

## SIGNATURE PAGE

Programme for the Caribbean Regional Technical Assistance Centre (CARTAC)  
Extension Programme Support Document: Phase III

**UNDAF Outcome(s)/Indicator(s):** To strengthen capacity of governments to manage development and to support capacity development of Civil Society Organisations.

**Expected Outcome(s)/Indicator(s):** Public Sector Reform/Modernization, Public Administration reform, anti-corruption.

**Expected Output(s)/Indicator(s):** Improving public finance management, budgeting, treasury operations, debt management

Improving revenue policy and more effective revenue administration, including issues related to the introduction of VAT, regional harmonisation

Improving financial sector regulations and supervision, with emphasis on the supervision of non-bank financial institutions including insurance, enhancing the region's capital markets

Improving the capacity to collect, process, analyse and publish economic statistics

Improving countries' capacity to undertake macroeconomic projections and policy analysis

**Executing Agency:** IMF  
**Other Institutions:** Ministries of Finance, Central Banks & Statistical Agencies

**Project Title:** Strengthening Economic and Financial Management in the Caribbean Region  
Caribbean Regional Technical Assistance Centre (CARTAC)  
**Project ID:** 00011326  
**Project Duration:** 2008-2010

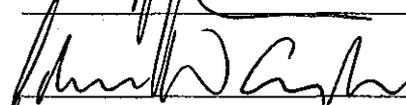
**SUMMARY OF UNDP AND COST-SHARING INPUTS**

**UNDP:** US\$200,000  
**Cost-sharing:** US\$22,907,284  
     of which, administrative & operational services: US\$3,021,198

**Parallel Financing:**  
 IMF: US\$1,423,470  
 CDB: US\$309,090

**Host Country Inputs:** US\$300,000

**Total program inputs:** US\$25,139,844

<u>Agreed by:</u>	<u>Signature</u>	<u>Date</u>	<u>Name/Title</u>
IMF		08/04/08	Murilo Portugal Deputy Managing Director
UNDP		11/08/08	Michelle Gyles-McDonnough UNDP Resident Representative
CARICOM		27/06/08	<b>SECRETARY-GENERAL</b>

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



## **PROGRAMME SUPPORT DOCUMENT**

### **Strengthening Economic and Financial Management in the Caribbean Region: CARTAC Regional Technical Assistance Centre (CARTAC) Extension, 2008-10**

**January 2008**

#### **Brief Description**

The Barbados-based Caribbean Regional Technical Assistance Center (CARTAC) began operations in 2001. It was established as a UNDP cost-sharing project, with the IMF as the executing agency. CARTAC provides technical assistance in economic and financial management to 21 countries in the region.

CARTAC aims to assist member countries in building technical capacity to strengthen tax and customs administration, public financial management, financial sector regulation and supervision, statistics and macroeconomic analysis.

The work of the Centre is implemented by a core team of experts, complemented by the activities of short-term experts, regional seminars, and consultancies and attachments of officials to partner institutions in the region and abroad. The project works in close collaboration with other development institutions, technical assistance agencies, and regional organizations, in support of regional policy harmonization and, in particular, the CARICOM Single Market and Economy initiative.

CARTAC is funded jointly by a range of contributors, including donor institutions, member countries and multilateral organizations. Financing consists of both cash and in-kind contributions. Authority for the policy direction of the Centre rests with the Steering Committee, which is composed of representatives of member countries and donor institutions.

This document describes proposed activities for CARTAC during the third phase of the programme covering the period 2008-10. It outlines the broad strategy for achieving its goals and the future direction of the workplan, including support for the development of regional capital markets. Further refinements to CARTAC's governing structure are also discussed, and a budgetary scenario is presented consistent with the envisaged scope of activity during this phase and potential donor financing.

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## I. BACKGROUND AND SITUATION ANALYSIS

### A. Economic background and regional challenges

1. The provision of technical assistance (TA) based on a regional model continues to be appropriate for the Caribbean.<sup>1</sup> Notwithstanding significant differences in per capita income, Caribbean economies share a range of characteristics and challenges, implying scope to exploit synergies in the delivery of TA. Indeed, these countries are by and large open, but with limited diversity in production and a dependence on tourism and/or a few export commodities. Most economies in the region are vulnerable to changes in external markets and shifts in trade, and are prone to natural disasters such as hurricanes. In addition, 13 Caribbean nations were among the top 20 countries in the world with the highest tertiary-educated emigration rates during 1970–2000, creating challenges in the accumulation of human capital and technical capacity.<sup>2</sup>

2. The macroeconomic context has improved since the previous CARTAC extension document was considered three years ago. Growth in the region has been robust, outpacing historical trends in recent years. This outturn is partly a reflection of the favourable global economic environment, which has supported growth in the tourism sector. At the same time, rising commodity prices have posed a challenge for most countries in the Caribbean. While energy producers, such as Trinidad and Tobago, have benefited from high energy prices, the impact on the region as a whole has been negative, as reflected by large and widening current accounts deficits. Progress has nevertheless been achieved from a macroeconomic policy standpoint. In spite of elevated fuel prices and strong growth, inflation has generally remained low. Furthermore, most Caribbean countries have taken advantage of the favourable economic climate to strengthen fiscal balances. And, while countries in the region remain vulnerable to natural disasters, a relatively mild hurricane season in 2006 has provided an opportunity to recover from past weather-related shocks.

3. In the period ahead, policy priorities for Caribbean countries are to further address underlying macroeconomic vulnerabilities and to press ahead with structural initiatives associated with the changing global environment. Indeed, notwithstanding recent fiscal consolidation efforts, public debt in several countries remains high compared with other emerging market and developing countries, posing an ongoing risk to macroeconomic stability. This implies a need to sustain policy efforts to strengthen public financial management and improve revenue policy and administration.

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<sup>1</sup> The Caribbean region refers in this context to the 21 countries and territories served by CARTAC, namely: Anguilla, Antigua and Barbuda, The Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Turks and Caicos Islands.

<sup>2</sup> Mishra, P., "Emigration and Brain Drain from the Caribbean," in, Ratna Sahay, David O. Robinson, and Paul Cashin, eds., 2006, *The Caribbean: From Vulnerability to Sustained Growth* (Washington: International Monetary Fund).

4. Regarding the structural agenda, several countries in the region are undertaking difficult transformations as they move away from traditional agricultural crops to new sectors, typically the service sector. Traditional crops, notably sugar and bananas, are in most instances no longer profitable on world markets, as preferential trade arrangements are being unwound and producer subsidies are gradually withdrawn. The changing structure of these economies continues to pose challenges in terms of macroeconomic management and institutional structures. In addition, regional integration initiatives, such as the Caribbean Single Market and Economy (CSME), call for greater harmonization of institutional structures and regulatory frameworks, with implications for the financial and fiscal sectors.<sup>3</sup>

5. These developments highlight CARTAC's continuing role in building capacity that contributes to improved macroeconomic policy analysis and management. Against this backdrop, CARTAC will provide assistance to Caribbean countries in areas that fall within its core areas of expertise, and where there exists broad agreement on need. Priorities include developing capacity in the areas of:

- Public financial management, including budgeting, treasury operations, and debt management;
- Revenue administration, including the introduction of VATs and addressing the challenges associated with regional harmonization;
- Financial sector regulations and supervision, emphasizing the supervision of non-bank institutions and assistance in enhancing the region's capital markets;
- Production and analysis of economic statistics, with a focus on supporting macroeconomic policies;<sup>4</sup> and
- Financial programming, and the formulation of macroeconomic projections and a framework for policy analysis.

## **B. Institutional framework and regional cooperation**

6. CARTAC serves the Members and Associate Members of the Caribbean Community and the Dominican Republic.<sup>5</sup> Primarily, CARTAC provides TA to the governments of member countries, specifically ministries of finance, ministries of planning, tax authorities, customs authorities, statistical organizations, central banks, and other financial sector

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<sup>3</sup> Examples include the reduction/elimination of the Common External Tariff (CET) on goods from certain regions, which requires countries to increase revenues from non-tariff sources, and the expansion and inter-linkages of banks across the region.

<sup>4</sup> Countries have expressed needs that are not within the core competencies of CARTAC, such as in the area of social statistics. These may be met through cooperation with other TA providers with the relevant expertise.

<sup>5</sup> CARICOM members are: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago. CARICOM Associate Members are: Anguilla, Bermuda, British Virgin Islands, Cayman Islands and Turks and Caicos Islands.

regulatory bodies. The intended immediate beneficiaries of the technical assistance provided by CARTAC are the managers and technical staff of these agencies.

7. At the regional level, CARTAC coordinates its activities with those of other regional organizations, most importantly **CARICOM** and its associated agencies. While CARICOM pursues a broad range of objectives aimed at enhancing the welfare of members, CARTAC collaborates in areas where it has a comparative advantage and which support CARICOM's goal of advancing the CARICOM Single Market and Economy (CSME).<sup>6</sup> In this regard, CARTAC reports on its activities to the Council for Finance and Planning (COFAP), which coordinates economic policy and financial and monetary integration of member states; and interacts with the Council for Trade and Economic Development (COTED), which promotes trade and economic development and oversees implementation of the CSME. CARTAC also collaborates with the CARICOM Statistics Unit, which compiles statistics on member countries and promotes good practices, including harmonized approaches through the Standing Committee of Caribbean Statisticians (SCCS).

