CARTAC: Taking the Lead on Emerging Issues – Gender and Building Resilience to Natural Disasters

By Wendell Samuel, Programme Coordinator

In recent years CARTAC has been moving aggressively to incorporate emerging issues, which coincide with the characteristics of Caribbean economies, into its work program. With significant gender wage gap despite many years of superior education outcomes for women and unequal distribution of income, CARTAC’s PFM training has included modules on gender budgeting and monitoring outcomes. Meanwhile susceptibility to hurricanes and earthquakes has sharpened focus on resilience building.

Gender and Inclusion

The public service in the Caribbean is mainly dominated by women, requiring uniquely Caribbean solutions for gender and inclusion. CARTAC has been leading the way, providing gender sensitive training in budgeting, internal audit and inclusive growth. Looking ahead, further efforts will help build capacity to implement and monitor gender supportive policies and foster inclusive growth.

The dominance of women in the civil service should not be surprising. There has been a significant gap in educational achievement in favor of women that has emerged over the last three decades. What is surprising though, is the size of the wage gap in favor of men despite higher female enrollment and achievement at upper secondary and tertiary education levels. These two observations suggest that there are significant differences between the situation in the Caribbean and other countries, which call for Caribbean specific solutions.

![Graph](Image)

**Enrollment in Tertiary Education Institutions in the Caribbean**

<table>
<thead>
<tr>
<th>Country</th>
<th>Female (%)</th>
<th>Male (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anguilla</td>
<td>120</td>
<td>100</td>
</tr>
<tr>
<td>Barbados</td>
<td>110</td>
<td>90</td>
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<tr>
<td>Bequia</td>
<td>90</td>
<td>70</td>
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<tr>
<td>Bermuda</td>
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<td>60</td>
</tr>
<tr>
<td>British Virgin 1</td>
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<td>50</td>
</tr>
<tr>
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<td>40</td>
</tr>
<tr>
<td>Cayman Islands</td>
<td>50</td>
<td>30</td>
</tr>
<tr>
<td>Dominica</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>Grenada</td>
<td>30</td>
<td>10</td>
</tr>
<tr>
<td>Guadeloupe</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>St Kitts and Nevis</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>St Lucia</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>10</td>
<td>0</td>
</tr>
</tbody>
</table>


¹ Rhoda Reddock, “Gender and Achievement in Higher Education” Paper presented at Conference of the Association of Caribbean Higher Education Administrators (ACHEA), Hyatt Hotel, Port of Spain, Trinidad and Tobago, July 10, 2009.
Relationship between gender and poverty.

**CARTAC has been helping the region to identify such solutions in gender budgeting and inclusion.** The regional workshop on inclusive growth held in Guyana in March 2017 addressed some of the issues related to gender inequality and suggested policy changes that would help reduce gender inequality, including wage disparities. Many of these policy options have budgetary implications. CARTAC’s work on gender budgeting predated and anticipated such policy developments, beginning with a workshop dedicated to gender budgeting in 2014. Subsequent technical assistance missions on budgeting have included the identification of opportunities for gender-related topics in the policy statements, budget forms, and budget monitoring. In 2015, the budget manual developed by CARTAC was modified to have a special section dedicated to gender budgeting.

**To ensure that gender issues are being properly documented, addressed, and tracked, the internal audit workshop in 2015 covered gender audits.** This was followed up again at the 2017 workshop. In 2015, the internal audit manual was also modified to include gender auditing techniques.

**Going forward, CARTAC will continue to assist countries in building capacity to implement and monitor the effects of gender-related policies.** The November 2017 meeting of the CARTAC Steering Committee was organized around the gender and inclusion theme. The discussion on gender budgeting was facilitated by a short-term expert who is a researcher in gender budgeting, and who showcased some of the work supported by CARTAC through the summer internship program. This was followed early in the new year by a one-week joint workshop between the Macroeconomic and Public Financial Management programs. The workshop was aimed at building capacity in countries to do medium-term fiscal strategy papers that reinforce the techniques countries have already acquired in gender budgeting and inclusive growth. Gender and inclusive growth issues were addressed within the fiscal policy planning, budget preparation and presentation. The workshop also included a component on budget monitoring for results, with a focus on gender. Looking ahead outcomes and milestones for CARTACTA projects will include specific outcomes related to gender.

