

The Eastern Caribbean Economic and Currency Union

Macroeconomics and Financial Systems



EDITORS
Alfred Schipke, Aliona Cebotari, and Nita Thacker

I N T E R N A T I O N A L M O N E T A R Y F U N D

The Eastern Caribbean Economic and Currency Union

Macroeconomics and Financial Systems

EDITORS

Alfred Schipke, Aliona Cebotari, and Nita Thacker

I N T E R N A T I O N A L M O N E T A R Y F U N D

©2013 International Monetary Fund

Cover design: IMF Multimedia Services Division

Credit: The stylized map of the member countries of the Eastern Caribbean Currency Union used in the cover design was provided courtesy of the Eastern Caribbean Central Bank.

Cataloging-in-Publication Data
Joint Bank-Fund Library

The Eastern Caribbean Economic and Currency Union : macroeconomics and financial systems/edited by Alfred Schipke, Aliona Cebotari, and Nita Thacker. – Washington, D.C. : International Monetary Fund, 2013.

p. : ill. ; cm.

Includes bibliographical references and index.

ISBN: 978-1-61635-265-3

1. O.E.C.S (Organization). 2. Eastern Caribbean Currency Union. 3. Economic development – Caribbean Area. 4. Fiscal policy – Caribbean Area. 5. Financial institutions – Caribbean Area. 6. Banks and banking – Caribbean Area. 7. Economic indicators – Caribbean Area. I. Schipke, Alfred, 1959- . II. Cebotari, Aliona. III. Thacker, Nita. IV. International Monetary Fund.

HC156.E27 2013

Disclaimer: The views expressed in this book are those of the authors and should not be reported as or attributed to the International Monetary Fund, its Executive Board, or the governments of any of its member countries.

Please send orders to:

International Monetary Fund, Publication Services

P.O. Box 92780, Washington, DC 20090, U.S.A.

Tel.: (202) 623-7430 Fax: (202) 623-7201

E-mail: publications@imf.org

www.elibrary.imf.org

www.imfbookstore.org

Contents

Foreword [v](#)
Christine Lagarde

Preface [vii](#)

Contributors [ix](#)

Abbreviations [xvii](#)

PART I	INTRODUCTION AND SUMMARY	1
1	The Eastern Caribbean Economic and Currency Union: Overview and Key Issues	3
	<i>Alfred Schipke, Aliona Cebotari, and Nita Thacker</i>	
PART II	THE SETTING	23
2	The Economic, Social, and Political Setting	25
	<i>Jehann Jack and Wendell Samuel</i>	
3	Economic Integration and the Institutional Setup of the OECS/ECCU.....	53
	<i>Koffie Nassar, Arnold McIntyre, and Alfred Schipke</i>	
PART III	GROWTH ISSUES	77
4	Economic Growth.....	79
	<i>Nita Thacker, Sebastian Acevedo, Roberto Perrelli, Joong Shik Kang, and Melesse Tashu</i>	
PART IV	FISCAL POLICY AND ADMINISTRATION.....	109
5	Public Debt	111
	<i>Arnold McIntyre and Sumiko Ogawa</i>	
6	Enhancing Fiscal Revenue.....	129
	<i>Aliona Cebotari, Melesse Tashu, Selcuk Caner, Denise Edwards-Dowe, Brian Jones, Vinette Keene, Robert Mills, and Sumiko Ogawa</i>	
7	Public Expenditure Rationalization.....	159
	<i>Shamsuddin Tareq, Alejandro Simone, Abdoul Wane, Kenichiro Kashiwase, and Koffie Nassar</i>	
8	Fiscal Multipliers	219
	<i>Jesus Gonzalez-Garcia, Antonio Lemus, and Mico Mrkaic</i>	

