



Canadian International  
Development Agency

Agence canadienne de  
développement international



**Report to Parliament**  
Canada's Participation in the  
Regional Development Banks  
2002 and 2003

# **Report to Parliament**

Canada's Participation in the  
Regional Development Banks  
2002 and 2003

Produced by the Canadian International Development Agency (CIDA)

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or contact:

Public Inquiries  
Communications Branch  
CIDA  
200 Promenade du Portage  
Hull, Quebec  
K1A 0G4

Tel.: (819) 997-5006

Fax: (819) 953-6088

You may also call toll-free using the following number: 1-800-230-6349

Telecommunications Device for the Hearing and Speech Impaired: (819) 953-5023

E-mail: [info@acdi-cida.gc.ca](mailto:info@acdi-cida.gc.ca)

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N.B. All figures in this report are in \$US unless otherwise specified.

## Abbreviations

AfDB	African Development Bank
AfDF	African Development Fund
AsDB	Asian Development Bank
AsDF	Asian Development Fund
AU	African Union
BNTF	Basic Needs Trust Fund (CDB)
CARICOM	Caribbean Community
CDB	Caribbean Development Bank
CIDA	Canadian International Development Agency
CPA	Country Poverty Assessments
CSP	Country Strategies and Programs (AsDB)
CTATF	Canadian Technical Assistance Trust Fund (AfDB)
EBRD	European Bank for Reconstruction and Development
ECA	Economic Commission for Africa
FSO	Fund for Special Operations (IDB)
FTAA	Free Trade Area of the Americas
GEF	Global Environment Facility
HIPC	Heavily Indebted Poor Countries
IDB	Inter-American Development Bank
IFI	International Financial Institutions
IMF	International Monetary Fund
LAC	Latin America and Caribbean Region
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MERCOSUR	S. American Comm. (Argentina,Brazil,Bolivia,Chile,Paraguay,Uruguay)
MIF	Multilateral Investment Fund (IDB)
NDS	National Development Strategy
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organization
NTF	Nigeria Trust Fund (AfDB)
OCR	Ordinary Capital Resources
OECS	Organization of Eastern Caribbean States
PRSP	Poverty Reduction Strategy Paper
RDB	Regional Development Bank
RMC	Regional Member Country
SDF	Special Development Fund (CDB)
WTO	World Trade Organization

## Executive Summary

The regional development banks – the Asian, African, Inter-American and Caribbean – play a key role in development cooperation.<sup>1</sup> As financial institutions, they can mobilize far greater financial resources than individual donors, enabling developing countries to undertake major projects in transportation, energy, social programming and many other areas. Like the rest of the development community, the banks have accepted the Millennium Development Goals (MDGs) as the foundation for their operations and are working to improve the effectiveness of their assistance.

Canada is the only country that has a permanent seat on the Board of Directors for all four of these regional development banks (RDBs). As members of the boards, Canada's Executive Directors not only approve major policies and loans, they also participate in guiding the overall management of the banks. Canadian priorities for the RDBs include increasing the focus on the MDGs and poverty reduction, strengthening aid effectiveness, promoting private sector development and improving the internal governance of the banks.

In 2002 and 2003 the world economy was in recovery, and countries in Africa, Asia, Latin America and the Caribbean all benefited. However, in each region profound poverty persists: half of Africa's people live on less than US\$1 a day; Asia still is home to the largest number of poor people; and the gap between rich and poor in Latin America is the broadest in the world. The banks responded to these challenges by increasing their lending, providing debt relief and modernizing their institutional structures to become more efficient, effective and accountable.

**The African Development Bank (AfDB)** has undergone major internal reforms in the last few years, adopting its first comprehensive Strategic Plan in 2002 and regaining its triple A credit rating in 2003. In 2002, total lending amounted to US\$2.77 billion, concentrating in agriculture and rural development, social development, good governance and economic reform, and finance and infrastructure<sup>2</sup>. Approximately US\$614 million was provided in debt relief. In 2003, total lending was US\$2.621 billion, mainly for infrastructure, social development, finance, and agriculture and rural development. Debt relief amounted to only US\$2.68 million, as most of the remaining HIPC eligible countries were in regions of conflict and did not qualify for assistance.

The Bank is taking steps to open field missions to facilitate cooperation on the ground with borrowing countries' governments and with other multilateral donors, to improve communications and supervision of projects, and to attract high-caliber candidates to fill vacancies and skills gaps. Canada has contributed to helping the Bank improve its project preparation through integration of evaluations and lessons learned into new projects, and improved risk analysis. Canada has also worked with the Bank to set up a new facility to promote quality infrastructure projects and strengthened Public-Private Partnerships.

**The Asian Development Bank (AsDB)** serves the fastest-growing region in the world, with a well-developed poverty reduction approach and a strong private sector development program. In

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<sup>1</sup> Canada is also a member of the European Bank for Reconstruction and Development, a regional development bank operating in Europe and Central Asia. As the Minister of Finance, Canada's Governor for this bank, reports separately on its operations, it is not addressed in this report.

<sup>2</sup> All figures in this report are in \$US unless otherwise specified

2002, total lending amounted to US\$5.7 billion, focusing on transportation and communications, energy, finance, social infrastructure, agriculture and natural resources. In 2003, lending was US\$6.1 billion, concentrated in the infrastructure, social investment and finance sectors.

The Bank continued to strengthen its accountability mechanisms, its human resource practices and its knowledge management regime during 2002 and 2003. It also improved its harmonization with other multilateral partners in areas like procurement and environmental assessments. Canada contributed to the Bank's reforms, proposing initiatives in evaluation functions, adoption of results-based management and performance-based allocations, and human resources strategy. Canada continues to urge the Bank to strengthen its gender equality programming, country ownership and partnerships with donors.

**The Inter-American Development Bank (IDB)** serves a community with many middle-income members; however, there is still profound poverty within the region. In 2002, total lending was US\$4.55 billion, mainly in transportation and communications, agriculture and fishing, energy, industry/mining/tourism, and reform and modernization of the state. Approximately US\$123 million was provided in debt relief. In 2003, total lending was US\$6.8 billion, concentrating mainly in social sector activities, finance, private sector development, transportation and communications, and energy. Approximately US\$96 million was provided in debt relief.

The Bank has adopted a new strategy on poverty reduction and social equity and is proceeding on reforms for disaster management. Loans for private sector development are increasing, as is support for regional economic integration. Internal reform is also progressing, with new anti-corruption and ethics policies and a stronger focus on performance and results. Canada is very active in policy dialogue at the Bank, playing an important role in reforms dealing with financial risk, information disclosure, institutional integrity and support to the private sector. In addition, through the Canadian Technical Cooperation Program, Canadian consultants have provided expertise in a range of Bank-supported projects in health, taxation reform, and entrepreneurship.

**The Caribbean Development Bank (CDB)**, to which Canada is a major donor, is much smaller than the other regional development banks and is known for its effectiveness in supporting community-based development projects. In 2002, lending amounted to US\$128 million, mainly in agriculture, forestry and fishing, financing, education, environment and health. In 2003, lending was US\$197.5 million, supporting multi-sector projects, transportation and communication, manufacturing, social services and tourism. The Bank is working to increase its membership in order to augment its modest resource base and is taking concrete steps to modernize its traditional management approach, particularly in project evaluation, results management and streamlining of processes. Canada supports these reforms, in part through support to the Basic Needs Trust Fund, which includes results-based management, environmental impact and gender equality assessments as standard procedures.

All the regional development banks have made concrete progress in their development focus, effectiveness and management. Canada will continue to provide policy advice, guidance and technical support to help them meet their challenges, including the need to be more responsive to members and stakeholders, to streamline and modernize processes and administrative structures, to strengthen effectiveness through better results-based management and stronger oversight and evaluation functions, and to aggressively pursue the MDGs, especially poverty reduction.



## I. Overview: international cooperation in the 21<sup>st</sup> Century

Since the founding of the United Nations and the Bretton Woods institutions (the World Bank and the International Monetary Fund) in the late 1940s, Canada has played a major role in building, nurturing and supporting the multilateral institutions that promote peace and development in the world. Important amongst these multilateral institutions are the regional development banks, or RDBs – the African, Asian, Inter-American and Caribbean Development Banks – which channel financial and technical resources to borrowing member countries for development programs in a wide range of fields.

Formed mainly in the 1960s, these banks have made significant contributions to economic development, enabling many countries to make major investments in transportation, communications, energy, health, education and many other sectors. Today, the RDBs continue to refine their approach to sustainable development as part of the historic international consensus on the Millennium Development Goals (see box 1), which each bank has incorporated into its own programming.

### **Box 1: The Millennium Development Goals**

At the Millennium Summit in September 2000, world leaders adopted specific development goals that can be monitored. Subsequently, the United Nations published eight Millennium Development Goals in the September 6, 2001, report of the UN Secretary General on the road map towards implementing the UN Millennium Declaration. The eight goals are:

1. to halve, between 1990 and 2015, the proportion of people living on less than one US dollar a day; and to halve, between 1990 and 2015, the proportion of people suffering from hunger;
2. to ensure that, by 2015, all children can complete primary schooling;
3. to eliminate gender disparity in primary and secondary education, preferably by 2005, and at all education levels no later than 2015;
4. to reduce by two-thirds, between 1990 and 2015, the mortality rate for children under 5 years old;
5. to reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio;
6. to have halted and begun to reverse, by 2015, the spread of HIV/AIDS; and to have halted and begun to reverse by 2015 the incidence of malaria and other major diseases;
7. to integrate the principles of sustainable development into country policies and programs and to reverse the loss of environmental resources; and to halve, by 2015, the proportion of people without sustainable access to safe drinking water; and
8. to develop a global partnership for development including through trade openness and debt relief.

Relations with the RDBs' partners – member countries and other development organizations – have also been strengthened and reinvigorated. At the 2002 UN Conference on Financing for Development in Monterrey, the international community agreed on a “new development compact” of mutual responsibilities and benefits for all parties. It was grounded in the understanding that developing countries bear the primary responsibility for their own development, which involves, among other things, improving governance and undertaking policy reforms. The other side of the partnership is the commitment on the part of industrialized countries and multilateral institutions to provide effective and predictable aid and to remove inconsistencies in their broader economic and trade policies that affect developing countries.

Finally, the RDBs are also evolving in parallel with the agreement within the development community on how to work together to achieve these goals. This agreement is captured in the

principles for aid effectiveness: country ownership and leadership, donor coordination and harmonization, consistency between aid and non-aid policies, and orienting all efforts towards clear, measurable results.

### **An introduction to the Regional Development Banks**

The regional development banks' membership includes borrowing member countries – the developing countries of Asia, Africa, Latin America and the Caribbean – and non-borrowing countries, like Canada and other donors. The banks obtain their resources from the financial contributions of member countries, from loan repayments, and from borrowing on capital markets around the world. In this way, the banks are able to tap into far greater financial resources than any member country, borrowing or donor, can acquire on its own.

