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To: Members of the Executive Board

From: The Secretary

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***Unless an objection from the member authorities of the ECCU countries is received prior to the conclusion of the Board's consideration, the document will be published.**



EASTERN CARIBBEAN CURRENCY UNION

STAFF REPORT FOR THE 2021 DISCUSSION ON COMMON POLICIES OF MEMBER COUNTRIES—INFORMATIONAL ANNEX

March 29, 2021

Prepared By

Western Hemisphere Department
(In consultation with other departments)

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RELATIONS WITH THE FUND

(As of March 26, 2021)

1. **Membership Status:** Not Applicable
2. **Exchange Arrangement:** The Eastern Caribbean Currency Union (ECCU) comprises six Fund members: Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines; and two territories of the United Kingdom, Anguilla and Montserrat. The eight ECCU members have a common currency, monetary policy, and exchange system. The common currency, the Eastern Caribbean (EC) dollar, has been pegged to the U.S. dollar at the rate of EC\$2.70 per U.S. dollar since July 1976. The common central bank, the Eastern Caribbean Central Bank (ECCB), has operated like a quasi-currency board, maintaining foreign exchange backing of its currency and demand liabilities of close to 100 percent.
3. **Safeguards assessment.** An update of the safeguards assessment of the ECCB is underway. Under the Fund's safeguards policy, the ECCB is subject to a full safeguards assessment on a four-year cycle. The last safeguards assessment was conducted in 2016.

CARTAC: CAPACITY BUILDING IN THE ECCU¹

(As of March 26, 2021)

Highlights of CARTAC's technical assistance (TA) and training to the ECCU countries in the various core areas are provided below.

4. **Despite the pandemic, CARTAC has been able to deliver a substantial program of capacity building over the past 15 months.** As a result of the pandemic the IMF cancelled most travel and CD had to be delivered virtually. Although the technology functioned for the most part, scheduling meetings around lockdowns and uneven internet access initially caused significant problems and slowed down CD delivery. As civil servants and CARTAC staff got used to fully working online, delivery resumed to a high level from May 2020 onwards.

A. Tax Administration

5. **In the area of tax administration, VAT implementation in ECCU countries is largely complete.** The British Overseas Territory of *Anguilla* relaunched its efforts to implement a Goods and Services Tax (GST/VAT) in 2018 using a three phased approach. The first phase was the introduction of the Interim Goods Tax and Excise Tax on selected goods at the Customs that was implemented in October 2019. The second phase, which was intended to be a partial GST on the domestic supply of goods only, was scheduled for implementation in January 2021 with the full GST including tax on services to be implemented in 2023. To date, the authorities have decided to

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combine phases 2 and 3 and implement a full GST in 2022. Initial public awareness has started. CARTAC has provided technical assistance to Anguilla on strengthening organizational structure and governance arrangements aimed at determining the most appropriate structure and staffing levels in preparation for the implementation of the GST.

6. The tax program for ECCU member countries continues to focus on: (i) organizational restructuring to strengthen and establish a large taxpayer operation, (ii) strategic management frameworks (SMF); (iii) capacity building in core functions (taxpayer service, audit, collections enforcement, data analysis and risk management), (iv) building a robust program management (headquarters) function, (v) modernizing tax legislation, and (vi) strengthening IT systems. CARTAC continues to monitor the progress that the countries are making with respect to implementing recommendations associated with TA delivered in the areas listed above and to ensure that implementation targets for key recommendations are met. TA was delivered to *St. Lucia* in the core business area of audit, and *Grenada* and *St. Kitts and Nevis* on risk management.

7. There has been progress in implementing new or modernized legislation. *St. Vincent and the Grenadines* continued to pursue work on strengthening its legal framework with the implementation of a new Tax Administration Act. The authorities have pursued to deliver the training to their staff on the new legislation. Technical assistance was provided to *Montserrat* and *St. Lucia* on strengthening their legislative framework through the preparation of a Tax Administration Act. Work with both countries is continuing.

8. The standardized regional data analytics and cross-matching program is now fully institutionalized for audit and compliance in most countries. *St. Kitts and Nevis, Dominica, St. Lucia, and Grenada, St. Vincent and the Grenadines* have benefited from the program and are now utilizing data analytical skills in conducting their audits and compliance risk management programs. The data analytics program has proven very useful to the tax administrations in analyzing data to improve the development of core functional programs and decision-making process.