9	Experiences with Sovereign Debt Restructuring: Case Studies from the OECS/ECCU and Beyond	233
	<i>Sarwat Jahan</i>	
PART V FINANCIAL SECTOR		283
10	The Banking Sector.....	285
	<i>Wendell Samuel, Yu Ching Wong, Roberto Perrelli, and Diane Mendoza</i>	
11	Credit Unions: Prospects and Challenges	307
	<i>Yu Ching Wong and Antonio Lemus</i>	
12	The Insurance Sector and the Collapse of CL Financial	321
	<i>Hunter Monroe</i>	
13	Capital Markets: An Example of a Regional Market.....	335
	<i>Myrvin Anthony, Anastasia Guscina, Diva Singh, and Cristina Cheptea</i>	
14	Offshore Financial Centers: To Be or Not to Be?.....	349
	<i>María González-Miranda, Usman Khosa, Philip Liu, Alfred Schipke, and Nita Thacker</i>	
PART VI MONETARY AND EXCHANGE RATE ISSUES		379
15	The Role of the Eastern Caribbean Central Bank.....	381
	<i>Phil Rose and Wendell Samuel</i>	
16	The Optimal Exchange Rate Regime in the OECS/ECCU: A Medium-Term View	405
	<i>Sebastian Acevedo and Chris Walker</i>	
PART VII EXTERNAL SECTOR.....		423
17	External Competitiveness.....	425
	<i>Melesse Tashu</i>	
PART VIII THE ROLE OF THE PRIVATE SECTOR		459
18	Impediments to Developing the Private Sector	461
	<i>Sarwat Jahan and Sumiko Ogawa</i>	
PART IX MACROECONOMIC STATISTICS		485
19	Macroeconomic Statistics for Policymaking.....	487
	<i>Seana Benjamin, Alain Brousseau, Hazel Corbin, Mico Mrkaic, Leah Sahely, C. Térésa Smith, and Kim Zieschang</i>	
Index		505

Foreword

Like countries everywhere, policymakers in the Eastern Caribbean Economic and Currency Union face major challenges—creating jobs, making growth more inclusive, fiscal consolidation, bank reform, and managing volatility. The IMF is committed to being a partner to help our member countries manage these challenges.

Building stronger partnerships with countries across the Caribbean, including members of the economic and currency union, is an important priority for the IMF. We have stepped up our efforts to support these countries, including through enhanced dialogue, increased capacity building, more analytical work, and additional financing. For example, over the past couple of years, the IMF approved a total of eight requests for financial support for five members of the union.

This handbook draws on a wide range of work that captures the depth and breadth of the IMF's analysis across the region. It covers many important issues, among them growth, public revenue and expenditure, the financial sector—including linkages between the financial sector and the macroeconomy—as well as obstacles to private sector development. The handbook also delves into issues specific to the institutional underpinnings for the monetary union and the functioning of the Eastern Caribbean Central Bank. Finally, it includes case studies on recent experiences with debt restructurings and a chapter on developing regional capital markets—both topics of broader interest.

Much of this work in the region goes hand-in-hand with the IMF's efforts to give more attention to issues facing small states—especially those most vulnerable to external shocks, such as in the Caribbean—and to ensure effective IMF support for low-income countries.

To improve the living conditions of all citizens, the IMF remains committed to its continuing relationship with the Eastern Caribbean Economic and Currency Union, both for each country and for the union as a whole. I hope this book will serve as a resource for policymakers in the region and for those interested in monetary unions, microstates, and island economies.

Christine Lagarde
Managing Director
International Monetary Fund

This page intentionally left blank

Preface

This publication is the first of its kind and provides a comprehensive analysis of the key macro-economic and financial sector issues in the Eastern Caribbean Economic and Currency Union (OECS/ECCU). It complements two previous IMF publications on the Caribbean, *The Caribbean: From Vulnerability to Sustained Growth* (2006) and *The Caribbean: Enhancing Economic Integration* (2008), as well as a World Bank publication, *The Organization of Eastern Caribbean States: Towards a New Agenda for Growth* (2005). This volume combines coverage of the various analytical topics with a discussion of the institutional setup of the economic and monetary union, and provides background information on the social, political, and economic setting. An understanding of all of these areas is important for the formulation and successful implementation of sound policies.

