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To: Members of the Executive Board

From: The Secretary

Subject: **Eastern Caribbean Currency Union—Staff Report for the 2022 Article IV Consultation with Member Countries on Common Policies of the Eastern Caribbean Currency Union—Informational Annex**

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***At the time of circulation of this paper to the Board, the authorities have indicated that they need more time to consider whether they will consent to the Fund's publication of this paper. Publication will only proceed upon the receipt by the Fund of the member country authorities' explicit consent.**



EASTERN CARIBBEAN CURRENCY UNION

July 7, 2022

STAFF REPORT FOR THE 2022 ARTICLE IV CONSULTATION
WITH MEMBER COUNTRIES ON COMMON POLICIES OF
THE EASTERN CARIBBEAN CURRENCY UNION—
INFORMATIONAL ANNEX

Prepared By

Western Hemisphere Department
(In consultation with other departments)

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RELATIONS WITH THE FUND

(As of July 7, 2022)

- 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 assessment of the ECCB, finalized in August 2021, found strong external audit and financial reporting practices that continue to be aligned with international standards, and further improvements in the capacity of the internal audit function. Legal reforms were recommended to further strengthen operational autonomy of the ECCB and align its Agreement Act with leading practices. The issuance of DCash introduces new risks that require additional controls and oversight, including strengthening the related project governance framework.

CARTAC: CAPACITY BUILDING IN THE ECCU¹

(As of June 21, 2022)

Highlights of Caribbean Regional Technical Assistance Center (CARTAC) technical assistance (TA) and training to the ECCU countries in the various core areas are provided below.

4. CARTAC delivered a substantial work program over the past 18 months. As CARTAC and its member countries adapted to a virtual working environment, TA demand picked up across all work programs leading to an increase in capacity development (CD) delivery compared to the previous period. With some semblance of normalcy returning, CARTAC was also able to carry out a few in-person TA missions at the end of FY22.

A. Tax Administration

5. VAT implementation in ECCU countries continues. The British Overseas Territory of *Anguilla* is implementing a Goods and Services Tax (GST) which will come into force on July 1, 2022. CARTAC recently assisted the *Anguilla's* Ministry of Finance to determine the most appropriate organizational structure for the Inland Revenue Department (IRD) to implement and administer the GST. CARTAC also provided support determining transitional rules and policies and good practice from other CARTAC member countries implementing GST. In close cooperation with the IRD, CARTAC organized a joint CD activity with the Fiscal Affairs and Legal Departments. The delivery modality was tailored to the needs of the IRD as the timing of the CD was flexible and periodic and allowed the IRD to reach out and request advice and support from the experts when needed.

6. The tax administration program for ECCU member countries focuses on: (i) CD in core functions (taxpayer service and education, audit, compliance with filing and payment obligations, dispute resolution, and data analysis); (ii) CD in management and governance arrangements (compliance and institutional risk management, organizational management including strengthening large taxpayers operations, ICT and data management, human resource management and strengthening legal framework); and (iii) analytical work to support tax reforms (TADAT diagnostic assessment, Post-TADAT Implementation Plans and Tax Gap analysis). CD was delivered to: *Anguilla* to support implementation of GST; *Antigua and Barbuda* in the area of audit, human resource management and compliance risk management (CRM); *Dominica* in arrears management and developing a Post-TADAT Action Plan; *Grenada* in CRM; *St. Lucia* in dispute resolution and TADAT training and assessment; *Montserrat* in audit and developing a framework to strengthen the integrity of information and data capture; *St. Kitts and Nevis* in the area of performance management; and *St. Vincent and the Grenadines* on developing a client relations management program for large and medium taxpayers.

¹ Prepared by Azziza Trotter, Pauline Peters, Frode Lindseth, Stephen Mendes, Colin Owen, Martin Bowen, Marianna Endresz, Ralph Lewars, Robin Youll, Consuelo Soto-Crovetto, Patrick Blaggrave, and Gregory Horman (all CARTAC).

