



# Caribbean Corner

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**Caribbean Matters at the IMF.**  
The International Monetary Fund maintains a strong partnership with the Caribbean region, with dedicated country teams in its Western Hemisphere Department's Caribbean I and II, and Latin Caribbean Divisions.

With a total population of 40 million and a cumulative land area of just over 1 million sq miles, the region consists of multiple island nations in the Caribbean Sea and the surrounding coasts. Its people are a macrocosm of ethnic groups from four continents. Mostly tourism- and natural resources-based, the Caribbean economies were hard-hit by the unwinding global financial crisis, and most experience low growth, high public debt and vulnerability to natural disasters. These island states are very diverse in income levels. In 2013, GDP per capita (PPP) ranged from US\$32,037 in The Bahamas to US\$1,315 in Haiti.

For audiences within and outside of the IMF, the **Caribbean Corner** will provide a communication platform three times a year for the institution's work on the region.

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Appointed IMF Executive Director for Canada, Ireland and the Caribbean in 2009, Mr. Hockin completed his five-year term this past summer. Discussing his reading of the challenges ahead for the Caribbean region, he urged continuing Fund support to the regional authorities' home-grown reform efforts.

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Growth continues to be weak in the Caribbean, and the region remains saddled with high public debt burdens and financial sector fragility. Boosting economic growth requires a renewed reform momentum across the region.

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CARTAC is an important provider of technical assistance (TA) to the Caribbean Region. The center's technical support to the region has underpinned increasing operational policy interactions between the Fund and its Caribbean members.

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Energy costs, tax competition, and financial sector vulnerabilities have emerged as three key policy concerns for the Caribbean region. These issues will be the focus of this year's regional Growth Conference in Montego Bay, Jamaica.

# Au Revoir et Merci, M. Hockin

By Mbuyamu Matungulu

*Mr. Hockin: "...The Fund's relationship with the Caribbean governments is gradually changing. To achieve this, it was important to effectively articulate the governments' positions and concerns to staff and, at the same time, convince regional authorities that it was possible to build a mutually beneficial partnership with the IMF..."*

**M**r. Hockin was appointed IMF Executive Director for Canada, Ireland and the Caribbean in 2009, in the midst of the unwinding global financial crisis. Before leaving the position after almost 5 years at the IMF Board, he discussed his Fund experience with **The Caribbean Corner**, and offered views on the challenges ahead for the Caribbean and the support the IMF can provide to the region.

Mr. Hockin welcomed what he perceives as a recent brightening of IMF relations with the Caribbean. The departing Executive Director noted that, while he was well aware of the significant economic damage caused by the financial crisis and ensuing Great Recession before joining the Fund, the widespread fallout in the Caribbean region surprised him upon arrival. He observed that "the countries from the constituency suffered greatly during the crisis (and continue to do so) partly due to decline in global trade and a sharp drop in international demand for the goods and services produced in the region, especially the tourism industry, which was particularly hard hit." On the upside, the crisis, in Mr. Hockin's view, has provided an opportunity for enhanced collaboration between the IMF and the Caribbean, against a backdrop of "a changing role for the IMF and a much stronger relationship between the institution and member countries in the region."

Four Caribbean countries (Antigua and Barbuda, St. Kitts and Nevis, Jamaica, and Grenada) have



Mr. Hockin is a graduate of Western Ontario and Harvard Universities. Before joining the Fund, he served Canada as Member of Parliament, Minister of State for Finance, and Minister of International Trade.

indeed embarked on economic programs supported by the IMF in recent years, and other countries have received support to recover from natural disasters. Importantly, two of these countries have exited their Fund-supported programs and are now undergoing "post-program monitoring." The Executive Director pointed out that these accomplishments were in stark contrast with the record prior to the global financial crisis when "very few Caribbean governments actively sought assistance from the Fund in the context of formal Fund-supported arrangements." He attributed past policy makers' skepticism of the IMF to "a long-held belief that the Fund's policy advice was not sufficiently tailored to address the unique circumstances of individual small vulnerable open economies like those of the Caribbean," and the perception in the region that "not enough consideration was given to the social dislocation that often accompanies IMF-supported programs."

For Mr. Hockin, in addition to "renewed engagement efforts by the Fund," factors underpinning recent

improvements in IMF relations with the region include "dedicated actions by relevant Executive Directors' offices to effectively articulate the governments' positions and concerns to (IMF) staff and, at the same time, convince regional authorities that it is possible to build a mutually beneficial partnership with the IMF." He stressed the need to ensure that Fund-supported programs are not seen as being imposed by the IMF, but rather as home-grown reform programs supported by the IMF with funding, policy advice, and technical assistance. He said this "is critical to reinforce the sense of ownership that is necessary to the success of any program." The Executive Director saw his own political experience as essential in clearly understanding how difficult it sometimes is for governments to make the tough political choices presented to them.

