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CARTAC Steering Committee Meeting in Suriname

By Wendell Samuel, CARTAC Programme Coordinator

I attended my first CARTAC Steering Committee meeting on April 28 in Paramaribo Suriname, the highlights of which were the innovative change in structure of the meeting and the excellent hospitality of our hosts. Reporting on the various activities of CARTAC took the form of two panels that focused on the key issues of interest to stakeholders. This provided an interactive forum in which participants actively contributed to a very rich discussion.

Regional overview

Mr. Trevor Alleyne's presentation showed that the regional economic outlook had improved with global conditions, but lingering vulnerabilities remain, posing risks to regional economies. Notably, debt remains high, the withdrawal of correspondent banking relationships creates uncertainty in payments systems, and real appreciation of currencies have hurt competitiveness. These risks imply that CARTAC must continue to play a critical role in all its areas of capacity building to support growth in regional economies. The discussion following the presentation observed that tourism dependent countries have had, on average, lower growth rates resulting from several factors, including the effects of natural disasters. The discussion also underlined the need to boost competitiveness in the region.

Operations and finances

The discussion on operations and finances covered recent developments within the Centre, followed by a summary of the FY17 budget outturn and the FY18 work programme. The following were some of the highlights:

- Ms. Cunningham, the Acting Programme Coordinator, thanked development partners for facilitating a smooth transition to phase V.
- Curacao is newest member of CARTAC having recently signed the LOU.
- The Centre posted a strong outturn in FY17 with technical assistance in PEFA and TADAT assessments, together with a focus on addressing the priority reforms of the authorities. Data quality and transparency, compliance with international standards, enhancing sustainability, and effective regional capacity development were key areas of emphasis.
- Implementation of results based management within the Centre is progressing, but milestone achievement was mixed across the programmes.

- In FY18, significant TA is planned for Barbados, Trinidad and Tobago and Guyana. Additionally, the Centre is seeking to scale up work on gender with a conference planned for later in the year. The Internship programme is well underway with 15 placements planned. Discussions are ongoing for the placement of an AML/CFT Adviser at CARTAC subject to additional resources.
- Regarding finances, Ms. Sweiss (ICD) noted that programme execution rate was 98 percent during Phase IV and 82 percent for the first four months of Phase V. Under Phase V, \$31.7 million in signed pledges have been received thus far compared with a target \$63 million. This implies a large financing gap, underscoring the need for timely payments to ensure smooth operations.



Comments and questions following the presentations focused on the funding gap. The large funding gap is partially because it is still in the very early in the new phase, funding cycles of the development partners are not necessarily synchronized, and work is still ongoing to secure additional funding partners. Furthermore, the Programme Document was formulated based on projected activities (not on pledged funding) with a plan to focus on fundraising within the first two years and scaling down in a more orderly fashion if required financing could not be secured during that time. The representatives for Canada reassured the meeting that government is committed to its funding for each the next five fiscal years, with funding already pre-approved. DFID indicated that CARTAC

remains a priority and further financing might be available under DFID’s next funding cycle. In addition, committed funds could be disbursed earlier should the center’s liquidity position come under stress. The European Union (EU) confirmed that its contribution has already been disbursed. The Caribbean Development Bank (CDB) also indicated that it is now in a position to make its pledge to CARTAC phase V.

Panel Discussion on the Work Program

During the recent crisis Guyana received support in their effort to maintain prudent fiscal management, debt sustainability, and low inflation. Key achievements were, strengthening macro-fiscal analysis, the use of TADAT and PEFA assessment tools, which set baselines to facilitate improvements over time. However, some challenges remain including weaknesses in the data from the private sector used to compile GDP and on the tax side, the need to institute pending revenue reforms. At the regional level, work on customs was directed towards shifting customs to a facilitator of trade rather than solely a revenue collector. In tax administration, regional initiatives include data analysis and cross matching framework as well as a data analytics programme that has been rolled out in several countries with the aim of creating standardized regional approaches. This has resulted in significant improvement in the tax collection mechanism especially in Jamaica. Important challenges include the absence of timely and accurate data.