This book would not have been possible without the support of many economists and research assistants, cutting across a large number of IMF departments and the Eastern Caribbean Central Bank (ECCB). The authors would also like to express their appreciation for the useful comments and suggestions received from the authorities in the region, the ECCB, and the participants at the 2011 conference “Options for the Caribbean after the Global Financial Crisis”—organized jointly by the University of the West Indies, the Central Bank of Barbados, and the IMF in Barbados—as well as the participants at the 2011 Joint ECCB/IMF Seminar in St. Kitts. The editors would like to thank Laurel Bain and Karen Williams of the ECCB for their support throughout the project.

The authors are indebted to Rodrigo Valdéz and David Vegara for their comments and guidance. Special thanks go to Adrienne Cheasty, who was instrumental in organizing the development of the chapters on fiscal revenue and public expenditure. Xin (Mike) Li did an outstanding job of managing, producing, and formatting the many figures and tables in record time. The authors would also like to thank Joy Villacorte for coordinating the production of the manuscripts and keeping tabs on the many contributions. Most important, the authors would like to thank Sherrie Brown for an outstanding job in copy editing the manuscript and Joanne Johnson of the IMF External Relations Department, who not only coordinated the production of the publication, but was instrumental in developing the project.

This page intentionally left blank

Contributors

Sebastian Acevedo, a national of Colombia and Argentina, is a Research Assistant in the Caribbean I Division of the IMF's Western Hemisphere Department. Mr. Acevedo holds a BA in Economics from Universidad EAFIT in Colombia, an MA in International Trade and Economic Cooperation from Kyung Hee University in the Republic of Korea, an MA in Economics from Georgetown University, and is currently a PhD student in Economics at George Washington University. Before joining the IMF, Mr. Acevedo was a researcher and a lecturer in the departments of Economics and International Business at Universidad EAFIT.

Myrvin Anthony, a national of Guyana and the United Kingdom, is a Senior Economist in the IMF's Monetary and Capital Markets Department. He holds a bachelor's degree in social sciences from the University of Guyana, an MSc in social sciences from the University of the West Indies, and an MPhil in economics from the University of Cambridge. Before joining the IMF, Mr. Anthony worked for the United Kingdom Debt Management Office. He has published academic papers in various economic journals and edited a number of books.

Seana Benjamin, a national of St. Kitts and Nevis, is Deputy Director in the Statistics Department of the Eastern Caribbean Central Bank (ECCB). She has been employed with the ECCB since September 1999 and has 12 years' experience in national accounts and balance of payments compilation for the eight ECCB member countries. Ms. Benjamin holds a BS in Economics and Accounting (with Honours) from the University of the West Indies, Cave Hill Campus, Barbados. She has participated in and represented the ECCB at a number of regional and international workshops and consultations on statistics.

Alain Brousseau, a national of Canada, is an Economist in the Latin Caribbean Division of the IMF's Western Hemisphere Department. Mr. Brousseau graduated from Université Laval in Québec with an MS in Economics. Before joining the IMF's Western Hemisphere Department, he worked for several years in the Statistics Department, and before joining the IMF, he worked for the International Finance Branch of the Canadian Ministry of Finance, as well as for the Privy Council, the Treasury Board, and the Canadian International Development Agency.

Selcuk Caner, a national of the United States, is a technical assistance advisor in the IMF's Fiscal Affairs Department. He holds a BS in Business Administration, an MS in Operations Research from Middle East Technical University in Turkey, and a PhD in Economics from the State University of New York. He is an associate professor of finance at Yeditepe University in Istanbul and a visiting professor at the University of Pretoria in South Africa. His publications are on financial markets, banking, and transition countries. He has served as a U.S. Treasury advisor to a number of countries.

Aliona Cebotari, a national of Moldova, is a Deputy Division Chief in the Caribbean I Division of the IMF's Western Hemisphere Department, which covers the Eastern Caribbean Economic and Currency Union. She currently leads missions to Saint Lucia and Dominica. Ms. Cebotari holds a PhD in Economics from the University of Maryland. Before working on the Caribbean, she worked on emerging market economies in the IMF's European, Western Hemisphere, Fiscal Affairs, and Monetary and Capital Markets Departments.