Looking ahead, Mr. Hockin viewed the low growth/high debt dichotomy as a major challenge for Caribbean policy-makers. The Executive Director voiced concern over the persistently weak economic activity throughout the region, which has increased debt, undermined macroeconomic stability, and in some cases eroded

hard-won past development gains. As countries endeavor to address these hurdles, he welcomed the measured consensus across the Caribbean region that strong fiscal adjustments are required in some countries to reduce imbalances and achieve debt sustainability. He advised that governments should take advantage of the more favorable domestic policy context to launch or accelerate implementation of bold policies that are essential to enhancing medium-term growth prospects. Mr. Hockin believed that the Fund (with other IFIs and bilateral partners) should be there to support the region in pushing these efforts forward. He remarked in this context: "I am very proud that Canada is doing its part in providing significant

support to the region's reform agenda, including through the Canadian \$20 million technical assistance sub-account at the IMF."

Over the past five years, Mr. Hockin's office has contributed to the development of a number of key initiatives that have benefitted the Caribbean region and small states more generally. In particular, Caribbean governments now have a very unique annual engagement with the Managing Director during the International Monetary Fund/World Bank Annual Meetings. The IMF has also convened a number of high-level conferences on policies to generate sustainable and inclusive growth in the Caribbean region, the next of which is scheduled to take place in Jamaica during

October 22-24, 2014. Concurrently, Mr. Hockin and other Executive Directors have established a Small States Working Group within the IMF that has enhanced research and analysis specific to small states and continues to effectively advocate on behalf of small states at the IMF Board. During his tenure, a new guidance note for staff on Small States was also endorsed by the Board. These initiatives, along with the ongoing dialogue between regional authorities and Fund staff, have also contributed to strengthening the role of the IMF in the region.

On behalf of Mr. Alejandro Werner, Director, and the entire Western Hemisphere Department, the team of The Caribbean Corner extends the best farewell wishes to Mr. Hockin.

## Caribbean Economies Face a Difficult Outlook

By Mbuyamu Matungulu and Marcio Ronci

The region remains saddled with low growth, high public debt burdens, and financial sector fragility.

Growth in the Caribbean continues to be weak, at a projected 1.5 percent for 2014, on average, up from 1.4 percent in 2013. The commodity exporters continue to grow at a faster pace than the economies dependent on tourism services, despite the recent softening of key commodity prices. Among the commodity exporters, Guyana and Suriname are slowing down to around 3 percent in 2014 because of lower commodity prices, and Belize to 2 percent because of declining oil production. In contrast, growth in tourism-based economies is projected at 1.2 percent, on average. Barbados is experiencing its second consecutive year of economic stagnation, and St. Lucia is projected to contract by 1.1 percent in 2014. After bottoming

out in 2013, the key regional economy of Jamaica is recovering slowly, and is projected to grow by a modest 1.1 percent in 2014. Over the medium term, competition from other less expensive tourist destinations could depress further the economic prospects for the region, which will require a renewed reform momentum to boost growth.

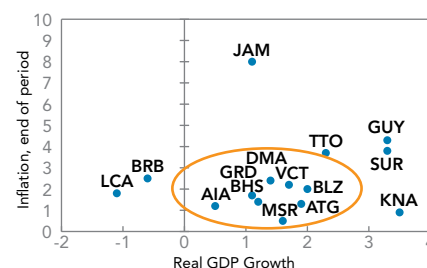
**Fiscal and external imbalances are expected to remain large in 2014 in many countries across the Caribbean.**

Fiscal and external imbalances are expected to remain large in 2014 in many countries across the Caribbean. Fiscal deficits are projected to narrow to 3 percent of GDP on average, down from 4 percent in 2013, reflecting fiscal consolidation efforts in various countries, notably Jamaica, and large revenues from citizenship by investment programs in some

With the exception of commodity exporters, most Caribbean countries have experienced low growth and low inflation ...

**Real GDP Growth and Inflation, 2014 (proj.)**

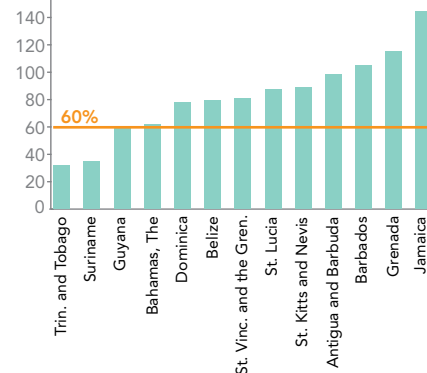
(In percent change)



... and large fiscal and external imbalances that brought about high debt burdens.

