



Inside This Issue

Building Capacity of Price Statistics Compilers	3-4
Capacity Building in the Credit Union Sector	5
Strengthening Customs Risk Management in Belize	6
Data Analytics in Revenue Administration	7
CARTAC Welcomes New Financial Stability Adviser	8
CARTAC Workshop Calendar	9
Notices	10

CARTAC-ICD Course on Inclusive Growth

By Andrew Ceber, CARTAC Macroeconomics Adviser



CARTAC in conjunction with the IMF Institute for Capacity Development (ICD) facilitated a training course on *Inclusive Growth*, from March 20-24, in Georgetown, Guyana. The course was hosted by the Central Bank of Guyana and was opened by Bank Governor, Dr. Gobind Ganga, who is also the chair of the CARTAC Steering Committee. The course was led by Mr. Dmitriy Rozhkov, who was joined by instructors, Mr. Rodrigo Cubero and Ms. Irina Yakadina. All instructors had extensive experience teaching and were IMF staff members from the Washington based ICD. The course consisted of thirty participants, with representation from almost the entire CARTAC membership.

The course touched on the most pressing social and economic issues facing the region, including: the relationship and potential trade-offs between poverty, inequality and growth, as well as the importance of their measurement; diagnosing the constraints to sustainable economic growth; fiscal policy, inequality, and how to achieve a more potent and efficient fiscal redistribution; the impact of human capital on growth, poverty, and inequality; demographic trends and gender inequality. On the subject of gender inequality in the Caribbean region, lectures also discussed potential policy measures to improve female participation in the labor force. The course also featured a



video-link presentation from Ms. Joyce Wong, an Economist based in IMF headquarters in Washington, who presented her extensive research on financial inclusion in the Caribbean region.

The encouragement of peer learning was especially promoted during the course, as there was an excellent mix of interactive lectures and group discussions. A notable point of debate during the discussion phase of the course focused on binding constraints to inclusive economic growth pertinent in the Caribbean region. Constraints to growth identified by the participants included: the lack of fiscal space; skills miss-matches; crime; access to credit; electricity costs; and poor infrastructure. Policy solutions were suggested including: fiscal rules; apprentice programs; and renewable forms of energy. Lead instructor Mr. Rozhkov was very impressed with the level of group discussion during the course: “It was a great pleasure to bring this course to the Caribbean region. I was struck by the very high level of engagement of participants, who are eager to both learn from the experience of other countries and apply that knowledge to find solutions to the issues they are facing at home”.

The course concluded with a roundtable discussion on demographic and gender issues in the Caribbean. The discussion found that gender issues in the Caribbean tend to impact men and women differently, and also vary among countries. Some member countries reported they have difficulties finding men to enter certain types of professional jobs, while on the other hand participants reported that even though women tend to dominate employment in professions, pay rates are still lower than those for men, and senior positions are still occupied by men.

Feedback from the participants was very positive, with one participant reporting: “This course was particularly relevant for me because it provided me the frameworks that could be used to draft policy suggestions and produce concrete action plans”.

Building Capacity of Price Statistics Compilers in CARTAC Countries

By Zia Abbasi, Real Sector Statistics Adviser



The Caribbean Regional Technical Assistance Center (CARTAC) conducted a regional prices statistics workshop in Castries, St. Lucia during March 6–10, 2017. The workshop discussed ways to implement the latest international standards and best practices regarding the compilation and dissemination of price statistics. Specific compilation issues were also addressed, including improving and rebasing the consumer price index (CPI); and developing the producer, exports and imports price indices given that several member states are planning to conduct a household budget survey (HBS) and compile supply and use tables.

A total of 39 price index compilers from 20 states participated in the workshop. Messrs. Paul Armknecht and Mick Silver (IMF Experts) were the

main presenters; with additional presentations by Mr. Edwin St. Catherine (Director, Central Statistics Office of St. Lucia) and Mr. Zia Abbasi, the CARTAC Real Sector Statistics Adviser.

The progress made by member states in improving the CPI and other prices statistics, and toward implementing the recommendations of the latest prices statistics manuals, the Enhanced General Data Dissemination System, and the requirements of the Special Data Dissemination Standard, as relevant, was discussed at the workshop.

The workshop included presentations on concepts, data sources and methodological issues. Topics covered included index number formulae, compilation of elementary and higher level aggregates, and linking of indices; price index weights and their sources, including the HBS, the establishment census and international trade data; modernizing and improving Surveys of Living Conditions and HBS; prices collection; sample design, selection and maintenance; product specifications; quality change and imputation; and the price index compilation methods and systems.

The workshop included group discussions and exercises where participants worked in country teams. These exercises were seen by participants as being particularly useful in reinforcing the concepts and methods presented during the lectures.

Participants are expected to apply the additional knowledge and skills acquired during the training when they return to work, especially in relation to rebasing and improving the quality of the CPI.



