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CARTAC NEWS



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CARTAC Work Continues Under Different Modalities

By Wendell Samuel, Programme Coordinator

CARTAC's work has continued using different modalities during the four months since the IMF suspension of non-essential travel at the end of February in response to the spread of the COVID-19 virus. Staff have been working from home and delivering technical assistance remotely during this period. The Steering Committee has approved on a lapse of time basis a flexible work program which would reflect the changing priorities of member countries. As we adopt to the new modalities of CD delivery, there are a few early takeaways from the experience.

Given the uncertainties about the effects of the COVID-19 virus, the CARTAC FY2021 work program reflects this. Advisers have tried to anticipate when the situation in the region might normalize and with that some of the requests that could come from member countries. We are responding flexibly to changes in country capacity development priorities during the first few months of the financial year and any adjustments to the work program will be presented for approval at the November semi-annual Steering Committee Meeting.

Assisting member countries in recovering from the effects of the COVID-19 pandemic would be a key determinant of the near-term CARTAC work program. Accordingly, there has been significant reprioritization of sector workplans to help countries repair government finances in the context of existing budgetary resources. While the near-term changes have caused some disruption of planned activities, our work remains anchored in the medium-term priorities to strengthen fiscal and financial systems, macro frameworks and statistical systems. The requested changes so far are generally consistent with medium-term priorities and many of the good practices identified for natural disasters appear fully transferrable to the current situation. In the expectation that non-essential travel restrictions will continue through September 2020, CARTAC will continue to assist member states remotely. In the short run, we are focusing on business continuity in all the entities with which we work especially in PFM, tax and customs administration, strengthening macro frameworks to assess the impact of COVID-19 crisis and on financial sector stress testing. The start of the newly created debt management program is earnestly anticipated.

We understand the extremely difficult circumstances that many countries are currently facing and the uncertainty under which they operate. We also

appreciate the personal sacrifices that many of the officials make to participate in webinars and training while keeping their institutions running. While the situation appears to be overwhelming in some cases we have been encouraged by the positive reaction to the new modalities and the level of participation. The following are some initial takeaways.

- (i) Given competing activities in schedules of officials and inevitable online fatigue, shorter sessions over a longer time period appears to be preferable.
- (ii) While the current conditions will cause short-term dislocations, the medium-term activities on which CARTAC's engagement has focused in recent years are the foundations for a good response to COVID-19 and will serve member countries well going forward.
- (iii) The COVID-19 virus is new but, many of the issues it raises are not so new. The region has dealt with many of these before in a different guise. For example, the post hurricane reviews undertaken as part of the DFID-financed resilience work shows that many of the lessons learned and the good practice recommendations find resonance in the current COVID-19 response.
- (iv) Governments and monetary authorities have put in place counter cyclical policies to help the economy recover from the effects of the pandemic. These include fiscal stimulus, easing of monetary policy stances, relaxing of regulatory controls and moratoria on loans payments, to name a few. These measures are key to rebooting the economy, but they also remove temporarily, some of the guard rails for the fiscal and financial systems. This calls for greater vigilance to spot when things are going awry and to take decisive action where necessary.
- (v) Caribbean institutions have had a long history of cooperation. This is no time to let that slip. In a crisis, there is a tendency to focus solely on one's own issues, but given the level of interconnectedness in the region, that is not a viable strategy. CARTAC training has developed natural networks to reach out to regional colleagues working in the same field. The response of economic and financial institutions should emulate the way that the region has successfully managed its medical response to the pandemic so far. In a lot of ways, "We are all in this thing together".

CARTAC-IMF Roundtable Discussion: Banking Sector – Responding to COVID-19

By Ralph Lewars, Financial Sector Supervision Adviser

The Caribbean Regional Technical Assistance Centre (CARTAC), in collaboration with the International Monetary Fund (IMF) hosted the second of a series of round-table discussions for member countries of CARTAC under the headline “Responding to COVID-19” on June 29, 2020. The roundtable discussion focused on “**Banking Sector – Global and Regional Regulatory and Supervisory Responses to Deal with Coronavirus Impact**”.

The event was moderated by CARTAC’s LTX (Ralph Lewars) for Financial Sector Regulation and Supervision. The Centre Coordinator for CARTAC, Wendell Samuel delivered opening remarks. The roundtable was attended by close to 70 participants from the bank supervision departments of Central Banks and other regulatory agencies from 21 of the 23 CARTAC member countries.