8. The **Eastern Caribbean Central Bank (ECCB)** is responsible for monetary policy in the member countries of the Organization of Eastern Caribbean States (OECS),<sup>7</sup> as well as the supervision of domestically licensed banks. The ECCB's Statistical Department provides data for macroeconomic analysis in member states, and the Bank plays a key role in facilitating sub-regional economic and financial initiatives. CARTAC has cooperated with the ECCB in implementing the Stabilization and Adjustment Technical Assistance Programme (SATAP), aimed at strengthening the institutional capacity of member government to formulate and execute adjustment programmes to meet fiscal objectives. There is also close collaboration in the areas of financial sector supervision, and the production of statistics necessary for informing macroeconomic analysis and policies.

9. To the extent feasible and where objectives overlap, CARTAC collaborates with other regional bodies, including the OECS Secretariat, the Caribbean Centre for Development Administration (CARICAD), and the Caribbean Regional Negotiating Machinery (CRNM), and provide TA where appropriate. Several such bodies regularly consult and cooperate with CARTAC, including the Caribbean Public Finance Association (CaPFA), the Caribbean Customs Law Enforcement Council (CCLEC), Caribbean Group of Banking Supervisors (CGBS), and the Caribbean Association of Insurance Regulators (CAIR).

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<sup>6</sup> The CSME aims to integrate the economies of the CARICOM countries into a single market with free movement of people, goods, services and capital and with harmonized economic policies. As of March 2008, 13 countries have joined the CSME.

<sup>7</sup> OECS members comprise: Anguilla, Antigua and Barbuda, British Virgin Islands, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines.

### C. CARTAC's Technical Assistance to date

10. CARTAC has provided TA designed to improve macroeconomic and financial management at the request of member countries. This has taken place through advice by resident advisors (covering public finance management, tax policy and administration, financial sector supervision, financial programming and macroeconomic analysis, and statistics); assignment of short-term experts; delivery of national, sub-regional, and regional workshops and seminars; and attachments for professional staff from member countries.

11. **Public financial management (PFM):** CARTAC has provided support ranging from developing organic budget laws, introducing output-based budget management and multi-year budgeting, preparing functional specifications for an Integrated Financial Management System (IFMIS), introducing manual-based commitment control systems, and providing internal audit training. To date, important vehicles for region-wide support have been the CaPFA and region-wide workshops (in program budgeting, budget management, debt management, IFMIS management, cash management, accrual accounting, and auditing in a computerized environment)—both vehicles will assist in establishing and disseminating best practices. CARTAC has also helped existing regional groups, such as the Smartstream Users Group, to promote cross-country synergies, including knowledge sharing and training. CARTAC has collaborated with the ECCB in conducting diagnostic work through the Fiscal Machinery Exercise in members of the Eastern Caribbean Currency Union (ECCU).

12. **Revenue policy and administration:** CARTAC has assessed tax policies and administration and recommended improvements, in close collaboration with country authorities. During the initial two phases, CARTAC has undertaken: (1) a survey of tax systems in eleven countries; (2) sponsorship of a tax commission made up of regional experts from academia, private and public sectors; and (3) assistance to countries in carrying out targeted tax improvements and shifting revenue bases from tariffs to other sources in preparation for WTO accession and other trade liberalization initiatives (e.g. FTAA). CARTAC facilitated the decision of several countries to adopt value-added taxes (VATs). Subsequently, CARTAC has provided significant TA to build capacity within the VAT implementation teams in Dominica, Belize, Antigua and Barbuda, St. Vincent and the Grenadines, and Grenada. To meet demands in this component, the IMF funded an additional VAT adviser in mid-2006, and bolstered resources for short-term experts. Training in best practices in tax administration, tax audit, and VAT administration has been another successful area of CARTAC activities, which has also provided a series of professional attachments.

13. **Financial sector supervision:** CARTAC's initial focus was on strengthening the regulation and supervision of banks; in response to country requests, assistance has expanded to include the non-bank sector. TA has concentrated on drafting legislation, preparing supervisory procedures and manuals, facilitating professional attachments, and conducting training workshops and seminars. Feasibility studies of deposit insurance have also been performed. In the OECS countries, international banking laws have been upgraded, insurance

legislation modernized, and the operations of money transmitters regulated. Procedures and manuals have been prepared to assist banking supervisors. In other countries, legislation has been upgraded and supervisory processes enhanced. Regional seminars and workshops on supervisory practices for banks, trusts, insurance companies and credit unions have been held to promote international best practices. CARTAC has arranged for hands-on training of credit union supervisors and offshore bank examiners. Corporate governance seminars have been conducted for financial sector participants. A consolidated supervision workshop was held as a basis for future efforts to cover cross-border and cross-sector institutions. So that regional supervisors may benefit from practical experience, CARTAC has sponsored regional and international attachments with several jurisdictions, assisted by the National Association of State Credit Unions and the Toronto International Leadership Centre for Financial Supervision.

**14. Economic statistics:** CARTAC has helped countries to improve national accounts data through integrating supply and use tables, improving data collection, strengthening methodologies and coverage of the balance of payments, updating consumer price indices, and developing a methodology for computing import and export prices. In addition, CARTAC undertook diagnostic missions, advised in preparing GDDS metadata, and helped formulate short- and medium-term action plans. Training has formed an integral part of the statistics activities. On-the-job instruction given as part of the diagnostic and advisory work has complemented formal training provided through regional workshops and seminars on national accounts and balance of payments statistics. These activities sensitised participants to harmonized approaches to compiling macroeconomic statistics based on international standards and codes of good practice.

**15. Financial programming and macroeconomic analysis:** This component originated in the context of increasing fiscal deficits, debt ratios, and current account deficits in ECCU countries. The Stabilization and Adjustment Technical Assistance Programme (SATAP) was initiated by the Monetary Council of the ECCU with the technical support of CARTAC and a financial contribution from DFID.<sup>8</sup> SATAP was designed to assist ECCU countries in gaining familiarity in methods of designing and implementing stabilization and adjustment programs, while also building capacity in macroeconomic policy analysis. Teams of experienced macroeconomists provided by CARTAC, the ECCB, and beneficiary countries were formed to conduct financial programming analyses. These included both passive projections and active policy scenarios as the basis for training that included, in some cases, quarterly monitoring criteria and supporting structural reforms. The programme was initially limited to the six independent members of the ECCU.<sup>9</sup> More recently it has been extended to Belize and Suriname at the request of the authorities.

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<sup>8</sup> This funding mechanism ended on March 31, 2007.

<sup>9</sup> These countries comprise Antigua and Barbuda; Dominica; Grenada; St. Kitts and Nevis; St. Lucia; and St. Vincent and the Grenadines (the other two members are Anguilla and Montserrat).

#### D. Activities of other TA providers<sup>10</sup>

16. The Caribbean continues to attract donor support to improve the region's economic outlook and reduce poverty.<sup>11</sup> In recent years, support has shifted to regional initiatives, including the CSME. Some key projects of other development agencies in areas related to CARTAC activities are as follows:

17. In **PFM**, the largest provider of TA is the Inter-American Development Bank (IDB), which supports reform programmes in several countries, including Belize, Guyana, Suriname, with other projects in the pipeline. Through an umbrella loan to the Caribbean Development Bank (CDB), the IDB is funding TA to several CARTAC members in the form of policy-based loans, most recently to Belize and St. Kitts and Nevis. The European Commission (EC) has developed programmes in the sub-region to replace its STABEX programmes, which are likely to focus on economic management. Furthermore, the EC is assessing PFM activities in most of the OECS countries using the Public Expenditures and Financial Accountability (PEFA) framework, thus helping CARTAC focus on areas of particular weakness.<sup>12</sup> The World Bank continues work on Public Sector Reviews in several countries, as well as in the tax and customs area (Grenada). CARICAD provides assistance in public sector reforms. The Eastern Caribbean Economic Management Programme (ECEMP), funded by the Canadian International Development Agency (CIDA), delivers assistance in public finance management and tax administration, including software systems that are complementary to CARTAC's.<sup>13</sup> The Canadian Cooperation Fund has supported improvements in PFM, notably in the areas of debt management and restructuring (Grenada and Antigua and Barbuda). The Commonwealth Secretariat (CS) continues to assist the region in various ways, particularly through improving debt management.<sup>14</sup>

18. In **revenue administration**, USAID is a major donor, funding initiatives relating to VATs and property tax systems. CIDA (through ECEMP) and the Inter-American Association of Tax Administration (CIAT) assist in improving revenue administration procedures and computer software (SIGTAS and Tax Solutions). The Spanish tax administration is also providing TA in tax audit to the Dominican Republic. DFID has provided assistance for customs administration and information management. The IADB is active in VAT administration reforms in Barbados and Guyana.

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<sup>10</sup> See a recent survey conducted by Yves Renard for DFID, *The Role of Donor Agencies and Civil Society Organizations in Aid and Development Assistance in the Caribbean*.

<sup>11</sup> Provision of ODA to the region is uneven, however, as low-income countries have access to more ODA on concessional terms, including grants, than middle-income countries.

<sup>12</sup> Funded by the EU and other donors.

<sup>13</sup> The existing ECEMP is expected to wind down by end-2007; a new generation of the project covering the broader English-speaking Caribbean is envisaged.

<sup>14</sup> COMSEC has indicated interest in providing a debt statistics advisor to CARTAC to further these efforts.

19. Several donors have programmes for strengthening **financial sector** management and supervision. Notably, the IDB is providing a broad-based programme of assistance to the Dominican Republic, and also helping Jamaica, Guyana, and Trinidad and Tobago. Credit union supervisors have received assistance through a project sponsored by CIDA through the Caribbean Regional HRD Programme for Economic Competitiveness (CPEC). Specialized studies are being sponsored by the CDB, including on a single regulatory unit for OECS pension funds, and for non-bank financial institutions (Barbados).