The financial contributions from member countries come in two forms:

- **Subscriptions to capital stock:** Canada, along with all member countries, contributes to the RDBs' capital stock. These contributions, or subscriptions, include a “paid-in” amount and a “callable” amount. Countries pay in cash a small proportion of their commitment (as low as 2% in some cases) and promise to pay the rest – the callable capital- in the unlikely event it is needed. To date there has never been a need to call on this capital at any multilateral development bank. The implicit guarantee of this callable capital provided to the banks by its shareholders – in particular donor countries – permits the bank to borrow on international capital markets at favourable rates. The funds raised, in turn, finance the development lending of the bank at close to market interest rates – but at more favourable rates than these countries would otherwise have access to. Borrowers from this non-concessional window of the bank are typically middle-income countries<sup>3</sup>.
- **Contributions to concessional funds:** Donor countries also pay into the RDBs' concessional funds, such as the Asian Development Fund or the African Development Fund. These funds provide low-income borrowing member countries with non-repayable grants or loans at very low interest rates and long repayment periods. These are usually provided for social investments such as health and education, but also support sectors such as infrastructure and agriculture. Canada also makes smaller contributions to technical cooperation and trust funds, and co-finances projects with the RDBs (for further detail on Canada's financial support to the RDBs, please consult Annex 1).

Each bank operates in a very different environment, with different challenges and opportunities. Nevertheless, all the RDBs and their member governments have now expressed a remarkably consistent agreement that poverty reduction is their first priority.

### **Why support the RDBs?**

For Canada, an active and prominent role in these banks is a key element of our foreign policy. It allows us to promote our values, advance our development priorities and maintain our

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<sup>3</sup> Each bank's lending limit for non-concessional loans is determined by the total value of its subscribed capital (paid-in and callable), reserves and surplus.

influence on the world stage. Participation in the RDBs brings benefits for both Canada and developing countries:

**Developmental benefits:** The banks are in a unique position to make major progress on issues important to Canadians, such as poverty reduction and social equity. Our contributions support a wide range of programs, from support to private sector development and building of infrastructure to supporting health and education projects or ensuring gender equality.

**Strategic benefits:** There is a strong link between poverty reduction, social development and stability in a society, a linkage which is particularly important in the post - 9-11 world. The banks can play an important role in contributing to stability, not only by supporting development programs, but also by providing member countries with a voice in how the banks are governed and how the decisions are made.

**Commercial benefits:** The RDBs regularly procure a wide range of goods and services with which to implement their development projects. This provides commercial opportunities and opens access to new and emerging markets for Canadian suppliers. Many firms who have participated in bank projects have gone on to develop other business interests in developing countries. In addition, the economic assistance provided by RDBs helps strengthen the economies of the some of the world's poorest countries, further facilitating trade and investment links with them.

### Canada's role in the RDBs

Canada is the only country with a permanent seat on the Board of Directors of each of the four multilateral development banks discussed in this report<sup>4</sup>. Canada contributes to ongoing policy dialogue, discussions on major management and administrative matters, and decisions on which projects and programs to support (see Box 2). In addition, members regularly review bank operations, especially in the context of negotiations over further financial contributions, and make recommendations on strategy and priority for future periods.

In its relations with the RDBs, Canada is guided by the following objectives:

- **Developmental priorities:** increased efforts towards the achievement of the MDGs; a stronger focus on poverty reduction; support to small and medium-sized businesses; environmental sustainability and gender equality;

#### Box 2: Governing the RDBs

The highest decision-making body in each RDB is the **Board of Governors**, which includes one representative from each member country. The Board of Governors sets overall policy direction and addresses important operational and administrative questions, while the **Board of Directors** oversees management of the RDBs, meeting regularly on policy, financial and operational issues. The directors are responsible for approving country strategies as well as the larger grants and loans proposed by managers.

The Canadian Governor for each of these RDBs is the Minister of Foreign Affairs. Canada also holds a seat on each Board of Directors by reason of its share holding level and related voting power. Canada's involvement in these four banks is managed by CIDA in consultation with the Department of Finance (which manages Canada's involvement with the World Bank Group, the International Monetary Fund and the European Bank for Reconstruction and Development) and the Department of Foreign Affairs.

<sup>4</sup> The US is not a member of the Caribbean Development Bank, and therefore does not have a seat on the Board of Directors.

- ***Aid effectiveness:*** greater coordination between banks and other donors in the field, and in particular CIDA, including harmonization of administrative practices; use of new programming approaches such as budget support, where warranted; strengthening of results-based management and performance assessment; stronger focus on country ownership through, for example, basing the bank's development strategies on national development plans;
- ***Good governance within the institutions:*** enhanced human resource strategies to attract and retain qualified staff; increased transparency, openness and accountability of operations with the bank's stakeholders and the public; stronger oversight within the institution to monitor breaches of ethics; training, institutional reform and restructuring to support achievement of these priorities.

### **The years in review**

This Report to Parliament provides an overview of Canada's relations with the RDBs in both 2002 and 2003. It includes descriptions of the program highlights in each of the institutions as well as their efforts to improve their internal governance and increase their aid effectiveness. The following charts summarize the key results achieved by each bank in 2002 and 2003.

## REGIONAL DEVELOPMENT BANKS – KEY RESULTS IN 2002

	<b>Key Results</b>
<b>African Development Bank</b>	<p><b>Total lending:</b> US \$2.77 billion of which \$927 million was concessional (World Bank lending in region: US \$4.16 billion of which \$3.78 billion was concessional)</p> <p><b>Major Sectors:</b> Agriculture and rural development (13%), social development (18%), good governance and economic reform (17%), finance and infrastructure (30%)</p> <p><b>HIPC Debt Relief:</b> US \$614 million was provided to HIPC debt relief.</p> <p><b>Institutional Strengthening:</b> Policy documents developed in 2002 include: adoption of the first strategic plan 2003-07, revision of the policy on poverty reduction, restructuring of the micro-finance unit and performance-based allocation.</p> <p><b>Noteworthy:</b> Ninth replenishment for the African Development Fund of \$3.22B</p>
<b>Asian Development Bank</b>	<p><b>Total lending:</b> US \$5.89 billion of which \$1.633 billion was concessional (World Bank lending in region: US \$ 5.48 billion of which \$ 3.55 billion was concessional)</p> <p><b>Major Sectors:</b> transportation and communications (28%), energy (18%), finance (15%), social infrastructure (12%), agriculture and natural resources (9%) More than 40% of public sector lending went to poverty interventions</p> <p><b>HIPC Debt Relief:</b> No call for HIPC debt relief during 2002.</p> <p><b>Institutional Strengthening:</b> Adoption of the Millennium Development Goals Implementation of a performance-based allocation system</p> <p><b>Noteworthy:</b> After 23 years absence, resumed lending to Afghanistan (US \$150 million)</p>
<b>Inter-American Development Bank</b>	<p><b>Total Lending:</b> US \$4.55 billion of which \$406 million was concessional (World Bank lending in region of US \$ 4.19 billion of which \$156 million concessional)</p> <p><b>Major Sectors:</b> Transportation and communication (10%), agriculture and fishing (3.5%), energy (3%), industry, mining and tourism (11%), reform and modernization of state (15%) More than 40% of public sector lending went to poverty interventions</p> <p><b>HIPC Debt Relief:</b> US \$123 million was provided to HIPC debt relief.</p> <p><b>Institutional Strengthening:</b> Adoption of the Millennium Development Goals Development of new lending framework Review of policies on effectiveness, transparency and consultation with civil society</p> <p><b>Noteworthy:</b> In total, 69% of all loans supported poverty reduction and social equity</p>
<b>Caribbean Development Bank</b>	<p><b>Total lending:</b> US\$ 128.3 million of which \$39.0 million concessional (World Bank lending in region US \$ 176.5 million of which \$21.8 million concessional and IDB lending in region US\$ 144.4 million of which 62.4 million concessional)</p> <p><b>Major sectors:</b> Agriculture, forestry and fishing (5%), health (5%), education (3%), environment (7%);</p> <p><b>HIPC Debt Relief</b> (no call for HIPC relief)</p> <p><b>Institutional Strengthening:</b> Adoption of Millennium Development Goals Adoption of new Private Sector Development Strategy; Change Management Programme presents recommendations to support reorganization of the Bank</p> <p><b>Noteworthy:</b> 63% of lending supported social issues such as poverty alleviation, prevention of crime and violence, and health.</p>

## REGIONAL DEVELOPMENT BANKS – KEY RESULTS IN 2003

	<b>Key Results</b>
<b>African Development Bank</b>	<p><b>Total Lending:</b> US\$ 2.625 billion of which \$1.516 billion was concessional (World Bank lending in region: US \$ 4.14 billion of which \$ 3.75 billion was concessional)</p> <p><b>Major sectors:</b> Infrastructure (41.4%), social sectors (18.9%), finance (17.1%), agriculture and rural development (13.4%)</p> <p><b>HIPC Debt Relief:</b> US\$ 2.68 million was provided for HIPC debt relief</p> <p><b>Institutional Strengthening:</b> design of Corporate Balanced Scorecard; development of Gender Action Plan; finalization of Results Management Framework; launch of Rural Water Supply and Sanitation Initiative</p> <p><b>Noteworthy:</b> despite temporary relocation of headquarters, only minor disruptions in program delivery and launch of the recruitment process</p>
<b>Asian Development Bank</b>	<p><b>Total Lending:</b> US\$ 6.1 billion of which \$1.379 billion was concessional (World Bank lending in region US \$5.44 billion of which \$ 2.77 billion was concessional)</p> <p><b>Major Sectors:</b> Transportation and communications (42%), social infrastructure (19%), energy (12%), finance (8%), agriculture and natural resources (6%)</p> <p><b>HIPC Debt Relief:</b> No call for HIPC debt relief in 2003</p> <p><b>Institutional Strengthening:</b> improved harmonization of practices with other donors; strengthening of evaluation function; new management accountability framework</p> <p><b>Noteworthy:</b> progress on disclosure of information policies and on gender equality</p>
<b>Inter-American Development Bank</b>	<p><b>Total Lending:</b> US\$ 6.8 billion of which \$578 million was concessional (World Bank lending in region US \$5.58 billion of which \$ 146 million was concessional)</p> <p><b>Major Sectors:</b> Finance (11.3%), private sector (7.4%), transportation and communication (3.5%), Energy (3.3%). 69.4 % of lending supported social sector activities</p> <p><b>HIPC Debt Relief:</b> US\$ 37.5 million was provided for HIPC debt relief</p> <p><b>Institutional Strengthening:</b> establishment of Office of Development Effectiveness; greater role for civil society in operations; establishment of Office of Institutional Integrity; launch of Task Force on Re-tooling Operations</p> <p><b>Noteworthy:</b> first year in operation of Action Plan Combating Social Exclusion due to Race or Ethnicity</p>
<b>Caribbean Development Bank</b>	<p><b>Total lending:</b> US\$ 197.5 million of which \$48.1 was concessional (World Bank lending in region: US \$ 184.7 million of which 23.8 concessional and IDB lending in region : US \$ 43.5 million of which \$3.5 million concessional)</p> <p><b>Major sectors:</b> Multi-sector (58%), transportation and communications (18.4%), manufacturing (15.3%), social services (5.6%), tourism (1.6%)</p> <p><b>HIPC Debt Relief:</b> (no call for HIPC relief)</p> <p><b>Institutional Strengthening:</b> establishment of Office of Evaluation and Oversight; implementation of Change Management Program; introduction of results-based management; streamlining of project development and approval processes</p> <p><b>Noteworthy:</b> development of new Poverty Reduction Strategy</p>

## II. The RDBs and Canadian priorities: Good governance and poverty reduction

### The African Development Bank

#### The AfDB: some basic facts

**Headquarters:** Abidjan, Côte d'Ivoire, temporarily relocated to Tunis, Tunisia

**President:** Omar Kabbaj, re-elected in May 2000 to a second 5-year term

**Year founded:** 1964

**Constituent institutions:** African Development Bank, African Development Fund, Nigeria Trust Fund

**Membership:** 53 African countries and 24 non-regional donor countries

**Total subscribed capital:** \$32.043 billion

**Total approvals up to end of 2003:** \$49.4 billion

**Canadian Executive Director:** Roger Couture, replaced by François Arsenault in September 2003

**Canada's constituency members:** Spain, China, Korea, Kuwait

**Canada's Capital Share:** \$1.2B

**Canada's paid-in capital:** \$111M

**Canada's callable capital:** \$1.1 B

**Canada's capital share %:** 3.75% (ninth rank, tied with France)

**Canada's voting share %:** 4.23% (6.96% when other constituency members are included)

**Canada's share of last replenishment for AfDF (2002):** 4.5% (sixth rank)

**Website address:** <http://www.afdb.org>

#### An overview of the Bank

The African Development Bank (AfDB), the main financial development institution of Africa, operates in the most challenging environment in the world. It serves the world's poorest countries; half the population struggles to survive on less than US\$1 a day. Africa contains 13% of the world's population yet has less than 1.6% of world trade and 1% of world investment. Nevertheless, there are signs of hope. GNP growth rates rose from 2.9% in 2002 to 3.7% in 2003, mainly due to better macroeconomic policies, rising commodity prices, the general global recovery and debt relief. However, ongoing political instability and conflict in many areas, poor weather and drought in some regions, and the human and financial toll of HIV/AIDS continue to threaten progress in many countries.

