



MONETARY STABILITY

Maintain sufficient foreign reserves to support the EC Dollar

The financial year saw rising yields on shorter dated debt issued by the United States amid continued increases in the Federal Funds target interest rate. The Federal Reserve (Fed) continued its campaign of normalizing US monetary policy by raising the policy rate three times during the review period. Notwithstanding the increase in interest rates, the Bank continued to achieve its reserve management investment objectives of preservation of capital and meeting liquidity needs. Moreover, the institutional objectives for holding reserves were met. These include providing foreign exchange for the day to day operational needs of ECCU commercial banks and member governments in addition to supporting and maintaining confidence in the fixed exchange rate.

Review and adoption of a revised reserve management framework

Following the development and approval of key policy and operational proposals regarding foreign reserve management in the prior financial year, the Bank continued work on improving the Reserve Management Framework via capacity building provided by the World Bank Treasury's Reserves Advisory and Management Program (RAMP). Key achievements, which the ECCB attained during the financial year, included:

- Development and approval of a foreign reserve money manager framework;
- Successful renegotiation of external money manager and custodian fees; and
- Increased share of foreign currency reserves under internal management.

During the year under review, the Research Department actively participated in several committees related to the Reserve Management Framework. These committees included the Reserves Asset Management Program (RAMP), the RAMP Internal Technical Committee (RITC) and the Reserve Management Committee (RMC). Additionally, the Research Department participated in workshops held by the World Bank, within the context of the RAMP.

Advise Monetary Council on monetary and credit conditions consistent with The ECCB Agreement

A key responsibility of the Research Department is the production of the Money and Credit Conditions report which serves to advise the Monetary Council and the Governor of the ECCB on the status of, and developments in, monetary and credit aggregates in the ECCU. The report is constructed using data provided by the Statistics Department and was produced three (3) times during 2018 and 2019, and will continue to be produced in the new financial year.

Plan to maintain a strong and stable EC Dollar

Strength and stability must be measured to determine progress. In this regard, compilation of the External Sector Statistics (ESS) continued during the reporting period. Given the implementation of the IMF Balance of Payments Manual, Sixth Edition (BMP6), there were two releases of the ESS during the Financial Year 2018-2019. The statistics for 2016 were released in September 2018, while the data for 2017 were released at the end of March 2019. Both series were disseminated with forecasts up to 2019 and 2020 respectively. Further development work in the area of ESS continued during the reporting year. Fruitful discussions were held with the External Sector Statistics Adviser at the Caribbean Regional Technical Assistance Center (CARTAC) on the possibility of back-casting the series, so that historical information is available for research and policy purposes. Currently data are only available for the period 2014 to 2017 with projections for 2018 to 2020. Work on the development of the country-specific metadata to support the compilation of the External Sector Statistics in the ECCU is ongoing.

FINANCIAL SECTOR STABILITY

Enhancing the risk-based supervisory and management framework requires the ECCB to report on risks emanating within the financial sector at the macroeconomic level. A key reporting tool of central banks globally is the Financial Stability Report. The Research Department's financial stability team is responsible for this report and produces it based on analysis of the commercial banking sector, the credit union sector and the insurance sector in the ECCU. To facilitate the analysis of these risks, the financial stability team works with the Single Regulatory Units in each member country to collect and analyse the data in the credit union and insurance sectors. Data on the commercial banking sector is analysed in conjunction with the Bank Supervision Department of the ECCB.

In fulfilling the Eastern Caribbean Central Bank's (ECCB) mandate to maintain financial stability, the Bank Supervision Department (BSD) continued to play a critical role in the regulation and supervision of institutions licensed under the Banking Act 2015. The BSD implemented various initiatives to assess emerging trends in the financial system and to identify risks that threatened financial stability. The following activities were undertaken during the year:

Enhance Risk Based Supervisory and Management Framework

Enhanced Supervision of Licensed Financial Institutions (LFIs):

The ECCB conducted two pilot on-site examinations under the Risk-based Supervision (RBS) Framework, which was implemented in March 2018.

The ECCB continued to provide oversight of the Receiverships of ABI Bank Ltd in Antigua and Barbuda, and National Bank of Anguilla Ltd and Caribbean Commercial Bank (Anguilla) Ltd in Anguilla, subsequent to their resolution on 27 November 2015 and 22 April 2016, respectively. Efforts are ongoing by the respective Receivers towards liquidation of assets and the repayment of claims.

Issuance of Prudential Standards

The ECCB continued to revise existing and draft new prudential standards to further strengthen its regulatory framework and increase financial sector resilience. In

March 2019, three prudential standards, namely, Corporate Governance, Operational Risk and Outsourcing were introduced to the industry at the joint meeting of commercial banks and non-bank financial institutions licensed under the Banking Act 2015. The revised Fees and Charges Standards are being finalised for issuance and publication.

Prudential Standards for Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) have also been drafted, with input from the Office of Technical Assistance of the United States Department of the Treasury (OTA/USDOT). In relation to Basel II/III, a suite of six (6) Prudential Standards have been drafted under a technical assistance programme facilitated by the Caribbean Regional Technical Assistance Center (CARTAC), along with the choice of national discretion, the reporting template and standard instructions. These standards are needed to facilitate successful implementation of Pillar I., which addresses minimum capital requirements. The standards are being finalised with comments solicited from the Basel Working Committee, all licensees and the Institute of Chartered Accountants of the Eastern Caribbean.

Operationalisation of the ECCB's Mandate for Anti-Money Laundering/Combating the Financing of Terrorism Supervision of LFIs:

The ECCB has made significant progress towards the development and implementation of its AML/CFT Framework:

1. In April 2018, the ECCB established the AML Supervisory Unit within the Bank Supervision Department, to focus primarily on the development and implementation of the AML/CFT Risk-based Supervision Framework for LFIs.
2. The ECCB executed a Multilateral Memorandum of Understanding (MMOU) with competent authorities on 8 August 2018. The MMOU





provides a framework for the mutual co-operation in the supervision of compliance with the legal obligations for licensees to establish and implement an effective AML/CFT system.

3. Subsequent to the naming of the ECCB as the AML/CFT supervisory authority in Antigua and Barbuda, the Office of National Drug and Money Laundering Control Policy officially handed over responsibility to the ECCB in September 2018. An official handover of responsibilities between the Grenada Financial Intelligence Unit (FIU) and the Bank Supervision AML Supervisory Unit was conducted over the period 14-15 January 2019.
4. The ECCB conduct of five AML/CFT onsite examinations in the three territories (St. Vincent and the Grenadines, Grenada and Antigua and Barbuda) where the ECCB has been named as the AML/CFT supervisory authority. Two joint onsite examinations were conducted with the ONDCP.
5. The relevant tools and documents to support the AML/CFT supervision framework are in an advanced stage. The AML/CFT Supervision Manual is being finalised with assistance from the OTA/USDOT. A prudential return reporting form with the associated manual of instructions have also been drafted.
6. As part of its continuing technical assistance programme, over the period
7. 16-18 January 2019, the OTA/USDOT assisted with the conduct of a limited scope gap analysis of the Grenada AML/CFT legislation and its compliance with the Financial Action Task Force (FATF) Recommendations and Immediate Outcomes. The exercise was conducted jointly with the Grenada FIU and the ECCB's AML Supervisory Unit.
8. At a special meeting of the Regulatory Oversight Committee (ROC) held on
9. 18 January 2019, the OTA/USDOT presented on the FATF mutual evaluation process and financial sector supervision. The presentation focused on the role of the ECCB in the process for the domestic banking sector and the oversight required by other supervisory and competent authorities given the multi-jurisdictional supervisory regime in the ECCU.
10. At the request of Saint Lucia, Grenada, Montserrat and
11. St Vincent and the Grenadines, the ECCB appointed representatives to these jurisdictions' National Risk Assessment Working Groups.
12. In November 2018, the ECCB circulated to all LFIs request for information to facilitate the conduct of an AML/CFT risk assessment. On completion of the risk assessment, all LFIs will be assigned a composite AML/CFT risk rating. The assigned risk rating will determine the level of supervisory oversight and frequency of onsite examinations.
13. The ECCB continued its efforts to encourage the relevant member governments to amend the necessary AML/CFT legislation to name the ECCB as the AML/CFT supervisory authority for its licensees. To date, the ECCB has been named as supervisory authority for its licensees in St Vincent and the Grenadines, Grenada and Antigua and Barbuda.