7. CARTAC monitors progress through the IMF's Results-Based Management (RBM) framework.

CARTAC continues to monitor progress with respect to implementing recommendations associated with CD and to ensure that implementation targets for key recommendations are met. However, staff shortage and turnover negatively impact sustainability and continuity in the implementation of recommendations. Challenges due to insufficient data and limitations in the capacity to use and analyze internal and external data still exist. *Antigua and Barbuda* and *Grenada* benefited from CD to develop a risk-based compliance management framework in FY22. Work in this area will continue.

8. Supporting effective ICT systems. As several CARTAC members, including ECCU countries, are in the process of implementing new ICT systems, CARTAC hosted a regional seminar to provide awareness on best practices for tax-related ICT modernization projects. A panel of project managers from CARTAC member countries shared lessons learned about implementing a modernization project, and experts from the IMF presented best practices for digitalization, risk management and how tax administrations can benefit from emerging technologies. CARTAC also facilitated a four-day virtual study tour for the *Grenada* Inland Revenue Department (IRD) to learn from the Tax Administration of Jamaica. A virtual meeting with e-Gov Jamaica Limited was also included to provide an overview on how they function and support the operations of Tax Administration Jamaica (TAJ) and other governmental agencies.

9. Tax Administration Diagnostic Assessment Tool (TADAT). The coverage of TADAT diagnostics in ECCU countries continue to increase. *St. Lucia* received a five-day TADAT training for staff from the Inland Revenue Division (IRD), Ministry of Finance and *St. Lucia* Internal Audit. The training covered the TADAT framework in detail and served as a preparation for a TADAT assessment that took place in October 2021. A Post-TADAT Implementation Plan mission is planned for FY23 to develop a plan to address areas identified for improvement. Other ECCU countries have expressed an interest in having a TADAT assessment and/or training conducted: *St. Kitts and Nevis* and *Grenada* (FY24).

10. ECCU member countries participated and benefitted from regional workshops and seminars in FY22:

- *Joint Seminar on Exchange of Information between Tax and Customs Administrations.* Exchange of information and operational collaboration between Tax and Customs on income tax, VAT/GST has significant mutual benefits optimizing revenue collection and managing compliance. As a response to a request from the Heads of the Tax and Customs Administrations to promote information exchange and cooperation, CARTAC arranged a joint Tax and Customs virtual seminar on exchange of information. The capacity of some customs and tax administrations to take advantage of systematic exchange of information is more developed and these are more able to use this to improve compliance management. CARTAC will follow up with ECCU members to discuss tailored CD in the area.
- *Enhancing Leadership and Management Development.* Representatives from several ECCU countries participated in a Leadership and Management Development (LMD) webinar designed

to address the leadership development needs of tax administrations to support tax reform initiatives. The program was delivered using presentations, case study scenarios, and group exercises designed to identify and test learning and understanding of a range of subjects. Participants were encouraged to report back to their revenue authorities and departments to discuss the need for further country-specific LMD events.

- *International Survey on Revenue Administration (ISORA)*. CARTAC continues to support ECCU countries maintaining ISORA data to support evaluation of their administrations' performance.

B. Customs administration

11. Customs Administration focused on strengthening risk management and managerial skills to help ensure (i) leadership, management, and governance; (ii) trade facilitation; and (iii) securing revenue. Regional initiatives included facilitating an initiative to develop cooperation and information between tax and customs.

12. Strengthening performance management. Helping customs administrations in *Anguilla, Antigua and Barbuda, Dominica, Grenada, St. Lucia, and St. Vincent and the Grenadines* to collect, analyze and make use of data to strengthen the management and risk management functions. The aim is to help make customs more focused and purposeful towards achieving departmental priorities and government policy objectives. This will enable customs administrations to demonstrate, in measurable, tangible ways, progress made and so be more rigorous in managing performance and demonstrating what is being done to improve or maintain performance.

13. Strengthening the legal framework. TA was provided to *Anguilla and St. Vincent and the Grenadines* to undertake a gap analysis to identify where the current law was not in harmony with the CARICOM model legislation for customs, the provisions of the WTO TFA and other regional initiatives, and to help prepare a new legal framework for both administrations.

