



Highlights of ECCB 2008/2009 Annual Report by Sir Dwight K. Venner

Part 3

July 28, 2009

This week, **Money Talks** presents the final part of Sir Dwight's presentation of the ECCB 2008-9 Annual Report. Previously, we discussed the ECCB's performance, the current economic environment and its major challenges for the Eastern Caribbean Currency Union (ECCU). Consequently, the ECCU has devised an **Eight-Point Stabilization and Growth Programme** which is as follows:

1. Suitably adapted financial programmes for each country
2. Fiscal reform programmes
3. Debt management programmes
4. Public sector investment programmes
5. Social safety net programmes
6. Financial safety net programmes
7. Amalgamation of the indigenous commercial banks
8. Rationalization, development and regulation of the insurance sector

The first 3 programmes are designed to stem the effects of the crisis:

1. **Financial programmes** will address the funding gaps in each country. The programmes have already been prepared and discussions are ongoing with the International Monetary Fund (IMF) to access the maximum funding under the most favorable conditions.
2. **Fiscal reform** will aim at improving the efficiency of the revenue systems of member states as well as rationalizing and increasing value from government expenditure. Funding for this will be obtained from the Caribbean Development Bank, the World Bank and the European Union Budgetary Assistance Programme.
3. **Debt management systems** will be implemented to facilitate a structured approach to handling debt with assistance provided by the Canadian Government, the IMF and the World Bank.

The next 3 in particular, are critical to the success of the above:

4. **Public sector investment**, through quick disbursing projects, should provide the stimulus needed for economic activity.
5. **Social safety net programmes** will make resources available to vulnerable groups in society. The necessary groundwork has been done via a situational analysis and donor agencies will now be approached to source the necessary funding.

6. **Financial sector safety nets** have become imperative because of the effects of the CLICO, British American Insurance Company and Bank of Antigua crises. These events have placed significant pressure on our liquidity levels.
7. **The proposed amalgamation of indigenous banks** is an attempt to create one bank which would be better able to face the rigors of the financial environment.
8. **Rationalizing the insurance sector** is also imperative since it has become a major player in the financial services sector.

According to Sir Dwight, the ECCU has taken a proactive approach to the current economic downturn and much depends on the success of the above 8-point plan. The Governor emphasized the need for the region to remain united and resilient if we are to rise above the current challenges.