Increased Consumer Education

In an effort to further edify the public on the role and function of the ECCB, a representative participated in the Career College Health Expo held in the Independence Square, St Kitts in February 2019.

Basel II/III Implementation

In February 2018, the ECCB established a Basel II/III Implementation Group (the Group) within the Policy and Licensing Unit of the BSD, to give focused attention for implementation by the proposed date of June 2020. The Group continued to facilitate the rollout of the implementation roadmap, including the development of supporting standards, implementing the quantitative impact studies and sensitising licensees and other key stakeholders.

International Financial Reporting Standard (IFRS) 9 Implementation

The ECCB continued to monitor its LFIs' implementation of measures to ensure compliance with International Financial Reporting Standard (IFRS) 9.

Develop a macro-prudential framework

Key to ensuring financial stability is the establishment of a macro-prudential framework. In July 2018, the Monetary Council approved the governance framework for undertaking macroprudential surveillance via the establishment of a Regional Financial Stability Committee and a Macroprudential Policy Committee. Additionally, the Monetary Council was asked to support efforts aimed at collecting data from Single Regulatory Units (SRUs). The data collection aspect of this objective is ongoing and the SRUs in member countries continue to lend support to the task.

Deliver new risk management infrastructure to support the ECCU financial sector

ECCU Deposit Insurance Fund

During the 2018/19 financial year, the Bank finalised its policy paper on deposit insurance, which was presented to the Monetary Council for approval. Going forward, stakeholders would be engaged towards achieving consensus on a deposit insurance policy framework for the ECCU. The finalised policy framework will form the basis for drafting of the deposit insurance legislation, which will inform the type and scale of the deposit insurance fund. The establishment of an ECCU deposit insurance fund will certainly enhance the risk management infrastructure of the financial sector contribution to financial stability.

ECCU Credit Bureau

An international credit bureau was selected to apply for a licence to own and operate a credit bureau to serve the ECCU. The licensing process is expected to be completed within the first two months of the 2019/20 financial year. In the interim, the Bank continues with its efforts to establish a comprehensive credit reporting regulatory framework and to coordinate pre-development process activities. The Bank will also be coordinating the delivery of public awareness and education activities, during the 2019/20 financial year.

Improve payments infrastructure to adapt to evolving market expectations

During the financial year, the Eastern Caribbean Payment Council was reinstated. Among the objectives of the payments council were to promote the operational efficiency, security and integrity of the payment and settlement systems in the ECCU.

The National Automated Clearing House Association Pre-arranged Payment and Deposit (NACHA PPD) standard was introduced in the Eastern Caribbean Currency Union (ECCU) in May/June 2018, through an initiative which was undertaken to modernize the payment system by the Eastern Caribbean Automated Clearing House Services Incorporated. Under this initiative, citizens now have the option to make Eastern Caribbean dollar payments to any recipient with an account held at any commercial bank across the ECCU. The Electronic Funds Transfer (EFT) product provides a safer, faster, more convenient and more cost-effective option for making payments.

The Committee on Payment and Settlement Systems and the International Organization of Securities Commissions (CPSS-IOSCO) Principles for Financial Market Infrastructures (PFMI) was approved by the Monetary Council and has been adopted as the standard, which Financial Market Infrastructures (FMIs) would be required to observe in the ECCU.

Promote the development of the financial sector to increase citizen access to credit and other financial services

In 2018/19, efforts were intensified to operationalize the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) by the first quarter of the new financial year 2019/20. The Board of Directors was established, with the names of nominees gazetted in the member countries. A Chief Executive Officer has been selected. Current efforts are focused on the recruitment of three other initial staff members (Chief Financial Officer, Senior Operations Officer and Administrative Assistant). We will continue to work in the new financial year 2019/20 with the ECPCGC's Board of Directors and the World Bank on the final steps for operationalisation of the Corporation by the end of June 2019.

FISCAL AND DEBT SUSTAINABILITY

Provide policy advice to Participating Governments and facilitate capacity building of member countries for effective debt management

During the FY, the Bank, under the Canada-Eastern Caribbean Debt Management Advisory Service (CANEC-DMAS) Project, provided technical support to two of its member countries (Anguilla and Grenada) in the update of both their Debt Sustainability Analysis (DSA) and Medium Term Debt Management Strategy (MTDS), important policy tools to guide both fiscal policy and debt management in these countries. In collaboration with the World Bank, two Debt Management Performance Assessment (DeMPA) missions were undertaken in Dominica and Grenada.

In continuation of the efforts to build capacity to undertake the DSA, the Bank collaborated with the IMF and the World Bank, to successfully host a workshop on the revised DSA template for low income countries (LIC). The three ECCU member countries that are classified as LIC (Dominica, Grenada and St Vincent and the Grenadines) participated in the workshop along with other LICs – Guyana, Haiti, Honduras, Nicaragua - and staff from the ECCB.

The CANEC-DMAS project that was implemented to assist member countries to build capacity in debt management ended in June 2018. The Bank and its member countries wish to express our profound gratitude to the Government of Canada, through Global Affairs Canada, for its invaluable support to debt management in the region.

The Bank is continued to support debt management in the ECCU as signaled under Goal 3 of its Strategic Plan 2017-2021, which is ‘To be the advisor of choice to our Participating Governments in pursuit of fiscal and debt sustainability’.

Training in debt management was provided to the Auditor General’s Office in Saint Lucia, to prepare the staff to undertake debt management performance audits. This was a follow-up to a Debt Management Performance Audit Training for Supreme Audit Institutions in the region hosted by the Bank in October 2017, with the support of the Government of Canada and the National Audit Office of the United Kingdom. The thrust is to facilitate capacity building in this area given that Audit is a performance indicator under the DeMPA framework and is critical in strengthening accountability and transparency of debt management activities.

The Bank is partnering with the Commonwealth Secretariat to deploy its new web-based solution for debt management, Meridian, which is to replace the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS). To this end, two of the member countries – St Kitts and Nevis and Saint Lucia, have been selected as pilot countries. Training on the functionalities of Meridian was provided to the staff in these two pilot countries and the ECCB during the FY and pilot implementation has been ongoing to test the system.

Advocate for a high standard of fiscal governance and functional cooperation

In an effort to ensure that government public accounts are in accordance with current international best practice, the Bank has been collaborating with the IMF for training and technical support in the application of the Government Finance Statistics Manual 2014 (GFS 2014). Most member countries are still using cash/modified cash basis accounting systems based on an old GFS 1986 methodology. To advance efforts for fiscal accounts to be compiled in accordance with GFS 2014, the IMF made a presentation to the Financial Secretaries to sensitise them on the benefits of the new methodology.

Track member countries’ performance related to fiscal and debt sustainability and share information with member countries and other stakeholders

The monitoring framework for fiscal and debt sustainability is conducted through both the Research Department and the Statistics Department. The Research Department has responsibility for the development of financial programming tools, which economists use to analyse policy developments as well as the production of the Economic and Financial Review (EFR). The EFR during 2018/2019 was produced in two (2) separate issues: the Annual Economic and Financial Review (AEFR), for calendar year 2017, and a second issue which reported on the first half of 2018. The document is distributed to members of the public via the ECCB’s website to the general public as well as direct dissemination to key stakeholders via email. These stakeholders include the local Chambers of Commerce, the Ministries of Finance and businesses. Additionally, the Economists of the Research Department play an active role in providing advice to member countries through familiarization missions and the IMF Article IV missions.