20. In **statistics**, donor-funded projects include support by the European Union (EU) for the CARICOM Secretariat. An IDB programme for Trinidad and Tobago identifies the National Statistics Office as a candidate for early reform; similar assistance is being provided to Barbados. In Guyana, the IDB is sponsoring a project for social statistics and policy analysis, while the World Bank is also assisting the statistics office. Other donors and TA providers in statistics include CIDA, DFID, ECLAC, ILO, and the UNDP.<sup>15</sup>

## II. PROGRAMME GOALS AND STRATEGY

### A. Programme Goals

21. CARTAC's purpose is to improve members' capacity to manage macroeconomic and fiscal policies, to strengthen financial supervision and development, and to support economic growth and poverty reduction in the region. In line with its core competencies and mandate, CARTAC's objectives will include:

- i) Promoting sound and transparent public resource allocation, and efficient public finance management based on modern government budgeting, effective budget execution and accounting, and adequate auditing and scrutiny.
- ii) Establishing simpler and more efficient revenue administrations with modern organization, systems and procedures for serving taxpayers and enforcing tax laws.
- iii) Promoting healthy financial institutions through robust supervisory regimes with broad coverage, including deposit-taking institutions, insurance companies, securities market participants, other financial service providers and offshore financial centres.
- iv) Strengthening capacity for monitoring and analyzing economic and policy developments based on accurate and timely statistics;
- v) Improving the capacity of countries to effectively formulate, implement, and monitor macroeconomic policies.

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<sup>15</sup> The UNDP leads a multi-donor programme in social statistics entitled "Support to Poverty Assessment and Reduction in the Caribbean" (SPARC), designed to build capacity to strengthen poverty monitoring and social policy development systems in CARICOM. It will build on statistical support programmes developed by the CARICOM Secretariat, the CDB, the UN system and other development agencies.

22. In addition, strong interest has been expressed in the region for work on developing capital markets and enhancing the environment for financial development more generally. In light of this demand, a consultant was hired to assess the views of a variety of institutions and individuals across the region on CARTAC's possible role in this area, and to formulate an illustrative workplan (section III.D below).

### **B. Recommendations of the 2006 Mid-Term Review<sup>16</sup>**

23. The second mid-term review endorsed CARTAC's essential purpose, mode and promptness of TA delivery, and the quality of its work. Several areas were highlighted, though, as opportunities for improvement or more intensive work:

- Diversifying the funding base, with front-loaded disbursements on a multi-year basis.<sup>17</sup>
- Establishing results-based assessments of performance.
- Emphasizing the use of regional consultants and attachments to build human capacity for strengthened economic management.
- Increasing the focus on poverty impact in CARTAC's reporting.
- Switching resources to public finance areas—revenue, expenditure, investment programming and debt management—while reducing activity in the areas of macroeconomic policies and financial sector supervision.
- Continuing the geographical diversification of activities among CARTAC's members, especially outside of the non-English speaking area to include Haiti, the Dominican Republic and Suriname.

24. These recommendations were considered by the Steering Committee in October, 2006. The reaction was generally positive, and the relevant findings are reflected in the following discussion of CARTAC's proposed activities during Phase III. Concern was expressed, however, about reducing or eliminating the macroeconomic component. It was decided, instead, that a consultant be hired to assess the issues and recommend areas for improvement; the results of this study are discussed in section III.F below.

### **C. Implementation strategy**

25. In pursuing its objectives, CARTAC will undertake **activities at both the national and regional levels**. The strategy will be informed by lessons learned from the first two phases and the recommendations of the mid-term review, as reflected in the following principles.

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<sup>16</sup> Osborne Nurse and Euric Bobb, "Second Mid-Term Review of the Caribbean Regional Technical Assistance Centre" (UNDP RL A/01/011), September, 2006. The full review is available at [www.cartac.com.bb](http://www.cartac.com.bb).

<sup>17</sup> CARTAC has two key bilateral donors (Canada and the United Kingdom).

26. CARTAC TA will be **needs driven**, responding to requests from member countries, in conjunction with an assessment of the priorities across sectors and demonstrated strong government backing for reforms and a commitment to follow through on agreed TA recommendations.

27. **Harmonized approaches across the region** will be pursued where relevant, especially in areas that support the CSME. Activities related to regional integration that fall under CARTAC's mandate will be given priority.

28. CARTAC will promote **mutual support for capacity building between countries** to help address the narrow human resource base in much of the region. Based on the experience in Phase II in introducing harmonized approaches in areas such as credit union supervision, value-added taxation, and public finance auditing, CARTAC will help countries work together to achieve sustainable capacity. This approach will help build professional networks, and can be used to fill staffing gaps in one country with support from another country, either in training new staff, temporarily replacing or supplementing staff in peak times, or for longer assignments. In promoting this principle, CARTAC will take home-country needs into account in recruiting regional experts and professional attachments.

**How does the regional approach to capacity building work?**

CARTAC helps a pilot country introduce a methodology that can be adopted later by other countries with minimum changes. Regional training courses provide general knowledge on the methodology. Professional attachments are then arranged to the pilot country from other interested countries. The methodology is introduced in the next country using pilot-country staff as trainers and experts. As more countries adopt the methodology, the pool of staff available as trainers and experts grows, including for undertaking secondments to fill temporary gaps in another country.

29. CARTAC will **build on its relative strengths**, including proximity to member countries; flexibility of its operations; knowledge of regional issues; and synergies in technical areas.

30. CARTAC will deliver TA in a way that **balances different types of needs and the objective of allocating resources equitably across the region**. Activities under Phase II emphasized basic elements of capacity building of immediate relevance to policy initiatives in some countries, while longer-term capacity building in more sophisticated areas was of lower priority. CARTAC will seek to more evenly weight basic needs and more advanced requirements in Phase III, including to countries that have received relatively less TA in the past, while also taking into account other potential sources of assistance. Prioritization mechanisms are discussed in more detail in Section IV below.

31. CARTAC will use a **prioritization mechanism** to select TA requests for inclusion in the work plan, in view of the excess demand.<sup>18</sup>
32. CARTAC will **coordinate with other TA providers**, including regional institutions, and benefit from their training capabilities and expertise. Regional professional networks will also be promoted
33. **Existing monitoring systems will be enhanced to focus on the evaluation of results rather than inputs**, in line with the recommendation of the second mid-term review.
34. It is expected that **Poverty and Social Impact Assessments (PSIAs)** will be conducted by related agencies to complement CARTAC activities. Considering concerns within the region about the social impact of economic reforms, DFID is funding PSIAs of reforms supported through CARTAC TA. In this regard, the Steering Committee may have suggestions for studies on specific country experiences with reforms.

### III. PROGRAMME COMPONENTS

#### A. Public financial management

##### *Institutional shortcomings and reforms underway*

35. Many countries in the Caribbean are introducing wide-ranging public finance reforms. The initial strength of PFM systems varies, however, as does the nature of the initiatives and the prospects for realizing their full benefits. Budget execution in many countries is characterized by inadequate commitment control (and domestic payment arrears), as well as significant supplementary and off-budget transactions. Some countries experience unplanned borrowing and inadequate management of the debt stock. Managerial practices range from sophisticated commitment control mechanisms to systems that are inadequate, opaque and out-of-date. In many countries, regular bank reconciliations are not performed, preventing the production of financial statements certified by the Director of Audit (or the Auditor General). Cash management is generally weak, and undermined by the use of multiple bank accounts (as opposed to a Treasury Single Account). The PEFA frameworks supported by the EU in several countries should help to reveal the strengths and weaknesses of existing systems.

##### *Priorities*

36. PFM activity will continue to respond to needs in the areas of: medium-term budget frameworks; planning methodology; revenue forecasting; public sector investment programmes; budget implementation and cash management; and commitment control, reporting, and audit requirements. It will also seek to heighten awareness of requirements for fiscal transparency. Several countries in the region have requested assistance in integrating capital and current budgets, along with improved debt management. Public pension reforms are also an emerging area of concern. In terms of revenue forecasting, CARTAC plans to

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<sup>18</sup> The prioritization mechanism is further described in section IV.

develop a training course that will strengthen budget preparation by providing ministries of finance and related agencies with revenue modelling tools.

37. At the regional level, CARTAC will support training seminars and workshops. In collaboration with CaPFA, CARTAC plans to organize regular meetings of the region's Accountant Generals, Budget Directors, Debt Managers, and Smartstream Users to enhance the sharing of best practices. CARTAC also plans to assist in developing training courses in internal audit and other topics, in conjunction with regional institutions. Emphasis will be given to in-country workshops.

38. Work in the PFM component will benefit from synergies with activities in the Macroeconomic Analysis component related to debt management. Likewise, there will be cooperation with the Statistics component in introducing the *GFS Manual* for government finance statistics. CARTAC will coordinate closely with other TA providers in the PFM area, such as ECEMP III and other activities supported by CIDA, the CDB, EC, IDB, and the World Bank.

## **B. Revenue administration**

### ***Institutional shortcomings and reforms underway***

39. Countries in the region have traditionally relied on import duties as a revenue source. However, they are now being motivated under CARICOM's Common External Tariff (CET) to look more to domestic resources. Furthermore, accession to FTAA/WTO will require duties on intra-area trade to be gradually eliminated. This requires further reforms of tax systems, including more VAT programs, reductions in tax exemptions and concessions, and simplification of income taxes.

40. Reforms implemented with CARTAC's assistance include:

- Preparing detailed VAT plans and strengthening the capacity of project teams that have either introduced VATs or are planning to do so;
- Upgrading customs systems (including ASYCUDA in 13 countries) and procedures to ensure effective collection of the import VAT, and to assist tax agencies in improving compliance; and
- Strengthening domestic capacity through computerization (notably the SIGTAS system in several countries), training, revision of staff and operational manuals, and professional attachments.