9. Progress has continued on implementing the standardized regional approach to risk-based compliance, despite the challenges due to insufficient data and limitations in the capacity of administrations to use and analyze internal and external data. *St. Kitts and Nevis, Dominica, St. Lucia, Grenada and St. Vincent and the Grenadines* benefited from TA to develop a risk-based compliance management framework. Work in this area continues as administrations become more competent in the use of available data to better inform the risk management process. Follow up work will be done in *Grenada* on developing a compliance improvement plan before the end of FY21.

10. Strengthening information technology systems for business delivery has been essential to support sustainable reforms and to ensure business continuity particularly in times of uncertainty. The tax administration information technology (IT) system used in the ECCU countries, continues to receive regional peer-to-peer support. Some countries, however, have started to upgrade their IT system and are all at different stages in the process. *St. Lucia* has received assistance to develop an RFP to acquire a new system. CARTAC will be facilitating a study tour for *Grenada* to be hosted by Jamaica to get an understanding of the Tax Authority of Jamaica's IT support, systems and processes used in identifying and implementing its new tax information system. *St. Kitts and Nevis* is at the stage of finalizing a contract with the supplier of a new system

while *Dominica* is still in discussions with their authorities to upgrade their system. *Anguilla* has already commenced the implementation of the new system with a few modules already in use within the Internal Revenue Department.

11. Tax Administration Diagnostic Assessment Tool (TADAT). *Dominica* benefitted from a TADAT assessment which provided the authorities with a baseline of the tax administration's performance that can be used to determine reform priorities. A post TADAT workshop helping to develop and implement a plan to address the areas for improvement will be conducted with the authorities before the end of April 2021. Other countries have expressed an interest in having a TADAT assessment conducted: *St. Lucia* (FY22), *Grenada* and *St. Kitts and Nevis* (FY23).

12. Most ECCU member countries participated and benefitted from regional workshops and seminars in FY2020/21. A total of six regional initiatives were held:

- *Effective Revenue Management.* CARTAC facilitated a program aimed at monitoring and analyzing revenue performance pre- and post-COVID. This program was aimed at strengthening the capacity of the tax administrations to be able to provide reliable advice to the Ministry of Finance for forecasting and decision making. Regular meetings were held with individual countries and a regional seminar was held where the analysis of the revenue figures was presented and discussed.
- *Strengthening Business Continuity Strategy—Disaster Preparedness.* Several meetings were held with tax administrations to discuss the general strategy that can be customized to each tax administration. A framework document was also developed and shared.
- *COVID-19 Board Room Virtual Discussions.* A total of four meetings were held with tax administration officials who shared with their counterparts the measures that were implemented by their various authorities that affected tax operations, some of which included, delayed filing and payment deadlines, temporary removal of VAT on some items. The structures put in place for officers to work from home and its benefits and challenges were also examined. The fora allowed exchange of ideas and support among tax administrations in navigating the period of uncertainty
- *Internal Audit.* This workshop was aimed at supporting countries in strengthening internal control, compliance with the law, maintaining and using SOPs for all functional areas.
- *International Survey on Revenue Administration (ISORA).* Maintaining the information necessary for input in the ISORA Survey.

B. Customs administration

13. Customs administration focused on strengthening risk management and managerial skills to help ensure (i) leadership, management, and governance; (ii) trade facilitation, and (iii) compliance. Regional initiatives included continued support to the Caribbean Community (CARICOM) in the harmonization of customs procedures. This was particularly critical during a period when imports and customs revenue collapsed because of the pandemic (Table 1).

Table 1. Caribbean: Impact of COVID-19 Lockdown on Imports and Customs Revenue, 2020
(Imports by value and all customs revenue from imports (in USD), unless otherwise indicated)