Zia Abbasi, CARTAC's Real Sector Statistics Adviser making a presentation.



L-R: Paul Armknecht (STX); Mick Silver (STX) and Edwin St. Catherine (Presenter)



Workshop Participants in Session

CARTAC's Financial Sector Efforts at Capacity Building in the Credit Union Sector in the Caribbean

By Shelton Nicholls (Former CARTAC Adviser on Financial Stability)



Credit unions¹ are largely financial co-operatives that provide savings, credit and other financial services to their membership on the basis of a “common bond.”² In the Caribbean region, they play an important role in the financial intermediation process, especially for a large underserved segment of the population. The latest figures published in the Regional Financial Stability Report (2015) issued by the Caribbean Centre for Money and Finance and the CARICOM Group of Central Bank Governors indicate that, at end-2014, there were just under 400 credit unions in the CARICOM region with an overall financial asset base of around 7 per cent of regional GDP³. Thus, credit unions are not insignificant players in the Caribbean financial landscape. Increasing competition for financial business especially from banks and, in some cases mutual funds companies, have forced

many credit unions with closed bonds (linked to either particular organizations, communities or regions) to adopt more commercially-oriented financial strategies involving greater risk, and to open their “bonds” to their wider national populations. These strategic moves by many credit unions in the Caribbean to remain competitive necessitate a more focused approach to financial risk management, governance, and supervision.

The financial stability and financial sector supervision programs at CARTAC are emphasizing strengthening risk-based supervision and risk assessment in the credit union sector region-wide. On the financial stability front, CARTAC is assisting several of the regulators in the region to develop a common set of financial health and stability indicators for the credit union sector. For the first time in the Caribbean, CARTAC technical missions aimed at introducing stress-tests in credit unions have been undertaken in Barbados, St. Vincent and the Grenadines, and Dominica, with further missions planned for other ECCU member countries in 2017 and 2018. Efforts are also underway to enhance financial crisis management frameworks in the credit union sector in Grenada and St. Vincent and the Grenadines. On the financial supervision front, steady progress is being made with helping regulators raise their standards in risk-based supervision, operational risk assessments and risk based-capital adequacy standards.

¹ Several of these in the Caribbean that have closed bonds operate as not-for-profit financial co-operatives.

² This refers to the social connections among the members of a credit union (e.g. occupation, group or association, community or region to name a few).

³ In jurisdictions such as Barbados, Belize and the ECCU region, this asset base is upwards of 15% of the GDP of these respective territories.

Strengthening Customs Risk Management in Belize

By Stephen Mendes, CARTAC Customs Administration Adviser

In January 2017, the CARTAC Resident Customs Administration Adviser and a Short-Term expert provided TA to the Customs Department of Belize. The Customs Comptroller requested CARTAC’s help to strengthen controls along the very porous borders with Mexico and Guatemala. The advisers went with the customs risk management and enforcement teams to the borders, and advised on different ways to prevent and detect smuggling. The customs job in Belize is made difficult by the many landing places along the Rio Hondo which forms the border with Mexico. Many of the area’s residents have friends and relatives on both sides of the river and, quite naturally, find it easier to cross by small boat or canoe on direct routes rather than travelling far distances to official border crossings. Unfortunately, these unofficial crossing points are also frequently used by smugglers bringing across revenue goods



Stephen Mendes at the Belize-Mexico Border



Blue Creek Crossing between Belize and Mexico

such as beer and cigarettes (and even furniture!) or prohibited goods such as drugs and guns. The advisers witnessed smuggling across the river at first hand and were even approached by some of the smugglers who stressed that a combination of economic necessity and convenience (the official crossings are just too far away) had turned them into smugglers.

The advisers also visited the economic zones at Corozal and Benque borders where export oriented businesses operate. Customs stressed the difficulty of controlling these free zones and believe them to be the source of significant smuggling to Belize, Mexico and Guatemala.

At each of the borders visited, the advisers held interactive workshop sessions with customs officers on risk management – including practical advice on developing information and skill sets to enable them to distinguish between those traders who can be trusted and those who need to be supervised and helping management to develop more flexible working arrangements to deploy scarce resources more effectively to meet identified risks.

CARTAC will continue to provide technical assistance in risk management and enforcement to Belize customs.

Institutionalizing Data Analytics in Revenue Administration in CARTAC Member Countries

By Vinette Keene, CARTAC Tax Administration Adviser

Data analysis involves inspecting, cleaning, transforming, and modeling data with the goal of discovering useful information, suggesting conclusions, and ultimately supporting decision-making. The use of data analytics has therefore emerged as an essential tool in the planning and management of tax administration operations. Over the past year, CARTAC has designed a data analytics program to assist member countries to better utilize internal and external data sources to improve taxpayer compliance in the core areas of registration, filing, payment and accuracy of declarations. Using data analytics will improve data quality, allow tax administrations to plan more effectively, and ultimately to improve their performance management and improve decision-making.