41. The computerization of customs and inland revenue procedures to improve processing and compliance, mainly through risk management, continues to be a major challenge. Current IT systems in most countries are outdated and unintegrated. Hence, many procedures remain manual, which is inefficient and invites corruption. Moreover, most Caribbean countries prefer to maintain their own IT system, in spite of significant associated overhead costs in countries with as few as 5,000 active taxpayer records. The retention of qualified

staff also poses significant challenges because of low civil sector remuneration. Finally, countries with new VATs must merge these systems with the income tax along functional lines.

### ***Priorities***

42. Future goals will be:

- Completing VAT implementation, presently at different stages across countries, and then pursuing more comprehensive reorganization plans (including for revenue authority structures);
- Increasing coordination and emphasizing regional approaches (e.g., in IT systems and standard staff/operational manuals), particularly for the OECS countries; and
- Assisting countries with more complex revenue administration structures (e.g., Barbados, Jamaica, and Trinidad and Tobago).<sup>19</sup>

43. Training programs will focus on best practices and advanced tax topics, particularly for larger countries that provide leadership in tax administration. CARTAC will also assist in reviewing tax and customs policies and legislation, with the continued support of the IMF Legal Department (LEG) and the Tax Policy Division (TPD). CARTAC will work closely with inland revenue and customs departments, including revenue authorities, to enhance its coordination with regional institutions.

### **C. Financial sector supervision**

#### ***Institutional shortcomings and reforms underway***

44. Financial sector supervisors in the region share similar challenges. One that cannot be fixed quickly is limited financial and human resources. Supervisory offices are generally understaffed, undermining their ability to properly execute their responsibilities. This is especially true in the single regulatory units of the OECS region, as these agencies are responsible for both the domestic non-bank sector and offshore financial centres.

45. In several countries, credit union supervision is particularly difficult due to their unique status, and because the supervisory agency often is part of a ministry that has no involvement in financial sector oversight, carrying a double mandate to promote and supervise credit unions. Although CARTAC is not mandated to address the placement of supervisory agencies in the government hierarchy, it has aimed to provide robust supervisory regimes through upgrades to existing legislation.

46. Financial institutions and supervisors require a sound financial infrastructure to ensure effective operations, including:

- comprehensive and internationally accepted accounting principles;

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<sup>19</sup> Apart from facilitating the establishment of regional training and service centers, these programs will also improve CARTAC's attachment and regional expert programs.

- independent audits;
- business laws that include corporate, bankruptcy and consumer protection;
- methods for market disclosure;
- a set of codes and standards for property valuation; and
- an effective judiciary.

47. There is a wide variance in the quality of financial infrastructures, and CARTAC's efforts to develop robust supervisory regimes are, in many cases, built on unstable infrastructures—these issues, however, do not fall within CARTAC's mandate.

48. CARTAC countries have initiated reforms in financial supervision, starting in the domestic banking area, moving to offshore financial centres, and now focusing on non-bank sectors—including credit unions, insurance companies, other financial service providers and securities markets. These reforms have aimed at establishing robust supervisory regimes that comply with international standards. Almost all CARTAC members have been assessed against financial sector standards and codes during FSAP (Financial Sector Assessment Program) or Offshore Financial Centres missions conducted by the IMF and/or jointly by the IMF and the WB, revealing several areas where systems do not fully comply.

49. CARTAC has recognized that many of the products it has helped develop can be shared within the region, resulting in similar, if not fully harmonized, procedures as well as more efficient use of TA. Legislative upgrades are shared with jurisdictions having similar laws; procedures developed for one jurisdiction are shared with others; jurisdictions are encouraged to use intra-regional attachments; and regional training is frequently provided. Coordination efforts have been undertaken with groups such as CARICOM, the Caribbean Group of Banking Supervisors (CGBS), the Caribbean Group of Securities Regulators (CGSR) and the Caribbean Association of Insurance Regulators (CAIR).

### ***Priorities***

50. Mainstream TA requests that CARTAC has received include: legislative upgrades; on- and off-site supervisory processes; development of reporting requirements; guidelines to industry; training of supervisors and occasionally of industry participants; and anti-money laundering training and procedures. These requests arise across financial service providers, including: banking, insurance, credit unions, securities market, pension funds, other non-bank financial services and offshore financial centres. It is anticipated that upgraded legislative frameworks will continue to be important, especially as countries recognize the need to supervise non-traditional deposit-taking institutions, such as mortgage banks, development banks and trust activities. Regulations for commercial banks and credit unions are similar, but efficiencies can be gained by developing new regulations through reference to existing practices.

51. Significant work is expected in offsite monitoring and onsite inspection of credit unions and insurance companies. CARTAC will assist in harmonizing practices and ensuring that TA reflects international best practices, including the principles issued by the Bank for International Settlements (BIS), the International Association of Insurance Supervisors (IAIS), International Organization of Securities Commissions (IOSCO), the Caribbean Financial Task Force (CFATF), and the Financial Action Task Force (FATF).

52. Demand for TA beyond financial supervision is anticipated in two areas: financial soundness indicators (FSIs), and consolidated supervision. A workshop in March 2006 highlighted the work of regional central banks on FSIs, however significant gaps exist in the data. It is anticipated that TA will be requested to facilitate data collection through prudential returns or other methods. This will also support issuance of financial stability reports, which some central banks are developing. In the area of consolidated supervision, efforts have begun in some jurisdictions, however they will take time to fully implement. In the interim, CARTAC will work with supervisors to conduct coordinated onsite inspections, providing information about “whole company” operations, if not complete consolidated information. Activities may include: attachments of examiners from several jurisdictions in inspections of the same conglomerate; coordination of pre-inspection activities with several jurisdictions on one conglomerate; and development of inspection procedures specific to conglomerate circumstances. This may also lead to support for contingency planning for possible financial crises in one jurisdiction or on a regional basis.

#### **D. Capital market development<sup>20</sup>**

53. Member countries have identified a need to foster economic growth through development of regional capital markets and diversification of financial products, with governments creating the infrastructure necessary to support new instruments. Capital market development (CMD) represents a range of activities, and is capable of different interpretations. However, a consensus exists among the entities surveyed as to the required elements: (i) preconditions, such as comprehensive and well-defined accounting principles; (ii) sound regulatory frameworks consistent with IOSCO principles; and (iii) market factors, such as the corporate ownership structure and the level of investor knowledge (see Table 1).

#### ***Institutional shortcomings and initiatives underway***

54. Considerable CMD work is currently in progress in the region, with most activities relating to enhancing regulatory frameworks. There is also growing interest in tackling limitations relating to market factors. Meanwhile, the degree to which the preconditions for CMD have been met varies across countries. Requirements in the Bahamas, Barbados, the Dominican Republic, the OECS territories, Jamaica and Trinidad and Tobago include upgrading securities legislation, improving securities supervision procedures, enhancing equity market surveillance, harmonizing regional legislation and oversight practices

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<sup>20</sup> The section reflects the work of a consultant—Mr. Brian Wynter of Jamaica—on the role CARTAC could play in supporting capital market development in the region.

(including takeover codes), deepening corporate bond markets and enhancing investor education. Training and new product development, and establishing or strengthening venture capital provisioning, are also important requirements. Activities are at varying stages regarding the development of offshore or international financial centres, ranging from highly advanced in the Cayman Islands to the early stages in Trinidad and Tobago.

55. The Regional Integration of Operations and Caribbean Exchange Network (RIO/CXN) initiative represents an important step towards the creation of a Caribbean Stock Exchange. The first phase, connecting the Barbados, Jamaican and Trinidad and Tobago exchanges in a common platform, is close to technical completion. However, it has highlighted a need for harmonization of securities laws. The second phase, connecting other Caribbean exchanges that are not on a common platform, will require assistance to expedite implementation. In addition, there is recognition of the need for regional harmonization in other areas. Prospectus and disclosure requirements, the regulation of market intermediaries, and the creation of common rules (for example, a common takeover and mergers code) are being considered within the CSME; consistent implementation of such rules is also required.

56. Common challenges in the region are inadequate investor awareness or knowledge, and the lack of a capital markets “culture” among potential issuers and intermediaries. Also of note is the continuing strong demand for technical training for regulators and other market participants.

### ***Proposed activities***

57. There is demand for support in defining a focused and realistic path towards creating deeper and more liquid equity, debt and derivatives markets in the region. Gaps also exist in the monitoring of capital markets development needs and activities. There is scope to enhance or support regional coordination of CMD activity, particularly with respect to regulatory and policy formulation work.

58. A possible work agenda is as follows:

- i) Improve securities regulation through drafting legislation, preparing simplified and transparent procedures, and training staff. Along with work in individual countries, CARTAC should harmonize objectives in areas ranging from technical issues (such as standardized identifying numbers for securities) to policies (such as creating a Caribbean Takeovers and Mergers Code).
- ii) Formulate country and regional plans to enhance market depth and liquidity through more products, dealers, investment banks and institutional investors, integrating with the work of sub-regional and regional groups (such as the ECCB and CARICOM). Analyze obstacles to development and propose alternatives.
- iii) Work with governments and CARICOM on a regional plan to promote: harmonized regulations and implementation; training; investor education; and business development. An initial focus would be to harmonize legislation and rules to support implementation of RIO/CXN.

59. CARTAC would work closely with regulatory agencies, emphasizing regional approaches and solutions. Workshops and seminars that highlight regional issues through case studies could be undertaken. Hands-on technical assistance would be provided through attachments and the use of short-term consultants, drawing on regional resources where possible, and on partners within and outside the region.

