in the realisation of key development results - poverty reduction & better quality of life in BMCs (**outcomes**)





# Development resources

- **Financial resources**
  - **Grants**
  - **Concessional loans**
    - From soft windows e.g. Special Development Funds (SDF) and Other Special Funds (OSF)
    - Low interest
    - High grant element
  - **Non-concessional loans**
    - Ordinary Capital Resources (OCR)
- **Human resources**
  - Staff, consultants etc.



# Competitive advantage

- CDB delivers small projects (usually less than US\$10 million) more efficiently and effectively than the other multilaterals and bilaterals
- These agencies use CDB as a conduit for channelling their resources, particularly regional programmes, to beneficiary countries



# Why?

- The Bank operates on a small scale
- High quality human resources
- Utilising less than 200 employees and lower overheads
- Projects totalling an average of US\$120 million annually
- CDB is located in the Caribbean and understands the region better than others



# Sources of support

- Members
- Bi-lateral donor partners
- Multi-lateral financial institutions
- International capital markets



# Members

- **CDB's members provide**
  - capital resources to the bank according to a set formula
  - contributions which support the Bank's operations including SDF and OSF



# Bilateral support

- Canadian International Development Agency (CIDA)
- Department for International Development (DfID) UK
- China
- Germany
- Venezuela
- Mexico



# Multilateral support

- World Bank
- European Investment Bank
- Inter-American Development Bank
- African Development Bank (non-financial)
- Asian Development Bank (non-financial)



# Basis for capital market access

- High quality credit rating (AAA)
- Strong balance sheet
- Sound financial policies
- Strong membership support
- Preferred creditor status





# Financing activities

## Direct Interventions

- Early focus on economic and social infrastructure

## Expanded into

- Agriculture, manufacturing, tourism, transportation, environment, water and sanitation, power; and
- Private sector financing (tourism)

## In the 1990s shifted to

- Social sectors with focus on poverty reduction



# Financing activities (cont'd)

- **Poverty Reduction**
  - **CDB uses a poverty prism which emphasises three levers:**
    - Vulnerability reduction
    - Governance
    - Capability enhancement
  - **Flagship programme – Basic Needs Trust Fund**
    - Major small projects in community having a huge impact at the community level: access, education, health, gender etc.



# Financing activities (cont'd)

## Financial intermediation through

- National Development Banks
- Private Commercial and Merchant Banks



# CDB and the private sector

## Areas of Assistance

- **Direct financing**
  - Project financing
  - Support for enhancing the enabling environment
- **Indirect financing**
  - lines of credit to approved financial institutions



# Support for BMCs

- **CDB products**
  - **Loans** – Investment Project, Technical Assistance (TA) and Policy-based Loans (PBLs)
    - Technical Assistance Grants
    - Economic and Sector Work
  - **Policy dialogue**
    - Country Strategy Papers
    - Other advice



# Support for BMCs

- **Support for Regional Integration and Regional Public Goods:**
  - Regional Development Fund
  - Regional Negotiating Machinery
  - Caribbean Court of Justice
  - Caribbean Regional Technical Assistance Centre
- **Assistance in formulating macro-economic policy**
  - Tax Reform
  - Fiscal management
- **Expanding membership and contributor base**



# Some challenges for BMCs

- Globalization and trade liberalization
- Loss of preferences
- High debt levels and fiscal Imbalances
- High cost of energy
- Efforts to diversify the economies
- High debt levels and fiscal imbalances
- Economic and natural hazard vulnerability
- Climate change
- Efforts at regional economic integration
- Brain drain



# Summary

- CDB provides members with a long-term relationship
- Thirty-seven (37) years of experience in dealing with small economies
- Flexible in operations because of size
- Competitive advantage in dealing with small projects
- Special knowledge of the region and good understanding of its development challenges
- Sound reputation as honest broker with donors and BMCs