The AfDB's central goal is promoting accelerated, sustainable economic growth and reducing poverty in Africa. In 2002, the Bank adopted its first comprehensive Strategic Plan, which covers the period 2003-2007. The Plan identifies the following priorities: agriculture/rural development, human capital development, public utilities and infrastructure, private sector development, good governance at the country level, and economic integration at the regional level, with gender equality and environmental sustainability cutting across all these issues.

The AfDB has an extensive knowledge of local conditions and enjoys a strong sense of ownership by African countries. Over the last ten years, it has undergone considerable institutional reform and improved its financial management, progress which was rewarded with a reinstatement of its triple A credit rating by Standard and Poor in 2003. The AfDB has a strong record of performance in infrastructure projects (such as roads, ports, energy distribution and irrigation) and is playing an important role in implementation of the New Partnership for

Africa's Development (see box 3). Its tradition of co-financing with other donors, including the World Bank and UN organizations, also leverages its investments and increases its impact.

The AfDB still faces some major challenges. Its overly-centralized system tends to discourage initiative and affect efficiency. A lack of presence in the field prevents the Bank from better coordinating its efforts with host governments or other donors and reduces its ability to include stakeholder participation in project planning and management. The temporary move from Abidjan to Tunis has compounded the problems of over-centralization as the Bank is further away from its key borrowing countries in Sub-Saharan Africa. Fortunately, however, the Bank's shift of headquarters has had less impact than many expected. The Bank also needs to improve its communications with its clients, service providers and the general public and to streamline and modernize its contracting, procurement and other business processes. The Bank itself has identified two major challenges to its mandate: improving the quality at entry and supervision of projects and recruiting high-calibre candidates to fill vacancies and skills gaps. It also needs to improve the gender balance, both in staffing for management positions, and in its programming. The Bank is dealing with all of these issues, often with technical assistance from Canada.

**Box 3: The New Partnership for Africa's Development (NEPAD)**

The New Partnership for Africa's development is a pledge by Africa's leaders to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development and, at the same time, to participate actively in world economic and political affairs. The NEPAD is a pledge to promote peace and stability, democracy, sound economic management and people-centred development, and for countries to hold each other accountable in terms of the agreements outlined in the Program. Africa recognizes that it holds the key to its own development, and that NEPAD offers a historic opportunity for the developed countries of the world to enter into a genuine partnership with Africa, based on mutual interest, shared commitments and binding agreements.

The African Development Bank provides technical advice to the NEPAD Steering Committee in two areas, namely infrastructure development to accelerate sub-regional and continental economic integration and banking/financial standards. In addition, the Bank collaborates with the AU and ECA on improving governance in Africa through the Peer Review Mechanism. governance surveys and assessments.

**BANK OPERATIONS IN 2002 AND 2003**

**Approvals for loans and grants, 2002 and 2003, AfDB (\$US millions)**

Source	2002	2003
ADB Loans	1,196.49	1,105.55
TOTAL ADB	1,196.49	1,105.55
ADF Loans	780.65	1,222.68
Grants	119.15	259.34
Other	-	0.91
TOTAL ADF	913.34	1,482.94
NTF	13.54	33.45
HIPC Debt Relief	613.85	2.75
SFM Debt Alleviation	47.04	-
Other	1.27	-
<b>GRAND TOTAL</b>	<b>2,771.99</b>	<b>2,624.68</b>

Source: Annual Reports 2002 and 2003, African Development Bank



## Highlights of 2002

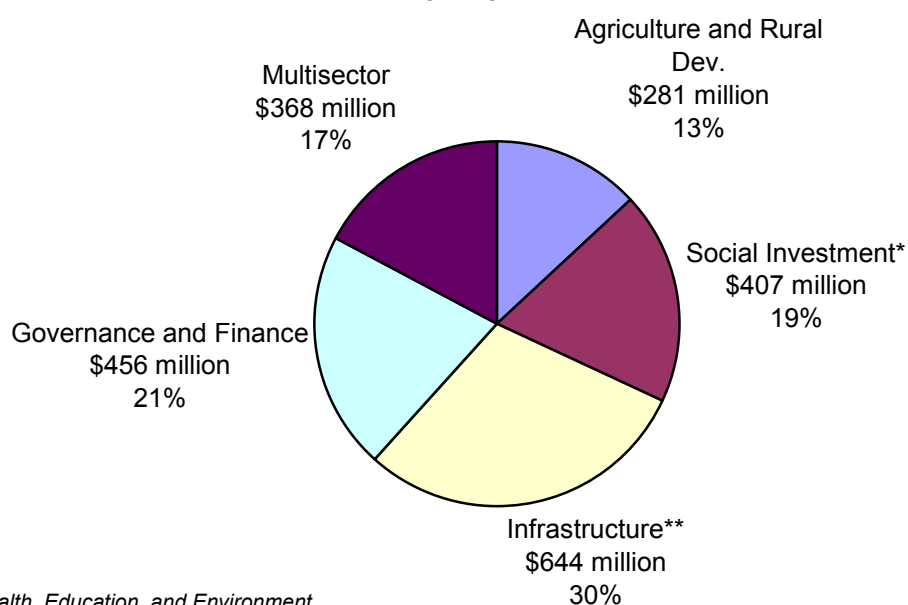
Main recipients of loans and grants in 2002 by descending order:

- African Development Bank (non-concessional interest rates): Morocco, Egypt, Algeria, Nigeria, Tunisia and Cameroon
- African Development Fund (grants or concessional rates): Uganda, Côte d'Ivoire, Ghana, Mali, Nigeria and Democratic Republic of the Congo

### *Main trends and events*

As the political situation in Côte d'Ivoire deteriorated over 2002, the Bank decided to temporarily relocate its headquarters from Abidjan to Tunis, Tunisia, in early 2003. This contributed to a decline in the overall number of approvals and was disruptive across operations in 2002. On the positive side, the Bank's internal reforms continued. A new organizational structure came online in January of 2002, including a new Vice-President of Policy, Planning and Research; the private sector development department was strengthened, including the creation of a unit for microfinance. Plans were developed to open more in-country offices and to establish separate units for important new priorities, including regional integration, inspection of projects and implementation of the New Partnership for Africa's Development.

### Approvals by Major Sector, 2002



\* Includes: Health, Education, and Environment

\*\* Includes: Transportation, Communications, Energy, and Sanitation

During 2002, the proportion of private sector lending grew, reaching almost 20% of lending operations for the second year in a row. The Bank was able to mobilize additional resources through co-financing as well, raising close to \$5.6 billion through 31 initiatives in a wide range of sectors. The Bank's share of these activities was 16.5%, with the remaining share coming from national governments, other multilateral organizations, donor organizations and the private sector. Project management benefited from the introduction of results-based management, which included identification of clear, measurable results and indicators for both projects and country strategy papers based on PRSPs. An assessment of the performance of projects and programs completed during the year indicated that two-thirds were either satisfactory or highly

satisfactory, and improvement of about 5% over the previous year. The Bank also concluded replenishment of the African Development Fund in late 2002 with the provision that 18 to 21 percent of its resources will be in the form of grants.

### Highlights of 2003

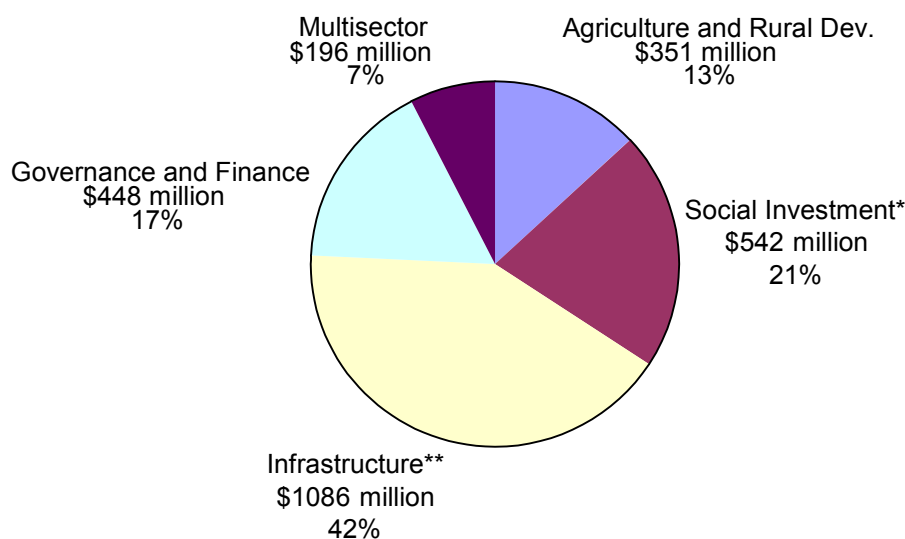
Main recipients of loans and grants in 2003 in descending order:

- African Development Bank: Tunisia, Morocco, South Africa, Swaziland
- African Development Fund: Ghana, Ethiopia, Burkina Faso, Senegal, Benin, Democratic Republic of the Congo, Cameroon, Kenya

### Main trends

A detailed cross-section of loan and grant approvals is provided in Annex 2. Among the major trends of the year were increased investments in private sector development and HIV/AIDS and support for NEPAD. Debt relief assistance was down, due to the fact that most of the remaining HIPC-eligible countries were located in regions affected by conflict and could not qualify for assistance during the year. The Bank also launched its Rural Water Supply and Sanitation Initiative to accelerate access to water and achieve the goal of 80% coverage by 2015 and 100% by 2025.