Improve the functioning of the market for government securities (RGSM)

During the FY, The Bank, in collaboration with the International Monetary Fund and the Government of Canada, conducted workshops on Investor Relations in five member countries: Grenada, St Vincent and the Grenadines, Dominica, Saint Lucia and Antigua and Barbuda. The objective of the workshop was to provide capacity building to staff of the Debt Management Units and other government units to design, implement and monitor investor relations programmes.

The newly designed ECCU Public Debt and Market Information webpages are intended to be used as the principal, one-stop delivery infrastructure for data dissemination and/or communication for the eight member states of the ECCU. The premise of the initiative is impartiality and equal access; that is, all stakeholders, irrespective of geography, political suasion, affluence or influence should receive information in a neutral and unbiased manner simultaneously.

The guiding principles in the design and development of the webpages were to, first and foremost, satisfy user informational requirements and be relevant, accessible, timely and reliable. Initial feedback from the test group, which included data

providers and data users, was that the pages were “impressive”. The pages are to be fully deployed for the next financial year where the intention is to build on content and be responsive to user needs.

In an effort to advise member countries on the development of the domestic market and improving the function of the RGSM, a policy paper was prepared on the ‘Potential Impact of IFRS 9 on Debt Management Operations in the ECCU’. The paper was presented to the Regional Debt Coordinating Committee (RDCC) to apprise them of the possible spillover effects on government debt management activities as institutional investors implement this new accounting standard. The RDCC approved the recommendations submitted, geared towards increasing coverage of public sector debt recording and reporting, provision of forward-looking information and regular publication of debt reports. It is anticipated that these measures will satisfy the information needs of participants of the RGSM in particular and further mitigate against the effects of the implementation of IFRS 9.

In an effort to assist the government of Anguilla to tap into the RGSM, the Bank has prepared a policy document on ‘The Viability of the RGSM as a Financing Option for the Government of Anguilla’, to engage the authorities in Anguilla to possibly enter the market.

Provide capacity building to Participating Governments for effective cash flow management and operational efficiencies

In continuing to ensure a safe environment for the transmission of financial messages, member governments were migrated from SWIFT Alliance Lite to SWIFT Alliance Lite2 and provided with training to ensure that they had the requisite capacity in preparation for go-live.

GROWTH, COMPETITIVENESS AND EMPLOYMENT

Support the OECS Commission in the continued refinement of the OGDS and implementation of an ECCU-wide economic development plan (including initiatives, targets and assigned responsibilities)

During the past year the ECCB worked closely with the OECS Commission to refine and finalise the OECS Development Strategy, which includes a foreword by the Governor. The Strategy was launched at the end of the financial year on 26 March.

National consultations on growth and resilience were held in the member countries with constituent groups to finalise the Action Plan from the 2nd Growth and Resilience Dialogue, to harmonise with national priorities and advocate for continuity in country. Those discussions guided the development of the concept note and plans for the 3rd Growth and Resilience Dialogue held in February 2019, with focus on two thematic areas namely Institutions and Infrastructure. The ECCB website has been populated with the body of knowledge developed so far.

Provide technical assistance, policy advice and consultations to ECCU member countries on how to expand existing and attract new sectors and improve regional competitiveness and ease of doing business

During the financial year, technical assistance was provided to the ECCU member countries in the compilation and/or review of the ECCU Gross Domestic Product (GDP) estimates. Two (2) in-country compilation missions were conducted to Dominica and Montserrat respectively. Additionally, there was collaboration on the bi-annual revision of the annual GDP projections for the ECCU member countries. The Bank made significant progress in operationalizing the interactive database for economic statistics on the ECCB website. Currently, only monetary and financial, population and the real effective exchange rate statistics can be retrieved interactively on the ECCB website. To supplement macro-economic analysis, the Bank continued with the administration and conduct of the bi-annual Business Outlook Survey and the management of real sector and national accounts statistics.

Consistent with its strategic goal of actively promoting the economic development of our member territories and with the recruitment of additional staff, the Bank participated in the following training workshops:

- The System of National Accounts Methodology and Concepts at the ECCB Campus from 3 to 6 April 2018
- The System of National Accounts Supply and Use Training in Montserrat from 9 to 13 April 2018
- The CARTAC/Project for the Regional Advance of Statistics in the Caribbean (PRASC) Regional Planning Workshop on Real Sector Statistics in Saint Lucia from 1 to 4 October 2018
- The International Comparison Programme Technical Meeting for National Accounts in Trinidad and Tobago from 10 to 12 October 2018

On the development front, the Department collaborated with regional partners, particularly the OECS Commission, CARICOM, CARTAC, Statistics Canada and UN-ECLAC on various statistics related initiatives.

ORGANISATIONAL EFFECTIVENESS

Transform citizen engagement and stakeholders’ relations management built on transparency, accountability and knowledge sharing

Financial Information Month (FIM) – Permanent Logo and Theme Song

Financial Information Month is a regional financial, economic, business and entrepreneurial education campaign executed in the Eastern Caribbean Currency Union (ECCU) since 2002, through the collaborative efforts of the Eastern Caribbean Central Bank (ECCB), ECCU member governments, financial and academic institutions, the media, other private and public sector institutions and community-based groups. The Month forms part of an ECCU financial and economic education programme

coordinated by the ECCB in collaboration with 87 partners from the eight (8) member countries. In 2018, four new organisations came onboard as FIM partners including the Regional Security System Asset Recovery Unit (RSS ARU) which has expressed its commitment to continue working with the Bank in its Public Education and Community Outreach thrusts.

In 2018, the FIM partners coined the tagline ‘Financial Empowerment Through Education’ which will be used as the overarching theme of the initiative going forward. Each year, a new area of focus will then be selected based on current issues and needs. The partners also designed a new perpetual logo, which fittingly reflects the theme, and came up with a corresponding catchy jingle to accentuate the new tag line.

The logo design reflects the following:

- The staggered letters “FIM” on the “pathway” depict the journey through life and the winding road an individual takes on the way to financial empowerment.
- The human figures on the letters which read “FIM” represent an individual taking the steps towards financial empowerment.
- The last figure with the raised hands holding the dollar sign, demonstrates celebration of having achieved one’s financial goals.

FIM incorporates a series of initiatives designed to support the attainment of the goal of “a financially developed and vibrant ECCU region that fosters strong and sustainable economic growth and the improved well-being of the citizenry.”

The area of focus for FIM 2018 was ‘Conducting and Protecting Your Business in a Digital Environment’ with various sub-themes including:

- New Currency: Cryptocurrency, Bitcoins, Digital Wallets...Are We Ready? – legal framework requirements/implications, regulation and supervision
- Cyber security: use strong protection every time – how to protect oneself from identity theft, online fraud, hacking of accounts, guidelines for using ATM machines, credit cards and other online payment platforms

The annual FIM Symposium focused on innovation in payments systems including cryptocurrency and digital currency and restructuring and transforming businesses to take advantage of opportunities in the digital environment. Experts in the areas of FinTech and intellectual property rights, among others, served as presenters and discussants.

ECCB Primary School Mentorship Programme

The ECCB Primary School Mentorship Programme continued successfully over the past year with the engagement of over 500 students from across the ECCB member countries. The programme was initiated in 2007 and involves one primary school from each ECCB member country. ECCB representatives and networking partners visit the schools on a weekly basis to engage students of Grades four, five and six on a variety of topics around the ECCB and its impact on the livelihood of the citizens and residents of its member territories.

Savings and Investment Course

The ECCB Savings and Investment Course was initiated in 2003 in collaboration with local financial institutions with the aim of enhancing the financial competence of the ECCU adult population. Over the past year, 164 participants graduated from the course from across the eight ECCB member countries.

Enhancement of the ECCB Savings and Investment Course is underway with a Memorandum of Understanding (MOU) between the Bank and the University of the West Indies (UWI). The MOU will help to elevate the standards of the course through preparation of material and the UWI’s accreditation of the course. The ECCB and UWI will also collaborate on registration of the participants and signing of certificates.

The New ECCB Creative Youth Competition

The Eastern Caribbean Central Bank (ECCB) launched the ECCB Creative Youth Competition for secondary school and community college students aged 13-19 in the ECCB member territories in September 2018 in collaboration with the Regional Security System Asset Recovery Unit (RSS ARU).