After the launch of the data analytics program at the CARTAC Leadership Symposium in September 2016, work to roll out the basic level of the program began. At present, more than 50 persons in five countries (St. Kitts and Nevis, St. Lucia, Dominica, Grenada, and Guyana) have been trained. Feedback from training participants highlighted the need to use easily available tools such as Excel and Access to analyze the large taxpayer segment to more specifically target taxpayers who contribute over eighty percent of the tax revenues. As a general 'rule of thumb' in tax administration, international practice and practical experience indicates that approximately eighty percent of tax revenues are contributed by twenty percent of the taxpayer population.

Jamaica, whose data analytics program is most advanced in the region, benefitted from a 1-week CARTAC assessment, which led to practical recommendations for setting up a more effective framework for their data analytics activities. This would allow the outputs to feed more directly into their specific institutional priorities, for example matching VAT paid at customs from customs data, to input tax claimed by taxpayers on VAT paid at customs, as well as expanding the registration database with persons importing large amounts but not registered for VAT and income tax.

Over the coming year, it is planned to roll out the 'basic' analytics program to at least six additional member countries, and the program will continue to include staff from planning, intelligence and risk management, audit, registration, debt management and IT. Countries have also been keen to include at least one staff from customs given the important synergies between the two operations, which in several jurisdictions operate under a single management structure.

Looking even further into the future, a more advanced data analytics module will be launched to increase the capacity of teams in the large taxpayer management units to carry out more complex audit cases, and to support more sophisticated risk management functions.

Overall, the data analytics program is expected to result in improvements in data quality, audit case selection, and the development and institutionalization of an integrated compliance management program within member countries, that is informed by effective analysis of internal and external data.

CARTAC Welcomes Brian Langrin – New Resident Adviser in Financial Stability



Brian Langrin is the new Resident Adviser in Financial Stability at CARTAC. He brings with him a wealth of technical experience and practical know-how having established the first Financial Stability Department among Caribbean central banks at Bank of Jamaica (BOJ). He also led the process to formally establish the Bank's macro-prudential framework. On the regional front, he has provided technical assistance on macro-prudential surveillance, financial stability reporting, stress-testing and financial risk management to several countries in the Caribbean.

He is no stranger to Barbados as he first worked here in the summer of 1995 as an M.Sc. Economics intern at the Central Bank of Barbados. Following a 16-year career at the central bank in Jamaica, earning a Ph.D. in Economics from Penn State University, a wife and three children later, Brian is now back in Barbados where his working career first started.

Being the focused individual that he is, Brian reminisces that in many ways his 'Bajan' life is the same today as it was as an intern writing his first paper on *'Measuring Efficiency in the Barbadian Commercial Banking Industry using a Translog Cost Function'*...12-hour work days and unfortunately very little time for indulging his love for the gourmet dining and beautiful beaches which the island offers. He is hopeful, that amidst this very busy and demanding schedule and as he settles into his new position at CARTAC, that he will be able to find some time for these things.

Meanwhile, Brian is excited by this opportunity to contribute to fulfilling the vision of CARTAC to support the economic performance of its members by strengthening capacity and he very much looks forward to meeting and working with many of you in the weeks and months to come.

Workshop Calendar

April - June 2017

CUSTOMS ADMINISTRATION

Seminar on Advanced Rulings in Tariff Classification and Evaluation

April 3-7, 2017
Dominican Republic

FINANCIAL STABILITY

Workshop on Financial Market Infrastructure (Payments) in the Caribbean Region

April 10-13, 2017
St. Kitts & Nevis

CARTAC/CGSR Workshop

April 24-26, 2017
The Bahamas

*CAPS/CAIR Conference**

June 19-23, 2017
St. Lucia

PUBLIC FINANCIAL MANAGEMENT & MACROECONOMICS

*PIMA Workshop**

May 29 – June 2, 2017
St. Lucia

PUBLIC FINANCIAL MANAGEMENT

*Regional Internal Audit Workshop**

June 26 – 30, 2017
Barbados

IMPORTANT NOTE: Workshops marked with (*) are planned and subject to endorsement of the FY18 Work Plan by the Steering Committee.



First Floor, The Business Centre
Upton, St. Michael, BB11103
Barbados

PHONE:
(246) 434-2840

FAX:
(246) 437-3159

E-MAIL:
cartacinfo@imf.org

We're on the Web!

See us at:

www.cartac.org



www.facebook.com/cartacbarbados

Meeting of CARTAC Steering Committee

April 28, 2017

Paramaribo, Suriname

CARTAC Mission Schedule

[CARTAC Mission Schedule \(April – June 2017\)](#)

CARTAC's 20 Member Countries

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

*“Supporting Economic Performance in the Caribbean by
Strengthening Capacity”*



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