### Approvals by Major Sector, 2003



\* Includes: Health, Education, and Environment

\*\* Includes: Transportation, Communications, Energy, and Sanitation

### Building the institution

Despite the move from Abidjan to Tunis in early 2003, the Bank managed to deliver most of its program in 2003. The Bank reinvigorated its recruitment drive later in the year to meet the needs of its 2002 reorganization; by the end of 2003, a third of the 150 vacant positions were filled. Staff training programs, mainly in budget preparation, procurement and financial programming, continued and a statistical capacity building program to monitor progress and develop policies was launched. Salary increases for both general and professional staff were approved, bringing them closer to market rates.

The Bank also continued work on the preparation of its Gender Plan of Action and launched a needs assessment to develop a training package for mainstreaming gender issues into all programming. The Bank continued its efforts to mainstream gender equality into programming.<sup>5</sup> Work continued on a number of important reforms and initiatives in corporate governance, including the design of a Corporate Balanced Scorecard to assess implementation of the Bank's Strategic Plan; establishment of an inspection function to respond to requests by communities affected by projects; guidelines for preventing and combating fraud in Bank operations; revision of the policy on disclosure of information; and formation of an ethics committee.

### ***Strengthening aid effectiveness***

The Bank's new strategic direction of ensuring greater effectiveness stresses country ownership, greater public participation in identification, planning and implementing projects, greater selectivity in areas of intervention based on good governance and project performance, and better coordination and collaboration with strategic partners, including non-governmental organizations, in the delivery of assistance.

A wide-ranging operations review showed that results had been less than hoped for, due to a variety of factors, including weak local institutions, high staff turnover, slow startup, inadequate monitoring, lack of local ownership, and absence of a results focus, including data and indicators to measure performance. The Bank worked hard to meet these concerns, finalizing its Results Measurement Framework, which measures performance outcomes at the project, institutional and country levels. Ongoing projects were also subject to more in-depth supervision and midterm reviews were becoming more frequently used.

Country strategies are now more results-focused and they are now aligned with country PRSPs, although the planning horizon is still geared to replenishment of the Bank's funds rather than the mid-term expenditure framework of recipient countries and the long-term perspective needed for development. Nevertheless, this coordination with country programs and priorities, in combination with enhanced field presence through the opening of 16 external offices on the continent in the next three years, and greater efforts to harmonize aid practices and administrative processes with other donors, will help to increase its efficiency and effectiveness in the field.

### **Canada's role at the Bank**

Canada's participation as a member of the Board of Directors and as chair of the Committee on Development Effectiveness helped increase Canada's influence at the Bank. Among the results were an increase in the quality of project preparation, more systematic integration of project evaluation and lessons learned into new programming, closer attention to gender equality, improved risk analysis and greater alignment of the Bank's conditionalities with other development partners. Canada also bolstered relations between the Bank and Canadian partners by organizing missions by non-governmental organizations and private sector companies interested in working with the Bank

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<sup>5</sup> For example, the Ethiopia Agriculture Sector Support Program trains both men and women, ensures women's participation in decision-making, provides gender sensitization for community leaders and administrators, and develops gender-sensitive indicators to monitor and evaluate project implementation.

At the end of 2003, the Canada Fund for Africa and the Bank concluded a new arrangement in support of project preparation for infrastructure in the context of NEPAD. This new facility of Cdn \$10 million aims to support the development of “bankable” quality infrastructure projects and the mobilization of additional technical and financial resources from public and private sources, including Public-Private Partnerships, to strengthen the capacity of African institutions in the areas of transport, energy, water and sanitation and information technologies. This fund is completely untied and is expected to become a multi-donor facility. The Danish government has already pledged \$500,000 to the Facility. The Canada Fund for Africa and the Bank are currently in the process of finalizing two new agreements in the water sector.

**Box 4: The Canadian Technical Assistance Fund (Trust Fund)**

Canada’s priority is to reinforce the integrity and quality of loans and the efficiency of the Bank Group through the Cdn\$5 million Canadian Technical Assistance Fund (Trust Fund). This Trust Fund supports institutional reforms, encourages innovative and client-oriented programs and promotes constructive policy dialogue with clients and partners. It has contributed to both development practices and management tools and ultimately to the progressive transformation of the institution towards a results-oriented and knowledge-based organization.

In 2002, the Trust Fund provided assistance in implementing the results-based management system and new monitoring approach to help improve identification, preparation and implementation of projects and activities through greater emphasis on quality at entry, risk analysis, more focused and in-depth policy dialogue, efficiency in providing services to clients, and flexibility in adapting ongoing activities to new situations. It also funded preparation of guidelines on participatory development and environmental and social assessment procedures. It contributed to support the development of the Bank’s private sector window through studies on franchising, petroleum investments and renewable energies.

In 2003, it supported analysis, diagnosis and recommendations to the procurement department with a view to increasing transparency and efficiency of bidding and contracting procedures. It supported the design, definition of sectors, and development of indicators for the Corporate Balanced Scorecard. It also financed a study on the current and needed skill mix within the Bank that led to an inventory and an analysis of skills gaps, which was followed by the reactivation of the recruitment process. The Trust Fund has also provided technical assistance for the preparation of a study on decentralization of Bank activities on the continent. This study led to the development of a decentralization strategy approved by the Board of Governors.

## The Asian Development Bank

### The AsDB: some basic facts:

**Headquarters:** Manila, Philippines

**President:** Tadao Chino (Japan), elected January 1999, re-elected September 2001 for 5 yr. Term

**Constituent institutions:** Asian Development Bank; Asian Development Fund, Asian Development Bank Institute

**Year founded:** 1966

**Members:** 45 Asian countries, 18 non-regional donors

**Total subscribed capital:** \$51.996 billion

**Canadian Executive Director:** Julian Payne, replaced by Emile Gauvreau as of August 2003

**Constituency members:** Canada, Denmark, Finland, The Netherlands, Norway, Sweden

**Canada's Capital Share:** \$2.75 billion

**Canada's Paid-in Capital:** \$192.6 million

**Canada's Callable Capital:** \$2.56 billion

**Canada's Capital Share %:** 5.3% (7<sup>th</sup> rank)

**Canada's Voting Share %:** 4.55% (8.07% when other constituency members are included)

**Canada's Share of Last Replenishment of ADF (2000):** 4.66% (6<sup>th</sup> rank)

Website address: <http://www.adb.org>

### An overview of the Bank

The Asian Development Bank (AsDB) serves the fastest-growing region in the world. Growth remained strong in 2002 and 2003, driven by the robust economies of China, India, Thailand and Vietnam, and increased domestic demand and intra-regional trade. Poverty is falling, but Asia still is home to the greatest number of people living in poverty in the world. Moreover, high unemployment, the growing impact of HIV/AIDS, the impact of SARS and persistent security issues threaten economic growth, particularly in South Asia.

The AsDB's vision is a region free of poverty, with better living conditions and quality of life for all. Its strategic agenda focuses on pro-poor, sustainable economic growth, inclusive social development and governance for effective policies and institutions. The AsDB has recognized the achievement of the Millennium Development Goals as a central objective of the international development agenda, and as a major focus of its Poverty Reduction Strategy, within its overall mandate of promoting economic growth. Cutting across these priorities are gender equality, environmental sustainability, private sector development, and regional cooperation and integration.

Over the years, the AsDB has strengthened its focus on poverty reduction from a broader mandate of providing financing to its members. It has a well-developed approach to poverty reduction, with a broad and comprehensive framework of 29 policies and 26 strategies guiding its programming. The Bank is modernizing itself as an institution, devolving increased responsibility to its country offices (resident missions), updating its human resources policy and striving for greater openness in its operations. The Bank has also committed itself to greater aid effectiveness and has achieved progress in several areas. Its own country strategies are now linked to national development programs and the MDGs; it is integrating good governance considerations into its country strategies; and it is harmonizing its procedures and practices with the World Bank and other multilateral partners.

Human resource management within the Bank needs additional strengthening if the Bank is to attract and retain high quality staff, particularly in the area of skills development, career planning, and adequate compensation and benefits. There is also a need to focus employee performance away from approving new loans towards implementing, monitoring and evaluating the projects and activities with a view to improving quality.

Other areas that require continuing attention include a more systematic approach to evaluation, better coordination with bilateral development partners, a greater focus on policy implementation and internal governance, a closer link between programs and attainment of MDGs and a stronger results focus for the poverty reduction strategy.

### **BANK OPERATIONS 2002 AND 2003**

#### **Approvals for loans and grants, 2002 and 2003, AsDB (US\$ millions)**

	<b>2002</b>	<b>2003</b>
Total lending	5,675.8	6,104.8
Public	5535.8	5,917.8
OCR	3902.8	4,538.7
ADF	1633.0	1,379.2
Private (OCR)	145.0	187.0
Equity investments	35.5	35.7
Technical assistance	179.0	176.5
<b>GRAND TOTAL</b>	<b>5,890.3</b>	<b>6,317.0</b>

*Source: Annual Report, 2003, Asian Development Bank*

#### **Summary of 2002's highlights**

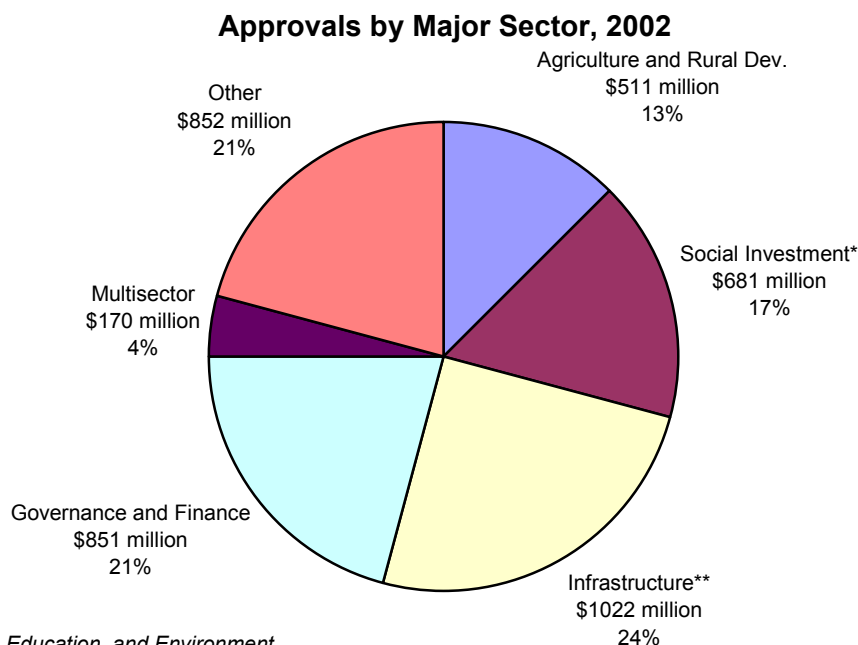
Main recipients of loans and grants in 2002 in descending order:

- Asian Development Bank: India, Pakistan, China, Indonesia, Vietnam, Bangladesh
- Asian Development Fund (Grants or concessional loans): Pakistan, Bangladesh, Vietnam, Sri Lanka, Afghanistan, Indonesia

#### ***Main trends and events***

During 2002, nearly 41% of all public sector loans targeted poverty reduction, meeting the Bank's target of 40%. Overall, loans in agriculture and natural resources declined, giving way to a greater share for energy, finance, social infrastructure and transport and communications.