	March - July 2019		March - July 2020		Difference		Duties and Taxes	
	Imports (CIF Value)	Duties and Taxes	CIF Value	Duties and Taxes	CIF Value	Duties and Taxes	CIF Value (in percent)	Taxes (in percent)
Anguilla	74,898,574	14,544,096	52,490,994	10,003,380	-22,407,580	-4,540,716	-30	-31
Antigua and Barbuda	187,393,349	59,800,337	129,703,750	48,673,717	-57,689,599	-11,126,619	-31	-19
Aruba	430,416,031	71,621,200	293,077,402	43,238,777	-137,338,629	-28,382,423	-32	-40
Barbados	745,458,244	203,832,090	582,255,118	148,862,585	-163,203,127	-54,969,504	-22	-27
Belize	294,587,272	113,127,460	215,622,625	81,080,040	-78,964,647	-32,047,420	-27	-28
Bermuda	700,637,183	100,689,402	425,596,230	74,789,429	-275,040,953	-25,899,973	-39	-26
Cayman Islands	NA	89,115,000	NA	48,461,000	NA	-40,654,000	NA	-46
Curacao	447,539,403	62,766,164	378,730,565	66,010,891	-68,808,839	3,244,726	-15	5
Grenada	217,800,363	73,743,555	153,609,117	59,135,093	-64,191,246	-14,608,462	-29	-20
Guyana	NA	429,969,359	NA	330,372,886	NA	-99,596,474	NA	-23
Jamaica	2,656,644,013	601,547,498	1,814,719,705	474,735,064	-841,924,308	-126,812,434	-32	-21
St. Kitts and Nevis	60,057,436	13,714,091	37,963,855	10,651,863	-22,093,581	-3,062,228	-37	-22
St. Lucia	223,178,430	73,225,967	173,042,792	55,629,986	-50,135,639	-17,595,981	-22	-24
St. Vincent and the Grenadines	122,811,463	34,424,310	120,194,841	33,836,967	-2,616,622	-587,344	-2	-2
Total	6,161,421,761	1,942,120,529	4,377,006,992	1,485,481,678	-1,784,414,769	-456,638,851	-29	-24
Average							-27	-23

Sources: ECCU country authorities and CARTAC staff estimates.

14. TA in Risk Management. Risk Management is the cornerstone of an effective, modern customs administration. It enables customs, by gathering and analyzing information from a variety of sources, to make sound decisions about interventions in the cargo clearance process. TA has been provided to *Grenada, Dominica, St. Vincent and the Grenadines, and Anguilla*, and in each territory a framework has been prepared to identify, categorize, and prioritize risks and to propose treatment techniques to address those risks. This has been further developed in these administrations to identify, monitor, and facilitate traders' compliance.

15. Post clearance audit (PCA). TA, including advice, mentoring, and training on PCA, was delivered to *St. Vincent and the Grenadines and Dominica*. Approximately 35 officers received training, and because of this assistance, customs in these member countries acquired the capacity to initiate significant PCA programs, and to strengthen both compliance and trade facilitation. Together with risk management, PCA has been an area where CARTAC has provided significant TA since FY14 to *Antigua and Barbuda, Dominica, and St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines*.

16. Customs management of petroleum imports. TA has been provided to *St. Vincent and the Grenadines*. This is a significant source of revenue and CD has focused on making controls more effective so that accurate reporting is made by traders and the correct duties are paid. Further TA will be provided in this area on a regional basis.

17. Implementation of the Interim Goods Tax (IGT). TA has been provided to Anguilla to prepare for the implementation of the IGT. TA has been provided to prepare a detailed prioritized action plan for the customs aspects of the new tax. In collaboration with Tax Policy Division of the Fiscal Affairs Department, TA has been provided to help extract customs data to assist in revenue modelling of the new tax.

C. Public Financial Management

18. As countries responded to the pandemic, Public Financial Management (PFM) TA focused on addressing pandemic-related issues through regional webinars. The first webinar provided advice to cash management units on functioning with limited revenue reaching treasuries. The second webinar addressed PFM functionality during the pandemic. It drew on FAD work and lessons learned from CARTAC's PFM Hurricane Review study where countries that had experienced the hurricanes of 2017 used their hurricane committee structures and system solutions to assist them through the pandemic. The third webinar addressed how to include pandemic spending into the upcoming budgets. The fourth webinar focused on specific challenges for health budgets due to the pandemic.

19. Since November 2020, CARTAC has undertaken a series of workshops to support Internal Audit functions across the region. These workshops have focused on the specific challenges of auditing pandemic-related expenditures and other disaster relief spending, given the need to respond to such crises urgently. To accommodate the challenges of on-line learning, the workshops have been conducted over several half-days rather than full day workshops that are usually arranged for in-person events. Over 50 people have attended each of the workshops, with representatives from all the ECCU countries. A series of five additional workshops are planned for 2021.

20. Following a request from St. Vincent and the Grenadines, TA was provided on Operationalizing the Fiscal Responsibility Framework. The mission report included recommendations on further enhancing the fiscal responsibility framework, the annual budget preparation process, and the medium term economic and fiscal outlook statement as well as improving transparency and accountability.

21. Implementing a modern and consistent PFM legal framework across the Caribbean including ECCU countries has remained a key focus. The impact of Covid-19 has highlighted further concerns around rules, emergency processes and recording transactions during a pandemic.