At the regional level, capacity development in the real sector is geared to encourage countries to develop economic statistics strategies to ensure adequate source data for compiling national accounts. Nine countries have developed five-year plans over the last 12 months. Suriname has been an important beneficiary in this area, and they emphasized the need for transparency without compromising confidentiality. The main challenges to sustainability identified were insufficient budgetary support, and red tape that limit access to administrative data sources. The absence of high frequency measures of GDP, dissemination, and the need for greater ownership at the Ministerial level were other bottlenecks. Similar constraints were observed for External Sector Statistics. Accordingly, the aim is to focus on the most relevant issues in each country. Advisers are working with several countries to expand the data collection systems—particularly improvement of surveys, including approaching the most relevant companies to facilitate data provision; and assisting countries in applying relevant International Standards.

Regarding the financial sector, good progress has been made with the implementation of Basel II, but central banks need to be more proactive in building toolkits and macroeconomic stability frameworks. Accordingly, technical assistance has been provided to functional supervisors in each country. Still, coordination with central banks, financial market surveillance, and development of an interconnectedness map to assess regional contagion risks are lagging. Implementation of banking reforms could be stepped up, and more work is needed on the non-banking sector particularly on legislation for regulation. Limited resources in surveillance of non-bank sectors; capacity constraints, high turnover and more and continuous training are drawbacks. Market disclosure also needs to be improved—Guyana remains as one of the leaders in that area.

Capacity Building in the Credit Union Sector in the Caribbean

By Shelton Nicholls, IMF Monetary and Capital Markets, and Brian Langrin, CARTAC Financial Stability Adviser

Credit unions¹ are largely financial co-operatives that provide savings, credit and other financial services to their membership based on a “common bond².” In the Caribbean, Credit Unions play an important role in the financial intermediation process especially for a large underserved segment of the society. The figures published in the Regional Financial Stability Report (2015) issued by the Caribbean Centre for Money and Finance and the CARICOM Group of Central Bank Governors indicate that, at end-2014, there were just under 400 credit unions in the CARICOM region with an overall financial asset base of around 7 per cent of regional GDP³. Thus, credit unions are not insignificant players in the Caribbean financial landscape. The increased competition for financial business especially from banks and, in some cases mutual funds companies, have forced many credit unions with closed bonds (linked to either specific organizations, communities, or regions) to adopt more commercially-oriented financial strategies involving greater risk and to open their “bonds” to their wider national populations. These strategic moves by many credit unions in the Caribbean as they strive to remain competitive, necessitate a more focused approach to financial risk management, governance, and supervision.

A key lesson from the global financial crisis is that in addition to the traditional, micro-based supervision, regulators of non-bank financial institutions need to contribute directly to the regulatory surveillance process relating to overall (macro-based) systemic risk. Against this backdrop, the financial stability and financial sector supervision programs at CARTAC have been engaged in strengthening risk-based supervision and systemic risk assessment in the credit union sector region-wide. The Caribbean Association of Credit Union Supervisors (CACS) is the newest grouping of financial sector regulators to be formed in the region.⁴ On the basis of the support received from CARTAC, annual CACS workshops are conducted with a view to raising standards in risk-based supervision, operational risk assessments and risk based-capital adequacy in the credit union sector.

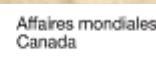
On the financial stability front, CARTAC is assisting several of the regulators in the region to develop a common set of financial health and stability indicators for the credit union sector, drawing from the PEARLS-based and CAMEL-based supervisory frameworks. Technical missions aimed at introducing stress-tests in credit unions (for the first time in the Caribbean) have been undertaken in Barbados, St. Vincent and the Grenadines and Dominica, and further missions are planned for other Eastern Caribbean Currency Union member countries in 2017 and 2018. Efforts are also underway to enhance financial crisis management frameworks in the credit union sector in Grenada and St. Vincent and the Grenadines.

¹ Several of these in the Caribbean that have closed bonds operate as not-for-profit financial co-operatives.

² This refers to the social connections among the members of a credit union (e.g. occupation, group or association, community or region to name a few).

³ In jurisdictions such as Barbados, Belize and the ECCU region, this asset base is upwards of 15% of the GDP of these respective territories.

⁴ The other annual regional regulatory group workshops jointly supported by the financial stability and financial sector supervision programs at CARTAC include CAIR (the Caribbean Association of Insurance Regulators), CAPS (the Caribbean Association of Pension Supervisors), CGSR (the Caribbean Group of Securities Regulators) and CGBS (the Caribbean Group of Banking Supervisors).