**Building resilience to natural disasters**

**Consisting mainly of small states, the Caribbean is one of the regions of the world most prone to natural disasters.** 15 Caribbean countries are in the top 50 most vulnerable countries in the world. Accordingly building resilience to natural disasters has always been a key concern for CARTAC member countries. This concern was underscored by the passage of devastating hurricanes in recent years. The countries are also extremely vulnerable to external shocks with the Caribbean being the slowest region to recover from the 2008-09 recession. Building resilience would help these countries to bounce back more easily of natural disasters and external shocks. The December 2015 Board paper, *Small States—Building Resilience to Natural Disasters* proposed several measures to help build resilience and CARTAC will help countries to adopt some of these initiatives going forward.

**Some countries have already started to adapt resilience building initiatives with CARTAC technical assistance.** Grenada and Jamaica have adapted fiscal rules that would help build more resilient fiscal frameworks. They incorporate hurricane escape clauses that provide flexibility in the event of natural disasters. CARTAC has assisted Grenada with training materials for the committee that monitors the fiscal rules, which can be easily adapted for other countries that implement fiscal rules in the future. Meanwhile TA is being provided to other Caribbean countries to help develop and implement fiscal rules.
CARTAC advisers are gearing up to expand resilience building activities in the coming fiscal year. The PFM program will incorporate measures to build flexibility in budgetary processes to help countries to bounce back after natural and external shocks, including the implementation of budgetary funds. Following the passage of hurricane Maria, the Financial Stability and Financial Sector Supervision programs fielded a joint mission to Dominica to assess the resilience of some financial institutions in the aftermath of the devastating storm. Going forward, workshops on stress testing of the financial sector will include more systematic tests for hurricanes and other natural disasters. Meanwhile the Macroeconomic Program will host a workshop on building more resilient macroeconomic frameworks.

The CARTAC Steering Committee (SC) will discuss resilience building at its May meeting. The theme for the SC meeting is the Role of CARTAC TA and resilience building. The meeting will consider the work currently being done by the IMF on building resilience to natural disasters and climate change and how CARTAC TA can be used to more effectively adapt these initiatives to the member countries. The meeting will also provide guidance on how these issues can be implemented in the work program going forward.

Integration IMF Surveillance and TA: A case study

CARTAC TA has always been a key pillar for achieving traction in IMF surveillance in the Caribbean. There is close coordination between mission chiefs and advisers working on their respective countries. While there is ongoing dialogue, an annual meeting between CARTAC advisers and WHD mission chiefs helps to shape what goes into the RAP. One example of the integration between surveillance, IMF Headquarters TA, and CARTAC TA is the recent work on growth and resilience for St. Kitts and Nevis.

Like most small states St. Kitts and Nevis very susceptible to natural disasters and external shocks. The cost of hurricane damage varies from year to year but an average the cost to the public sector is about 9 percent of GDP. In addition, the country is also subject to external economic shocks including volatile oil prices and knock on effects on tourism of slowdown in its major tourism destinations. At the same windfall revenues from its Citizen by Investment program has resulted in the accumulation of financial assets equivalent to about 45 percent of GDP. The bulk of this is held in the form of government deposits and deposits and other assets of a private foundation that invests in projects to enhance economic growth.

Successive Article IV missions had recommended, and the government agreed to request TA on the establishment of a growth and resilience fund (GRF). This request was fulfilled by complimentary missions on the GRF financed by CARTAC and a fiscal responsibility framework (FRF) mission from FAD. The GRF focused on the institutional framework and governance structure to manage savings form government surpluses and improve resilience to shocks. The FAD mission provided TA on fiscal rules within a medium term fiscal framework to support the GRF.

The main aims of the GRF are to provide for ex ante resilience building activities to lower the cost of natural disasters; and to provide ex poste financing for such events. Accordingly, resources in excess of the targeted size of the fund could be invested in infrastructure to help reduce vulnerability to natural disasters and other resilience building activities. The fund would provide fiscal buffers to cover the cost of future natural disasters. The rules governing inflows and outflows from the fund would help provide financing for recovery from hurricanes and other natural disasters while also investing in growth enhancing projects.