**Debt, 2014 (proj.)**

(In percent of GDP)



Source: 2014 World Economic Outlook.

countries in the Eastern Caribbean Currency Union. However, five out of the thirteen Caribbean countries will continue to have fiscal deficits above 6 percent of GDP, mostly those that are heavily indebted. Against this background, public debt-to-GDP ratios will remain high in most countries, averaging 71 percent of GDP for the region. Most countries in the region are also expected to register large

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**A renewed reform momentum is important to boost economic growth in the region, which could otherwise be checked by competition from other more affordable tourist destinations.**

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current account deficits in 2014, although the majority has international reserves well above the Latin American average of 7 months of imports of goods.

Some Caribbean economies are at a critical point and vulnerabilities remain high everywhere. Securing adequate financing for the largest fiscal deficits will be challenging and represents a major risk. Despite high liquidity in local financial systems, some countries are experiencing such pressures because of declining government revenues, high refinancing needs, and saturation of domestic markets with sovereign debt. Authorities in the region are well aware of the risks, and many are taking steps to confront the lack of growth, large fiscal deficits, and high debt. The IMF remains ready to support countries in these efforts. St. Kitts and Nevis completed an IMF-supported reform program in July, while Jamaica's is on track; and Grenada has just established a new three-year IMF arrangement. Concurrently, Antigua and Barbuda is in a post-program monitoring phase. These programs aim to restore fiscal and debt sustainability, strengthen financial stability, shore up competitiveness more generally, and

improve the region's medium-term growth prospects.

An additional vulnerability for the region is the Eastern Caribbean Currency Union's financial sector, which is under considerable stress as a result of high levels of nonperforming

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**Development partners are working with the ECCB to strengthen the banking system.**

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loans. The IMF, together with the World Bank and the Caribbean Development Bank are working with the Eastern Caribbean Central Bank to strengthen the banking system. Technical assistance is being provided to improve bank supervision, including in the area of credit risk management and collateral valuation; and to develop legal and institutional reforms to bring the regulatory framework in line with international standards.

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## Addressing Tough Policy Challenges in Grenada, Jamaica, and St. Kitts and Nevis

*The Caribbean Corner reviews the main objectives and achievements to date in the recently launched program in Grenada, the Jamaica arrangement that has been in place since May 2013, and the just completed arrangement in St. Kitts and Nevis.*

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### Grenada Overcoming the Crisis

By Kimberly Beaton



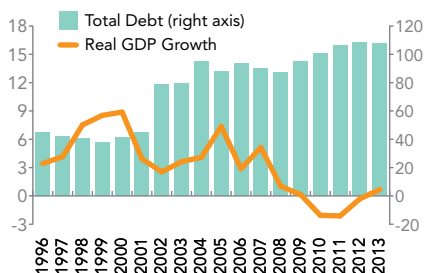
A decade of natural disasters and the global financial crisis coalesced into a deep economic crisis in Grenada. The

economy underwent a protracted recession during 2009-11 and, with monetary policy constrained by the peg to the U.S. dollar, the government used countercyclical fiscal policy to support economic activity. The fiscal expansion did not have a strong impact on growth but widened fiscal imbalances, with debt reaching 110 percent of GDP by end-2013 and financing pressures mounting. The crisis came to a tipping point in March 2013 when—unable to meet its financial obligations—the government

announced it would seek a comprehensive and collaborative restructuring of public debt.

The authorities immediately embarked on a comprehensive reform agenda, supported since June 2014 by a three-year IMF arrangement (under the Extended Credit Facility), as well as by the World Bank and the Caribbean Development Bank. The authorities' program focuses on restoring fiscal sustainability, strengthening competitiveness and growth prospects, and securing financing stability. The authorities are addressing fiscal imbalances through a large and frontloaded fiscal consolidation of 7¾ percent of GDP over three years, complemented by efforts to comprehensively restructure

**Grenada: Debt and Growth**  
(Debt in percent of GDP; growth 3-year moving average, in percent)



Sources: ECCB, Grenadian authorities; and IMF Staff Estimates.

debt and bring it toward the regional debt target of 60 percent of GDP by 2020. Deep fiscal structural reforms will lock in the gains from these combined efforts, including through new fiscal responsibility legislation. To protect the most vulnerable from the effects of the adjustment, the authorities are strengthening social safety nets and have set a floor on spending under the flagship social program. Boosting private-sector led growth remains an overwhelming priority for the authorities' program, with structural reforms focusing on improving the business environment, reducing electricity costs, and removing other obstacles to growth. To ensure that the financial system can provide the financial intermediation necessary to support growth, efforts are underway to strengthen regulation and supervision of all segments of the financial system.