60. Although important, CMD cannot be driven only by technical assistance or government action. It depends on the business and social environment, economic conditions and other factors, including private sector initiative. Care must be taken, therefore, in allocating resources so that structures, procedures and institutions have realistic prospects of being used.<sup>21</sup> Although a CARTAC advisor could be fully occupied in the CMD component, some of the work already falls within the financial sector component. It may be prudent, therefore, to treat the CMD component initially as a focussed aspect of the financial sector work under the responsibility of one of the financial sector advisors. It will be important, then, that one of the advisors has the background and skills to pursue the CMD work. A short-term consultant would carry out the 6- to 12-month work programme identified above in coordination with the advisor, who would also handle the regulatory aspects of the work.

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<sup>21</sup> It is also important to note that the IMF does not have the technical expertise in all of the areas related to capital market development—such as the regulation of issuers, collective investment schemes, and stock exchanges—to effectively backstop such TA. Nor does the IMF have expertise in corporate accounting principles and business law.

**Table 1. Requirements for capital market development**

<b>A. Pre-existing conditions</b>	<b>B. An effective regulatory and supervisory framework for the securities market (IOSCO principles)</b>
<ul style="list-style-type: none"> <li>• Sound and sustainable macroeconomic policies</li> <li>• A well-developed public infrastructure.               <ul style="list-style-type: none"> <li>○ Business laws that include corporate, bankruptcy, contract, consumer protection and private property laws.</li> <li>○ Comprehensive and well-defined accounting principles that command wide international acceptance.</li> <li>○ A system of independent audits; auditors held accountable for their work.</li> <li>○ Well-defined rules governing, and adequate supervision of, other financial market participants.</li> <li>○ A secure and efficient payment and clearing system for settlement of financial transactions.</li> </ul> </li> <li>• Effective market discipline, including corporate governance and transparent, timely and accurate information to investors.</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive legislation governing securities trading (including Stock Exchanges) and collective investment schemes.</li> <li>• Independent regulator, use of self-regulatory organisations, existence of an adequate regulatory framework and effective cross-border supervisory cooperation.</li> <li>• Regulation of issuers: prospectuses, disclosure, corporate governance, market manipulation and insider trading.</li> <li>• Regulation of collective investment schemes: prospectuses, disclosure, separation of assets.</li> <li>• Regulation of securities intermediaries: capital adequacy, internal controls, risk management, market conduct rules.</li> <li>• Regulation of market: price discovery and disclosure, clearing and settlement.</li> <li>• Regulation of stock exchanges: (self-regulatory organisations/regulated by securities regulators).</li> </ul>
<p><b>C. Market factors</b></p> <ul style="list-style-type: none"> <li>• Size of the corporate sector and funding needs.</li> <li>• Ownership structure of the corporate sector.</li> <li>• Size of the population and concentration of wealth.</li> <li>• Investor awareness and education programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Incentives to invest in securities market (private pension plans, etc).</li> <li>• Capital restrictions.</li> <li>• Foreign exchange restrictions.</li> <li>• Confidence in long-term rule of law, macroeconomic policies, etc.</li> <li>• Attracting market participants to increase competition.</li> </ul>

**E. Macroeconomic statistics*****Institutional shortcomings and reforms underway***

61. Statistical offices in the region have the legal authority to collect specific information. Most of the legislation, however, is outdated and may not empower the offices to exploit advances in information and communication technologies for collecting and disseminating data, or make optimal use of government administrative records. In addition, existing legislation does not enable statistical offices to realize efficiencies through outsourcing

certain activities, e.g., statistical surveys. They also suffer from inadequate budgetary and human resources, weak organizational structures and inadequate skill complements. These deficiencies limit their ability to provide data suitable for assessing the impact of government policies and business activity. Furthermore, the fast-changing economic, social, and technological environment has induced shifts in statistical emphases, methodologies and classifications. Given the resource deficit, statistical offices are hard pressed to meet the demands of this 'new economy'.

62. Limited managerial and technical skills have constrained the ability of some statistical offices to maintain effective communication with data providers, users and other stakeholders. Tardiness in accessing technical assistance for building capacity and the absence of statistical awareness programmes and strategies for increasing response rates have limited the effectiveness of some statistical agencies. In addition, even where output has been significant, statistical offices have often not actively disseminated their products through printed reports or electronic information systems, or introduced value-added features such as data assessment and analysis. The longstanding statistical problems of the region are not amenable to quick solutions, and cannot be adequately addressed by stop-gap interventions. CARTAC is aware that capacity and institution building is a long-term process, and is committed to giving assistance to build capacity over an extended period.

### *Priorities*

63. Based on lessons to date, CARTAC will continue to design work plans that integrate with national priorities. An approach that encompasses legislation, institutional organization, statistical planning and a core data set is likely to enhance sustained progress. The core data set, comprising components identified by individual countries, the CARICOM Secretariat and the ECCB, will be informed by the GDDS framework in terms of data quality, integrity and access by the public. Adherence to harmonised definitions, classifications and applications ensure that country and regional activities support the integration objectives of CARICOM and meet international requirements for transparency and data comparability.

64. Country needs fall into five areas: national accounts (supply and use tables, quarterly national accounts, tourism statistics and measurement of the informal sector); price statistics (consumer, producer and import and export prices); external sector statistics (balance of payments, external debt statistics, international investment position and coordinated portfolio investment); monetary and financial statistics (money and banking statistics and financial soundness indicators); and government finance statistics (GFS).

65. TA for strengthening institutional capacity will cover organizational restructuring, the use of information technology, human resource management and upgrading management skills. CARTAC will continue to develop human capacity through on-the-job instruction, short-term professional attachments and regional workshops, and training for middle-level staff and persons at lower skill levels. Given different stages of statistical development, country-specific training will be a priority. Programmes for training the trainers will be

undertaken to promote sustainability. Training modules will cover the five core data sets, in addition to data analysis, sampling and survey procedures, and preparing metadata.

66. Technical assistance for reviewing Statistics Acts will address issues affecting the production and accessibility of data. These include the use of information technologies to minimise respondent burden (and breaches in confidentiality) and for disseminating information. The imposition of realistic penalties for non-compliance by data providers and unlawful disclosure by statistical authorities, as well as arrangements for the possible outsourcing of statistical functions, will also be important elements of the revised legislation.

67. The Statistics component will collaborate with the public financial management component on GFS, (government aggregates, central government debt), with the financial sector component on banking statistics and financial soundness indicators, and with the macroeconomic analysis component on the statistics required for financial programming. CARTAC will continue to work closely with the staff of national statistical offices, central banks, ministries of finance and other providers of economic data in government departments. Furthermore, CARTAC will collaborate with the CARICOM Secretariat, CDB, ECCB, the OECS Secretariat, the University of the West Indies and other regional institutions. Close coordination will also be maintained with other donors engaged in the statistical sector, such as the EC, IDB, UNDP, ECLAC, ILO and the World Bank.

#### **F. Financial programming and macroeconomic analysis**

68. In the face of severe fiscal deficits and lagging growth in the ECCU region, macro-fiscal Policy Units (PUs) were established at the country level<sup>22</sup> and a Policy Coordinating and Monitoring Unit (PCU) was set up at the ECCB. It was envisioned that CARTAC would support the work of the PCU in implementing the SATAP objectives of strengthening the capacity of country PUs to undertake macroeconomic analysis and fiscal reforms, and improving the quality of statistics.

69. The second Mid-Term Review of CARTAC found, however, that most countries would not be able to continue SATAP-initiated work without further significant support, and recommended redirecting the resources allocated to the resident macroeconomist to other areas.<sup>23</sup> Against this background, the Steering Committee decided to engage a consultant to review the problems and recommend how the work could be reshaped to achieve more sustainable results.<sup>24</sup> The consultant's findings and recommendations form the basis for this description of the challenges faced by member countries and the proposed work in Phase III.

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<sup>22</sup> Although advocated by the ECCB, not all countries established such units.

<sup>23</sup> See Nurse and Bobb, *op. cit.*, paragraphs 37 and 153, and Box 3.

<sup>24</sup> CARTAC Steering Committee Meeting, October 17, 2006, Barbados. The consultant was Mr. Bernard la Corbiniere of St. Lucia.

### *Institutional shortcomings and reforms underway*

70. As indicated in the Mid-Term Review, the consultant found that the process of sustainable capacity building in some countries has been slower than anticipated. At the same time, certain SATAP initiatives had been quite successful. One area of concern, however, is that the broad parameters for the exercise are often not agreed with senior country authorities in advance, as ECCU-wide fiscal adjustment targets currently exist only for long-term debt ratios. Short- and medium-term fiscal targets are not well tied down in this framework. As a result, in some cases, country authorities do not appear to have fully signed off on the SATAP results, nor have they formally injected them into the process of formulating fiscal or budgetary policies. Another factor constraining progress is that institutional capacity, including adequate staffing, is often not sustained. Compounding this problem, key processes and procedures relating to the detailed work of constructing and implementing the programmes are sometimes not fully documented, leading to duplication of effort.

71. Recognizing the implications of these issues for the sustainability and effectiveness of the SATAP exercise, some countries have established their own arrangements for improving structures and institutions and strengthening capacity. Actions include: adequately staffing and equipping PUs; establishing committees involving policymakers as well as technical staff to provide an oversight and policy formulation role; and setting up mechanisms for regular fiscal/macroeconomic reporting.

72. Non-ECCU countries have needs in the area of macro-economic analysis that are often different from those of the ECCU countries. Reasons include their size and complexity, and the greater sophistication of markets and economic processes. Some believe that they need help in developing more market-oriented tools for macro-economic management, and also the construction of macro models to facilitate economic analysis. Some of the non-ECCU countries are developing preliminary macro models, either on their own or with the assistance of multilateral institutions, but they are dissatisfied with progress so far in developing reliable tools for more market-oriented approaches to economic management.