The conceptualization, content, financing and execution of the TA projects could be a model for integrating surveillance and TA for resilience building in small states. It demonstrates how surveillance identifies policy issues and execution of TA can help enhance policy traction in economies where capacity constraints limit policy implementation.
Belize customs has introduced a Trusted Trader Program (TTP) that supersedes the Voluntary Compliance Program (VCP) that had been running since 2015. The TTP gives defined benefits to program members that centers on fast, hassle free clearance of cargo. A key component of the program is the Compliance Management Matrix (CMM) that includes a risk testing regime prepared by CARTAC. Candidates for the TTP are vetted using the CMM to ensure that they have a track record of reliability, accuracy and honesty in their dealings with customs. Once they are accepted as members compliance is assured by a risk testing framework, developed by CARTAC, that involves discreet monitoring of TTP members’ behavior with rapid intervention in cases where error or deviation is suspected. The risk testing component has been a key factor in giving customs the confidence to press ahead with ambitious facilitation initiatives by giving them the reassurance that robust safeguards are in place to safeguard against abuse.

The VCP and TTP have brought tangible benefits to the trade which has led to increased trading by TTP member companies. About 30 companies are now members of the TTP and revenue from these companies has not declined with increased facilitation, as many feared it would, but has in fact increased. TTP members account for 80% of import revenue collected by customs and since the start of the schemes the value of imports by TTP companies has increased by 32 percent and revenues have increased by 55 percent.
CARTAC participated in a presentation on "IMF Engagement on Correspondent Banking: The Caribbean" during MCM’s Long-Term Experts (LTX) Workshop which was held at IMF headquarters in February 2018. For a variety of reasons, the Caribbean as well as other regions with small economies open to global trade and economic activity, have become increasingly vulnerable to the withdrawal of correspondent banking relationships (CBRs). Against this backdrop, two Caribbean Roundtables on CBR withdrawals were held during 2017 as part of a regional initiative co-launched with Legal (LEG), Monetary and Capital Markets (MCM) and Western Hemisphere (WHD) Departments of the Fund. These Roundtables brought together global correspondent and regional respondent banks, as well as other stakeholders to discuss and take stock of practical industry and regional solutions to help address CBR withdrawals in the region.

Since the Caribbean initiative is well-advanced compared to those of other regions, MCM included the session in the LTX Workshop to share the Caribbean experience. To this end, Brian Langrin (pictured), CARTAC’s Financial Stability Adviser, presented the Caribbean perspective on the role a LTX could play to assist authorities in other regions to find targeted solutions to address CBR withdrawals. Alla Myrvoda (also pictured), who is an economist in WHD, was co-presenter in the session. Her presentation focused on the role that WHD has played in the Caribbean initiative. Apart from staff from MCM, staff from the Fund’s area departments were also invited to attend the session as they are in the process or have already started with developing similar regional initiatives on CBR withdrawals.

The Workshop session highlighted the support that MCM, through CARTAC, is giving to the Caribbean initiative since MCM’s development of a CBR-monitoring software toolkit, the details of which were published in October 2017 (see IMF WP 17/216). Under the auspices of MCM, CARTAC is providing technical assistance on implementing the toolkit to strengthen the capacity of central bank staff in the region to assess the evolution of key drivers of CBR withdrawals using granular SWIFT data on cross-border payment flows. Specifically, the CBR-monitoring framework can be used to systematically monitor CBR restrictions and withdrawals that could disrupt financial services and cross-border flows especially those related to remittances and trade finance. Increasing concentration of payment corridors as well as decreasing access of money transfer operators to the banking system could undermine financial stability. Particularly as in many developing economies (i) vulnerable parts of the population rely on remittance inflows which typically represent well over 10 percent of GDP and (ii) the corporate sector relies heavily on trade finance. In addition, CBR withdrawals could negatively affect financial sector competition as local banks don’t have the benefit of a foreign parent located in a major market to stabilize CBRs. The framework can also usefully contribute to the regulatory landscape, with regards to monitoring cross-border flows with jurisdictions with AML/CFT weaknesses, low tax transparency standards and economic and trade sanctions.
CARTAC Provides Technical Assistance to the ECCU Single Insurance and Pensions Market Project (SIPMP)

Below is an extract from a letter received from Whitfield Harris Jr., Chairman of the ECCU Technical Core Committee for Insurance on the technical assistance provided by CARTAC to the ECCU.