There was a 20% increase in lending from the AsDF due to the resumption of lending to Afghanistan, whose \$500 million 2002-2004 country program focused on agriculture, transport, education and the opening of a resident mission in Kabul. Overall, the Bank mobilized some \$2.85 billion in co-financing for 38 public and private sector loans. Most lending was for public sector projects, but private sector lending, although low, was higher than in 2001.



\* Includes: Health, Education, and Environment

\*\* Includes: Transportation, Communications, Energy, and Sanitation

The Bank underwent a major reorganization during 2002. A number of innovations were introduced, including a performance-based allocation system for AsDF loans, in which country performance is evaluated in terms of its policy adoption and implementation. Country allocations are then calculated, taking into consideration the level of need, calculated by GNP/capita and population size. The Bank's environmental policy was updated and it acquired direct access to the financial resources of the Global Environment Facility to strengthen its programming. A number of other policies came under review, involving active consultations, including the inspection function<sup>6</sup>, forests and involuntary resettlement. The Bank also continued to support important regional monetary and financial cooperation initiatives, including the establishment of an early warning system to prevent a recurrence of the Asian financial crisis of 1997.

### Highlights of 2003

Main recipients of loans in 2003 in descending order:

- Asian Development Bank: India, China, Pakistan, Bangladesh, Pakistan, Sri Lanka, Indonesia
- Asian Development Fund: Bangladesh, Sri Lanka, Vietnam, Pakistan, Afghanistan

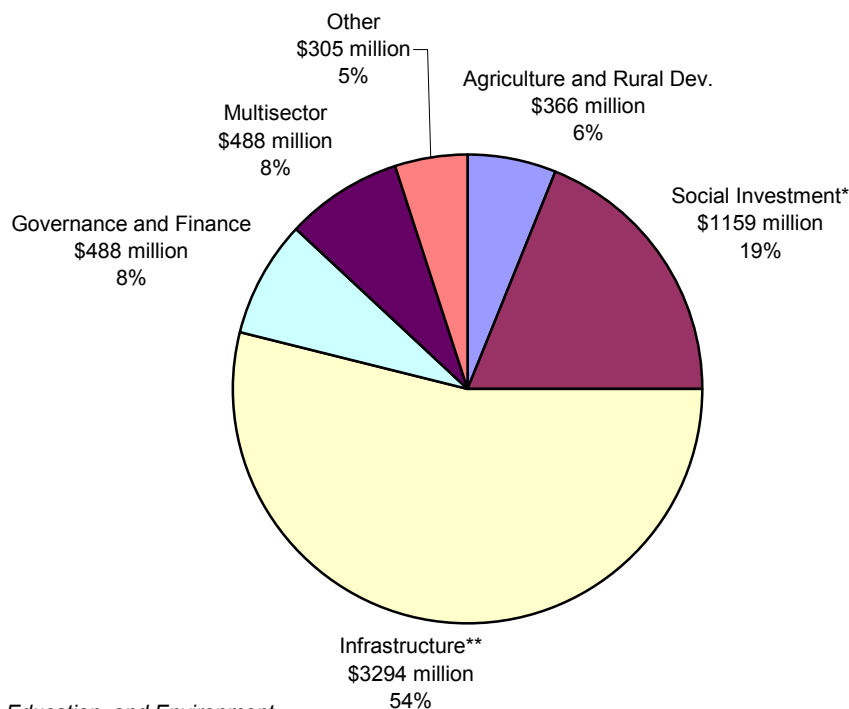
### *Main trends*

A detailed cross-section of loan and grant approvals is provided in Annex 2. In 2003, the AsDB approved 85 loans for 66 projects, the highest number since 1997. Nearly 51% of all public sector loans were for poverty reduction, well above the 40% target. During the year, Afghanistan's reconstruction continued, with approval for an emergency infrastructure and reconstruction loan of \$150 million. The Bank intensified its efforts to promote commercial cofinancing in areas like trade and investment funds. It also encouraged public-private

<sup>6</sup> The bank has a formal channel through which communities, organizations and other groups, including members of the AsDB's Board of Directors, can request an inspection of a project that is having a negative impact on local populations. This can help the bank to determine whether the project needs to be re-designed or the communities should be compensated.

partnerships, a growing area for the Bank. In part, this is why loans to private sector projects increased by 54% over 2002. This type of assistance can leverage AsDB funds by more than 9 times – usually in areas like trade finance, development of small and medium-sized enterprises, local currency financing and infrastructure. The AsDB launched a multidonor Gender and Development Cooperation Fund in 2003 to close the gaps between women and men, progress towards the MDGs, and accelerate its Gender Equality Action Plan. Canada was one of the initial contributors to this fund. Also during the year, the Bank launched negotiations for the replenishment of the Asian Development Fund for the 2005-2008 period.

### Approvals by Major Sector, 2003



\* Includes: Health, Education, and Environment

\*\* Includes: Transportation, Communications, Energy, and Sanitation

### ***Building the institution***

A new Vice-President was appointed to oversee knowledge management and sustainable development and a new Management Accountability Framework strengthened corporate governance by defining the scope of senior management's responsibilities. The Operations Evaluation Division was reorganized and strengthened, giving it more autonomy and a more direct reporting relationship to senior management.

Work began on a new human resources strategy to reflect the increased emphasis on results, merit and productivity. Progress continued on integrating performance considerations into operations and performance measurement was strengthened. Quality assurance mechanisms and monitoring systems were enhanced to ensure stronger projects from the planning through the implementation stages.

The AsDB also completed a self-review of human resource challenges and identified ten recommendations for action. A number were implemented in 2003, including gender equality/diversity in the workplace, staff participation in promotion and selection panels, and



employee recognition. A new training tool, an operations kit that combined information on policies, strategies, procedures and business processes, was produced.

### ***Strengthening aid effectiveness***

A survey of recent evaluations, audits and other reviews covering the period from 1989 to 2003 indicated that the success rate of most AsDB-funded projects is steadily increasing. The Bank undertook a number of initiatives to improve that record in 2003, including putting a new policy in place that involved providing greater technical assistance to borrowing member countries for necessary policy changes.

The Bank's updated Poverty Reduction Strategy has closer linkages to the MDGs and to development effectiveness. In addition, the AsDB has taken a number of steps to improve harmonization with other multilateral partners in such areas as financial management, procurement, environmental assessments and evaluations. It has also strengthened its accountability and openness to the public, undertaking an inspection of the Chasma Right Bank Irrigation Project in Pakistan to ensure that the project does not have a negative impact on the local population.

### ***Canada's role at the Bank***

Canada focuses on policy reform and aid effectiveness issues at the AsDB. The emphasis for Canada's interventions was on internal governance reform, including urging better Board-management relations. Canada's proposals for a Vice-President for Knowledge Management and for the strengthening of the evaluations department both resulted in organizational changes within the Bank, as did Canada's urging for improvement in performance on gender equality in programming and in staff, to which the Bank responded (see *Building the institution* above). Canada, together with other donors, also advocated for a stronger role for the Development Effectiveness Committee, including more direct interaction with operational staff to implement results-based management and mainstreaming of evaluations in all aspects of operations.

Canada supported allowing the Asian Development Fund to provide part of its support as grants for the first time, thus easing the debt burden for the poorer countries. At the urging of many donors, including Canada, the negotiations to replenish the Asian Development Fund were opened up to include, for the first time, five borrowing members as well as representatives from civil society, and the relevant documents were posted on the Bank's website.

#### **Box 5: Cooperation funds at the Asian Development Bank established by Canada**

- The Canadian Cooperation Fund for Climate Change (\$5 million) – established in 2001 to help member countries develop policies and programs to reduce greenhouse gases. In 2002, it approved projects dealing with the Clean Development Mechanism in China and climate change adaptation measures in the Pacific; in 2003, it approved projects addressing carbon sequestration in Indonesia and a regional workshop on forests and climate change.
- The Governance Cooperation Fund (multidonor) – established in 2002; Canada has committed \$2.5 million in support of this fund. Its aim is to build capacity and strengthen transparency, accountability and participatory decision making in the public sector in member countries.
- Gender and Development (multidonor) – established in 2003; Canada has provided \$1.2 million in support of this fund. In 2003, it approved action plans for gender mainstreaming in agriculture and rural development in Vietnam and in agriculture in Cambodia, and capacity building for gender equality and empowerment of women in Nepal

## The Inter-American Development Bank

### The IDB: some basic facts:

**Headquarters:** Washington D.C.

**President:** Enrique V. Iglesias (Uruguay), Elected April 1st 2003 for his fourth five-year term

**Constituent institutions:** Inter-American Development Bank, Inter-American Investment Corporation, Multilateral Investment Fund, Fund for Special Operations

**Year founded:** 1959

**Members:** 26 regional members; 19 non-regional donors

**Total subscribed capital:** \$100.95 billion

**Canadian Executive Director:** Marcel Massé, replaced by Charles Bassett (as of May 2003)

**Canada's Capital Share:** \$4.04 billion

**Canada's Paid-in Capital:** \$173.7 million

**Canada's Callable Capital:** \$3.87 billion

**Canada's Capital Share %:** 4.00% (6<sup>th</sup> rank)

**Canada's Voting Share %:** 4.00%

**Canada's Share of Last Replenishment 1994:** 2.00% (7<sup>th</sup> rank)

**Website address:** <http://www.iadb.org>

### An overview of the Bank

The Inter-American Development Bank (IDB) serves a region in which many countries have achieved middle-income status. However, this masks the reality that profound poverty continues to exist, making this the region with the greatest gaps between rich and poor in the world. Latin America and the Caribbean are recovering from the economic slump touched off by the 1997 financial crisis and exacerbated by the fallout from 9/11. Trade has increased, but public debt remains very high; deficits, although lower, still affect stability. High unemployment and continuing poverty, with especially low socioeconomic indicators in rural and indigenous communities, persists, while HIV/AIDS is taking a high toll in the Caribbean. The region also remains vulnerable to natural disasters and extreme weather phenomena.

The Inter-American development Bank's priorities are poverty reduction and social equity, modernization of the State, competitiveness and regional integration. The IDB is consistently taking the MDGs into account in its policy dialogue with borrowing countries, and incorporating MDG-related indicators into both country strategies and operational programming documents. Its new Social Inclusion Policy, for example, is a key element of its poverty reduction mandate, focusing on excluded groups such as women, indigenous and African-American populations, the elderly, the disabled and youth. The Bank has agreed to devote at least 35% of lending to the 17 poorest countries in the region, and a minimum of 50% lending directed to poverty reduction and social equity programming. The IDB's concessional funding arm is called the Fund for Special Operations (FSO) and is entirely funded by the IDB's net income and reflows from previous loans. As such the FSO has for some time not required replenishments from donors the way the Asian and African Development Funds do.

The IDB is very close to its members; it shares information, analysis and human resources with its member countries and acts as an advocate for them in other multilateral fora. The Bank is the largest source of multilateral financing for Latin America and the Caribbean, the only regional bank to be bigger than the World Bank in its region. The Bank is making good progress on implementing results-based management, and it has just released a well-received Strategy for

Development Effectiveness. The IDB recognizes that the private sector plays a central role in the development of Latin America and consequently provides direct lending to the private sector entities without requiring government guarantees. The IDB's Multilateral Investment Fund (MIF) is a major source of technical assistance grants for small business development and for the capacity development of private sector institutions. The MIF was established in 1993 with \$1.2 billion in initial financing from IDB members and, as of 2003, the MIF had 32 members on its donor committee including nearly all of the countries of the LAC region. Negotiations for a first replenishment of the MIF were on going at the time of this report.