Grenada has made a strong start in implementing its program, indicative of the government's ownership and commitment. The bulk of the measures needed to support the fiscal adjustment have been put in place and are yielding strong results, with the overall fiscal consolidation on track. The strengthening of the fiscal policy framework has already begun with the introduction of a new Public Finance Management Act, which addresses past weaknesses in budget preparation and execution. The first review of Grenada's program is expected to be considered by the IMF's Executive Board in November 2014.

Social partners are playing an important role in supporting the program and monitoring its implementation. As a result of a broad consultative process initiated by the authorities, Grenada's social partners have established a "Monitoring Committee for the Homegrown Programme", which monitors the implementation of the reforms, assists the government in achieving the targets and recommends corrective actions as necessary.

**Jamaica**  
**Tackling Tough Challenges**

By Dominique Simard



In 2013, the authorities embarked on an ambitious [reform program](#), supported by the Fund through the Extended Fund Facility (EFF). The program's objective is to lift Jamaica from a negative spiral of low growth, high unemployment, precarious government finances and high debt (almost 150 percent of GDP by March 2013), which has persisted for decades. Repeated earlier efforts to overcome these economic challenges, often with Fund support, have failed to ignite an enduring recovery.

Jamaica's ambitious, front-loaded, and comprehensive reform program aims to establish the conditions for durable growth and lower debt by addressing long-standing structural challenges. Several goals and elements of the program are particularly noteworthy:

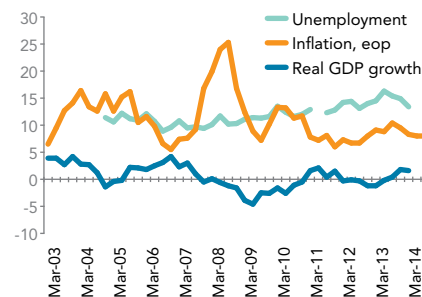
- Boosting private sector-led growth, through a range of structural reforms to improve the business climate.
- Putting the public debt on a sustainable downward trajectory. A February 2013 exchange of domestic debt lowered interest

costs and extended maturities. A large fiscal adjustment has been put in place—raising the primary surplus of the central government to 7½ of GDP, supported by a multi-year wage agreement, important tax reforms, and a fiscal rule that will guide annual budget deficits.

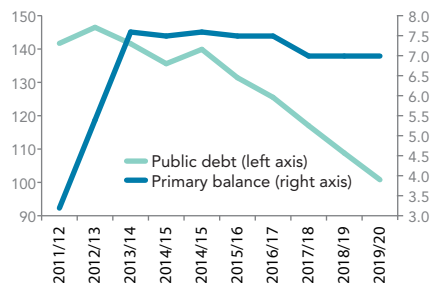
- Restoring competitiveness through productivity improvements and allowing the exchange rate to adjust, to help reduce the reliance on domestic demand and to create jobs.
- Securing funding for private investment through strengthening the financial system and lessening the crowding out from government borrowing.
- Protecting social spending and fortifying the social safety net, as well as providing training opportunities to assist the migration from welfare to work.

To date, a year and a half later, the program is on track, with its

**Jamaica: Real GDP Growth, Inflation, and Unemployment**  
(Quarterly data, percent change)



**Jamaica: Primary Balance and Public Debt**  
(Fiscal year, percent of GDP)



Sources: Jamaican authorities; and Fund staff estimates and projections.

five quarterly reviews completed on schedule. The program has benefitted from a wide partnership, including oversight of policy implementation by a broad-based, private sector-driven committee comprising financial institutions, labor unions, and private sector organizations. The program has also been supported through extensive technical and financial assistance by foreign partners, including the World Bank and the InterAmerican Development Bank.

Gains from Jamaica's demanding program of reforms are emerging, even if much remains to be done and risks remain high. Jamaica has recently regained market access and its external current account has improved sharply. There is a very gradual pickup in economic activity and employment. Growth is projected to reach just over 1 percent in 2014/15, up from -0.7 percent at the outset of the program in 2012/13.

## St. Kitts and Nevis Three-Year Stand-By Arrangement Completed

By Judith Gold



St. Kitts and Nevis made considerable progress under its recent economic reform program. Following Hurricane Omar and the onset of the global financial crisis, tourist arrivals fell sharply, and the tourist-dependent twin-island Federation suffered a steep decline in growth, a significant widening of the fiscal imbalance, and a rise in its already very high debt. In the face of this, St. Kitts and Nevis implemented a "home grown" adjustment program in 2010 that garnered Fund support in the form of a three-year exceptional access Stand-By Arrangement (SBA) in July 2011. Reflecting the strong

record of policy implementation and rapidly growing Citizenship-by-Investment (CBI) inflows, the fiscal balance improved substantially, public debt fell by over a third, and economic growth, after four years of decline, surged. The improved macroeconomic developments allowed the authorities to treat the SBA as precautionary beginning March 2014, and to make a substantial early repayment to the Fund in June 2014.