The XIII Annual Meeting of the Group of Latin American and the Caribbean Debt Management Specialist (LAC Debt Group)

By Antonino Inmiss, Chief Debt Strategy Analyst (ag), Ministry of Finance and Economic Affairs, Barbados and Vice President of the LAC Debt Group

The XIII Annual Meeting of the Group of Latin American and the Caribbean Debt Management Specialist (LAC Debt Group) was held April 3-6, 2017 in Buenos Aires, Argentina. The meeting was attended by 50 persons representing some 17 countries, including 4 Caribbean countries, and provided a platform for public debt managing specialists to examine a range of the evolving themes in debt management.

The format for the meeting centered on a series of presentations, some conceptual and others based on country experiences, which were then enriched with roundtable and wider discussion. Topics covered included: debt management strategies under the current world economic situation (implications of the current global financial market development on sovereign debt management in LAC); encouraging the participation of foreign investors in domestic markets; the role of the debt manager in contingent liability management related to public private partnerships (PPPs); methodologies for the management of contingent liabilities related to PPPs; strategies for defining the optimum composition of debt in terms of currency and maturity; available instruments for hedging risks; standardized and tailor made systems for information and analysis of public debt; and public debt management and communication with society.

Participants at the LAC Debt Group Meetings gain knowledge of the best practices in public debt management. The shared experiences promote awareness and growth. It is that shared experience and the desire for individual and collective countries to do better, that fuel the drive to improve the capacity of our debt practitioners.

So what are some of the main benefits of Barbados attending this particular meeting?

- The XIII LAC Debt Group meeting provided a discussion forum for a strong cadre of professionals who have perfectly paired significant technical experience and know how in a fast-paced changing environment. This resource proves invaluable year round as new issues arise.
- Enabled participants to gain better insight into tailoring and delivering communication strategies, for all stakeholders, investing and non-investing alike, on debt related matters. From Barbados' perspective, an area that can be explored is the possibility of creating a secure database with access for core stakeholders to obtain information.
- The knowledge gained at the meeting will complement previous training and will be actively taken on board to analyze PPP proposals, which have emerged as possible solutions to bridge the gap between limited fiscal space and expanded infrastructure needs. It is acknowledged that only by being aware of the risks and associated tradeoffs, that they can be understood, negotiated and properly accounted for.
- Increased awareness of the magnitude of the common challenges faced by Barbados and regional counterparts with regard to our debt management system, stimulating renewed impetus to advocate for improvements.

Overall, the meeting proved to be an invaluable experience. By interacting with the international community of public debt managers and increasing awareness of recent developments in public debt management, the knowledge gained will be shared among colleagues, improving their own skill set and building capacity in dealing with debt related matters for the economy as a whole.

Jamaica Tax Administration Study Tour

In April, CARTAC supported professional one-week attachments to Jamaica's Large Taxpayer Operation (LTO). Four persons from three countries (Antigua and Barbuda, Guyana and St. Vincent and the Grenadines) benefited from this attachment and some of their reports have been published on CARTAC's website. Some photos are shown below and please visit the [Technical Assistance](#) page to read more. ([Member Login Required](#))



Welcome to CARTAC's Newest Member Country - Curacao



CARTAC has officially welcomed Curacao as the 21st member country. The Programme Coordinator and staff look forward to serving the technical assistance needs of its newest member and having them represented and participating at the future Steering Committee meetings.

Workshop Calendar

August - October 2017

FINANCIAL SECTOR SUPERVISION

Caribbean Association of Credit Union Supervisors

Regional Workshop

September 4-6, 2017

Barbados

FINANCIAL STABILITY

Developing Financial Health and Stability Indicators for the Insurance Sectors in the ECCU

September 4-15, 2017

St. Kitts and Nevis

CUSTOMS AND EXTERNAL SECTOR STATISTICS

Seminar of Extracting Data from ASYCUDA World

September 11-15, 2017

Trinidad and Tobago

REAL SECTOR STATISTICS

Regional Training on National Accounts Statistics

October 2-13, 2017

St. Lucia



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CARTAC Mission Schedule

[CARTAC Mission Schedule \(August - October 2017\)](#)

Meeting of CARTAC Steering Committee November 10, 2017 Bridgetown, Barbados

CARTAC's 21 Member Countries

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

*“Supporting Economic Performance in the Caribbean by
Strengthening Capacity”*



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