However, the IDB faces a number of important challenges. It is working to update its lending instruments and products to meet the evolving needs of its borrowing member countries, such as introducing fast-disbursing loans in support of policy reform and emergency loans to mitigate the impacts of financial crises – an all too common occurrence in the region. Country ownership by borrowing member countries also needs bolstering, particularly in developing plans and identifying needs for capacity development. The IDB's loan exposure to Brazil and Argentina (40 percent of outstanding credit at the end of 2003) is also a source of some concern.

### **BANK OPERATIONS IN 2002 AND 2003**

#### **Approvals for loans and grants, 2002 and 2003, IDB (US\$ millions)**

	<b>2002</b>	<b>2003</b>
Loans total	4,549	6,810
OCR	4,143	6,232
FSO	406	578
Grants total	81	74
FSO	36	30
Other	45	44
<b>GRAND TOTAL</b>	<b>4,630</b>	<b>6,884</b>

*Source: Annual Report 2003, InterAmerican Development Bank*

#### **Summary of 2002's highlights**

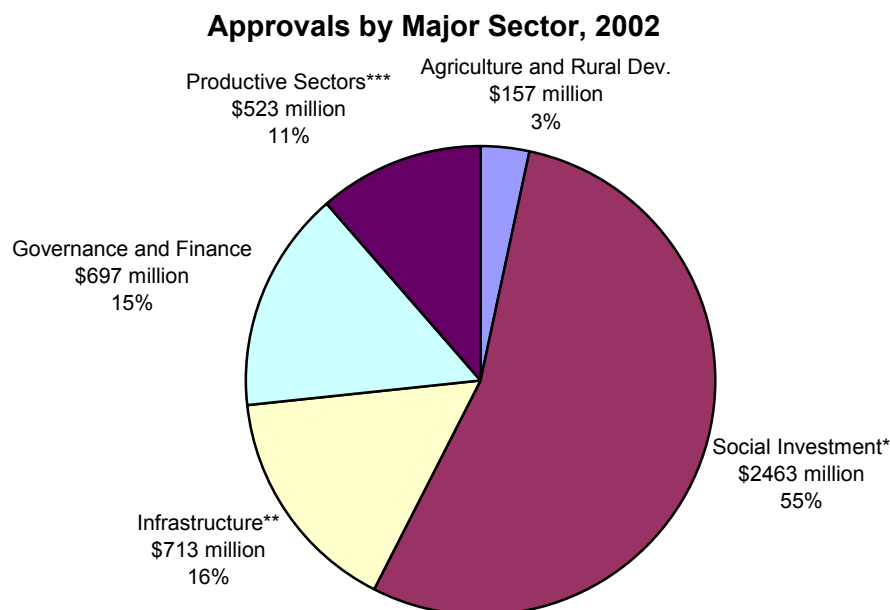
Main recipients of loans and grants by approvals in 2002 in descending order:

- IDB loans: Mexico, Uruguay, Brazil, Peru, Guatemala, Dominican Republic
- Fund for Special Operations (concessional loans): Nicaragua, Bolivia, Honduras, Guyana

#### ***Main trends and events***

In 2002, the region was still feeling the impact of Argentina's economic crisis and the terrorist attacks of 9/11. Some 69% of total lending went to support poverty reduction and social equity projects. For example, the Bank provided a \$500M loan to Uruguay to protect spending on priority health and education programs as part of a larger financial support package provided by the World Bank and the International Monetary Fund. However, despite these challenges, the momentum towards regional integration continued during the year. The Bank supported harmonized tax and customs regimes in the Andean community, development of a regional

mechanism for trade negotiations in the CARICOM<sup>7</sup> community and common antidumping regulations in the countries of Mercosur<sup>8</sup>.



\* Includes: Health, Education, Urban Development, and Environment

\*\* Includes: Transportation, Communications, Energy, and Sanitation

\*\*\* Includes: Industry/Mining, Tourism, Science and Technology, and Private Sector Development

The Bank adopted new strategies in poverty reduction and social equity, and the Action Plan Combating Social Exclusion due to Race or Ethnicity completed in its first year in operation. The Bank proceeded with reforms in disaster management, establishing a Disaster Prevention Sector Facility and redesigning its Emergency Reconstruction Facility. Debt relief of \$123 million was provided to Bolivia, Guyana, Honduras and Nicaragua. The Bank also approved a new lending framework setting out guidelines for the use and development of new lending instruments.

### Highlights of 2003

Main recipients of loans and grants, by approvals, in 2003 in descending order:

- IDB loans: Argentina, Colombia, Peru, Mexico
- Fund for Special Operations (concessional loans): Bolivia, Haiti, Honduras, Guyana

### *Main trends*

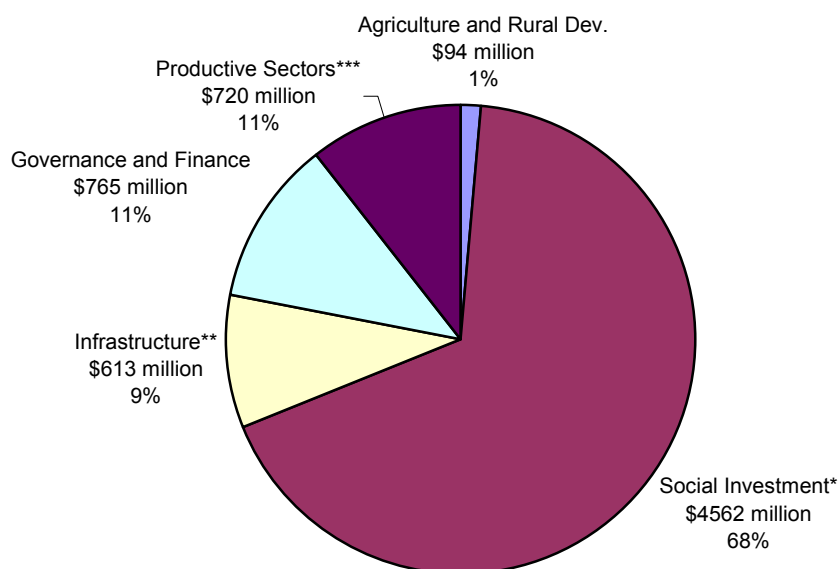
A detailed cross-section of loan and grant approvals is provided in Annex 2. Major trends included an intensification of private sector development activities and continued progress in regional integration. Some 44% of all projects targeted social development and poverty reduction and the Bank provided debt relief of almost \$100 million to Bolivia, Guyana, Honduras and Nicaragua. Emergency loans to Argentina, Colombia and Paraguay accounted for

<sup>7</sup> The Caribbean Community

<sup>8</sup> Mercosur is a common market arrangement between Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay

almost half of all lending volume in 2003. The Bank also adopted new strategies on modernization of the state, competitiveness, environment, social development and sustainable economic growth.

### Approvals by Major Sector, 2003



\* Includes: Health, Education, Urban Development, and Environment

\*\* Includes: Transportation, Communications, Energy, and Sanitation

\*\*\* Includes: Industry/Mining, Tourism, Science and Technology, and Private Sector Development

### ***Building the institution***

Governance was identified by the Bank as the hallmark of its activities in 2003; it established an Office of Institutional Integrity which reports directly to the President and adopted such tools as whistleblower protection and codes of ethics for board members. It introduced a Diversity Action Plan and developed a more flexible human resources policy to allow for employee transfers and promotions within the Bank to offset plans to reduce staff by 5%.

The Bank intensified its focus on performance and results, paying special attention to quality-at-entry and ex-post evaluation of projects, refining work instruments such as methodologies, standards and guidelines. The Bank also took steps to improve monitoring of project results, sustainability of projects, and the integration of lessons learned into its programming. New, more flexible lending instruments, including a pilot for performance-driven loans, were introduced and a Task Force on Re-tooling Operations was established to analyze current products and their relevance to member needs. The Board of Directors identified several priority issues for further work: the need for more flexibility in responding to international economic challenges; greater mobilization of private investment; and more progress on becoming a results-based institution.

### ***Strengthening aid effectiveness***

The IDB established a new Development Effectiveness Unit in the Office of Executive Vice-President to guide its wide-ranging efforts in this area. Among the main developments in 2003 was greater attention to citizen participation in operations. The Bank adopted a new Information

Disclosure Policy following broad consultations, and established Civil Society Advisory Councils in its country offices.

A Gender Mainstreaming Action Plan was approved in 2003. Meanwhile, on the program side, the Bank supported a women's leadership program of training, knowledge sharing on women and governance and promotion especially of indigenous women's leadership. The Bank also gave priority to supporting projects addressing violence against women.

### ***Canada's role at the Bank***

Canada has a strong presence at the Bank. The Canadian Executive Director of the IDB represents Canada only, unlike the Canadian Executive Directors at the Asian and African Development Banks, who represent a constituency of countries. In its relations with the IDB, Canada focuses on the Bank's management style as well as promotion of key priorities, such as results-based management, regional integration and implementation of aid effectiveness principles. Canada is especially committed to supporting the poverty reduction focus of the IDB.

Canada is very active in policy dialogue and played an important role in the establishment of a number of reforms at the IDB, including: implementation of the new Capital Adequacy Framework, reducing financial risk and introducing more stability to the Bank's lending rates; establishment of a private sector risk assessment unit; the new policy on information disclosure; the new offices on institutional integrity and development effectiveness; improvements to the Independent Investigation Mechanism; and a review of the Bank's support to the private sector.

#### **Box 6: CANTAP: the Canadian Technical Cooperation Program**

CANTAP was established by CIDA in March 1994. The objectives of this \$6M fund are to support Canadian consultancy services for IDB projects. In 2002, CANTAP funded studies on reforms to the taxation system in Colombia, establishment of worker health standards in Guatemala and Nicaragua, and recommendations for lending in post-secondary vocation and technical education for indigenous peoples. In 2003 it supported: an inventory of indigenous health concerns and recommendations for lending for culturally appropriate programs and services; an impact evaluation of a micronutrient program for anemia in Guyana; development of a proposal for a regional entrepreneurship development program; economic analysis of health policies and programs across the region; community development and financial analysis assistance to a housing program in Barbados; establishment of web-based information network on case law, jurisprudence and legislation in areas of interest to legal aid providers in the Caribbean, such as domestic violence; and impact analysis of a proposed bauxite mining operation in Suriname, along with capacity building for affected indigenous communities to dialogue with government and private sector developers. Canada has also created a Canada-IDB fund to support trade-related technical assistance.