Fiscal consolidation took center stage in the adjustment strategy. A critical element of the strategy was a three-year government hiring and wage-bill freeze that lasted from 2010 to September 2013, and cutbacks in other spending, including lower priority public investment. The implementation of the VAT in 2011 boosted tax revenue that year, but revenue enhancing measures, while important, took more time to bear fruit, reflecting the much longer than anticipated economic slowdown.

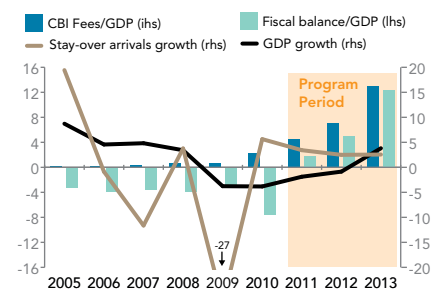
Equally important was debt restructuring, which featured an innovative debt-land swap component. The bulk of debt reduction came from swapping domestic debt for land, eliminating debt of about 27 percent of GDP in 2013. This was complemented by external commercial and official debt restructuring. With these, the further planned debt-land swap, and assuming continued prudent fiscal management, St. Kitts and Nevis is firmly on the path to achieve the ECCU debt-to-GDP target of 60 percent by 2020.

Structural reform and a strengthening of the supervision of the financial system were also critical elements of the strategy. The structural reform program focused efforts on strengthening public financial management, including enhanced monitoring of the public enterprises and corporatizing the St. Kitts Electricity Department, as well as measures aimed to strengthen tax revenue, including promoting tax compliance and widening the tax base. In the financial sector, the program provided support with the creation

of a Banking Sector Reserve Fund to make available temporary liquidity, if needed, to solvent indigenous banks. In the event, the fund was not used. Further, supervision of banks and non banks was intensified, and a strengthening of safeguards continues.

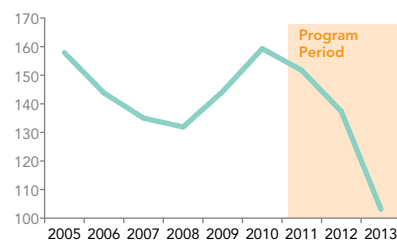
The adjustment and reforms coincided with an unprecedented surge in CBI inflows. Although the CBI program has been in place since 1984, inflows began to accelerate in 2010, and have since far surpassed expectations. Fiscal revenue from the CBI program reached 13 percent of GDP in 2013, and contributions to the Sugar Industry Diversification Foundation (SIDF) are estimated to be of a similar magnitude. While the government is saving the bulk of the associated fiscal revenues, these inflows have allowed a substantial increase in government capital spending. Moreover, the SIDF has also increased its spending and investment. The resulting fiscal impulse, together with a strong pickup in CBI-related construction activity, has led to a rapid recovery in economic activity,

### St. Kitts and Nevis: Economic and Fiscal Indicators



Sources: St. Kitts and Nevis Authorities and IMF staff estimates.

### St. Kitts and Nevis: Public Debt in Percent of GDP



Sources: St. Kitts and Nevis Authorities and IMF staff estimates.

notwithstanding the continued lackluster growth of stay-over tourist arrivals.

**Looking forward, St. Kitts and Nevis prospects look strong, but there are considerable risks.** CBI revenues could be volatile and

may disappear rapidly because of competition and/or advanced economies' concerns. To manage the new vulnerability and contain risks, the government should ensure the highest standard in due diligence for the CBI program and guard against

relaxing fiscal discipline by developing a framework focused on reducing public debt more rapidly, increasing precautionary balances to cushion future economic shocks, and allocating funds toward carefully selected large infrastructure projects.

## Selected IMF Country Reports on Caribbean Economies

### 1. Bahamas

The Bahamas: 2013 Article IV Consultation, [IMF Country Report No. 14/75](#)

The Bahamas: 2012 Article IV Consultation, [IMF Country Report No. 13/100](#)

### 2. Barbados

Barbados: 2013 Article IV Consultation, [IMF Country Report No. 14/52](#)

Barbados: Financial System Stability Assessment, [IMF Country Report No. 14/53](#)

Barbados: 2011 Article IV Consultation, [IMF Country Report No. 12/7](#)

### 3. Belize

Belize: Staff Report for the 2014 Article IV Consultation, [IMF Country Report No. 14/280](#)

Belize: Staff Report for the 2013 Article IV Consultation, [IMF Country Report No. 13/227](#)

### 4. Grenada

Grenada: 2014 Article IV Consultation and Request for An Extended Credit Facility Arrangement-Staff Report; and Press Release, [Country Report No. 14/196](#)