14. 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.

C. Public Financial Management

Technical Assistance

15. Budget Process Reform. Missions on strengthening budget planning and preparation were undertaken in *Montserrat and St. Lucia*. The missions included (i) a desk review of current practices and recommendations for further strengthening medium-term budgeting and performance planning and reporting practices; and (ii) training and capacity building of the staff of the Ministry of Finance and service delivery ministries based on the recommendations of the desk review.

16. Treasury Operations. Reviews and recommendations for improving treasury operations and business practices were conducted in *Dominica* and *St. Lucia*. For both countries comprehensive reform ‘road maps’ were prepared. The Government of *Montserrat* also reached out for support in moving towards Accruals Accounting and development of a new Chart of Accounts, both pieces of work are now completed, and further support will be provided later in the year to take forward the recommendations. Two missions were undertaken in *St. Vincent and the Grenadines* on improving bank reconciliation and cash basis IPSAS. The former was completed in May 2022 and the latter is expected to be finalized in July.

17. Internal Audit. A TA mission supported the *Anguilla* Ministry of Finance (MOF) officials in preparing a Public Financial Management (PFM) Reform Action Plan. Support is being provided to Internal Audit to address the recommendation from the 2018 Internal Quality Assessment Action Plan. Training was also provided to *Anguilla* on Auditing Disasters and Pandemics. The training was designed to achieve general conformance with the IIA internal audit standards for planning, conducting, and reporting an audit. It covered audit tools, techniques, and best practices in auditing disasters and pandemics. Following separate remote missions, recommendations were prepared for establishing centralized internal audit functions in *Dominica* and *St. Lucia*. Training was provided to the *Montserrat* Internal Audit teams on writing audit reports and interaction with audit committees.

18. Fiscal Responsibility. A remote mission was undertaken to *St. Vincent and the Grenadines* to provide further technical advice and guidance on a Review of the Operationalization of the Fiscal Responsibility Framework. A separate mission was undertaken on Strengthening the Oversight of State-Owned Enterprises (SOEs).

19. PIMA and C-PIMA. A Public Investment Management Assessment (PIMA) including the climate module (CPIMA) was undertaken with the *Anguillan* authorities. A report was presented to authorities setting out findings and recommendations for strengthening the processes for assessing and allocating resources for major public investment projects.

20. Post-Hurricane PFM Review Follow-Up. A follow-up review of the *Dominica* post-hurricane PFM preparedness review was undertaken. The mission reviewed progress of the recommendations since the initial post-hurricane review and set out further recommendations for the future.

Regional Workshops

21. Budget planning and preparation. CARTAC delivered a series of three regional workshops each over three half-days on budget planning and preparation on the following topics (i) Strengthening budget preparation using medium term budget estimates; (ii) Budgeting for results: Prioritizing budget spending through performance planning and reporting; and (iii) Program monitoring and evaluation.

22. Treasury operations. A series of regional workshops on treasury operations covered the following topics and attracted a lot of interest from treasury officials in the region.

- i. Cash management and cash-flow forecasting
- ii. Internal controls for payroll and non-salary expenditure
- iii. Improving use of electronic payments
- iv. Financial reporting – in-year reports and annual financial statements
- v. Challenges in transitioning from cash to accrual accounting

23. Internal Audit. A series of workshops to support Internal Audit (IA) functions across the region was undertaken. These workshops continued to focus on the specific challenges of auditing pandemic-related expenditures and were developed specifically to needs of the IA departments across the region. To accommodate the challenges of online learning, the workshops have been conducted over three half-days rather than full-day workshops that are usually arranged for in-person events. Average attendance at the events increased to over 60 people per workshop, with representatives from all the ECCU countries. Further workshops are planned for 2022 to continue with this successful online training with a planned in-person conference in the fourth quarter.