This initiative, which is part of the Bank’s Community Outreach Programme, replaced the ECCB-sponsored OECS Essay Competition and is designed to allow students to demonstrate their creativity and critical thinking skills through various genres including: essay writing, poetry, song writing and art.

ECCB Connects: Who we are, What we do, How we serve you!

On 24 November 2018, in the 8th season, the Bank celebrated the airing of the 100th episode of ECCB Connects. As at 31 March 2019, 117 episodes had been released on the Bank’s social media pages, YouTube, Facebook and LinkedIn; three of those episodes focused on the Bank’s transition to EC polymer notes, assisting with the sensitisation of the public on this significant venture of the ECCB. Other topics covered included:

- The Eastern Caribbean Partial Credit Guarantee Corporation;
- Risk Based Supervisory Framework;
- Commercial Banks Fees and Charges; and

- Information Technology and Growing Your Business.

ECCB Connects, which is now in its 10th season, was initiated to enhance the public's knowledge on the role and function of the Bank.

23rd Sir Arthur Lewis Memorial Lecture and Book Award

Bevil Wooding, Strategic Advisor on Technology to the Organisation of Eastern Caribbean States (OECS) Commission and one of the region's leading advocates for technology-enabled Caribbean Development, delivered the 23rd Sir Arthur Lewis Memorial Lecture. The Lecture titled: Leveraging ICT for Transformation in the Eastern Caribbean Currency Union, was presented on 7 November 2018 at the Sir Cecil Jacobs Auditorium.

In his lecture, Wooding emphasised that technology itself was never the reason things changed, but how people choose to apply technology was the real catalyst for development. He impressed on the audience that ICT efforts should not be withheld because they seemed different or unfamiliar from what we once knew.

Following the lecture, Trevor Brathwaite, Deputy Governor, ECCB, presented the 10th Annual Sir Arthur Lewis Memorial Book Award to Hiram Forde, Principal, Antigua State College. The Book Award is presented annually in alphabetical order to a selected college in the respective ECCB member country. The books awarded to the college form a relevant part of the institution's library.

Revamp the Human Resource Strategy to Support Talent Development and Management

The staff of the Eastern Caribbean Central Bank are its most important resource and their critical role in the Bank's quest towards the realization of its strategic plans cannot be overemphasized. As a result, the development and enhancement of the Bank's staff continues to be paramount. The Bank in its thrust to revamp its Human Resource Strategy to effectively support talent development and management continued on its course during the review period 2018/19 to better align individual capabilities with suitable roles within the organization, recruit best fit candidates and to build capacity through various training initiatives. The VF Inc Consultancy Firm continued their engagement with the Bank. In addition, significant work on modernizing the Bank's HR strategy, reformulation of the organization's structure and operational framework were undertaken with an aim towards continuously enhancing organisational effectiveness and delivering service excellence.

Recruitment and Selection

During the financial year 2018/2019, the HRD undertook twelve (12) external recruitment drives bringing in a total of seventeen (17) new family members into the ECCB. The external recruitment included the onboarding of a Chief Director Policy as part of the Bank's Executive team with a strategic focus on policy development. One internal recruitment was also undertaken. Recruitment for this review period was deliberate, timely and targeted at filling key staffing gaps in ten (10) departments with best fit candidates to assist in the execution of the various departments' mandate as they forge ahead towards the overall achievement of the Bank's strategic goals. The terms and conditions of initial engagement continued to be a two-year contractual agreement with the option to re-engage, transfer to the permanent establishment or separate at the end of the contractual period. The ECCB's staff complement stood at 250 as at 31 March 2019. Table 1 below provides a summary of staffing over the review period.

Training and Development

In its pursuit to support talent and enhance capacity, the Bank provided training for its employees based on its priority areas and strategic goals. During the 2018/19 year in review, approximately eighty (80) staff members attended fifty-five (55) approved Management Initiated Training programmes. The areas of training were wide-ranging and included training in Anti-Money Laundering/Combating Terrorist Financing, Human Resource Management, Public Finance Management Legislation, Domestic and External Debt Management, Strategic Planning and Management, Fintech and Payment Systems, Risk Management, Information and Communication Technology, Macroeconomics and Research, Accounting Standards and Internal Audit. The Bank was also represented by staff from various departments at external meetings and conferences locally, regionally and internationally. Participation in these trainings and meetings, while ensuring enhanced capacity and talent, also provided new perspectives for staff in their respective areas and excellent opportunities for networking and building of important professional relationships. Additionally, the HRD conducted in-house bank-wide training in performance management. HR management staff also benefitted from networking opportunities, learning new skills and staying abreast of the latest HR strategies and opportunities beyond the regional scope, through attendance at global and regional conferences.

HR Consultancies

The Eastern Caribbean Central Bank, determined to stay the course and work towards achieving its strategic objective of enhancing organizational effectiveness, undertook the task of developing a modern HR Strategy. Consultancy firm, VF Inc of the Commonwealth of Dominica led by principal consultant, Dr Valda Henry partnered with the ECCB to this end. VF Inc was engaged for a period of thirteen (13) months, from October 2017 to March 2019. During the 2018/19 year, VF Inc continued to work with the Bank in the reviewing of HR policies, procedures, performance management as well as its training, development and succession plans. A compensation survey and gap analysis were undertaken.

Policy Enhancement and Compliance

Identifying and mitigating risk continued to be a priority for the Human Resource Department in accordance with the ECCB's enterprise risk management (ERM) framework. Exposure to bank-wide ERM training assisted the Department in preparing risk registers to ensure that threats - perceived or actual - that could derail the Department's work outputs are adequately identified to avoid or contain them with proactive measures.

The HR consultant's review of HR policies, as well as recommendations from audit findings and general industry best practice alignment, resulted in the decision to formulate new policies and improve existing ones to better enhance the operational framework of the department.

Compensation and Benefits Management

During the period 2018/19, the ECCB's compensation and benefits package was reviewed by the HR consultant to assess and determine whether the offerings of the Bank were in keeping with best practices. The HR consultant undertook surveys and research which ascertained that the Bank's offerings are generally competitive.

Additionally, the Bank, in keeping with its practice to review triennially the compensation packages for management and staff to address such issues as inflation and cost of living, undertook a separate review of its compensation package through a Salary Review Committee. This process was supported by the Human Resource Department and also involved the submission of an independent Compensation Package Proposal by the Staff Association and Management to the Salary Review Committee for consideration. Recommendations were made to and approved by the Board of Directors, for increases in the housing and overseas allowances and the reinstatement of the increments, effective 2019/20 financial year. An increase in salary over the triennium 2019 – 2022 was also recommended and approved.

During the period, the Bank contracted an insurance broker to undertake a review of the Life and Health Insurance market. The decision was taken based on results of the market review to change the Bank's Group Life and Health Provider.

Develop a Holistic Internal Risk Management Framework

During the 2018/19 financial year, the Office of Risk Management (ORM) was heavily focused on further development of the Bank's risk culture and risk management practices, as critical components of the successful implementation of the Enterprise Risk Management (ERM) framework.

The key initiatives of the ORM during the year are summarized as follows:

1. The development of an ERM Policy to guide the decision-making processes pertaining to the Bank's portfolio of risks. The document highlights the risk oversight structure, roles and responsibilities, risk assessment and evaluation criteria, risk treatment process and the monitoring and reporting requirements;
2. Bank-wide risk management capacity building sessions, some of which were facilitated by an external consultant;
3. Risk awareness training for the Board of Directors;
4. The implementation of a revised Operational Risk Register and attendant process for the validation of risks across the Bank;
5. The operationalization of the Operational Policy Development Framework to govern the development and implementation of operational policies and related procedures for the Bank;
6. The implementation of a risk monitoring framework for the Bank's Strategic Plan.