73. In the area of debt management (which overlaps with PFM), there is increasing demand for a broad spectrum of TA, including sustainability analysis, monitoring and data issues, as well as debt negotiating and restructuring. CARTAC will seek to collaborate with other partners to help meet regional needs in this area, and in particular with CEMLA, the World Bank, the Commonwealth Secretariat, and the IMF.

### *Priorities*

74. Financial programming activity would likely be more effective and relevant to policy formulation if the appropriate policymaker (usually with Ministerial responsibility) endorsed broad fiscal targets consistent with the programme in advance of the work. Senior managers will also need to sign off on the processes, procedures, schedules, etcetera, required to implement, monitor, report on and evaluate programmes. In addition, training provided by CARTAC will not end at imparting technical competency, but will include thorough

exposure to the complete cycle of designing, rolling out, monitoring, reporting, formulating policy, evaluating and otherwise implementing the programme. Where feasible, the public sector as a whole will be incorporated. Preparation of technical and operational manuals on processes and procedures will also be done as part of the TA and formally presented to the authorities (usually the Permanent Secretary of Finance). In recognition of the need to ensure that countries make effective use of CARTAC's TA, the advisor is reviewing the mission structure, and will engage stakeholders in dialogue before implementing a new approach.

75. In addition to TA to ECCU countries, CARTAC will continue to provide regional training in Financial Programming and Policy, Macroeconomic Analysis and Management, Debt Seminars (particularly strategic design, management and sustainability issues), and the new GFS system. There is demand for continued modernization and operationalisation of financial (fiscal) and audit legislation.

76. In non-ECCU countries, there is a need for CARTAC to respond to increasing demands for TA, raising over time the modest provision of CARTAC resources to those countries. In the new programme cycle, CARTAC expects to respond to requests for training in new areas, including: more sophisticated macro-management (including market-based) tools; regional courses for middle and junior technical personnel in macro-related areas; updating and modernising legislation to support macro-management activities; macroeconomic modelling; financial management reform, including budget reform; and debt management. All countries require the capacity to effectively measure the informal sector and include it in macroeconomic analyses.

77. Given the anticipated intensification of capacity building in financial programming and macroeconomic analysis in ECCU countries, the role of the resident advisor will be greater in the new programme cycle. The existing approach of having an advisor at CARTAC and short-term consultants in the field is tried and tested, and the same model should be adequate for the future. However, additional short-term consultants may be required in the field, as needed. Also, taking into account the anticipated expansion of the macroeconomic, PFM and related functions beyond the ECCU, centralizing those functions at CARTAC will allow meeting such demands in the most efficient way possible. CARTAC will continue to work in close collaboration with the central banks or other designated agencies in the region to strengthen capacity in the macroeconomic area.

78. In response to requests by some countries and the expressed willingness of others to assist, CARTAC will continue to facilitate attachments from and to countries in the region (particularly in implementing macro programmes and analysing national accounts), as well as attachments abroad (particularly in analysing financial stability and related legislation).

#### IV. GOVERNANCE, MANAGEMENT AND OTHER ARRANGEMENTS

##### A. Structure and operations of the Steering Committee

79. Since its inception, CARTAC has been guided by a Steering Committee (SC) representing member states, regional institutions and donors. The role of the SC, as set out in the original programme document, is to provide strategic direction and to review the six-month work plan.

80. While this model has worked fairly well, recent developments (such as shifting weights among donors, the size of CARTAC's work programme, and rising costs) suggested the desirability of reviewing the operations of the SC to improve the efficiency of the decision-making process. In addition, there has been a need to increase the voice and participation of member countries in the SC to reflect their stake in CARTAC's strategic direction.

81. In light of these challenges, a consultant was engaged to assess reforms to the governance arrangements during Phase III of CARTAC.<sup>25</sup> In light of this report and discussion of its proposals at the November 2007 meeting of the SC, the structure and operations of the SC will be clarified and refined during Phase III along the following lines.

82. Permanent seats on the SC will be held by the host country (Barbados) and signatories to the original agreement (IMF, UNDP, and CARICOM). Permanent seats will also be allocated to donors contributing 20 percent or more of the overall budget for the three-year programme. Contributions will be assessed on the basis of explicit funding commitments. Shares will be reviewed annually to reflect changes to contribution levels and the overall budget, and the number of seats on the SC will be adjusted accordingly. Announced funding intentions suggest that CIDA and DFID will qualify for permanent seats during Phase III. A permanent seat will also be allocated to a constituency of donors with contributions of less than 20 percent of the total budget. The CDB would normally represent this constituency given its important in-kind contribution.

83. Member states, other than the host country, will be represented by constituencies with a total of six seats on the SC, as described in the following table.<sup>26</sup>

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<sup>25</sup> The consultant's report is available at [www.cartac.com.bb](http://www.cartac.com.bb).

<sup>26</sup> Constituency representatives to the SC will rotate on an annual basis in alphabetical order. A list of SC members will be announced at the beginning of each year.

**Table 2. Composition of CARTAC Steering Committee—Phase III**

<b>Signatory Agencies</b>	<b>Donors</b>	<b>Member States</b>
IMF	CIDA*	Barbados (host country)
UNDP	DFID*	ECCB (representing members of the ECCB)
CARICOM	Other Donors (led by CDB)	Non-ECCB members of the OECS and British Overseas Territories
		Bahamas and Dominican Republic
		Haiti and Suriname
		Jamaica and Trinidad & Tobago
		Belize and Guyana
* Preliminary, based on announced funding intentions.		

84. Observers will also be invited to attend Steering Committee meetings. They can participate in the discussions at the recognition of the Chairperson but will not vote on formal decisions. Eligible observers will normally include: all members of constituencies that are not representing their constituency on the SC; former CARTAC donors; and agencies providing technical assistance to member states in areas complementary to those of CARTAC. Institutions falling under the latter two headings include the EU, the World Bank, and the IADB. The OECS Secretariat will also be invited as an observer. Other institutions (including potential future contributors) can contact the Chairperson to request this status. A list of observers will be circulated prior to each SC meeting along with the draft agenda. Members of the SC will notify the Chairperson if they have any comments on the agenda or list of observers.

85. Nominations will be solicited for the position of Chairperson of the SC prior to each phase of the programme. In the event that more than one candidate is nominated, the outgoing Chairperson will organize an election by members of the SC. The term of the Chairperson will extend through the three-year phase of the project. The Chairperson may appoint a Deputy Chairperson at his/her discretion.

## **B. Monitoring, reporting and evaluation**

86. Consultants have been engaged by the UNDP to formulate a results-based management and reporting (RBM) framework appropriate for the structure and operations of CARTAC. As discussed in a preliminary report to the Steering Committee meeting in November 2007,

the focus of this work is on improving the nature of reporting to the Steering Committee to ascertain the results and impact of programmes. In addition, CIDA has sponsored a consultancy to study gender issues in respect of CARTAC's activities. The Steering Committee will review these reports and provide guidelines as appropriate regarding CARTAC's future activities.

87. An independent evaluation of CARTAC's work will be conducted in approximately mid-2009. To the extent possible, the evaluation will seek to measure the impact of CARTAC activities at the country level, using country plans as the basis for external evaluation.

### **C. Management, staffing and administration**

88. Day-to-day operations of the Centre will continue to be managed by a resident Programme Coordinator, who will be a staff member of the IMF. The Coordinator will work closely with bilateral and multilateral development partners to ensure the integration of related TA work being done in the region. The Centre will benefit from the services of resident advisors in each of the technical components, and adequate support staff covering office management, accounting, IT, secretarial services and transport. Furthermore, the Centre will draw on a pool of short-term experts for specific assignments.

89. In filling the positions of resident advisors, the IMF will forward the names of at least two candidates to the Chairperson of the Steering Committee for further consultation with the Steering Committee, along with a description of the recruitment process. When replacing an advisor, the proposal for replacement will be forwarded to the Chairperson at least two months in advance of the intended change. To ensure flexible and timely delivery of assistance, short-term experts shall be recruited by the Centre and/or IMF functional departments without consultation with the Steering Committee. When recruiting long-term advisors and short-term experts, preference will be given to candidates from within the region when qualifications are otherwise similar. CARTAC will continue to maintain and use its database of regional experts, and will also make use of professional attachments as a means of transferring knowledge and skills among similar agencies.

90. As part of its functions as executing and implementing agency, the IMF will manage all administrative and financial arrangements in connection with running the Centre and TA delivery, including contracting staff and payment of other expenditures. It will also monitor budget execution against approved budgets and available cash flow. In this context, the IMF has harmonized a number of operational and expert contracting procedures<sup>27</sup> across the six regional TA Centres, facilitating compatible and consistent procedures. This will help in expanding the experts rosters with regional candidates.

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<sup>27</sup> CARTAC began issuing contracts locally in April 2007.

#### **D. UNDP institutional support arrangements**

91. CARTAC, mandated as a UNDP project, receives specific support as follows:

- Resource mobilization, review and supervision of donor agreements and related disbursement of cost-sharing contributions/finances, including tracking contributions to headquarters.
- Assistance with the logistics of purchasing and selling vehicles for office and staff.
- Security.
- Preparation of letter and vehicle registration for CARTAC office.
- Customs clearance of shipments for CARTAC office and personal staff.
- Liaison with Ministry of Foreign Affairs to facilitate diplomatic entitlements for CARTAC staff in Barbados i.e. issuing, resubmission, transferal and extension of resident visas, notification of arrival and departure of staff/consultants and family, as well as renewal requests for identification cards/passports, and UN Laisser Passez.
- Preparation of travel letters; visa requests for workshop participants and preparation of supporting documents.
- Work permit arrangements and requests for household support staff.