22. Despite the pandemic, budget preparation reforms have been sustained and countries have continued to improve their processes. Support has been provided to the strategic budget reform methodology, with focus on the Medium-Term Expenditure Framework (MTEF) process, strategic plans, development of Key Performance Indicators (KPIs) and reporting.

23. CARTAC concluded a Public Expenditure and Financial Accountability (PEFA) Assessment in Anguilla before the pandemic and is now planning a follow-up virtual mission focusing on a PEFA Action Plan to support improvement.

D. Financial Stability

24. TA in the area of financial stability comprises: (i) stress-testing various aspects of the financial system; (ii) preparing financial soundness indicators (FSIs) for deposit-taking institutions and financial stability and health indicators (FSHIs) for the nondeposit taking segments of the financial sector; (iii) developing macro-prudential and systemic risk indicators (MPIs and SRIs respectively) to bolster overall financial sector risk management and, (iv) assisting the ECCB in

preparing the financial stability report for the ECCU member territories.

25. Following the outbreak of the COVID-19 pandemic, CARTAC helped ECCU countries to identify its financial stability implications. In June 2020, ECCU members (and other countries from the region) participated in a workshop on COVID-19 stress testing for the insurance sector. The workshop assisted insurance sector supervisors to develop and implement pandemic stress scenarios and assess the potential impact on the sector. It also advised on how to develop an action plan for implementation as part of the supervisory (top-down) stress testing, as well as how to communicate with insurers on risks related to the pandemic.

E. Financial Sector Supervision

26. In financial sector supervision, CARTAC has continued to work closely with the ECCB on the implementation of the Basel II/III capital framework. In June 2020, CARTAC reviewed and provided feedback on the ECCB's Revised Draft Guideline on "Definition of Capital and Capital Calculations under Pillar 1" and developed draft versions of the capital adequacy reporting templates. Walk-through exercises on completing the templates were conducted, and a similar exercise is planned for April 2021. Following the June 2020 mission, CARTAC provided ongoing assistance to the ECCB to support activities relating to Pillar 1 implementation. The ECCB has made appreciable progress with the implementation of Basel II/III (Pillar 1) including addressing related recommendations from the last TA mission. The ECCB has commenced conducting quantitative impact study (QIS) of Pillar 1 implementation across a sample of institutions before the full QIS scheduled from April 5 to May 14, 2021. Implementation of Pillar 1, assuming no further revision to their implementation timetable, is possible by April 2022. It is highly unlikely that Pillars 2 and 3 will be implemented before April 2024. The ECCB is also contemplating implementing other elements of the capital adequacy framework such as the capital conservation buffer, leverage ratio, and the liquidity coverage ratio (LCR). A follow-up Basel II/III implementation mission will be conducted in late April 2021.

27. During the last two years, CARTAC provided follow-up TA on risk-based supervision (RBS) to non-bank supervisors in the ECCU at a regional workshop in July 2019 and bilaterally in 2019 and 2020. The level of progress in the implementation of RBS varies across member territories of the union. Two of the eight territories exhibited strong commitment to transition to RBS. Follow-up TA on RBS provided to non-bank supervisors in *St Lucia*, and *St. Vincent and the Grenadines* in 2020 focused on key success factors for RBS implementation, providing feedback on risk-based assessments of credit unions and insurance companies, and developing two-year action plans to achieve targeted milestones linked to key RBS outcomes. A similar TA mission in terms of scope is planned for *Grenada* in mid-March 2021. Follow up TA on RBS is planned for these members by end-April 2022 subject to evidence of progress in meeting agreed milestones and in the practical application of RBS. *St Lucia*, *Anguilla*, and *Antigua and Barbuda* have expressed interest in receiving technical assistance on the implementation of a risk-based solvency regime for insurance companies.

28. In the fall of 2020, CARTAC conducted a capacity building workshop for the benefit of staff and Commissioners of the Eastern Caribbean Securities Regulatory Commission (ECSRC). The training covered the basics of securities market supervisory oversight with emphasis on on-site supervision, key aspects of securities regulation in the context of applicable international standards

(such as those published by the International Organization of Securities Commissions-IOSCO; and the OECD Principles for Corporate Governance).

29. In February 2021, members of staff from the *Anguilla* Financial Services Commission (A-FSC) participated in a CARTAC sponsored virtual 2-week workshop on the regulation and supervision of credit unions. There are 2 credit unions in Anguilla, one of which is dormant. The need to potentially license and supervise credit unions spurred the request from the authorities for TA due to increased interest by community members to establish credit unions. As a result of the training provided, the A-FSC will revise its draft Cooperative Societies Act to clarify sections related to required capital in credit unions.

