

SM/11/308  
Supplement 1  
Correction 1

January 5, 2012

To: Members of the Executive Board

From: The Acting Secretary

Subject: **United Kingdom—Anguilla—British Overseas Territory—Staff Report for the 2011 Article IV Consultation Discussions—Informational Annex**

The attached corrections to SM/11/308, Sup. 1 (11/15/11) have been provided by the staff:

**Evident Ambiguity**

**Page 2, bullet 1, line 1:**

for “The consultation discussions, which are part of the 2011 Article IV consultation with”  
read “The consultation discussions with the authorities in Anguilla, which are part of the 2011 Article IV discussions with”

**Page 2, bullet 1, lines 4 and 5:**

for “It met with the Governor, the Chief Minister (who is also the Minister of Finance) and senior officials of the government, members of parliament, and representatives of”  
read “It met with the Governor of Anguilla, the Chief Minister (who is also the Minister of Finance) and senior officials of the government of Anguilla, members of the Anguillan parliament, and representatives of”

**Page 2, bullet 2, lines 1 and 2:**

for “As part of the United Kingdom, Anguilla has accepted the obligations under Article VIII and maintains an exchange system free of restrictions.”  
read “As a British Overseas Territory, Anguilla falls under UK sovereignty. The UK has accepted the obligations under Article VIII. Anguilla maintains an exchange system free of restrictions.”

**Page 2, after bullet 2: add “United Kingdom”**

**Page 2 (now page 3), before VII. Exchange Rate Arrangement: add “Anguilla”**

**Page 2 (now page 3), VIII:**

for “Article IV Consultation”  
read “Article IV Consultation Discussions”

**Page 4, line 1:**

for “**Annex II. Relations with the Caribbean Development Bank**”

read “**Annex II. Anguilla’s Relations with the Caribbean Development Bank**”

Questions may be referred to Mr. Monroe (ext. 38020) and Mr. Mrkaic (ext. 36126) in WHD.

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Att: (3)

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INTERNATIONAL MONETARY FUND

# UNITED KINGDOM—ANGUILLA— BRITISH OVERSEAS TERRITORY

November 15, 2011

STAFF REPORT FOR THE 2011 ARTICLE IV CONSULTATION DISCUSSIONS—  
INFORMATIONAL ANNEX

Prepared By

The Western Hemisphere Department.

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## ANNEX I: FUND RELATIONS

- The consultation discussions [with the authorities in Anguilla](#), which are part of the 2011 Article IV ~~consultation discussions~~ with the United Kingdom, were held in The Valley during July 20–29, 2011. The staff team comprised Messrs. Monroe (head), Mrkaic, and Ms. Viseth (all WHD), Ms. Yang (FIN) and Mr. Akçakoca (external consultant). It met with the Governor [of Anguilla](#), the Chief Minister (who is also the Minister of Finance) and senior officials of the government [of Anguilla](#), members of [the Anguillan](#) parliament, and representatives of labor unions, business associations, banks, and pension and health care funds.
- As [a British Overseas Territory](#) ~~part of the United Kingdom~~, Anguilla [falls under UK sovereignty](#). [The UK](#) has accepted the obligations under Article VIII. [Anguilla](#) ~~and~~ maintains an exchange system free of restrictions.

### [United Kingdom](#)

I. **Membership Status:** Joined: December 27, 1945.

II. <b>General Resources Account:</b>	<b>SRD Million</b>	<b>Percent of Quota</b>
Quota	10,738.50	100.00
Fund holdings of currency	7,427.25	69.16
Reserve position in Fund	3,311.37	30.84
Lending to the Fund	1,126.00	

III. <b>SDR Department:</b>	<b>SDR million</b>	<b>Percent of Allocation</b>
Net cumulative allocation	10,134.20	100.00
Holdings	9,334.54	92.11

IV. **Outstanding Purchases and Loans:** None

V. **Financial Arrangements:** None

VI. **Projected Payments to Fund** (SDR million; based on existing use of resources and present holdings of SDRs):

	<b>Forthcoming</b>				
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Principal					
Charges/Interest	0.64	2.12	2.12	2.12	2.12
<b>Total</b>	<b>0.64</b>	<b>2.12</b>	<b>2.12</b>	<b>2.12</b>	<b>2.12</b>

**Anguilla****VII. Exchange Rate Arrangement:**

The Eastern Caribbean Dollar has been pegged to the U.S. dollar at EC\$2.7 per US\$1 since July 7, 1976.

**VIII. Article IV Consultation Discussions:**

The 2011 Article IV consultation discussions are the first bilateral Fund discussions with Anguilla.

**IX. Financial Sector Supervision, FATF Evaluation, and OFC Assessment:**

The evaluation of Anguilla's compliance with the Financial Action Task Force (FATF) 40+9 Recommendations on AML/CFT was conducted jointly by the FATF and the Caribbean Financial Action Task Force during June 2010.

**X. Technical Assistance:**

CARTAC is providing technical assistance to Anguilla in the areas of macroeconomic analysis, forecasting and performance monitoring, public finance management, budget preparation, Chart of Accounts reform, and cash management and forecasting.

## ANNEX II: ANGUILLA'S RELATIONS WITH THE CARIBBEAN DEVELOPMENT BANK

(As of June 30, 2011)

The Caribbean Development Bank (CDB) has approved loans totalling US\$106.5 million, of which US\$1.1 million are undisbursed.

### Major Projects:

1. *Policy-Based Loan*— is intended to support the Government of Anguilla's medium-term reform programme to achieve fiscal and debt sustainability, thereby creating the conditions for overall economic growth and poverty reduction. The PBL assisted the Government to: (a) restructure its public debt to reduce debt service payments by lengthening the maturity structure and reducing the rate of interest on some of its public debt; (b) strengthen the framework for fiscal and economic management for sustained improvements in the fiscal position; and (c) support and maintain social safety nets to cushion the worst effects of the adjustment measures on the most vulnerable in the country.
2. *Fifth Consolidated Line of Credit*—the provision of a loan of US\$5 million to assist the Anguilla Development Bank in continuing its lending programme in the agriculture, industry, tourism, housing, education sectors and small and medium enterprises. The

Project is to assist in: (a) financing technically sound and financially viable projects in the productive sectors (agriculture, industry, tourism and services related to those sectors) and (b) improving human resource capacity for Anguilla by upgrading skills at the technical, vocational and professional levels.

3. *Fifth Power Project*— consists of the purchase and installation of two generators of approximate size 3.5 MW and ancillary switchgear, associated civil works, extension to the power house, the installation of a fuel tank and provision of an instrumentation and control system. The project will provide additional generating capacity to satisfy projected electricity demand and to replace existing engines that are past their useful lives.
4. *Natural Disaster Management Project*— to contribute to the rehabilitation of economic infrastructure caused by Hurricane Lenny. The project consists of rehabilitating a Bypass road and drainage structures and repairs to other infrastructure and public buildings. The project promotes the reduction of vulnerability to natural disasters through support for the development and adoption of mitigation policies, standards and practices.