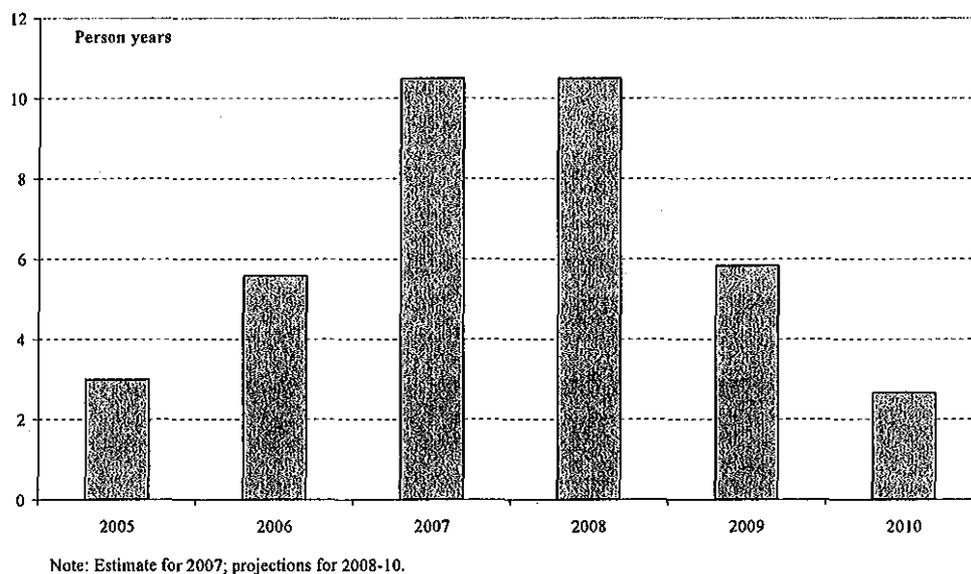
#### **E. Backstopping**

92. The IMF, as executing and implementing agency, provides the necessary technical support and backstopping of the Centre's long-term advisors and short-term experts.<sup>28</sup> These backstopping activities have generally been carried out using existing resources available in the relevant IMF departments as an in-kind contribution to CARTAC. However, the dramatic increase in the scope of work in the tax and customs area during 2006 and the first half of 2007, primarily associated with the introduction of VATs in ECCU countries, presented an unsustainable demand on backstopping capacity. A more predictable strategy for backstopping needs to be established, especially given that TA provision in this area is expected to remain high for another 1-2 years, reflecting the need to effectively implement VATs, introduce complementary changes in other aspects of tax and customs systems, and complete the process of introducing VATs to "late adopters" (Figure 1).

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<sup>28</sup> It has also been suggested that consideration be given to providing TA that falls within the agreed areas, even though backstopping expertise may not be provided by the Fund.

Figure 1. CARTAC TA on Tax and Customs



93. The ability of CARTAC to continue to finance work in this area has been greatly assisted by CIDA's grant of C\$5 million in mid-2007, which allowed the creation of a fixed-term position at IMF headquarters to ensure the predictability and quality of backstopping during the expected duration of the work on VATs and related reforms.

#### F. Work plan and prioritization of TA

94. Six-month work plans will be prepared for discussion and approval by the Steering Committee. The work of the Centre is initiated upon receipt of a request by a member country. To ensure that the work proposed does not duplicate or conflict with the work of another agency, and that it integrates and builds upon ongoing work, careful consideration will be given to country strategy, regional approaches and donor coordination, as well as optimisation of resource usage. The work plan will also be coordinated with IMF TA in the region.

95. Given high demand for CARTAC TA, the question arises as to what criteria the Steering Committee views as appropriate for prioritizing requests. These could include:

- Does the request fall within CARTAC's core competencies?
- Are other TA providers better positioned and willing to fill the need?
- What is the country's track record with implementation of TA provided by CARTAC and other agencies?
- Can the TA be effectively backstopped by IMF departments?
- For countries with a PRSP or PRGF, does the TA contribute towards the objectives of these arrangements?

- Can the TA be delivered in way that benefits other countries with similar needs?
- Would the TA further regional integration objectives consistent with the CSME?

96. There is also the question of how to express the results of applying such criteria in deciding what TA to deliver, and whether there is a need for a formal check list with specific weights applied to various considerations.

### **G. Legal context and cost-sharing**

97. CARTAC has the status of a UNDP cost-shared project executed by the IMF. Administrative costs and responsibilities are divided between the UNDP and the IMF, for which administrative fees of 5 per cent and 10 per cent are charged respectively.

98. CARTAC stakeholders seek to ensure that value-for-money is being provided for the 15 per cent administrative fees charged to the CARTAC budget. These fees must be reasonable and justifiable, and the administrative services provided must be undertaken efficiently and effectively. Issues/concerns regarding administrative costs and efficiencies should be dealt with transparently by the SC. In this context, the SC will review the situation periodically, and may decide to change the arrangements to achieve greater efficiency and value-for-money.

99. The main channel for funding is through the UNDP. From time to time, these financial arrangements have proven problematic for potential donors due to incompatibilities between their policies and those of the UNDP/IMF. All of CARTAC's partners will continue to aim to harmonize and align their funding and reporting requirements in accordance with Paris Declaration principles.

100. Under Phase III, it is anticipated that the cost of the project will be shared among stakeholders as follows:

- Donors and member countries will contribute to the cash budget for TA delivery. Members' contributions during Phase III will be set at US\$15,000 per year.
- The IMF will contribute the in-kind costs of the Programme Coordinator and most of the Centre's operating expenses, and those of backstopping the normal activities of the advisors and short-term experts.<sup>29</sup>
- The host country will contribute the office space occupied by CARTAC.
- The CDB will second a macroeconomist to the Centre as an in-kind contribution.

### **H. Budget**

101. The budget scenario in Annex IV assumes that CARTAC's activities expand to include the country requests identified in a TA needs assessment conducted during February–March

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<sup>29</sup> The exceptional circumstances surrounding the surge in work on tax and customs are discussed above.

2007. This scenario implies a budget for the three-year period of US\$25.1 million<sup>30</sup>, based on the following assumptions:

- An additional resident advisor in PFM as of mid-2009;
- A reallocation of the responsibilities of one of the advisors in the financial sector area to include capital market development.
- An additional macroeconomist, partly offsetting the reduction in activity in this area at the ECCB;
- An additional statistics advisor to help strengthen tourism statistics and address the need to better incorporate the informal sector in economic analysis;
- An increase in spending on short-term experts to a level more in line with demand in each area;
- Augmented administrative support to reflect increased delivery of TA.<sup>31</sup>

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<sup>30</sup> Inclusive of US\$2.5 million carry-over.

<sup>31</sup> Larger office facilities would also be required.

## Annex I. Basic Member Country Data

Country	Size (sq km)	Population 2005	HDI Rank 1/ 2007	GDP per capita (US\$) 2005	Public Domestic Debt (Percent of GDP) 2006	Total Public Debt (Percent Of GDP) 2006
Anguilla	102	13,477	...	\$9,000 2/	...	
Antigua & Barbuda	443	81,000	57	\$10,801	65.2	103.5
Bahamas, The	13,939	323,063	49	\$18,062	44.7	50.0
Barbados	431	269,556	31	\$11,099	55.2	83.0
Belize	22,960	291,800	80	\$3,807	6.7	93.0
Bermuda	53	66,163	...	...	...	...
Cayman Islands	160	45,000	...	\$37,440 2/	...	...
Dominica	754	72,000	71	\$3,979	29.9 3/	95.8 3/
Dominican Rep.	48,730	8.89 m	79	\$3,181	19.8	44.2
Grenada	344	106,500	82	\$4,797	32.6	119.6
Guyana	197,000	751,218	97	\$1,081	30.1	135.2
Haiti	27,750	8.5m	146	\$478	3.8	33.3
Jamaica	10,990	2.7m	101	\$3,532	63.8	134.4
Montserrat	102	9,439	...	\$4,100 2/	...	...
St. Kitts and Nevis	261	48,000	54	\$9,565	116 3/	183.4 3/
St. Lucia	616	165,500	72	\$5,355	21.3	69.7
St. Vincent & Grens.	389	119,051	92	\$4,032	30.9	84.2
Suriname	161,470	449,238	85	\$3,485	12.0	30.4
Trinidad & Tobago	5,130	1.3 m	59	\$12,519	24.6	31.2
Turks & Caicos Islands	430	21,152	...	\$7,693 2/	...	...

Sources: World Economic Outlook, IMF; World Development Indicators, World Bank; CIA World Factbook; Human Development Report, UNDP.

1/ Human Development Index Ranking, 2007. UNDP.

2/ GDP per capita (US\$), 2003.

3/ IMF staff projections.

## Annex II. Membership in Regional and International Groups

Country	CARICOM	CSME	CDB	IDB	IMF	EU/ ACP	OECS/ ECCB	Overseas Territories
Anguilla	√ <sup>1</sup>		√				√	√
Antigua & Barbuda	√	√	√		√	√	√	
Bahamas, The	√		√	√	√	√		
Barbados	√	√	√	√	√	√		
Belize	√	√	√	√	√	√		
Bermuda	√ <sup>1</sup>							√
British Virgin Islands	√ <sup>1</sup>		√				√ <sup>2</sup>	√
Cayman Islands	√ <sup>1</sup>		√					√
Dominica	√	√	√		√	√	√	
Dominican Republic				√	√	√		
Grenada	√	√	√		√	√	√	
Guyana	√	√	√	√	√	√		
Haiti	√	√	√	√	√	√		
Jamaica	√	√	√	√	√	√		
Montserrat	√		√				√	√
St. Kitts & Nevis	√	√	√		√	√	√	
St. Lucia	√	√	√		√	√	√	
St. Vincent & Grenadines	√	√	√		√	√	√	
Suriname	√	√		√	√	√		
Trinidad & Tobago	√	√	√	√	√	√		
Turks & Caicos Islands	√ <sup>1</sup>							√

<sup>1</sup> Associate member.