24. Regional Gender Budgeting Workshop. A three-half day gender budgeting workshop was conducted in February 2022. The theme of the workshop was Improving Service Delivery Outcomes Through Gender Responsive Budgeting (GRB). The workshop covered international practices on how GRB has improved the effectiveness of, and equitable access, to, government programs and services particularly in the health and education sector. The workshop included discussions, and engaged with participants through interactive workshop exercises, on how lessons learned from these experiences can be applied in Caribbean countries, as well as identifying possible initiatives. Average attendance at all the above events was excellent with representatives from all the ECCU countries attending most of the workshops. Further workshops are planned for 2022 to continue with this successful online training format.

D. Financial Sector Supervision

25. In financial sector supervision, CARTAC continued to work closely with the ECCB on the implementation of the Basel II/III capital framework. The ECCB has made appreciable progress with the implementation of Basel II/III (Pillar 1) including addressing TA mission recommendations.

- 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. Following the June 2020 mission, CARTAC provided ongoing assistance to the ECCB to support activities relating to Pillar 1 implementation.
- In February 2022, CARTAC provided follow-up TA on conducting Review (Supervisory Review Process – SRP) of bank's Internal Capital Adequacy Assessment Process (ICAAP) and commenced TA on the implementation of the Liquidity Coverage Ratio (LCR) under the Basel II/III framework. CARTAC also reviewed and provided feedback on the findings from the Quantitative Impact Study (QIS) on Pillar 1 conducted by the ECCB, and draft versions of guidelines on the ICAAP and Market Risk prepared by the staff of the Bank Supervision Department (BSD). The results of

the QIS conducted to assess the impact of the Basel II/III Pillar 1 capital charge revealed inconsistencies in the data reported with respect to the calculation of minimum capital requirements for market risk especially at some of the larger banks.² The ECCB has been advised to seek clarification on the market risk exposures being reported at these institutions.

- The importance of finalizing the Pillar 1 reporting templates as soon as possible to meet the scheduled September 2022 date for effective implementation was emphasized during the mission conducted in February 2022. The ECCB has requested follow-up CD assistance to review and provide feedback on the draft versions of several risk management guidelines in FY23.

26. CARTAC provided follow-up bilateral CD missions on the implementation of risk-based supervision (RBS) to non-bank supervisors in Grenada, St. Lucia, and St. Vincent and the Grenadines. These bilateral missions were conducted during FY20 to FY22 following the regional workshop on RBS implementation for non-bank supervisors from the member territories of the ECCU in July 2019. The non-bank supervisory agencies or the Single Regulatory Units (SRU) in all three countries have made progress on the implementation of RBS. Further CD assistance will be needed to fully implement RBS operational processes and procedures and achieve agreed milestones. The SRUs in the other member territories of the ECCU have not expressed interest for follow-up TA on the implementation of RBS during last three fiscal years. The bilateral workshop on insurance supervision and conducting on-site reviews at the *Anguilla* Financial Services Commission in April 2022 included a risk-based supervisory focus.

27. St. Lucia and Antigua and Barbuda have expressed interest in receiving TA on the implementation of a risk-based solvency regime for insurance companies. The timing and delivery of TA on the development of a risk-based solvency regime for insurance companies in the ECCU is dependent on the enactment of the harmonized legislation for insurance across the ECCU.

28. The regulatory and supervisory capacity of the Eastern Caribbean Securities Regulatory Commission (ECSRC) continues to improve with TA. In FY20–21, CARTAC reviewed and updated the Securities Bill and Investment Funds Bill to align with international standards. The former has been enacted in five of the eight ECCU member countries, while the latter has been enacted in four territories. In late 2020, CARTAC provided training on understanding the risks of the industry for purposes of conducting adequate supervision. In 2022, follow-up assistance was provided on finalizing the regulations for both the Securities Bill and Investment Funds Bill. Following revisions to the suite of legislation to govern activities in the Eastern Caribbean Securities Market (ECSM), the ECSRC's application for Associate Membership in the International Organization of Securities Commissions (IOSCO) was successful and the commission became an Associate Member in February 2022.

² The mission advised the ECCB to exercise caution in drawing conclusions from the QIS results at these institutions prior to ascertaining the reasons for the inconsistent Pillar 1 capital allocation reported for market risk.