The main objectives of the roundtable were to discuss: (i) objectives of regulatory and supervisory policy measures; (ii) guidance issued by Standard Setting Bodies (SSBs); and (iii) provide recommendations to guide regulatory and supervisory responses to the impact of the pandemic on the banking sector. Katharine Seal, Senior Financial Sector Expert of the Monetary and Capital Markets Department (MCM) of the IMF delivered the main presentation. The presentation drew on the MCM Special Series on COVID-19 Note on Banking Sector Regulatory and Supervisory Response to Deal with Coronavirus. She concluded her presentation by emphasizing the importance of anchoring response measures based on guidance issued by the SSBs

Most of the measures that have been implemented by CARTAC member countries aligned with guidance issued by the SSBs.



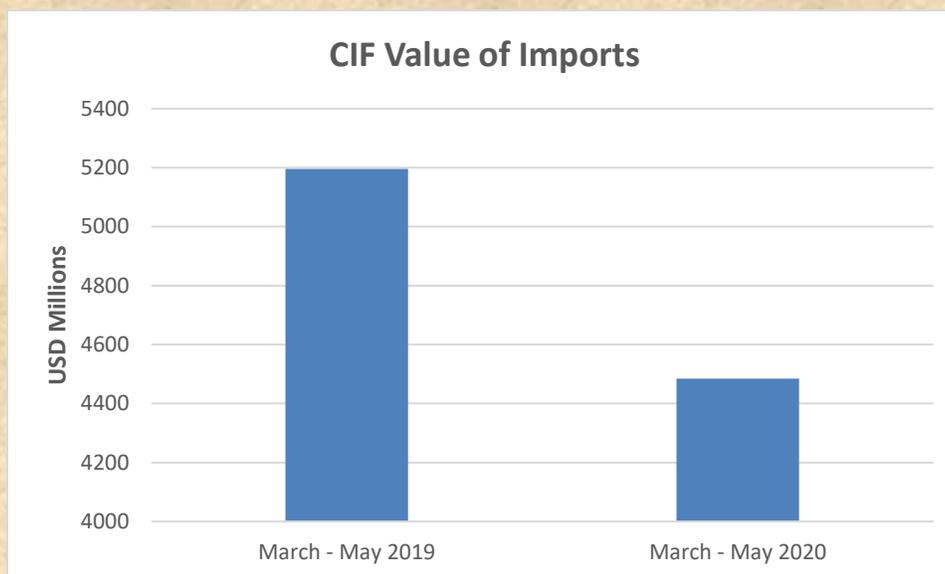
Immediate Impact of COVID 19 on Imports and Customs Revenue

By Stephen Mendes, Customs Administration Adviser

In June 2020 CARTAC surveyed customs administrations to identify the immediate impact of the COVID 19 pandemic on imports and customs revenue. The survey compared imports by CIF value and all customs revenue from those imports for the periods March to May 2019 and 2020 when lockdown restrictions were strictest. This information is important and gives an indication in almost real time of the economic impact of the pandemic. It is also very useful as an early warning system to bring to the attention of governments the likely scale of the pandemic and impacts that may come further down the road. Sint Maarten was not included in the survey as they do not regulate trade or collect revenue. Responses were received from 19 administrations, four of which were only able to provide data on revenue.