<sup>2</sup> Member of OECS only.

### Annex III. CARTAC Cooperation with Regional Institutions

#### CARICOM and its agencies:

Council for Finance and Planning (Committee of Central Bank Governors reporting to COFAP)	COFAP
Council for Trade and Economic Development	COTED
CARICOM Single Market and Economy Unit	CSMEU
CARICOM Secretariat	CCS
Caribbean Standing Committee of Statisticians	CSCS
CARICOM Legislative Drafting Facility	CLDF

**Organization of Eastern Caribbean States** OECS

**Eastern Caribbean Central Bank** ECCB

#### Other regional institutions and associations:

Caribbean Organization for Tax Administration	COTA
Caribbean Development Bank	CDB
Caribbean Centre for Development Administration	CARICAD
Inter-American Centre of Tax Administrations	CIAT
University of the West Indies (UWI), Sir Arthur Lewis' Institute for Social and Economic Research	
Caribbean Law Institute/Caribbean Law Institute Centre	CLI/CLIC
Caribbean Customs Law Enforcement Council	CCLEC
Caribbean Confederation of Credit Unions	CCCU
Centre for Monetary Studies of Latin America & the Caribbean	CEMLA
Caribbean Centre for Monetary Studies	CCMS
Caribbean Tourism Organization	CTO
Caribbean Public Finance Association	CaPFA
Caribbean Association of Insurance Regulators	CAIR
Caribbean Group of Banking Supervisors	CGBS
Caribbean Group of Securities Regulators	CGSR
Eastern Caribbean Securities Regulatory Commission	ECSRC
University of Technology (Utech---renamed College of Arts Science and Technology, Jamaica)	CAST

## Annex IV. CARTAC Phase III Cost Scenario

	Budget CY2008-2010		CY 2008		CY 2009		CY 2010	
	p/m 1/	\$	p/m	\$	p/m	\$	p/m	\$
<b>IMF Contribution (in-kind) 2/</b>		<b>1,423,470</b>		<b>463,750</b>		<b>474,320</b>		<b>485,400</b>
Programme Coordinator and travel	36	924,070	12	299,750	12	307,920	12	316,400
National Staff (2) and Operations	72	499,400	24	164,000	24	166,400	24	169,000
<b>CDB Contribution (in-kind) 3/</b>								
Macro-economist from the region		309,090	12	100,000	12	103,000	12	106,090
<b>Host Country Contribution (in-kind) 3/</b>								
Office Space		300,000		100,000		100,000		100,000
<b>Total Contributions in-kind</b>		<b>2,032,560</b>		<b>663,750</b>		<b>677,320</b>		<b>691,490</b>
<b>Donor Contributions / Cash Budget</b>								
<b>Core Team of Resident Advisors</b>	<b>216</b>	<b>3,940,898</b>	<b>72</b>	<b>1,275,000</b>	<b>72</b>	<b>1,313,250</b>	<b>72</b>	<b>1,352,648</b>
Public finance management advisor	36	788,180	12	255,000	12	262,650	12	270,530
Revenue administration advisor	36	788,180	12	255,000	12	262,650	12	270,530
Financial sector advisor	36	788,180	12	255,000	12	262,650	12	270,530
Capital Market advisor	36	788,180	12	255,000	12	262,650	12	270,530
Statistics advisor	36	788,180	12	255,000	12	262,650	12	270,530
Macro-eco advisor in-kind	36	-	12	-	12	-	12	-
<b>Additional Advisors in Phase III</b>	<b>162</b>	<b>3,517,189</b>	<b>60</b>	<b>1,275,000</b>	<b>66</b>	<b>1,430,600</b>	<b>36</b>	<b>811,589</b>
VAT advisor	36	788,180	12	255,000	12	262,650	12	270,530
Tax admin advisor	21	445,000	12	255,000	9	190,000		
Tax admin advisor (FAD HQ based)	21	445,000	12	255,000	9	190,000		
PFM advisor	24	533,180			12	262,650	12	270,530
Macro-economic advisor	36	788,180	12	255,000	12	262,650	12	270,530
Statistics advisor [Tourism]	24	517,650	12	255,000	12	262,650		
<b>Short-term Experts</b>		<b>8,396,000</b>		<b>3,831,000</b>		<b>2,622,000</b>		<b>1,943,000</b>
PFM Experts	30	840,000	10	270,000	10	280,000	10	290,000
Revenue Admin experts	150	4,130,000	90	2,430,000	40	1,120,000	20	580,000
Financial Sector /Capital Market Experts	40	1,122,000	12	324,000	14	392,000	14	406,000
Debt Management Experts	9	252,000	3	81,000	3	84,000	3	87,000
Economic Statistics experts	30	840,000	10	270,000	10	280,000	10	290,000
Financial Programming Experts	30	840,000	10	270,000	10	280,000	10	290,000
Revenue administration consultant	24	372,000	12	186,000	12	186,000		
<b>Other cost</b>								
Administrative support staff		637,000	60	206,000	60	211,000	60	220,000
Regional travel for advisors		1,050,000		350,000		350,000		350,000
Evaluation and PD formulation		185,000				125,000		60,000
Professional attachments		450,000		150,000		150,000		150,000
Seminars (Participants/materials)		1,560,000		520,000		520,000		520,000
Center Operations		150,000		50,000		50,000		50,000
<b>Total Direct Cost</b>		<b>19,886,086</b>		<b>7,657,000</b>		<b>6,771,850</b>		<b>5,457,236</b>
IMF: AOS - 10%		1,988,609		765,700		677,185		545,724
UNDP: GMS - 5% 4/		21,874,695		8,422,700		7,449,035		6,002,960
UNDP: GMS - 5% 4/		1,032,589		421,135		338,593		272,862
<b>Total Cash Budget</b>		<b>22,907,284</b>		<b>8,843,835</b>		<b>7,787,628</b>		<b>6,275,821</b>
<b>Grand total</b>		<b>24,939,844</b>		<b>9,507,585</b>		<b>8,464,948</b>		<b>6,967,311</b>

Notes 1/ p/m stands for person month

2/ The estimates of the IMF in-kind contribution does not include that portion of administrative and technical backstopping that cannot be off set by the Administrative and Operational Support fee.

3/ Estimated cost 4/ GMS calculated on total direct cost plus AOS

### Annex V. List of Acronyms

ASYCUDA	Automated System for Customs Data
BIS	Bank for International Settlements
BOP	Balance of payments
CAIR	Caribbean Association of Insurance Regulators
CARICOM	Caribbean Community
CAPFA	Caribbean Public Finance Association
CARICAD	Caribbean Centre for Development Administration
CARTAC	Caribbean Regional Technical Assistance Centre
CCCU	Caribbean Conference of Credit Unions
CCLEC	Caribbean Customs Law Enforcement Council
CCMS	Caribbean Centre for Monetary Studies
CDB	Caribbean Development Bank
CEMLA	Centre for Monetary Studies of Latin America and the Caribbean
CET	Common External Tariff
CFATF	Caribbean Financial Action Task Force
CGBS	Caribbean Group of Banking Supervisors
CGSR	Caribbean Group of Securities Regulators
CIAT	Inter-American Centre of Tax Administrations
CIDA	Canadian International Development Agency
CMD	Capital Market Development
CPEC	Caribbean Regional HRD Programme for Economic Competitiveness
CRNM	Caribbean Regional Negotiating Machinery
CS	Commonwealth Secretariat
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
CSME	Caribbean Single Market & Economy
DFID	Department for International Development, United Kingdom
EC	European Commission
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
ECEMP	Eastern Caribbean Economic Management Programme
ECLAC	Economic Commission for Latin America and the Caribbean (sub-regional headquarters for the Caribbean located in Trinidad)
ECSRC	Eastern Caribbean Securities Regulatory Commission
EU	European Union

EUROSTAT	Statistical Office of the European Union
EUROTRACE	System comprising software and training for compiling external trade statistics, with a national module for countries that have introduced ASYCUDA
FATF	Financial Action Task Force
FSAP	Financial Sector Assessment Program
FSI	Financial Soundness Indicator
FTAA	Free Trade Agreement of the Americas
GDDS	General Data Dissemination System
GDP	Gross Domestic Product
GFS	Government Finance Statistics
HIPC	Highly Indebted Poor Country
IAIS	International Association of Insurance Supervisors
IDB	Inter-American Development Bank
IFMIS	Integrated Financial Management Information System
IFSA	International Financial Services Authority
ILO	International Labour Organization
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
LEG	Legal Department, IMF
OECS	Organisation of Eastern Caribbean States
PCU	Macro-Fiscal Policy Coordinating and Monitoring Unit
PEFA	Public Expenditure and Financial Accountability
PFM	Public Finance Management
PRSP	Poverty Reduction Strategy Paper
PSIP	Public Sector Investment Programme
PU	Policy Unit
RIO/CXN	Regional Integration of Operations and Caribbean Exchange Network
SATAP	Structural Adjustment Technical Assistance Programme
SCCS	Standing Committee of Caribbean Statisticians (CARICOM)
SDDS	Special Data Dissemination Standard
SIGTAS	Standard Integrated Government Tax Administration System
SNA	System of National Accounts
TA	Technical Assistance
TPD	Tax Policy Division (IMF)
UNDP	United Nations Development Programme

UNSD	United Nations Statistics Division
USAID	United States Agency for International Development
UTech	University of Technology (renamed College of Arts Science and Technology— CAST—Jamaica)
VAT	Value-Added Tax
WTO	World Trade Organisation