Cristina Cheptea, a national of Moldova, is a Research Assistant in the IMF's European Department. Ms. Cheptea holds a bachelor's degree in economics from the Academy of Economic Studies of Moldova, an MS in European Economic Studies from the College of Europe, an MA in Economics from George Washington University, and is currently pursuing a PhD in Economics at the American University. Her research interests include growth, economic development, migration, and remittances in transition economies.

Hazel Corbin, a national of Antigua and Barbuda, is an Advisor in the Statistics Department at the Eastern Caribbean Central Bank (ECCB). She holds a BS with a major in mathematics from Saint Mary's University in Canada and a diploma in National Economic Accounting from the Bureau of Economic Analysis, in Washington, D.C. Her career started at the Organization of Eastern Caribbean States Secretariat, where she worked as a Senior Statistician during 1979–96, before joining the ECCB. She has worked on a number of developmental projects, including the compilation of Supply and Use Tables, and the rebasing of the GDP estimates for the ECCU member states.

Denise Edwards-Dowe, a national of the Commonwealth of Dominica, is Tax Administration Advisor in the Caribbean Regional Technical Assistance Center (CARTAC). Ms. Edwards-Dowe holds a BA in Finance from the University of the United States Virgin Islands. Before joining CARTAC, Ms. Edwards-Dowe worked for several years in the Inland Revenue Division and the Ministry of Finance in Dominica. Her previous positions include Coordinator of the VAT Implementation Program, Deputy Comptroller with responsibility for VAT, and Acting Comptroller.

María González-Miranda, a national of Mexico, is Deputy Division Chief in the Regional Studies Division of the IMF's Western Hemisphere Department. Ms. González-Miranda holds a BA in Economics from the Instituto Tecnológico Autónomo de México (ITAM), and a PhD in Economics from Princeton University. Before her current position, she was a Resident Representative for the IMF in Argentina and Uruguay, and Deputy Division Chief in the Caribbean II Division of the IMF's Western Hemisphere Department, where she led missions to Guyana and acted as a coordinator on CARICOM-related issues. She has also held several other positions working for both the IMF's Western Hemisphere Department and Fiscal Affairs Department in a wide range of countries in Latin America, Eastern Europe, Africa, and the Middle East. Her research has focused on election cycles and macroeconomic policy, monetary policy and exchange rate intervention, sovereign credit risk and credit ratings, and fiscal management and decentralization.

Jesus Gonzalez-Garcia, a national of Mexico, is Senior Economist in the IMF's Western Hemisphere Department and previously held the same position in the Statistics Department. Mr. Gonzalez-Garcia holds a BA in Economics from Universidad Autónoma Metropolitana in Mexico, and MS and PhD degrees from the University of Warwick in the United Kingdom. Mr. Gonzalez-Garcia has written and published applied econometrics papers on macroeconomic topics. Before joining the IMF in 2006, he worked for 15 years at the Mexican Central Bank.

Anastasia Guscina, a national of Moldova, is an Economist in the Debt and Capital Markets Division of the IMF's Money and Capital Markets Department. Ms. Guscina graduated from George Washington University in Washington, D.C., with a PhD in Economics. Before joining the Money and Capital Markets Department, she worked in the Western Hemisphere Department on the Saint Lucia and Dominica desk. Her research interests include debt structures, capital market development, and market risk management.

Jehann Jack, a national of St. Vincent and the Grenadines, is an economist at the Antigua-based IMF Regional Resident Representative Office for the Eastern Caribbean Economic and Currency Union. She holds an undergraduate degree in Economics and Management Studies from the University of the West Indies and postgraduate degrees in Development Studies and Economics from the University of Cambridge and Fordham University, respectively. Her research interests center largely on the areas of finance and economic development. Before joining the IMF Office, Ms. Jack worked as an economist at the Eastern Caribbean Central Bank.

Sarwat Jahan, a national of Bangladesh, is an Economist in the Low-Income Countries Strategy Unit of the IMF's Strategy, Policy, and Review Department. Ms. Jahan holds a master of social sciences degree from the University of Dhaka, Bangladesh, and a PhD in Economics from Cornell University. Before joining the IMF, she worked at the World Bank and taught at Tufts University.