30. In late 2020, CARTAC responded to the Financial Services Commission of *Montserrat* (FSC) request for technical assistance to review the organizational structure of the FSC. Recommendations to implement a revised structure, including staffing to facilitate preparation of budget estimates for FY 22 and for the FSC to effectively fulfill its legislative mandate were provided.

31. In 2020, at the request of the *St. Vincent and Grenadines* Financial Services Authority (FSA), the IMF Monetary and Capital Markets Department (MCM) reviewed legislative amendments to the governing legislation of the FSA in resolution. The request was a follow-up on the December 2017 CARTAC mission related to legal regime to incorporate recovery and resolution powers. Feedback and advice provided were in line with international best practices with the objective of strengthening the regulatory powers of the Authority to introduce the legal framework for effective resolution of credit unions and building societies.

32. Both insurance and bank supervisors from the member territories and the ECCB, respectively, participated in several regional workshops and webinars hosted by CARTAC, and jointly with IMF-HQ during the last two years. In FY21, representatives from the insurance supervisory agencies in each member territory participated in regional workshops on stress testing and building resilience against climate risk. The workshop on insurance stress testing followed up previous TA by incorporating stress scenarios reflecting the simultaneous impact of shocks from the pandemic and natural catastrophe (e.g., hurricane). The workshop on climate risk was designed to enhance supervisory capacity to conduct climate risk assessments and response capabilities for dealing with climate-related and other environmental risks to improve resilience. In March 2021, insurance supervisors from each member territory also participated in a CARTAC sponsored workshop on supervisory review of the actuarial liabilities of life insurance companies. The IMF-CARTAC remote round-table discussions/webinars were conducted from May to July 2020 and addressed topics such as “Cybersecurity of Remote Work During the Pandemic” and “Regulatory and Supervisory Response to Deal with Coronavirus Impact”. The webinars were well attended by both banking and insurance supervisors from the ECCU.

F. Real and External Sector Statistics

33. During the period December 2019–February 2021, the CARTAC program on economic and financial statistics concentrated on improving external sector, national accounts, and price statistics in the ECCU countries. CARTAC also continues to coordinate its activities with other TA providers in the region, including the Project for the Regional Advancement of Statistics in the Caribbean (PRASC) being delivered by Statistics Canada on improving data sources and compiling

national accounts and price statistics and the assistance provided by the ECCB in reviewing the annual national accounts of the ECCU member states.

34. Of note in the period, good progress was made by Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines in expanding the range and improving the quality of their annual national accounts, including developing supply and use tables (SUT). In Grenada a five-year action plan to improve and expand the national accounts was agreed, and a mission in February 2020 assessed the input data for the planned SUT, including establishing the industry and product dimensions and recommending ways to address data gaps. In St. Kitts and Nevis, a mission in April 2019 helped assess the input data for their SUT in terms of classification, coverage, time of recording, and valuation. Recommendations for expanding and improving the data to address the remaining gaps was also provided, and the compilation of the SUT industry and product balances commenced. Missions to St. Lucia in February 2019 and January 2020 also supported the development of an SUT for 2016 and the subsequent rebasing of GDP to 2016 prices, including back casting the series to 2000. Significant improvements were also made to the conceptual basis and coverage of the estimates, and quarterly estimates were updated in line with the 2016 benchmark. In St. Vincent and the Grenadines in February 2021, CARTAC, in close partnership with PRASC, helped finalize an SUT for 2018. This will be used as the basis for rebasing the estimates of GDP in March 2021.

35. Progress is also being made by countries to improve price statistics. Notably, in Grenada in April 2020 when assistance was provided to build institutional capacity, improve the CPI compilation methodology, review the 2018/19 Household Budget Survey (HBS) household consumption expenditure data, and update the CPI expenditure weights.

36. While there were no regional training workshops during 2020, CARTAC has introduced some short learning modules related to national account themes. The first of these was held in February 2021 and was attended by staff from the statistical office of Anguilla, Antigua and Barbuda, Dominica, Montserrat, St. Kitts and Nevis, and St. Lucia, as well as by representatives from the ECCB. A further nine sessions are planned in the coming period.