The thrust of the Bank's risk management program continues to be influenced by the strategic objectives as outlined in the Strategic Plan as well as external developments impacting the Bank's operations. The overall objective is aimed at achieving the appropriate balance between maximizing opportunities and minimizing losses, in the realization of the strategic goals. Specific emphasis has been placed on internal risk issues pertaining to health and safety, management of resources and business practices as well as those that may be more externally driven, such as financial stability and information technology risks.

The Internal Audit Department (IAD) is an independent appraisal function established within the Bank to examine and evaluate its activities as a service to the organisation. The department reports functional to the Bank's Board Audit and Risk Committee and administratively to the Governor. The objectives of the department are to ensure:

1. The achievement of organisational objectives;
2. The integrity and reliability of information;
3. Compliance with established policies, procedures, laws and regulations;
4. The economical, efficient and effective use of resources.

During the period 2018/2019 the IAD focused on the following audits:

1. effectiveness of the Corporate Relations Department in providing value added services to the Bank;
2. Currency Management Department to determine effectiveness in executing its objectives;
3. Agency Office's operations, specifically: Grenada, Saint Lucia and Saint Vincent and the Grenadines;
4. the Bank's Identity and Access Management;
5. Legal Services Department in providing value added services to the Bank; and



MONETARY STABILITY

Maintain sufficient foreign reserves to support the EC Dollar

The financial year saw rising yields on shorter dated debt issued by the United States amid continued increases in the Federal Funds target interest rate. The Federal Reserve (Fed) continued its campaign of normalizing US monetary policy by raising the policy rate three times during the review period. Notwithstanding the increase in interest rates, the Bank continued to achieve its reserve management investment objectives of preservation of capital and meeting liquidity needs. Moreover, the institutional objectives for holding reserves were met. These include providing foreign exchange for the day to day operational needs of ECCU commercial banks and member governments in addition to supporting and maintaining confidence in the fixed exchange rate.

Review and adoption of a revised reserve management framework

Following the development and approval of key policy and operational proposals regarding foreign reserve management in the prior financial year, the Bank continued work on improving the Reserve Management Framework via capacity building provided by the World Bank Treasury's Reserves Advisory and Management Program (RAMP). Key achievements, which the ECCB attained during the financial year, included:

- Development and approval of a foreign reserve money manager framework;
- Successful renegotiation of external money manager and custodian fees; and
- Increased share of foreign currency reserves under internal management.

During the year under review, the Research Department actively participated in several committees related to the Reserve Management Framework. These committees included the Reserves Asset Management Program (RAMP), the RAMP Internal Technical Committee (RITC) and the Reserve Management Committee (RMC). Additionally, the Research Department participated in workshops held by the World Bank, within the context of the RAMP.

Advise Monetary Council on monetary and credit conditions consistent with The ECCB Agreement

A key responsibility of the Research Department is the production of the Money and Credit Conditions report which serves to advise the Monetary Council and the Governor of the ECCB on the status of, and developments in, monetary and credit aggregates in the ECCU. The report is constructed using data provided by the Statistics Department and was produced three (3) times during 2018 and 2019, and will continue to be produced in the new financial year.

Plan to maintain a strong and stable EC Dollar

Strength and stability must be measured to determine progress. In this regard, compilation of the External Sector Statistics (ESS) continued during the reporting period. Given the implementation of the IMF Balance of Payments Manual, Sixth Edition (BMP6), there were two releases of the ESS during the Financial Year 2018-2019. The statistics for 2016 were released in September 2018, while the data for 2017 were released at the end of March 2019. Both series were disseminated with forecasts up to 2019 and 2020 respectively. Further development work in the area of ESS continued during the reporting year. Fruitful discussions were held with the External Sector Statistics Adviser at the Caribbean Regional Technical Assistance Center (CARTAC) on the possibility of back-casting the series, so that historical information is available for research and policy purposes. Currently data are only available for the period 2014 to 2017 with projections for 2018 to 2020. Work on the development of the country-specific metadata to support the compilation of the External Sector Statistics in the ECCU is ongoing.

FINANCIAL SECTOR STABILITY

Enhancing the risk-based supervisory and management framework requires the ECCB to report on risks emanating within the financial sector at the macroeconomic level. A key reporting tool of central banks globally is the Financial Stability Report. The Research Department's financial stability team is responsible for this report and produces it based on analysis of the commercial banking sector, the credit union sector and the insurance sector in the ECCU. To facilitate the analysis of these risks, the financial stability team works with the Single Regulatory Units in each member country to collect and analyse the data in the credit union and insurance sectors. Data on the commercial banking sector is analysed in conjunction with the Bank Supervision Department of the ECCB.

In fulfilling the Eastern Caribbean Central Bank's (ECCB) mandate to maintain financial stability, the Bank Supervision Department (BSD) continued to play a critical role in the regulation and supervision of institutions licensed under the Banking Act 2015. The BSD implemented various initiatives to assess emerging trends in the financial system and to identify risks that threatened financial stability. The following activities were undertaken during the year:

Enhance Risk Based Supervisory and Management Framework

Enhanced Supervision of Licensed Financial Institutions (LFIs):

The ECCB conducted two pilot on-site examinations under the Risk-based Supervision (RBS) Framework, which was implemented in March 2018.

The ECCB continued to provide oversight of the Receiverships of ABI Bank Ltd in Antigua and Barbuda, and National Bank of Anguilla Ltd and Caribbean Commercial Bank (Anguilla) Ltd in Anguilla, subsequent to their resolution on 27 November 2015 and 22 April 2016, respectively. Efforts are ongoing by the respective Receivers towards liquidation of assets and the repayment of claims.

Issuance of Prudential Standards

The ECCB continued to revise existing and draft new prudential standards to further strengthen its regulatory framework and increase financial sector resilience. In March 2019, three prudential standards, namely, Corporate Governance, Operational Risk and Outsourcing were introduced to the industry at the joint meeting of commercial banks and non-bank financial institutions licensed under the Banking Act 2015. The revised Fees and Charges Standards are being finalised for issuance and publication.

Prudential Standards for Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) have also been drafted, with input from the Office of Technical Assistance of the United States Department of the Treasury (OTA/USDOT). In relation to Basel II/III, a suite of six (6) Prudential Standards have been drafted under a technical assistance programme facilitated by the Caribbean Regional Technical Assistance Center (CARTAC), along with the choice of national discretion, the reporting template and standard instructions. These standards are needed to facilitate successful implementation of Pillar I., which addresses minimum capital requirements. The standards are being finalised with comments solicited from the Basel Working Committee, all licensees and the Institute of Chartered Accountants of the Eastern Caribbean.

Operationalisation of the ECCB's Mandate for Anti-Money Laundering/Combating the Financing of Terrorism Supervision of LFIs:

The ECCB has made significant progress towards the development and implementation of its AML/CFT Framework:





1. In April 2018, the ECCB established the AML Supervisory Unit within the Bank Supervision Department, to focus primarily on the development and implementation of the AML/CFT Risk-based Supervision Framework for LFIs.
2. The ECCB executed a Multilateral Memorandum of Understanding (MMOU) with competent authorities on 8 August 2018. The MMOU provides a framework for the mutual co-operation in the supervision of compliance with the legal obligations for licensees to establish and implement an effective AML/CFT system.
3. Subsequent to the naming of the ECCB as the AML/CFT supervisory authority in Antigua and Barbuda, the Office of National Drug and Money Laundering Control Policy officially handed over responsibility to the ECCB in September 2018. An official handover of responsibilities between the Grenada Financial Intelligence Unit (FIU) and the Bank Supervision AML Supervisory Unit was conducted over the period 14-15 January 2019.
4. The ECCB conduct of five AML/CFT onsite examinations in the three territories (St. Vincent and the Grenadines, Grenada and Antigua and Barbuda) where the ECCB has been named as the AML/CFT supervisory authority. Two joint onsite examinations were conducted with the ONDCP.
5. The relevant tools and documents to support the AML/CFT supervision framework are in an advanced stage. The AML/CFT Supervision Manual is being finalised with assistance from the OTA/USDOT. A prudential return reporting form with the associated manual of instructions have also been drafted.
6. As part of its continuing technical assistance programme, over the period
7. 16-18 January 2019, the OTA/USDOT assisted with the conduct of a limited scope gap analysis of the Grenada AML/CFT legislation and its compliance with the Financial Action Task Force (FATF) Recommendations and Immediate Outcomes. The exercise was conducted jointly with the Grenada FIU and the ECCB's AML Supervisory Unit.
8. At a special meeting of the Regulatory Oversight Committee (ROC) held on
9. 18 January 2019, the OTA/USDOT presented on the FATF mutual evaluation process and financial sector supervision. The presentation focused on the role of the ECCB in the process for the domestic banking sector and the oversight required by other supervisory and competent authorities given the multi-jurisdictional supervisory regime in the ECCU.
10. At the request of Saint Lucia, Grenada, Montserrat and
11. St Vincent and the Grenadines, the ECCB appointed representatives to these jurisdictions' National Risk Assessment Working Groups.
12. In November 2018, the ECCB circulated to all LFIs request for information to facilitate the conduct of an AML/CFT risk assessment. On completion of the risk assessment, all LFIs will be assigned a composite AML/CFT risk rating. The assigned risk rating will determine the level of supervisory oversight and frequency of onsite examinations.