Brian Jones, a national of Canada, works as a consultant providing advice and technical assistance project management services in the subject areas of border security, trade facilitation, and revenue administration. He has held a variety of managerial and executive responsibilities within the Canadian customs service during a 30-year career. He also served for five years in the Fiscal Affairs Department of the IMF as an advisor working extensively throughout Africa and the Caribbean on revenue administration operational improvement and process reengineering.

Joong Shik Kang, a national of the Republic of Korea, is an Economist in the Multilateral Surveillance Division of the IMF's Research Department. Mr. Kang holds a BA in Economics from Seoul National University, and a PhD in Economics from the University of Wisconsin at Madison. Before joining the Research Department, Mr. Kang was in the IMF's Economist Program working in the Asia and Pacific Department and the Western Hemisphere Department. His research interests include open-economy macroeconomics and international finance.

Kenichiro Kashiwase, a national of Japan, is an Economist in the Expenditure Policy Division of the IMF's Fiscal Affairs Department. Mr. Kashiwase holds a PhD in Economics from the University of Michigan, Ann Arbor. Before joining the Fiscal Affairs Department, Mr. Kashiwase worked at the Long-Term Modeling Unit of the U.S. Congressional Budget Office and the IMF's Research Department.

Vinette Keene, a national of Jamaica, is a Senior Economist in the Revenue Administration Division, Fiscal Affairs Department, at the IMF. Ms. Keene holds a BSc in Management Studies from the University of the West Indies (Mona Campus, Jamaica) and an MBA from the University of New Orleans. Before joining the IMF, Ms. Keene was the Director General of Revenue Administration (tax and customs) in Jamaica, where she led several reform initiatives, including the introduction of the VAT in 1991, and organizational changes to create a functional operation. She also served as Commissioner of the Taxpayer Audit and Assessment Department. Her career in revenue administration spans more than 20 years in both operations and management positions.

Usman Khosa, a national of Pakistan, is currently an MBA candidate at the University of Chicago Booth School of Business. Before that, he worked as a Research Assistant in the IMF's Western Hemisphere Department. Mr. Khosa is a graduate of Connecticut College, where he studied Economics and International Relations. He also did academic work at the University of Cape Town and at Dartmouth College.

Antonio Lemus, a national of Chile, is Economic Counselor at the Permanent Representation of Chile to the Organization for Economic Cooperation and Development (OECD). Mr. Lemus holds a BA in Economics and an MA in Applied Economics from the University of Chile, and an MA in Economics from the University of Maryland at College Park. Before joining the OECD, Mr. Lemus worked for three years in the Caribbean I Division of the IMF's Western Hemisphere Department.

Philip Liu, a national of New Zealand, is an Economist in the Caribbean II Division of the IMF's Western Hemisphere Department. Mr. Liu holds a BSc in Economics and Statistics from the University of Otago and a PhD in Economics from the Australian National University. Before joining the IMF, Mr. Liu was an economist at the Bank of England. His research interests include macroeconomic modeling, open-economy macroeconomics, and international finance.

Arnold McIntyre, a national of Grenada, is the Center Coordinator of the IMF's Caribbean Regional Technical Assistance Center (CARTAC). Mr. McIntyre received a BSc (Economics) degree from the University of the West Indies (Cave Hill Campus, Barbados), an MA in Economics from Yale University, and a PhD in Economics from the University of Toronto. Before joining the IMF, Mr. McIntyre had an extensive career in the Caribbean working with regional organizations, including the Caribbean Development Bank.

Diane M. Mendoza, a national of the United States, joined the IMF's Monetary and Capital Markets Department as a Senior Financial Sector Expert in May 2010. Prior to that Ms. Mendoza worked for the IMF many years as a resident financial sector supervision expert in supervisory offices around the world (the Caribbean Regional Technical Assistance Center, Barbados, the Bank Indonesia, the Bank of Tanzania, and the National Bank of the Republic of Macedonia). She worked previously as Department Head of Investigations at the Resolution Trust Corporation, Dallas, Texas; Assistant Director Examinations (thrift institution supervision), Federal Home Loan Bank of Dallas; and National Bank Examiner for the Office of the Comptroller of the Currency.