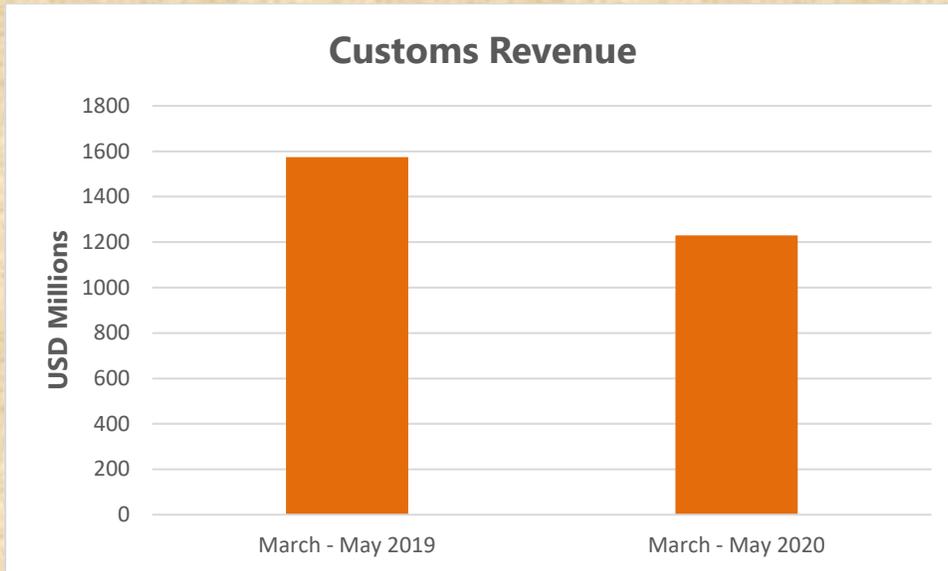
Impact on Imports

The findings show clearly that the impact of the pandemic on imports and customs revenue was *immediate and severe*. Overall CIF value of landed cargo reduced by approximately 710 million dollars, **a reduction of 13.7 percent**. The greatest percentage decrease in a country was 45 percent and the lowest of those showing a decrease was 10.4 percent. **The average decrease was 20.4 percent**. Interestingly, two countries reported increases in CIF value during the period in question – further information has been requested from those administrations.



Impact on Customs Revenue

During the period revenue collected by customs reduced by about 344 million dollars, **a reduction of 21.8 percent**. The greatest percentage decrease was 45 percent in one country with three countries in total reporting reductions in customs revenue above 40 percent. The lowest fall of those showing a decrease was 6.6 percent. In one country, despite an increase in CIF, value of imports revenue decreased by 18.4 percent. This may have been caused by an expansion of exemptions, waivers and concessions. Further information has been sought from the customs authorities. **The average decrease in customs revenue was 22.4 percent**.



Lessons Learned and Questions

The data requested was straightforward and of the kind that authorities should have at their fingertips as it acts as an early warning system. But it was, at times, challenging to obtain accurate data in a timely way (and some authorities were unable to provide any data at all). This remains a serious issue for the region and one that CARTAC will continue to provide support to address.

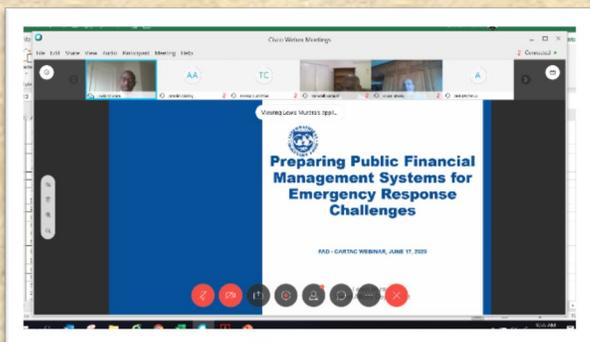
Some outliers and anomalies were noted. These included one country where revenue decline was noticeably less than the decline in imports. This is likely due to extra vigilance being shown by the customs authorities in that country. In one country where imports increased but revenue declined an audit campaign has been urged to address any non-compliance. Further information has been requested from those administrations and CARTAC will follow up with the customs departments concerned.

Data will be sought for June and July 2020 to help gain insights into the continuing impact of the pandemic on trade and customs revenue.

PFM Cash Management Webinar

By Arnold Ainsley, Public Finance Management Adviser

Public Financial Management Report

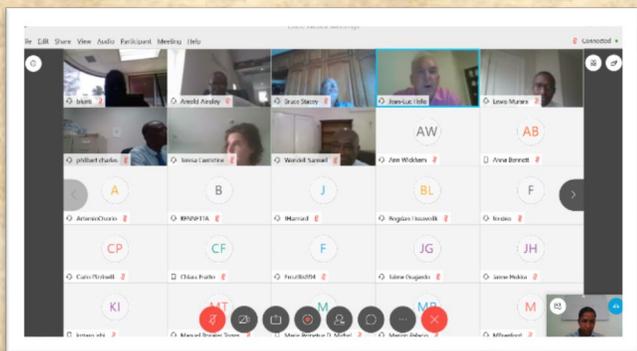


The CARTAC Public Financial Management (PFM) team supported by the back-stoppers from FAD, Lewis Murara and Jean-Luc Helis, arranged and executed a cash management webinar for the member countries on May 20, 2020. Participation for this session included 18 of the 23 members countries, many of whom made short presentation regarding their experiences during the crisis. The objective of the cash management webinar was to provide a forum for countries in the region to share their experiences and articulate the cash management measures taken in response to the COVID-19 pandemic, under theme “Government

Cash Management During the COVID-19 Pandemic”. The key focus area was a paper on Cash Management under Fiscal Stress, which was presented by Sandeep Saxena. The presentation outlined some of the opportunities and challenges presented by the COVID-19 crisis, including the drive for more cost efficiencies, support for crisis-related spending and the timely payment of government obligations.