13. The ECCB continued its efforts to encourage the relevant member governments to amend the necessary AML/CFT legislation to name the ECCB as the AML/CFT supervisory authority for its licensees. To date, the ECCB has been named as supervisory authority for its licensees in St Vincent and the Grenadines, Grenada and Antigua and Barbuda.

Increased Consumer Education

In an effort to further edify the public on the role and function of the ECCB, a representative participated in the Career College Health Expo held in the Independence Square, St Kitts in February 2019.

Basel II/III Implementation

In February 2018, the ECCB established a Basel II/III Implementation Group (the Group) within the Policy and Licensing Unit of the BSD, to give focused attention for implementation by the proposed date of June 2020. The Group continued to facilitate the rollout of the implementation roadmap, including the development of supporting standards, implementing the quantitative impact studies and sensitising licensees and other key stakeholders.

International Financial Reporting Standard (IFRS) 9 Implementation

The ECCB continued to monitor its LFIs' implementation of measures to ensure compliance with International Financial Reporting Standard (IFRS) 9.

Develop a macro-prudential framework

Key to ensuring financial stability is the establishment of a macro-prudential framework. In July 2018, the Monetary Council approved the governance framework for undertaking macroprudential surveillance via the establishment of a Regional Financial Stability Committee and a Macroprudential Policy Committee. Additionally, the Monetary Council was asked to support efforts aimed at collecting data from Single Regulatory Units (SRUs). The data collection aspect of this objective is ongoing and the SRUs in member countries continue to lend support to the task.

Deliver new risk management infrastructure to support the ECCU financial sector

ECCU Deposit Insurance Fund

During the 2018/19 financial year, the Bank finalised its policy paper on deposit insurance, which was presented to the Monetary Council for approval. Going forward, stakeholders would be engaged towards achieving consensus on a deposit insurance policy framework for the ECCU. The finalised policy framework will form the basis for drafting of the deposit insurance legislation, which will inform the type and scale of the deposit insurance fund. The establishment of an ECCU deposit insurance fund will certainly enhance the risk management infrastructure of the financial sector contribution to financial stability.

ECCU Credit Bureau

An international credit bureau was selected to apply for a licence to own and operate a credit bureau to serve the ECCU. The licensing process is expected to be completed within the first two months of the 2019/20 financial year. In the interim, the Bank continues with its efforts to establish a comprehensive credit reporting regulatory framework and to coordinate pre-development process activities. The Bank will also be coordinating the delivery of public awareness and education activities, during the 2019/20 financial year.

Improve payments infrastructure to adapt to evolving market expectations

During the financial year, the Eastern Caribbean Payment Council was reinstated. Among the objectives of the payments council were to promote the operational efficiency, security and integrity of the payment and settlement systems in the ECCU.

The National Automated Clearing House Association Pre-arranged Payment and Deposit (NACHA PPD) standard was introduced in the Eastern Caribbean Currency Union (ECCU) in May/June 2018, through an initiative which was undertaken to modernize the payment system by the Eastern Caribbean Automated Clearing House Services Incorporated. Under this initiative, citizens now have the option to make Eastern Caribbean dollar payments to any recipient with an account held at any commercial bank across the ECCU. The Electronic Funds Transfer (EFT) product provides a safer, faster, more convenient and more cost-effective option for making payments.

The Committee on Payment and Settlement Systems and the International Organization of Securities Commissions (CPSS-IOSCO) Principles for Financial Market Infrastructures (PFMI) was approved by the Monetary Council and has been adopted as the standard, which Financial Market Infrastructures (FMIs) would be required to observe in the ECCU.

Promote the development of the financial sector to increase citizen access to credit and other financial services

In 2018/19, efforts were intensified to operationalize the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) by the first quarter of the new financial year 2019/20. The Board of Directors was established, with the names of nominees gazetted in the member countries. A Chief Executive Officer has been selected. Current efforts are focused on the recruitment of three other initial staff members (Chief Financial Officer, Senior Operations Officer and Administrative Assistant). We will continue to work in the new financial year 2019/20 with the ECPCGC's Board of Directors and the World Bank on the final steps for operationalisation of the Corporation by the end of June 2019.

FISCAL AND DEBT SUSTAINABILITY

Provide policy advice to Participating Governments and facilitate capacity building of member countries for effective debt management

During the FY, the Bank, under the Canada-Eastern Caribbean Debt Management Advisory Service (CANEC-DMAS) Project, provided technical support to two of its member countries (Anguilla and Grenada) in the update of both their Debt Sustainability Analysis (DSA) and Medium Term Debt Management Strategy (MTDS), important policy tools to guide both fiscal policy and debt management in these countries. In collaboration with the World Bank, two Debt Management Performance Assessment (DeMPA) missions were undertaken in Dominica and Grenada.

In continuation of the efforts to build capacity to undertake the DSA, the Bank collaborated with the IMF and the World Bank, to successfully host a workshop on the revised DSA template for low income countries (LIC). The three ECCU member countries that are classified as LIC (Dominica, Grenada and St Vincent and the Grenadines) participated in the workshop along with other LICs – Guyana, Haiti, Honduras, Nicaragua - and staff from the ECCB.

The CANEC-DMAS project that was implemented to assist member countries to build capacity in debt management ended in June 2018. The Bank and its member countries wish to express our profound gratitude to the Government of Canada, through Global Affairs Canada, for its invaluable support to debt management in the region.

The Bank is continued to support debt management in the ECCU as signaled under Goal 3 of its Strategic Plan 2017-2021, which is 'To be the advisor of choice to our Participating Governments in pursuit of fiscal and debt sustainability'.

Training in debt management was provided to the Auditor General's Office in Saint Lucia, to prepare the staff to undertake debt management performance audits. This was a follow-up to a Debt Management Performance Audit Training for Supreme Audit Institutions in the region hosted by the Bank in October 2017, with the support of the Government of Canada and the National Audit Office of the United Kingdom. The thrust is to facilitate capacity building in this area given that Audit is a performance indicator under the DeMPA framework and is critical in strengthening accountability and transparency of debt management activities.

The Bank is partnering with the Commonwealth Secretariat to deploy its new web-based solution for debt management, Meridian, which is to replace the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS). To this end, two of the member countries – St Kitts and Nevis and Saint Lucia, have been selected as pilot countries. Training on the functionalities of Meridian was provided to the staff in these two pilot countries and the ECCB during the FY and pilot implementation has been ongoing to test the system.

Advocate for a high standard of fiscal governance and functional cooperation

In an effort to ensure that government public accounts are in accordance with current international best practice, the Bank has been collaborating with the IMF for training and technical support in the application of the Government Finance Statistics Manual 2014 (GFS 2014). Most member countries are still using cash/modified cash basis accounting systems based on an old GFS 1986 methodology. To advance efforts for fiscal accounts to be compiled in accordance with GFS 2014, the IMF made a presentation to the Financial Secretaries to sensitise them on the benefits of the new methodology.