Hunter Monroe, a national of the United States, is a Senior Economist in the Caribbean II Division of the IMF's Western Hemisphere Department. Mr. Monroe holds a BS in Mathematics from Davidson College and a DPhil in Economics from Oxford University, which he attended as a Rhodes scholar. Before joining the Western Hemisphere Department, Mr. Monroe worked in the European II and Policy Development and Review Departments. Before joining the IMF, he worked for the U.S. Joint Economic Committee of Congress and the Institute for International Economics.

Mico Mrkaic, a national of Slovenia, is an Economist in the Caribbean I Division of the IMF's Western Hemisphere Department. Mr. Mrkaic holds a BA in Physics from the University of Ljubljana, master of arts degrees in Physics and Economics from Carnegie Mellon University, and a PhD in Economics from Carnegie Mellon University. Before joining the Western Hemisphere Department he worked in the Statistics Department on data dissemination standards and review. Before joining the IMF, he taught economics at Duke University, Carnegie Mellon University, and the University of Maribor.

Robert Mills, a national of the United Kingdom, now retired, was a Tax Administration Advisor at the Caribbean Regional Technical Assistance Center (CARTAC). Before taking up that position, he worked for many years for Her Majesty's Customs and Excise in the United Kingdom specializing in VAT administration and operations. He also has more than 10 years' experience

in emerging market economies, working in private practice as a consultant on VAT and indirect taxes, and on donor-funded tax reform and implementation projects in East and Central Africa, and South Asia.

Koffie Nassar, a national of Togo, is currently the IMF's Resident Representative in Honduras. Before joining the Central America Division of the IMF's Western Hemisphere Department, he worked as a Senior Economist in the Caribbean I Division. Before joining the Western Hemisphere Department, he worked in the African Department. Mr. Nassar holds an MA and a PhD in Economics from the American University. His research interests include financial sector issues, economic and monetary integration, fiscal policy, and inflation dynamics.

Sumiko Ogawa, a national of Japan, is an Economist in the Caribbean I Division of the IMF's Western Hemisphere Department. Ms. Ogawa holds a BA and MA in International Relations from the University of Tokyo. Before joining the Western Hemisphere Department, Ms. Ogawa was an Economist at the IMF's Regional Office for Asia and the Pacific in Tokyo, and spent several years in the private sector.

Roberto Perrelli, a national of Brazil, is an Economist in the Southern I Division of the IMF's Western Hemisphere Department. Mr. Perrelli holds a BA and an MA in Economics from Universidad Federal de Pernambuco, Brazil, as well as an MSc in Statistics and a PhD in Economics from the University of Illinois at Urbana-Champaign. Before joining the Western Hemisphere Department, Mr. Perrelli worked in the IMF's European, Finance, and Policy Development and Review Departments. His research interests include econometrics, macroeconomics, and international trade and finance.

Phil Rose, a national of Antigua and Barbuda, is a Research Assistant in the Caribbean I Division of the IMF's Western Hemisphere Department. Mr. Rose holds a BS in Banking and Finance from the University of the West Indies and is a Certified Anti-Money Laundering Specialist. His research interests include the stability and integrity of financial systems and the role of investment in developing countries.

Leah Sahely, a national of St. Kitts and Nevis, is Deputy Director of the Monetary and Financial Statistics Unit of the ECCB's Statistics Department. Ms. Sahely holds a bachelor of commerce in finance degree, a BA in Mathematics from Saint Mary's University in Canada, and an MS in Statistics from the University of Western Ontario in Canada. She also has a certificate in Survey Research Techniques from the University of Michigan. Before joining the Statistics Department, Ms. Sahely worked for several years in the ECCB's Research Department, first as an Economic Statistician and then as Deputy Director. Her areas of interest are in monetary and financial statistics, survey methodology, stress testing, and financial stability issues.