### 5. Haiti

Haiti: Seventh Review Under the Extended Credit Facility, Requests for Waiver of Nonobservance of Performance Criterion, and Modification of Performance Criteria, [IMF Country Report No. 14/105](#)

Haiti: Sixth Review Under the Extended Credit Facility Arrangement, and Request for Extension of the Arrangement and Rephasing of Disbursements, [IMF Country Report No. 13/260](#)

### 6. Jamaica

Jamaica: Fifth Review Under the Extended Fund Facility and Request for Modification of Performance Criteria, [IMF Country Report No. 14/295](#)

Jamaica: 2014 Article IV Consultation and Fourth Review Under the Extended Fund Facility and Request for Modification of Performance Criteria, [IMF Country Report No. 14/169](#)

Jamaica: Request for an Arrangement Under the Extended Fund Facility, [IMF Country Report No. 13/126](#)

Interview on Jamaica: [IMF Loan to Help Jamaica Cope With Growth and Debt Challenges](#), May 1, 2013

### 7. Suriname

Suriname: 2013 Article IV Consultation, [IMF Country Report No. 13/340](#)

Suriname: Staff Report for the 2012 Article IV Consultation, [IMF Country Report No. 12/281](#)

### 8. St. Kitts and Nevis

St. Kitts and Nevis: Ninth and Final Review Under the Stand-By Arrangement, Request for Waiver of Nonobservance of Performance Criterion and Proposal for Post-Program Monitoring, [IMF Country Report No. 14/297](#)

St. Kitts and Nevis: 2014 Article IV Consultation and the Seventh and Eighth Reviews Under the Stand-by Arrangement and Request for Waivers of Applicability and Nonobservance of Performance Criterion, [IMF Country Report No. 14/86](#)

### 9. Trinidad and Tobago

Trinidad and Tobago: 2014 Article IV Consultation, [IMF Country Report No. 14/271](#)

Trinidad and Tobago: Staff Report for the 2013 Article IV Consultation, [IMF Country Report No. 13/306](#)

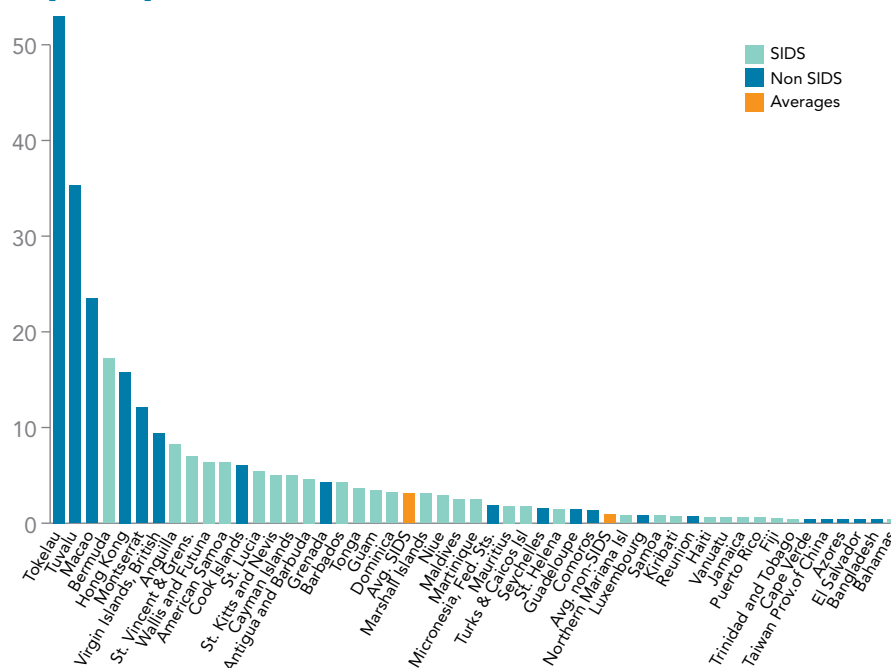
# Natural Disasters and Small Island Economies

By Nicole Laframboise

Natural disasters, particularly tropical storms, can have devastating consequences on small island states. The IMF recently hosted a [seminar](#) on the topic at the UN Small Island Developing States [conference](#) in Samoa. The seminar considered ways to help countries build resilience to disasters by integrating risk management policies systematically into macro-fiscal frameworks.

Weighted by land area and population, small island states suffer the highest frequency of disasters (see chart). Small island economies are especially at risk because more people and physical assets are concentrated in at-risk areas. In addition, they rely more on sectors like agriculture and tourism that depend on the weather, and their economic sectors are more

**Probability of at Least One Natural Disaster in a Year**  
(In percent, per 100 km<sup>2</sup>)



**Weighted by land area and population, small island states suffer the highest frequency of disasters... Aside from the direct human and social costs, the effects in the Caribbean on economic growth and debt are sizable.**

interconnected—which makes the broader economy more vulnerable.