Track member countries' performance related to fiscal and debt sustainability and share information with member countries and other stakeholders

The monitoring framework for fiscal and debt sustainability is conducted through both the Research Department and the Statistics Department. The Research Department has responsibility for the development of financial programming tools, which economists use to analyse policy developments as well as the production of the Economic and Financial Review (EFR). The EFR during 2018/2019 was produced in two (2)

separate issues: the Annual Economic and Financial Review (AEFR), for calendar year 2017, and a second issue which reported on the first half of 2018. The document is distributed to members of the public via the ECCB's website to the general public as well as direct dissemination to key stakeholders via email. These stakeholders include the local Chambers of Commerce, the Ministries of Finance and businesses. Additionally, the Economists of the Research Department play an active role in providing advice to member countries through familiarization missions and the IMF Article IV missions.

Improve the functioning of the market for government securities (RGSM)

During the FY, The Bank, in collaboration with the International Monetary Fund and the Government of Canada, conducted workshops on Investor Relations in five member countries: Grenada, St Vincent and the Grenadines, Dominica, Saint Lucia and Antigua and Barbuda. The objective of the workshop was to provide capacity building to staff of the Debt Management Units and other government units to design, implement and monitor investor relations programmes.

The newly designed ECCU Public Debt and Market Information webpages are intended to be used as the principal, one-stop delivery infrastructure for data dissemination and/or communication for the eight member states of the ECCU. The premise of the initiative is impartiality and equal access; that is, all stakeholders, irrespective of geography, political suasion, affluence or influence should receive information in a neutral and unbiased manner simultaneously.

The guiding principles in the design and development of the webpages were to, first and foremost, satisfy user informational requirements and be relevant, accessible, timely and reliable. Initial feedback from the test group, which included data providers and data users, was that the pages were "impressive". The pages are to be fully deployed for the next financial year where the intention is to build on content and be responsive to user needs.

In an effort to advise member countries on the development of the domestic market and improving the function of the RGSM, a policy paper was prepared on the 'Potential Impact of IFRS 9 on Debt Management Operations in the ECCU'. The paper was presented to the Regional Debt Coordinating Committee (RDCC) to apprise them of the possible spillover effects on government debt management activities as institutional investors implement this new accounting standard. The RDCC approved the recommendations submitted, geared towards increasing coverage of public sector debt recording and reporting, provision of forward-looking information and regular publication of debt reports. It is anticipated that these measures will satisfy the information needs of participants of the RGSM in particular and further mitigate against the effects of the implementation of IFRS 9.

In an effort to assist the government of Anguilla to tap into the RGSM, the Bank has prepared a policy document on 'The Viability of the RGSM as a Financing Option for the Government of Anguilla', to engage the authorities in Anguilla to possibly enter the market.

Provide capacity building to Participating Governments for effective cash flow management and operational efficiencies

In continuing to ensure a safe environment for the transmission of financial messages, member governments were migrated from SWIFT Alliance Lite to SWIFT Alliance Lite2 and provided with training to ensure that they had the requisite capacity in preparation for go-live.

GROWTH, COMPETITIVENESS AND EMPLOYMENT

Support the OECS Commission in the continued refinement of the OGDS and implementation of an ECCU-wide economic development plan (including initiatives, targets and assigned responsibilities)

During the past year the ECCB worked closely with the OECS Commission to refine and finalise the OECS Development Strategy, which includes a foreword by the Governor. The Strategy was launched at the end of the financial year on 26 March.

National consultations on growth and resilience were held in the member countries with constituent groups to finalise the Action Plan from the 2nd Growth and Resilience Dialogue, to harmonise with national priorities and advocate for continuity in country. Those discussions guided the development of the concept note and plans for the 3rd Growth and Resilience Dialogue held in February 2019, with focus on two thematic areas namely Institutions and Infrastructure. The ECCB website has been populated with the body of knowledge developed so far.

Provide technical assistance, policy advice and consultations to ECCU member countries on how to expand existing and attract new sectors and improve regional competitiveness and ease of doing business

During the financial year, technical assistance was provided to the ECCU member countries in the compilation and/or review of the ECCU Gross Domestic Product (GDP) estimates. Two (2) in-country compilation missions were conducted to Dominica and Montserrat respectively. Additionally, there was collaboration on the bi-annual revision of the annual GDP projections for the ECCU member countries. The Bank made

significant progress in operationalizing the interactive database for economic statistics on the ECCB website. Currently, only monetary and financial, population and the real effective exchange rate statistics can be retrieved interactively on the ECCB website. To supplement macro-economic analysis, the Bank continued with the administration and conduct of the bi-annual Business Outlook Survey and the management of real sector and national accounts statistics.

Consistent with its strategic goal of actively promoting the economic development of our member territories and with the recruitment of additional staff, the Bank participated in the following training workshops:

- The System of National Accounts Methodology and Concepts at the ECCB Campus from 3 to 6 April 2018
- The System of National Accounts Supply and Use Training in Montserrat from 9 to 13 April 2018
- The CARTAC/Project for the Regional Advance of Statistics in the Caribbean (PRASC) Regional Planning Workshop on Real Sector Statistics in Saint Lucia from 1 to 4 October 2018
- The International Comparison Programme Technical Meeting for National Accounts in Trinidad and Tobago from 10 to 12 October 2018

On the development front, the Department collaborated with regional partners, particularly the OECS Commission, CARICOM, CARTAC, Statistics Canada and UN-ECLAC on various statistics related initiatives.

ORGANISATIONAL EFFECTIVENESS

Transform citizen engagement and stakeholders' relations management built on transparency, accountability and knowledge sharing

Financial Information Month (FIM) – Permanent Logo and Theme Song

Financial Information Month is a regional financial, economic, business and entrepreneurial education campaign executed in the Eastern Caribbean Currency Union (ECCU) since 2002, through the collaborative efforts of the Eastern Caribbean Central Bank (ECCB), ECCU member governments, financial and academic institutions, the media, other private and public sector institutions and community-based groups. The Month forms part of an ECCU financial and economic education programme coordinated by the ECCB in collaboration with 87 partners from the eight (8) member countries. In 2018, four new organisations came onboard as FIM partners including the Regional Security System Asset Recovery Unit (RSS ARU) which has expressed its commitment to continue working with the Bank in its Public Education and Community Outreach thrusts.

In 2018, the FIM partners coined the tagline 'Financial Empowerment Through Education' which will be used as the overarching theme of the initiative going forward. Each year, a new area of focus will then be selected based on current issues and needs. The partners also designed a new perpetual logo, which fittingly reflects the theme, and came up with a corresponding catchy jingle to accentuate the new tag line.

The logo design reflects the following:

- The staggered letters "FIM" on the "pathway" depict the journey through life and the winding road an individual takes on the way to financial empowerment.
- The human figures on the letters which read "FIM" represent an individual taking the steps towards financial empowerment.
- The last figure with the raised hands holding the dollar sign, demonstrates celebration of having achieved one's financial goals.

FIM incorporates a series of initiatives designed to support the attainment of the goal of "a financially developed and vibrant ECCU region that fosters strong and sustainable economic growth and the improved well-being of the citizenry."

The area of focus for FIM 2018 was 'Conducting and Protecting Your Business in a Digital Environment' with various sub-themes including:

- New Currency: Cryptocurrency, Bitcoins, Digital Wallets...Are We Ready? – legal framework requirements/implications, regulation and supervision
- Cyber security: use strong protection every time – how to protect oneself from identity theft, online fraud, hacking of accounts, guidelines for using ATM machines, credit cards and other online payment platforms

The annual FIM Symposium focused on innovation in payments systems including cryptocurrency and digital currency and restructuring and transforming businesses to take advantage of opportunities in the digital environment. Experts in the areas of FinTech and intellectual property rights, among others, served as presenters and discussants.