Wendell Samuel, a national of St. Vincent and the Grenadines, is the IMF Regional Representative for the Eastern Caribbean Economic and Currency Union (ECCU) countries. Mr. Samuel holds a BA and an MA in Economics from the University of the West Indies, and a PhD in Economics from New York University. Before joining the IMF, Mr. Samuel was Senior Director of Research and Information at the Eastern Caribbean Central Bank, and a lecturer in the Department of Economics at the University of the West Indies.

Alfred Schipke, a national of Germany, is Advisor in the IMF's Asia and Pacific Department and a former Division Chief in the Latin Caribbean Division of the Western Hemisphere Department. Previously, he led the regional surveillance missions to the eight members of the Eastern

Caribbean Economic and Currency Union, negotiated a stand-by arrangement for St. Kitts and Nevis, and was mission chief for Saint Lucia. Mr. Schipke was the IMF's Regional Resident Representative for Central America, mission chief for El Salvador, and worked in the IMF European Department and at the Kiel Institute of World Economics. Mr. Schipke teaches international economics at Harvard University, and has published a number of books and articles. He holds a PhD in Economics from Duisburg-Essen University, an MPA from Harvard University, and a BA from Indiana University of Pennsylvania.

Diva Singh, a national of India, is an Economist in the Caribbean I Division of the IMF's Western Hemisphere Department. Ms. Singh holds a BA in Economics and Political Science from Wellesley College and an MPA in International Development from Harvard's Kennedy School of Government. Before joining the IMF, she was the Monetary and Financial Sector Economist on the World Bank's Macroeconomics team in Jakarta, Indonesia, and spent several years in the private sector with Merrill Lynch in New York and Credit Suisse in Asia.

Alejandro Simone, a national of Italy, is a Senior Economist in the Southern I unit of the IMF's European Department. He previously worked for seven years in the Expenditure Policy Division of the IMF's Fiscal Affairs Department, where he participated in missions to ECCU countries in the context of a regional project seeking to identify options for expenditure rationalization. He also worked for one year in the Western Hemisphere Department. Mr. Simone holds a BA and an MA in Economics from Universidad Torcuato Di Tella in Argentina, and an MA and a PhD in Economics from the University of California Los Angeles.

C. Térésa Smith, a national of St. Kitts and Nevis, is Director of the Statistics Department at the Eastern Caribbean Central Bank (ECCB). She holds a master's degree in International Economics and Finance from Brandeis University in Massachusetts, and a BA in Economics from the University of the Virgin Islands. Before joining the ECCB, Mrs. Smith worked as Deputy Director of the Country Economists Unit in the Research Department of the ECCB, where she supervised country surveillance and policy evaluation and prescription for the eight member countries of the Eastern Caribbean Currency Union. As country economist in the ECCB's Research Department, she was assigned to several countries, including Montserrat, Grenada, and Dominica. Her areas of interest are public finance and development economics.

Shamsuddin Tareq, a national of Bangladesh, is Deputy Division Chief in the IMF's Statistics Department. He holds an MS from the University of Dhaka in Bangladesh and a PhD from the University of Notre Dame. He previously worked in the IMF's Fiscal Affairs, Middle East, Central Asia, and Strategy, Policy, and Review Departments. He was also the IMF Resident Representative to Pakistan during 1995–98. His work and research interests include macro-fiscal issues in developing countries.

Melesse Tashu, a national of Ethiopia, is an Economist in the Caribbean I Division of the IMF's Western Hemisphere Department. Mr. Tashu holds a BS in Statistics and an MS in Economics from Addis Ababa University in Ethiopia, and an MPA in International Development from Harvard University. Mr. Tashu is currently a PhD candidate in International Affairs at Johns Hopkins University. Before joining the IMF, Mr. Tashu worked for the Central Bank of Ethiopia and World Vision International.

Nita Thacker, a national of the United States, is Deputy Division Chief of the Caribbean I Division of the IMF's Western Hemisphere Department, which covers the Eastern Caribbean Economic and Currency Union. She currently leads missions to Grenada and St. Vincent and the

Grenadines. Ms. Thacker holds a PhD in Economics from University at Albany, New York, and an MS in Economics from Calcutta University. Before working on the Caribbean, Ms. Thacker worked on Asia. She taught at Rutgers University before coming to the IMF.