Aside from the direct human and social costs, the effects in the Caribbean on economic growth and debt are sizable. Recent research at the Fund confirmed earlier evidence showing that hurricanes reduce a country's output by about 1 percent, but also found a dramatic impact on debt levels: in the ECCU, the debt-to-

GDP ratio rises by almost 5 percentage points on average the year a storm strikes ([Acevedo, 2014](#)).

Following a disaster, the IMF can contribute as a catalyst for financing and by helping governments design the right policies to preserve stability and lay the foundation for recovery. For example, the IMF approved last month a disbursement for St. Vincent & the Grenadines from two facilities—the Rapid Credit Facility and the Rapid Financing Instrument—to help the country meet urgent balance-of-payment needs due to severe flooding and landslides in December 2013 that caused massive damage to infrastructure, housing and agriculture.

However, Fund [analysis](#) points to other steps that should be taken ex ante to manage risks and mitigate the impact (Laframboise, Loko, 2012). In particular, countries' risks and

vulnerabilities to disasters should be assessed, and these probabilities and related contingency plans should be integrated explicitly into budget frameworks. This would help governments by improving readiness to redeploy spending as needed, by creating some space for emergency spending, by informing decisions about how much to invest in risk reduction, and by strengthening the case for better disaster response systems and more self-insurance (fiscal buffers, foreign reserves). Greater efforts are also needed to improve access to insurance.

Seminar participants in Samoa agreed: a more explicit and systematic approach is needed to building resilience and mitigating the costs of the inevitable hit from natural disasters.



# CARTAC Technical Assistance to the Caribbean Region

By Issouf Samake

CARTAC is an important provider of technical assistance (TA) to the Caribbean Region.<sup>1</sup> Capacity building TA is focused on strengthening public financial management (PFM); modernizing tax and customs administrations; improving financial sector supervision and regulation; deepening expertise in macroeconomic analysis; and producing timely and high-quality economic statistics. Hosted by Barbados, the center covers twenty (20) member countries in the region and is funded by these countries and nine (9) donors, including Canada (DFATD), the United Kingdom (DFID), the European Union (EU), Australia (Aus Aid), and the Caribbean Development Bank (CDB).

CARTAC's TA is tailored to countries' needs as identified by Caribbean national authorities and the IMF. CARTAC TA to the region has grown rapidly in recent years along with the center's ability to accommodate member countries' needs. In FY 2011/12–2012/13,<sup>2</sup> the center completed 637 TA missions across the region. 64½ percent of these were in the fiscal and budget management areas (of which 39½ percent on tax and customs administration and 25 percent on PFM and macro-fiscal management—MFM), aimed at strengthening capacity and helping the Caribbean countries move their fiscal consolidation strategies forward. In Tax and Customs administration, CARTAC has notably provided pre- and post-reform assistance in the establishment of operationally sound value added tax (VAT), income tax, and tax arrears management units; in PFM the center has supported development and implementation of reform plans in

budget preparation and execution, including treasury management and planning as well as internal audit. With regard to financial sector supervision and regulation (FSS), many members have received assistance from ground zero to achieving fully effective bank supervision capacity. Assistance has also been given in the preparation of financial sector stability reports. To help improve the quality and timeliness of macroeconomic and financial statistics (EFS), in FY 2011/12–2012/13 CARTAC held 84 seminars and workshops attended by 2,363 Caribbean government officials. Training on macroeconomic programming and analysis (MAC) has also been a main area of CARTAC support.

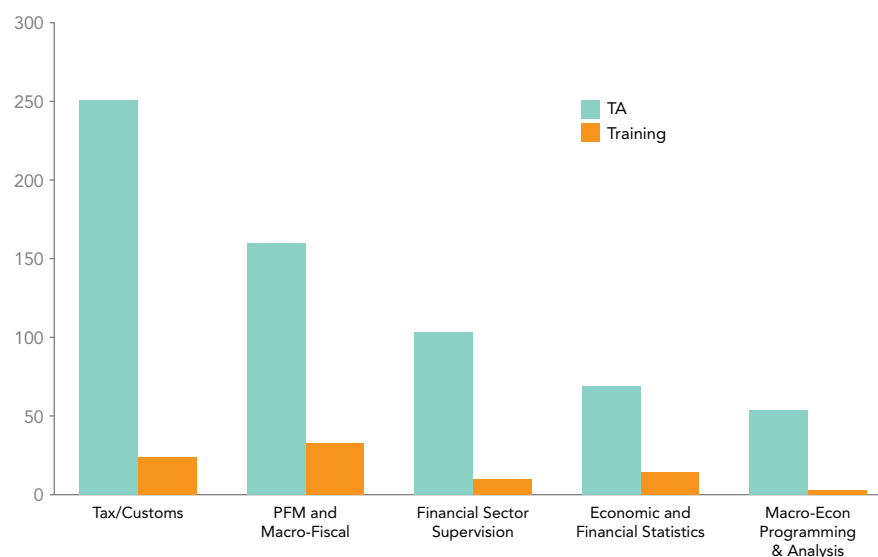
CARTAC's TA involvement in the region has supported increasing operational policy interactions between the Fund and its Caribbean members. In countries with IMF-supported reform programs, TA activities have been aligned with