The Fund’s Fiscal Affairs Department (FADM2) jointly with CARTAC, organized a series of three webinars for CARTAC member countries to share experiences on PFM tools and procedures to: manage COVID-19 measures and related financing and expenditures; discuss similarities with climate change measures; promote peer-learning; and to identify capacity development needs. The first webinar (June 17, 2020) included representatives from 7 countries (Barbados, Belize, Dominica, Grenada, Haiti, St. Lucia, and St. Vincent & the Grenadines), the second (June 19) participants from 6 countries (Anguilla, British Virgin Islands, Curaçao, Montserrat, Sint Maarten, and Turks & Caicos Islands), and the third (June 23), officials from 4 countries (Bermuda, Guyana, Sint Kitts & Nevis and Suriname). Staff from FAD and WHD also attended the webinar. Total participants numbered around 70 people representing 17 of the 23 CARTAC member countries.

The webinars also illustrated a strong interest for peer-to-peer exchange of experience in the region. During fiscal year 2021, FAD and CARTAC will continue to work together to prepare more targeted webinars for groups of countries facing the same issues starting with natural disasters management, accounting and reporting issues related to COVID-19 measures.



On the Lighter Side of the Corona Virus

By Shirley-Ann Lovell, Administrative Assistant

Wow, what a serious curve ball the world was thrown in December. This ball bounced around the world causing much devastation on its course. By the end of March, I had heard of suicides, persons suffering from depression, stress, failed relationships and a myriad of issues all as a result of the stress from the Corona Virus.

After reading the many emails from HQ on how to cope I decided that at the end of this thing (*I thought there was going to be an end soon*), it would not get me down and I was determined to become a better-rounded person.

It really was an awakening and a massive change of play for me. There was a time early in the game when I did not leave my house. I was home for three straight months before I ventured out of the house during the last week of May. My workload definitely increased but I never felt pressured (well once or twice) and every day I looked at what I had to do and made a plan for the day. Providing a break from the work routine, there were the COVID and quarantine jokes shared on social media which helped to keep a smile on everyone's face.

I always thought I was a relatively good cook but COVID brought out the chef in me. I did quite a bit of baking, *lots* of cooking and I am now an expert at preparing vegetarian dishes. I learned to make peanut butter from the many nuts my husband burnt and after throwing out two packages, I decided to get creative. I must also confess that I hated watermelon up until this COVID pandemic, but there being an overabundance of the fruit, I now believe there is a not a single watermelon recipe which I have not tried or invented for myself.

My kitchen garden is flourishing with several varieties of herbs and vegetables. The monkeys took most of the veggies, the birds the fruits, but they were gracious enough to leave some for me.

My flower garden is in full bloom from all the extra care and attention. Two hours spent in the morning between 5:00 am and 7:00 am with still sufficient time to be back in the house to start work at 8:00 am and then out again in the evening between 5:15 pm and 6:30 pm.

I think I am now better able to manage my time and I can now multitask like a boss. This is all to say that I never looked at the situation as daunting and to date I still maintain a positive outlook and I encourage you all to do the same.

Notices

CARTAC MID-TERM EVALUATION

DevTech Systems has been contracted by the Fund to carry out the mid-term evaluations of three of the Fund's regional technical assistance centers including CARTAC.

As part of the information gathering process the team has been reaching out to several of you our members for telephone interviews as well as to complete online surveys.

We would like to thank all who have already taken the time to participate in one way or another and we encourage all others to kindly make some time to do so as your feedback is extremely important and necessary in order to produce a comprehensive report and true representation of the work that CARTAC has delivered.

If you have any questions, please contact Lisa Squires at lsquires@imf.org. We thank you in advance for your cooperation.

UPCOMING WORKSHOPS

FINANCIAL SECTOR SUPERVISION

Development of Risk-based Capital Framework for Life and General Insurance Firms Insurers in the ECCU and Barbados
July 1, 2020 (Regional)

CUSTOMS ADMINISTRATION

Strengthening Risk Management Capacity and Developing a Trusted Trader Program
July 13-17, 2020, Aruba

TAX ADMINISTRATION

Strengthening Core Business Functions
July 14-24, 2020, St. Lucia

REAL SECTOR STATISTICS

Review of Price Statistics Concepts, Sources and Methods
July 27 – August 12, Aruba



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CARTAC's 23 Member Countries

Anguilla	Antigua & Barbuda	Aruba	The Bahamas	Barbados	Belize
Bermuda	British Virgin Islands	Cayman Islands	Curaçao	Dominica	Grenada
Guyana	Haiti	Jamaica	Montserrat	St. Kitts & Nevis	St. Lucia
St. Maarten	St. Vincent & the Grenadines	Suriname	Trinidad & Tobago	Turks & Caicos Islands	

“Supporting Economic Performance in the Caribbean by Strengthening Capacity”