## The Caribbean Development Bank

### **The CDB: some basic facts:**

**Headquarters:** Bridgetown, Barbados

**President:** Dr. Compton Bourne (Trinidad and Tobago), elected May 2001

**Constituent institutions:** Caribbean Development Bank, Caribbean Special Development Fund

**Year founded:** 1969

**Members:** 17 Caribbean countries; 3 Latin American donors and 5 non-regional donors

**Total subscribed capital:** \$705 million

**Canadian Executive Director:** Joanne Goulet

**Canada's Capital Share:** \$62.7 million

**Canada's Paid-in Capital:** \$13.7 million

**Canada's Callable Capital:** \$49 million

**Canada's Capital Share:** 9.6% (3<sup>rd</sup> rank, with the U.K.)

**Canada's Voting Share %:** 9.5%

**Canada's Share of Last Replenishment 2001:** 20.16% (1<sup>st</sup> rank, with the U.K.)

**Website address:** <http://www.caribank.org>

### **An overview of the Bank**

The Caribbean Development Bank (CDB) is a small, sub-regional bank that serves the countries of the Commonwealth Caribbean<sup>9</sup>. The CDB responds to the unique economic needs of small island states and is often called upon to deal with the devastation caused by hurricanes and other extreme weather phenomena. In 2002-2003, the region showed modest economic recovery thanks to the expansion of trade and tourism, low interest rates, stable inflation rates and the general global recovery from the recession of 2001. However, agricultural production was down due to the end of preferential treatment for key exports like sugar and bananas and to adverse weather conditions and natural disasters. The region has a high literacy rate and lower middle-income status; however, with the second-highest HIV/AIDS infection rate in the world, there are challenges to its economic recovery and its ability to adapt to the demands of the global economy.

The CDB's mission is to work collaboratively with its borrowing members towards the systematic reduction of poverty through social and economic development. Its core mandate is fostering more rapid economic growth, helping to reduce poverty and improve the status of the most vulnerable, promoting good governance and efficiency in public policy formulation, promoting improved environmental management as integral to project planning, and fostering closer economic integration of borrowing member countries.

As a sub-regional bank, the CDB is very close to its members, giving it a clear competitive advantage over other multilateral institutions. It knows the region very well, and, like the IDB, often acts as an advocate for its members in other organizations. Its strong point is its support to community-based projects such as establishing microenterprises or providing water supply and sanitation systems, because of its ability to work closely with local governments and organizations. It provides strong support to regional integration and disaster mitigation and

<sup>9</sup> CDB members Jamaica, Guyana and Trinidad and Tobago are also members of the Inter American Development Bank. The members of the Organization of Eastern Caribbean States (OECS), the small island states in the region, are not members of the IDB. However, the IDB does lend the CDB resources for on-lending to the OECS countries.

rehabilitation programming. The Bank is well-managed, with a solid financial base and relatively low administrative costs.

As well as being one of its main advantages, one of the CDB's main challenges is its small size. It is currently seeking to diversify its membership of non-borrowing (or donor) member states beyond the region in order to increase the resources it can draw on to fund operations. Its management style has tended to follow a traditional route, averse to taking risks, discouraging creativity or innovation. The Bank has been known to take a prescriptive approach and is weak on country ownership. However, the CDB is working to modernize its management methods and its program approaches.

### **BANK OPERATIONS IN 2002 AND 2003**

#### **Approvals for loans and grants, 2002 and 2003, CDB (US\$ thousands)**

<b>Source</b>	<b>2002</b>	<b>2003</b>
OCR loans	89,345	149,404
SDF total	33,860	32,475
Loans	29,761	29,904
Grants	4,099	2,571
Other Special Funds total	5,106	15,671
Loans	-	13,118
Grants	2,106	2,453
Equity	3,000	100
<b>GRAND TOTAL</b>	<b>128,311</b>	<b>197,550</b>

*Source: Annual Report 2003, Caribbean Development Bank*

#### **Summary of 2002's highlights**

Main recipient of loans and grants in descending order:

- Loans: Jamaica, St Vincent and the Grenadines, Barbados, St. Lucia, Dominica and Grenada;
- Special Funds Resources (concessional loans): Jamaica, St. Lucia, Dominica, St. Vincent and the Grenadines, Belize, and St Kitts and Nevis

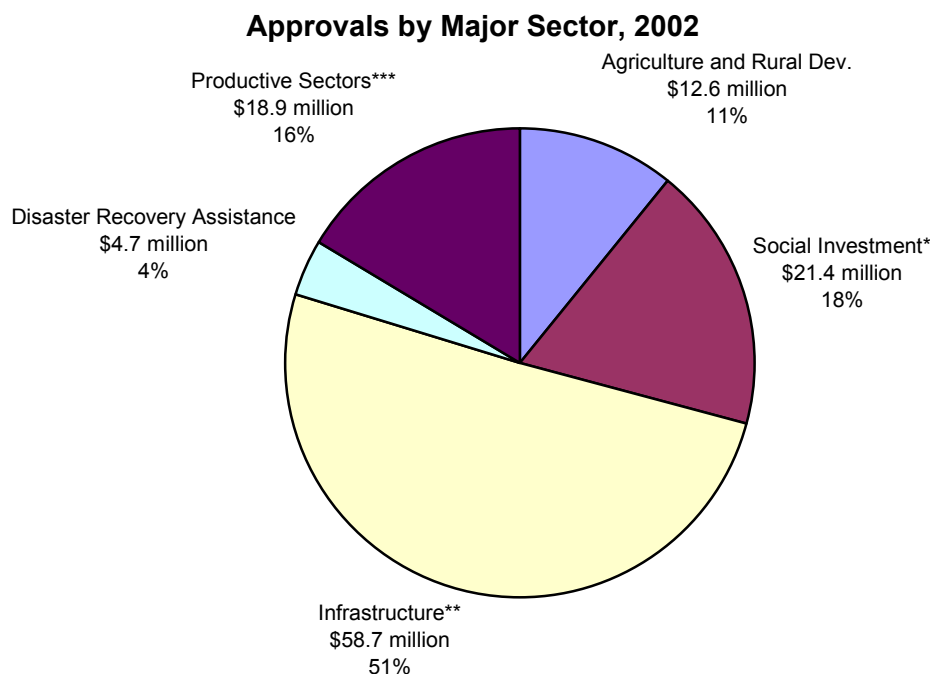
#### ***Main trends and events***

Security pressures and natural disasters, mainly hurricanes, led to a number of loans under the CDB's New Economic Recovery Program. About 40% of net loan approvals were for mitigating the effects of natural disasters, such as flood damage in Jamaica and highway reconstruction in St. Vincent and the Grenadines. The Bank also provided interest rate reductions to its borrowers to cushion the effects of the disasters on their already suffering economies.

Overall, the CDB devoted 63% of its lending to activities such as poverty alleviation, health, and the prevention of crime and violence. There was increased focus on private sector development during the year, and the Bank adopted a Private Sector Development Strategy to help bolster global competitiveness for member countries, by building up enterprises and institutions and increasing the flow of investment capital. A renewed dedication to poverty reduction was reflected in the design and appraisal of all projects.



A wide-ranging operational audit led to a major internal reorganization and a series of recommendations that were implemented in 2003.



*Figures do not include Technical Assistance approvals*

*\* Includes: Health, Education, and Environment*

*\*\* Includes: Transportation, Communications, Energy, and Sanitation*

*\*\*\* Includes: Industry/Mining, Tourism, and Private Sector Development*

## Highlights of 2003

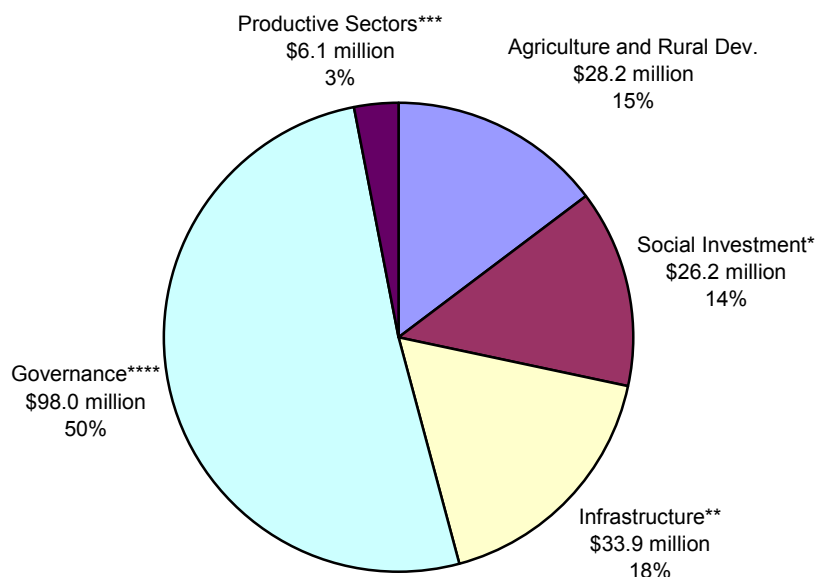
Main recipients of loans and grants in 2003 in descending order:

- Guyana, St. Kitts and Nevis, British Virgin Islands, Dominica and Belize.
- Special Funds Resources (concessional loans); Grenada and St Lucia

### ***Main trends***

A detailed cross-section of loan and grant approvals is provided in Annex 2. During the year, the Bank increased its lending in regional integration and private sector development and provided additional assistance for disaster mitigation. The CBD also provided its largest ever regional integration operation, \$98 million, to set up a Trust Fund for the Caribbean Court of Justice and a grant for the Eastern Caribbean Securities Exchange. Support for the establishment of the Regional Court of Justice and securities exchange was a significant move towards greater regional integration in the areas of governance and financial reform. The operation was targeted to help provide the legal framework for the Caribbean Single Market and Economy.

### Approvals by Major Sector, 2003



Figures do not include Technical Assistance approvals

\* Includes: Health, Education, and Environment

\*\* Includes: Transportation, Communications, Energy, and Sanitation

\*\*\* Includes: Industry/Mining, Tourism, and Private Sector

\*\*\*\* Regional loan to provide legal framework for Caribbean Court of Justice and Single Market

#### ***Building the institution***

2003 was the CDB's first full year of operating under its new organizational structure. New units were established to manage private sector development programming and evaluation and oversight. This latter office reports directly to the Board of Directors through the President and is responsible for evaluation of projects, programs and technical assistance as well as the strategies, policies and activities that support development effectiveness. It also provides oversight for greater efficiency and effectiveness in operations. A change management program involved extensive staff training and reorientation, staff participation in planning, and a review of the Bank's compensation policy.

The Bank also reviewed all its business processes and introduced results-based management into all its planning, implementation and monitoring activities. The previous year's annual review of performance of projects and loans led to a streamlining of the project development and approval process which is expected to result in faster startup times for new projects.

#### ***Strengthening aid effectiveness***

The Bank intensified its poverty reduction efforts, developing a formal Poverty Reduction Strategy which examines the causes and identifies mitigation measures for poverty. This strategy will guide the allocation of resources in future loan and grant approvals. The Bank also set up a new network to oversee programming, assist in country poverty assessments and action plans and help increase the Bank's internal expertise on this issue. Among the new areas the CDB will explore is a stronger focus on national public finances and on debt assistance.

The CDB has also strengthened its relations with other organizations. It is working more closely with the International Fund for Agricultural Development in designing and supervising projects

in the rural sector. In addition, it has agreed on several joint initiatives with the Inter-American Development Bank, including coordination of development banking work in common member countries and joint participation in selected field missions.

### ***Canada's role at the Bank***

Canada has a strong presence at the CDB as a major donor. Together with the UK, Canada holds the highest non-regional voting share (9.5%) and is the largest contributor to the Special Development Fund. Canada is well-perceived by the other members and takes an active role in policy dialogue, particularly to advocate for greater development effectiveness. Canada was prominent in urging a new approach to poverty reduction that moves beyond the “trickle down” theory, and will follow the implementation of the new Poverty Reduction Strategy with great interest.