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 two 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 TA to review the organizational structure of the FSC. Recommendations to implement a revised structure were provided, including staffing to facilitate preparation of budget estimates for FY22 to enable the FSC to effectively fulfill its legislative mandate.

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 the 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 FSA to introduce the legal framework for effective resolution of credit unions and building societies.

32. The legal framework for the supervision and regulation of International Banks in Nevis was reviewed in FY22. The review was undertaken by the IMF's Legal Department (Financial and Fiscal Law Unit). The TA mission also drafted legislative amendments to the International Banking Ordinance 2014 (NIBO).

33. Both insurance and bank supervisors from the member territories participated in several regional workshops and webinars hosted by CARTAC, and jointly with IMF-HQ.

- 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 built on previous workshops and incorporated stress scenarios to reflect the 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 participated in the CARTAC regional workshop on supervisory review of the actuarial liabilities of life insurance companies. The IMF-CARTAC remote roundtable discussions/webinars on "Cybersecurity of Remote Work During the Pandemic" and "Regulatory and Supervisory Response to Deal with Coronavirus Impact" conducted in 2020 were well attended by both banking and insurance supervisors from the ECCU.
- In FY22, banking supervisors from the ECCB participated in the IMF-CARTAC regional workshop on supervisory review of cyber risk management practices at banking institutions, and webinar

on “Unwinding COVID-19 Policy Interventions for Banking Systems”. The insurance supervisors from all member territories also participated in a 7-week workshop on IFRS 17 implementation from February to April 2022.

- Both banking and non-bank supervisors participated in the IMF-CARTAC webinar on “Climate Risk” in October 2021. The webinar on climate risk was designed to raise awareness of the Network for Greening the Financial System (NGFS) Guide for Supervisors, physical risk threats to the financial sector across the region, and elicit feedback from banking and insurance supervisors in the region on future CD needs in the area of climate risk supervision.

E. Real and External Sector Statistics

34. During the period December 2019–April 2022, the CARTAC program on economic and financial statistics concentrated on improving external sector, national accounts, and price statistics in the ECCU countries. CARTAC also continued 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.

35. Of note in the period, good progress was made by Anguilla, Grenada, Montserrat, 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). Rebased or re-referenced estimates of GDP to 2018 prices was supported in *Anguilla, Grenada, Montserrat, St. Kitts and Nevis, and St. Vincent and the Grenadines*. 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 backcasting 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*, CARTAC, in close partnership with PRASC, helped finalize SUTs for 2018, which were used as the basis to rebase the estimates of GDP. A similar development of SUT in *Grenada* in early 2022 will also provide the basis for publication of rebased estimates there later in 2022.

36. Progress is also being made by countries to improve price statistics. Notably, in *Grenada* and *St. Kitts and Nevis* where assistance was provided to build institutional capacity, improve the Consumer Price Index compilation methodology, and update the expenditure weights. In addition, in 2021, CARTAC supported the initiation of a program of work to develop a Producer Price Index for services in *Antigua and Barbuda*.

37. While there were no regional training workshops during 2020–21, CARTAC has introduced some short learning modules related to national account themes. The topics for these seminars were identified following discussion with the heads of economic statistics in each member country, based on their anticipated needs. Six have been held to date, including an introduction to measuring GDP for new members of staff, a workshop for senior national accounts

staff to improve their analytical skills, and a four-day review of the use of administrative data sources in the compilation of national accounts. Representatives from all ECCU countries have attended these events, as well as staff from the ECCB, who attended as guests.

38. 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 improving the timeliness of data and 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).³ Furthermore, recent CARTAC TA is 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 backcasting techniques to address significant breaks in the balance of payments for years prior to 2014. Further, CARTAC is also assisting on the production of flash balance of payments indicators in advance to the release of preliminary figures. 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 will continue supporting the ECCB and the NSOs medium-term work program which includes the compilation and dissemination of quarterly balance of payments and IIP, addressing pending tasks regarding merchandise trade statistics, the Coordinated Direct Investment Survey, and the compilation of public and private external debt in line with international standards.