key reform goals and designed to provide capacity for effective program implementation. Going forward, CARTAC is expected to continue focusing on practical, outcome-focused training to assist the region in developing the capacity and expertise that member countries need to implement vital economic reforms. Debt management, financial sector supervision and regulation of non bank financial institutions have been identified as areas of priority focus, together with the strengthening of technical expertise and skills in statistical and macroeconomic policy units in Ministries of Finance, which are critical to ensuring that TA has the desired positive impact. Efforts in these areas are to be complemented by actions to further enhance donor coordination and improve TA prioritization and sequencing.

<sup>1</sup>CARTAC, the Caribbean Technical Assistance Center.

<sup>2</sup>May 1, 2011 to April 30, 2013.

## CARTAC Field TA and Training Delivery in the Caribbean Region, Fiscal Years, 2011/12–2012/13<sup>1</sup>



<sup>1</sup>Cumulative number of TA missions held and training courses provided over the two fiscal years.



# UNLOCKING ECONOMIC GROWTH

October 23-24  
Montego Bay, Jamaica

## Actors and Agenda

by Jacques Bouhga-Hagbe

**T**he High Level Caribbean Forum is an annual event aimed at nurturing policy dialogue between the Caribbean authorities and the International Monetary Fund (IMF) and promoting peer exchanges on experiences in addressing the region's policy challenges. The main participants include regional ministers of finance and central bank governors, the IMF's Deputy Managing Director and Western Hemisphere Department Director, as well senior representatives of other international financial institutions

(IFIs) and important partner countries. Organized under the theme "**Unlocking Economic Growth**", the 2014 conference to be held in Montego Bay, Jamaica, October 23–24, will focus on three policy concerns that the region faces as it endeavors to achieve stronger and sustained growth in the wake of the global financial crisis: energy costs, tax competition, and financial sector vulnerabilities. The Jamaica gathering follows the initial two events hosted in Trinidad and Tobago (2012) and The Bahamas (2013), which discussed the twin challenges of fostering growth while preserving macroeconomic and debt sustainability.

### 2014 Forum Agenda

#### THURSDAY, OCTOBER 23

- 9:00 a.m. – 10:00 a.m. Welcome remarks: *Min Zhu, Deputy Managing Director, IMF*  
 Official opening: *The Most Honourable Portia Simpson Miller, Prime Minister of Jamaica*  
 Remarks: *Dr. The Honourable Peter Phillips, Minister of Finance and Planning*  
 Remarks: *Dr. Warren Smith, President, Caribbean Development Bank*  
 Remarks: *Alexandre Meira da Rosa, Vice President, Inter-American Development Bank*  
 Remarks: *Jorge Familiar, Vice President, World Bank*
- 10:30 a.m. – 1:00 p.m. **SESSION I: ENERGY—RELIABILITY AND COSTS**  
 Improving energy efficiency and lowering costs in the Caribbean  
 Leveraging Caribbean oil and gas resources for regional benefit  
 Renewable energy in the Caribbean: opportunities and challenges
- 1:15 p.m. – 2:45 p.m. Lunch: *Alejandro Werner, Director, Western Hemisphere Department, IMF—Taking Stock and Setting a Course for the Way Ahead*
- 3:00 p.m. – 5:00 p.m. **SESSION II: A TAX REGIME FOR INVESTMENT**  
 A tax system for investment: the case of Mauritius  
 Do investors need tax incentives?  
 Strategies for regional tax incentive reform: cross-country lessons and experiences

#### FRIDAY, OCTOBER 24

- 8:00 a.m. – 9:00 a.m. Keynote Breakfast: *Nouriel Roubini—The Global Economic Environment: Opportunities and Constraints for Caribbean Growth*
- 9:00 a.m. – 11:00 a.m. **SESSION III: BUILDING FINANCIAL SECTOR RESILIENCE**  
 Challenges for financial stability: risks and rewards  
 Financial interconnectedness in the Caribbean  
 Strong banks: a Canadian perspective  
 International Financial Centers in the Global Economy
- 11:30 a.m. – 1:00 p.m. **CLOSING SESSION: REFLECTIONS AND LOOKING AHEAD**  
 Panel Discussion on Main Takeaways and Agenda Going Forward  
 Closing Remarks: *IMF and Government of Jamaica*