Canada has a Technical Cooperation Fund to which CIDA has contributed \$2 million. In the seven years leading up to December 2003, 32 technical assistance projects were approved, enabling 30 Canadian firms and/or individual consultants to gain professional exposure to the region. In 2003, some \$552,000 was approved for 6 projects, the highest to date. Recent projects include a feasibility study for a craft market in Grenada, development of a data base on HIV/AIDS-related programs in the region, and design and execution of technology commercialization workshops at the University of Technology in Jamaica.

#### **Box 7: The Basic Needs Trust Fund**

Canada has been a major contributor to the Basic Needs Trust Fund, which improves the standard of living of poor communities, increases the productivity and income of the unemployed and the underemployed, expands the stock of economic and social infrastructure and provides basic social services. The BNTF has completed 800 sub-projects, creating 180,000 person-weeks of work in poor communities and benefiting 550,000 people.

In May 2003, following CDB incorporation of recommendations from an evaluation for greater community participation in selection and design of projects, Canada provided an additional contribution of \$25M over three years to the Basic Needs Trust Fund through CIDA's Americas Branch for construction of water and sanitation facilities, health and education infrastructure. Canada has also specified that the Fund incorporate results-based management, environmental impact assessments and gender equality as standard operating procedures.

### **III. Conclusion**

In 2002, the RDBs adopted the Millennium Development Goals and began to integrate the principles of aid effectiveness into all their programming and partnerships. Since then, each bank has undergone some form of reorganization to incorporate the new way of doing business. All have addressed the need to identify results, measure performance and evaluate effectiveness, introducing results-based management and strengthening offices responsible for these functions. They have reviewed their own internal governance, strengthening human resource strategies, managing ethics issues, streamlining operations and sharpening accountability and openness. They have also strengthened their country presence, opened up to greater participation by stakeholders and local communities, and worked more closely with other multilateral and bilateral development organizations to harmonize practices and reduce duplication. The banks also sought out more co-funding arrangements to leverage their own resources with those of other organizations.

On the programming side, the banks increased their poverty reduction focus and worked to incorporate both environmental and gender equality considerations into projects and activities. Most provided increasing support to development of the private sector, building up small, micro and medium-sized enterprises and paying special attention to competitiveness and trade. In addition, banks increased their support to greater regional integration for their borrowing member countries, supporting trade relationships and joint efforts to address key issues like HIV/AIDS and environmental challenges. Debt relief, especially in Africa, helped some of the poorest countries to recover and grow, and increasing attention to social equity, including gender equality, aimed to better distribute the benefits of this economic growth.

The RDBs still have a number of key challenges to address. As they modernize their organizations, they need to be more responsive to members and to stakeholders by being more transparent, accountable and open, by decentralizing operations, and by ensuring their lending mechanisms meet the needs of their members. The banks have all committed to reform; they need to move more aggressively in such areas as results-based management and strengthening of evaluation and oversight functions, in order to realize gains in aid effectiveness. They also need to strengthen their pursuit of the MDGs, particularly the focus on poverty reduction and the integration of gender equality and environmental sustainability into all their programs and projects. Finally, the banks need to continue to address the need to attract and retain high-calibre staff and to improve administrative structures that currently discourage flexibility, responsiveness and information sharing.

As a permanent member on all of the Boards of Directors, Canada has encouraged and fostered progress in all of these areas within the regional development banks. Reform and renewal within the Canadian International Development Agency has contributed to Canada's experience and expertise in these areas, and Canada has shared its knowledge through its technical cooperation and other special funds within the banks. As part of the global consensus on the MDGs, the principles of aid effectiveness, and the new development compact, Canada continues to reinforce these approaches within the banks and in the broader development community.

**Annex 1: Canada's contribution to the RDBs, FYS 02/03 & 03/04**

\*All values in this annex are in Canadian Dollars

**Asian Development Bank**

	<b>Fiscal Year 02/03</b>	<b>Fiscal Year 03/04</b>
<b>Capital Investment (non-budgetary)</b>	\$0.00	\$0.00
<b>Concessional Fund (AsDF)</b>	\$48,689,252.00	\$0
<b>Program Flows (Including Trust Funds)</b>	\$1,948,505.00	\$1,374,140.00

**African Development Bank**

	<b>Fiscal Year 02/03</b>	<b>Fiscal Year 03/04</b>
<b>Capital Investment (non-budgetary)</b>	\$4,479,988.06	\$3,812,442.98
<b>Concessional Fund (AfDF)</b>	\$72,000,000.00	\$67,227,302.00
<b>Program Flows (Including Trust Funds)</b>	\$11,510,000.00	\$3,510,000.00

**Inter-American Development Bank**

	<b>Fiscal Year 02/03</b>	<b>Fiscal Year 03/04</b>
<b>Capital Investment (non-budgetary)</b>	\$0.00	\$0.00
<b>Concessional Fund (FSO)</b>	\$0.00	\$0.00
<b>Program Flows (Including Trust Funds)</b>	\$175,000.00	\$6,626,000.00

**Annex 1 Cont'd: Canada's contribution to the RDBs, FYs 02/03 & 03/04****Caribbean Development Bank**

	<b>Fiscal Year 02/03</b>	<b>Fiscal Year 03/04</b>
<b>Capital Investment (non-budgetary)</b>	\$0.00	\$0.00
<b>Concessional Fund (SDF)</b>	\$18,294,504.65.00	\$9,022,298.00
<b>Program Flows (Including Trust Funds)</b>	\$4,500,000.00	\$1,000,000.00

## Annex 2: A cross-section of new loan and grant approvals in 2003

### African Development Bank:

- **Agriculture & rural development:** Ethiopia: \$21.24M (of which \$17.76M is a grant) for small-scale irrigation, rainwater harvesting and environmental conservation; Kenya: \$18.41M (of which \$3.17M is a grant) for improved livestock productivity, marketing and support for drought management; Burkina Faso: \$12M for management of forest resources and increased incomes.
- **Social sector:** Guinea-Bissau: \$3.65M to improve supply and quality of primary education and rehabilitate vocational training to integrate youth into economy; Mozambique: \$11.52M to build up local financial institutions and improve access to their services by the rural poor; Rwanda: \$2M grant to institutions implementing the national plan for fighting HIV/AIDS; Mali: \$9.8M (of which \$2.2M is a grant) for drinking water and sanitation for rural population; Liberia: \$350,000 grant for emergency health assistance to civil war victims; Tunisia: \$65.26M to develop social and low-cost housing.
- **Economy:** Ethiopia: \$22.71M (of which \$0.99M is a grant) for rural road upgrading; Ghana: \$64.50M (of which \$3.5M is a grant) to link landlocked countries (Burkina Faso, Mali, Niger) to Ghanaian ports; Mozambique: \$28.9M to promote exploitation of mineral reserves by private sector; Kenya: \$4.9M to CFC Bank Ltd of Kenya (private sector loan) for onward lending.
- **NEPAD:** technical support for the Action Plan for Infrastructure Development; 4 projects were approved for funding through NEPAD Project Preparation Facility, to which Canada Fund for Africa has contributed \$10MCdn; work has also begun on a framework for banking and financial standards.

### Asian Development Bank:

- **Agriculture, Natural resources, rural development:** 12 loans, \$391.9M, including \$22M for flood mitigation for Azerbaijan; \$25M for diversification and commercialization in agriculture in Cambodia; \$20M for livestock development in Bdes; 21 technical assistance projects for \$15.8M, including research in soil and water management in Central Asia; new clean production mechanism adopted.
- **Education:** 6 loans, \$269M, mostly for basic education, including \$100M for primary education, especially for girls and disadvantaged children in Bangladesh; also \$6M for skills development for graduates in Maldives, especially rural poor, females.
- **Energy:** 10 loans, \$756.7, including \$44.3M for transmission line for affordable electricity access in Cambodia; \$35M for clean energy development in China
- **Finance/industry/trade:** \$45M for trade finance facilitation program for ASEAN. countries that will give importers and exporters access to reasonable rates from local banks; \$152M in Pakistan for small and medium-sized enterprise development.
- **Health/nutrition/population/early childhood development:** 5 loans, \$172M, including \$64.8 loan/\$35.2M grant for access to improved services for women and children in Indonesia; \$10.5M for community-based early childhood development program in Kyrgyz Republic; technical assistance 21 projects, including \$450,000 for establishment of pilot HIV/AIDS care centres in Papua New Guinea.
- **Rural development and microfinance:** \$70M for Sri Lanka rural enterprise development (of which \$10M is a grant).

- **Transport:** 11 loans, \$2.6B, including \$400M for construction of all-weather rural roads for isolated communities in India, technical assistance for 27 projects and grant of \$1M to rehabilitate airports in Afghanistan
- **Urban development/municipal services/housing:** \$280M, including \$30.5M for affordable housing for poor families in the Philippines.
- **Water:** 9 countries, \$581M in loans, including \$83M for wastewater management project in China; \$24M for community-based water supply and sanitation in Nepal.

#### **InterAmerican Development Bank:**

- **Social sector:** \$65M to deliver social services to the poorest households in Haiti; \$210 for education in remote communities in Mexico; \$35M to Honduras for poverty reduction and local development such as water and sanitation, access to primary health care, developed in consultation with traditionally marginalized groups such as indigenous and Afro-descendants; \$1.5B emergency loan to Argentina to protect health programs during the economic crisis (Canadian funds approved to implement national health accounts as a tool to improve health planning).
- **Multilateral Investment Fund:** technological investment fund of \$10.2M loan and \$180,000 grant for Mexico, Central America and the Andean countries; \$5 M to boost competitiveness in Central America; \$4 M for microfinance institutions region-wide; \$3 M for upgrading Central American coffee quality; \$3 M for sustainable tourism certification system.
- **Modernization of the state:** \$5M to Trinidad and Tobago for Public Service Reform Strategy Program; \$5M to Dominican Republic for Pension Reform Program; \$25M to Haiti for Public Finance Reform; \$100M to El Salvador to reform maritime transport and vocational education; \$1M to Mexico to help small and medium-sized enterprises adapt to more efficient and environmentally friendly production practices.

#### **Caribbean Development Bank:**

- **Social Sector:** Belize: Social Investment Fund \$7M for infrastructure, social services and organizational strengthening in poor communities; Grenada: \$4.42M for rehabilitation of primary schools, curriculum development, special education programs; Dominica: \$3M stabilization loan to support purchase of health and education supplies and support for structural adjustment plan; Regional Pan-Caribbean Partnership against HIV/AIDS support to national programs; St Kitts and Nevis: \$5 M for student loans.
- **Economic development:** Guyana: \$28.2M for Sugar Modernization Project, expanding area under cultivation, construction of new factory; St. Vincent and the Grenadines: \$3M credit facility for loans in agriculture and industry, especially to micro, small and medium-sized enterprises; St.Kitts and Nevis: \$7.56 M for road construction; British Virgin Islands: \$7.25 M for airport expansion.
- **The Disaster Mitigation Facility** played a major role during the year, supporting training, policy development, integration of disaster management into environmental assessments, and production of a volcanic hazards map.
- **Regional integration:** the largest-ever loan of \$99.5 million set up a Trust Fund for the Caribbean Court of Justice and \$ grant to Eastern Caribbean Securities Exchange to support development of securities market that would facilitate free movement of capital also progress towards establishment of a Caribbean Regional Stabilization Fund.
- **Caribbean Technological Consultancy Services** – benefited more than 1,000 small, micro and medium-sized enterprises with training in manufacturing, tourism, etc.