37. Supported by CARTAC, since 2017 the ECCB and ECCU's NSOs have jointly been disseminating enhanced annual balance of payments and international investment position (IIP) statistics for each ECCU member country and the ECCU region following the BPM6 guidelines. Data for 2014 onwards are available on the ECCB's website and re-disseminated in the IMF's *Balance of Payments Statistics Yearbook (BOPSY)* and *International Financial Statistics (IFS)*. CARTAC has continued assisting ECCU member countries in strengthening the compilation framework of the ESS and dissemination of statistics mainly through enhancing the coverage, methodology, and the quality of prioritized balance of payments components with the incorporation of a wider variety of data sources to supplement business surveys. NSOs of most of ECCU member countries have access to relevant tax information available at the country's inland revenue department. Supported by CARTAC, increased number of NSOs and/or the tourism authorities conduct sound visitor expenditure surveys (VES).² Furthermore, recent CARTAC TA is

² Antigua and Barbuda, Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines conduct face-to-face VES at airports (stayover visitors) and seaports (cruise visitors) on an ongoing basis and results are incorporated in their

(continued)

assisting in addressing compilation issues—some of them have been aggravated by the COVID-19 pandemic—preventing a more timely dissemination of balance of payments and IIP data and in developing suitable back-casting techniques to address significant breaks in the balance of payments for years prior 2014. In coordination with the debt management offices of the ministries of finances, the ECCB has also posted aggregated data on outstanding central government and public sector external debt on its website. CARTAC is also supporting the ECCB and the NSOs to compile public and private external debt in line with international standards.

G. Macroeconomic Forecasting and Analysis

38. CARTAC has continued to provide technical assistance to ECCU countries in macroeconomic and macro-fiscal forecasting and analysis. As in other sectors, the COVID-19 pandemic presented a significant disruption to the workplan, but support was nevertheless provided to *Anguilla* and *St. Kitts and Nevis*. The engagement with Anguilla’s Ministry of Finance (Fall 2020) focused on refining the medium-term macroeconomic and fiscal projections in the face of a sharp decline in tourism, and tremendous uncertainty regarding the likely path for recovery. As in previous years, the role of CARTAC in this process was primarily to review the assumptions underpinning the forecasts and provide feedback on areas for refinement—the British Government appreciates CARTAC involvement in Anguilla’s projection process, in the context of its approval of Anguilla’s annual budget. Technical assistance to St. Kitts and Nevis (June 2020) focused on refining the medium-term macro-fiscal framework and was conducted with the Ministry of Finance and participants from the ECCB.

39. A series of virtual seminars was initiated in December 2020, featuring participation by authorities in ECCU countries as well as those elsewhere in the Caribbean region. Topics included forecasting tourism arrivals (December 2020), the role that COVID testing can play in fostering economic recovery and reducing inequality (February 2021), and the impact of climate change on disaster-prone countries (forthcoming in March 2021).

H. Debt Management

40. The debt management capacity-building program at CARTAC commenced in October 2020. A new initiative funded by the Canadian government, the program is supporting Caribbean countries, including the member states of the ECCU, in achieving the strategic objectives of (i) raising financing and managing the public debt at low cost subject to a prudent level of risk; (ii) increasing financing choices for the government in domestic, regional, and international capital markets, including through climate-resilient debt instruments; and (iii) enhancing the capacity of the government to manage public debt by having in place effective debt recording, reporting, and monitoring practices. A demand-driven work plan is being developed in collaboration with country authorities, while having regard to priorities identified by IMF staff. A key challenge in ECCU countries lies in the implementation of a realistic debt management strategy. Nearly every ECCU country already develops a strategy, but it does not in practice always consistently guide individual

balance of payments. However, VES are currently suspended. The COVID-19 pandemic has severely affected the free cross-border movement of international travelers, in particular inbound tourists. It is noteworthy that tourism expenditure compiled in travel services exports was largely underestimated in the former balance of payments statistics of most ECCU member countries, given the lack of up-to-date indicators from VESs.

borrowing decisions. An immediate requirement, due to the global pandemic, is to raise higher-than-usual volumes of financing but in a manner that does not exacerbate refinancing risk in the near term. Better coordination of debt management operations and management of the government's cash balance is needed in many countries. Nearly all countries could do more to improve the transparency of debt policy, debt operations, and the composition of the debt portfolio, for the sake of governance and accountability to national stakeholders and international partners. There lies significant scope for reforms to the ECCU regional government securities market, which will aid in reducing cost and risk and provide greater assurance of the availability of financing to the government. The capacity-building program at CARTAC will address those priorities through a combination of technical assistance missions, regional training workshops, and periodic seminars, with several activities going forward from March 2021.