“[I] wish to express our sincerest thanks and appreciation for your continued interest in the Project and for the excellent technical and financial support provided to the SIPMP by CARTAC. We are ever cognizant of the magnitude of the undertaking and the challenges in coordinating the project across eight (8) jurisdictions.

We are however, very pleased with the progress to date and in particular with the accomplishments regarding the technical assistance provided to the SIPMP, Phase I, as outlined in the Morneau Shepell Report. We will undoubtedly be looking to carry forward its implementation in the finalization of the ECCU Uniform Insurance and Pensions Bill.

We note that CARTAC continues to provide invaluable technical assistance to the ECCU regulatory authorities, and indeed, to those in the wider Caribbean. We are especially grateful for the inclusion of the SIPMP in CARTAC’s regional programme agenda and initiatives and look forward to your continued support, as we forge ahead in the efforts of the regional governments to strengthen the ECCU regulatory and supervisory regime for non-bank financial institutions.”

Whitfield Harris Jr.
Chairman of the ECCU Technical Core Committee for Insurance
WHAT’S HAPPENING?

WORKSHOP CALENDAR (MAY-JUNE 2018)

MACROECONOMICS
CARTAC/IMF ICD Macro econometrics and Forecasting Workshop
May 7-11, 2018, Jamaica

TAX ADMINISTRATION
International Survey on Revenue Administration (ISORA/RA-FIT)
May 7-10, 2018, Barbados
Effective Management of the Audit Process
June 4-9, 2018, St. Lucia

FINANCIAL STABILITY & FINANCIAL SECTOR SUPERVISION
CARTAC/CGSR (Securities Supervisory) Workshop
May 23-25, 2018, The Bahamas

CAPS/CAIR Conference
June 18-20, 2018, St. Kitts and Nevis

*IMPORTANT NOTE: These workshops are planned and subject to endorsement of the FY19 Work Plan by the Steering Committee.

Project to Improve Real Sector Statistics in CARTAC

Visit CARTAC’s website for details.

Congratulations to Jade Kirton

We would like to extend hearty congratulations to Ms. Jade Kirton, a third year student of Quantitative Economics at the University of the West Indies, Cave Hill Campus, Barbados. Jade completed an Internship with CARTAC in the summer of 2017 which focused on gender equality, following which she prepared a research paper that was shared at the last meeting of CARTAC’s Steering Committee.

Jade was recently awarded a 2 year scholarship valued at BDS $12,000 by the Central Bank of Barbados where she is also scheduled to participate in an internship in June 2018.

Public Affairs Officer, Novalene Brewster of the Barbados Central Bank, interviews Jade on being the successful recipient of the scholarship as well as on her plans for the future. Watch it here.
CARTAC Mission Schedule

CARTAC Mission Schedule (April – June 2018)

<table>
<thead>
<tr>
<th>Anguilla</th>
<th>Antigua &amp; Barbuda</th>
<th>The Bahamas</th>
<th>Barbados</th>
<th>Belize</th>
<th>Bermuda</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Virgin Islands</td>
<td>Cayman Islands</td>
<td>Curaçao</td>
<td>Dominica</td>
<td>Grenada</td>
<td>Guyana</td>
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<tr>
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<td>Jamaica</td>
<td>Montserrat</td>
<td>St. Kitts &amp; Nevis</td>
<td>St. Lucia</td>
<td>St. Vincent &amp; the Grenadines</td>
</tr>
<tr>
<td>Suriname</td>
<td>Trinidad &amp; Tobago</td>
<td>Turks &amp; Caicos Islands</td>
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“Supporting Economic Performance in the Caribbean by Strengthening Capacity”