F. Macroeconomic Forecasting and Analysis

39. The primary focus of CARTAC's engagement on macroeconomics within the ECCU region was on tools to analyze debt dynamics. A hands-on workshop with participants from 7–8 ECCU member countries was held in February 2022, during which customized versions of the IMF Institute for Capacity Development's (ICD) 'Public Debt Dynamics Tool' (DDT) were developed with country MOF and ECCB staff. Workshop participants demonstrated strong knowledge of the tool, as demonstrated by their presentations of analysis and risk scenarios for their own countries (including related to climate change) using the tool. Subsequent follow-up support has been provided to *Anguilla* and *Dominica* to support their adoption of the tool as a component of their policy toolkit.

³ *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 balance of payments. However, VES were suspended due to the COVID-19 pandemic which severely affected the free cross-border movement of international travelers, in particular inbound tourists, but since 2022 countries are progressively restarting them.

40. Support has also been provided to Anguilla on refining medium-term macroeconomic and fiscal projections. Factoring in a sharp decline and uncertain pace of recovery in tourism was a key focus of the July 2021 mission. The development of a simple tool to link macroeconomic projections across production sectors to assumptions about tourism arrivals, and other high-frequency indicators, will support such exercises in the future. The British Government has noted its appreciation of CARTAC's involvement in Anguilla's projection process, in the context of its approval of Anguilla's annual budget.

41. Several regional events—courses and webinars—were attended by staff from the ECCB and ECCU member-country governments. Topics covered during webinars included: fiscal multipliers in small developing states; gender inequality in the COVID-19 recovery; natural disasters and scarring effects; macroeconomic effects of structural reforms in Latin America and the Caribbean; and the role of dominant currency pricing in international tourism. Courses were offered (jointly with the IMF's ICD) in the areas of fiscal policy analysis and fiscal frameworks.

42. Future agreed engagements between CARTAC and the ECCB will focus on 'nowcasting' and developing capacity on medium-term macroeconomic frameworks. Jointly with the IMF's ICD, CARTAC will provide support to ECCB staff regarding near-term forecasting techniques, linking the evolution of high-frequency variables to the in-year real-sector forecast (so-called 'nowcasting'). Thereafter, focus will shift to developing macroeconomic frameworks for ECCU countries, which can generate consistent projections across all sectors of the economy (real, fiscal, external, monetary) and alternative/risk scenarios (including relating to climate change, and fiscal consolidations).

G. Debt Management

43. CARTAC, through the debt management program launched in late 2020, has engaged with ECCU countries, as well as the ECCB, on several key issues. Nearly all of the countries already develop medium-term debt management strategies, but the strategies in practice do not always consistently guide individual borrowing decisions. Due to the global pandemic, the countries have had to raise higher-than-usual volumes of financing, while trying not to exacerbate debt sustainability vulnerabilities. Transparency of debt stocks and flows is generally low, and the reports on debt policy, composition, and operations that are published often suffer from limited coverage, uneven data quality, and lengthy delays between the reporting date and public release. To date, CARTAC's engagement has been at the multi-country level, although priorities for bilateral TA have been discussed with several of the countries.

44. CARTAC delivered two capacity-building activities targeted solely at ECCU countries and the ECCB. These were (i) a workshop in June 2021 on translating the debt management strategy into a realistic annual borrowing plan and an issuance calendar for domestic securities; and (ii) a seminar in August 2021 on interpreting fiscal financing gaps and working systematically through the debt management issues related to closing them.

45. ECCU countries and the ECCB also participated in the Caribbean-wide capacity-building activities organized by the debt management program. These included (i) a webinar in

October 2021 on implications for government debt managers in assessing and raising financing, sourcing market information, and recording debt arising from the transition from Libor to new reference rates for floating-rate debt instruments; (ii) a workshop in February 2022 on the fundamentals of debt reporting and monitoring; and (iii) a webinar in April 2022 on debt-for-climate swaps as an instrument for mobilizing or redirecting financing for climate-related objectives while keeping debt at sustainable levels.