ECCB Primary School Mentorship Programme

The ECCB Primary School Mentorship Programme continued successfully over the past year with the engagement of over 500 students from across the ECCB member countries. The programme was initiated in

2007 and involves one primary school from each ECCB member country. ECCB representatives and networking partners visit the schools on a weekly basis to engage students of Grades four, five and six on a variety of topics around the ECCB and its impact on the livelihood of the citizens and residents of its member territories.

Savings and Investment Course

The ECCB Savings and Investment Course was initiated in 2003 in collaboration with local financial institutions with the aim of enhancing the financial competence of the ECCU adult population. Over the past year, 164 participants graduated from the course from across the eight ECCB member countries.

Enhancement of the ECCB Savings and Investment Course is underway with a Memorandum of Understanding (MOU) between the Bank and the University of the West Indies (UWI). The MOU will help to elevate the standards of the course through preparation of material and the UWI's accreditation of the course. The ECCB and UWI will also collaborate on registration of the participants and signing of certificates.

The New ECCB Creative Youth Competition

The Eastern Caribbean Central Bank (ECCB) launched the ECCB Creative Youth Competition for secondary school and community college students aged 13-19 in the ECCB member territories in September 2018 in collaboration with the Regional Security System Asset Recovery Unit (RSS ARU).

This initiative, which is part of the Bank's Community Outreach Programme, replaced the ECCB-sponsored OECS Essay Competition and is designed to allow students to demonstrate their creativity and critical thinking skills through various genres including: essay writing, poetry, song writing and art.

ECCB Connects: Who we are, What we do, How we serve you!

On 24 November 2018, in the 8th season, the Bank celebrated the airing of the 100th episode of ECCB Connects. As at 31 March 2019, 117 episodes had been released on the Bank's social media pages, YouTube, Facebook and LinkedIn; three of those episodes focused on the Bank's transition to EC polymer notes, assisting with the sensitisation of the public on this significant venture of the ECCB. Other topics covered included:

- The Eastern Caribbean Partial Credit Guarantee Corporation;
- Risk Based Supervisory Framework;
- Commercial Banks Fees and Charges; and
- Information Technology and Growing Your Business.

ECCB Connects, which is now in its 10th season, was initiated to enhance the public's knowledge on the role and function of the Bank.

23rd Sir Arthur Lewis Memorial Lecture and Book Award

Bevil Wooding, Strategic Advisor on Technology to the Organisation of Eastern Caribbean States (OECS) Commission and one of the region's leading advocates for technology-enabled Caribbean Development, delivered the 23rd Sir Arthur Lewis Memorial Lecture. The Lecture titled: Leveraging ICT for Transformation in the Eastern Caribbean Currency Union, was presented on 7 November 2018 at the Sir Cecil Jacobs Auditorium.

In his lecture, Wooding emphasised that technology itself was never the reason things changed, but how people choose to apply technology was the real catalyst for development. He impressed on the audience that ICT efforts should not be withheld because they seemed different or unfamiliar from what we once knew.

Following the lecture, Trevor Brathwaite, Deputy Governor, ECCB, presented the 10th Annual Sir Arthur Lewis Memorial Book Award to Hiram Forde, Principal, Antigua State College. The Book Award is presented annually in alphabetical order to a selected college in the respective ECCB member country. The books awarded to the college form a relevant part of the institution's library.

Revamp the Human Resource Strategy to Support Talent Development and Management

The staff of the Eastern Caribbean Central Bank are its most important resource and their critical role in the Bank's quest towards the realization of its strategic plans cannot be overemphasized. As a result, the development and enhancement of the Bank's staff continues to be paramount. The Bank in its thrust to revamp its Human Resource Strategy to effectively support talent development and management continued on its course during the review period 2018/19 to better align individual capabilities with suitable roles within the organization, recruit best fit candidates and to build capacity through various training initiatives. The VF Inc Consultancy Firm continued their engagement with the Bank. In addition, significant work on modernizing the Bank's HR strategy, reformulation of the organization's structure and operational framework were undertaken with an aim towards continuously enhancing organisational effectiveness and delivering service excellence.

Recruitment and Selection

During the financial year 2018/2019, the HRD undertook twelve (12) external recruitment drives bringing in a total of seventeen (17) new family members into the ECCB. The external recruitment included the onboarding of a Chief Director Policy as part of the Bank's Executive team with a strategic focus on policy development. One internal recruitment was also undertaken. Recruitment for this review period was deliberate, timely and targeted at filling key staffing gaps in ten (10) departments with best fit candidates to assist in the execution of the various departments' mandate as they forge ahead towards the overall achievement of the Bank's strategic goals. The terms and conditions of initial engagement continued to be a two-year contractual agreement with the option to re-engage, transfer to the permanent establishment or separate at the end of the contractual period. The ECCB's staff complement stood at 250 as at 31 March 2019. Table 1 below provides a summary of staffing over the review period.

Training and Development

In its pursuit to support talent and enhance capacity, the Bank provided training for its employees based on its priority areas and strategic goals. During the 2018/19 year in review, approximately eighty (80) staff members attended fifty-five (55) approved Management Initiated Training programmes. The areas of training were wide-ranging and included training in Anti-Money Laundering/Combating Terrorist Financing, Human Resource Management, Public Finance Management Legislation, Domestic and External Debt Management, Strategic Planning and Management, Fintech and Payment Systems, Risk Management, Information and Communication Technology, Macroeconomics and Research, Accounting Standards and Internal Audit. The Bank was also represented by staff from various departments at external meetings and conferences locally, regionally and internationally. Participation in these trainings and meetings, while ensuring enhanced capacity and talent, also provided new perspectives for staff in their respective areas and excellent opportunities for networking and building of important professional relationships. Additionally, the HRD conducted in-house bank-wide training in performance management.

HR management staff also benefitted from networking opportunities, learning new skills and staying abreast of the latest HR strategies and opportunities beyond the regional scope, through attendance at global and regional conferences.

HR Consultancies

The Eastern Caribbean Central Bank, determined to stay the course and work towards achieving its strategic objective of enhancing organizational effectiveness, undertook the task of developing a modern HR Strategy. Consultancy firm, VF Inc of the Commonwealth of Dominica led by principal consultant, Dr Valda Henry partnered with the ECCB to this end. VF Inc was engaged for a period of thirteen (13) months, from October 2017 to March 2019. During the 2018/19 year, VF Inc continued to work with the Bank in the reviewing of HR policies, procedures, performance management as well as its training, development and succession plans. A compensation survey and gap analysis were undertaken.

Policy Enhancement and Compliance

Identifying and mitigating risk continued to be a priority for the Human Resource Department in accordance with the ECCB's enterprise risk management (ERM) framework. Exposure to bank-wide ERM training assisted the Department in preparing risk registers to ensure that threats - perceived or actual - that could derail the Department's work outputs are adequately identified to avoid or contain them with proactive measures.

The HR consultant's review of HR policies, as well as recommendations from audit findings and general industry best practice alignment, resulted in the decision to formulate new policies and improve existing ones to better enhance the operational framework of the department.

Compensation and Benefits Management

During the period 2018/19, the ECCB's compensation and benefits package was reviewed by the HR consultant to assess and determine whether the offerings of the Bank were in keeping with best practices. The HR consultant undertook surveys and research which ascertained that the Bank's offerings are generally competitive.

Additionally, the Bank, in keeping with its practice to review triennially the compensation packages for management and staff to address such issues as inflation and cost of living, undertook a separate review of its compensation package through a Salary Review Committee. This process was supported by the Human Resource Department and also involved the submission of an independent Compensation Package Proposal by the Staff Association and Management to the Salary Review Committee for consideration. Recommendations were made to and approved by the Board of Directors, for increases in the housing and overseas allowances and the reinstatement of the increments, effective 2019/20 financial year. An increase in salary over the triennium 2019 – 2022 was also recommended and approved.

During the period, the Bank contracted an insurance broker to undertake a review of the Life and Health Insurance market. The decision was taken based on results of the market review to change the Bank's Group Life and Health Provider.