Chris Walker, a national of the United States, is Deputy Division Chief in the Global Markets Analysis Division of the IMF's Monetary and Capital Markets Department. Previously, Mr. Walker worked in the IMF's Western Hemisphere Department as mission chief for Antigua and Barbuda, and as desk officer for Brazil. Before joining the IMF, he was a Director in fixed income research for Credit Suisse First Boston in Tokyo. Mr. Walker holds a PhD in Economics from the University of Wisconsin–Madison, and a BA in Philosophy from Swarthmore College.

Abdoul Wane, a national of Senegal, is the IMF Resident Representative in Guinea. Mr. Wane graduated from the University of Toulouse in Econometrics and the Graduate School of the University of Toulouse in Finance, and holds a doctorate from the University of Dakar. He was Senior Economist in the Expenditure Policy Division of the Fiscal Affairs Department at the time of this project; before joining the IMF, he was a senior lecturer at the University of Dakar (Senegal).

Yu Ching Wong, a national of Singapore, is a Senior Economist in the IMF's Western Hemisphere Department, and the desk economist for Peru. Before this, she was in the Caribbean I Division working on the ECCU, St. Kitts and Nevis, and Dominica, and has also worked in the IMF's Finance Department and the Regional Office for Asia and Pacific in Tokyo. Ms. Wong holds a BS in Economics from the National University of Singapore and a PhD in Economics from Keio University, Japan.

Kim Zieschang, a national of the United States, is Chief of the Real Sector Division of the IMF's Statistics Department (STA). He is one of STA's representatives on the Inter-Secretariat Working Group on National Accounts and serves on the Technical Advisory Group of the International Comparison Program (ICP) headquartered at the World Bank, and as the IMF's alternate representative on the ICP Executive Board. His previous IMF position was Chief of the Data Dissemination Standards Division, responsible for the Special Data Dissemination Standard and General Data Dissemination System. He was formerly Associate Commissioner for Compensation and Working Conditions, and before that, Chief of Price and Index Number Research, at the U.S. Bureau of Labor Statistics. He has published in a number of leading journals and holds a PhD in Economic Theory with a minor in Econometrics from the University of North Carolina Chapel Hill.

This page intentionally left blank

Abbreviations

ABIB	Antigua and Barbuda Investment Bank
AfDB	African Development Bank
AML/CFT	anti-money laundering and combating the financing of terrorism
BAICO	British American Insurance Company
BIS	Bank for International Settlements
BPM5	IMF, <i>Balance of Payments and International Investment Position Manual</i> , fifth edition
BPM6	IMF, <i>Balance of Payments and International Investment Position Manual</i> , sixth edition
CAC	collective action clause
CARICOM	Caribbean Community and Common Market
CARTAC	Caribbean Regional Technical Assistance Center
CDB	Caribbean Development Bank
CET	common external tariff
CIT	corporate income tax
CLICO	Colonial Life Insurance Company
CPI	consumer price index
CPIS	Coordinated Portfolio Investment Survey
CSME	CARICOM Single Market and Economy
CSO	Central Statistical Office
EC\$	Eastern Caribbean dollar
ECCB	Eastern Caribbean Central Bank
ECCM	Eastern Caribbean Common Market
ECCU	Eastern Caribbean Currency Union
ECSE	Eastern Caribbean Securities Exchange
ECSM	Eastern Caribbean Securities Market
ECSRC	Eastern Caribbean Securities Regulatory Commission
EM-DAT	Emergency Disaster Database
EPA	Economic Partnership Arrangement
EU	European Union
FATF	Financial Action Task Force
FDI	foreign direct investment
FSB	Financial Stability Board
FSSA	Financial System Stability Assessment
G-7	Group of Seven
G-20	Group of 20
GDDS	General Data Dissemination System (of the IMF)
GDP	gross domestic product
GFSM	IMF, <i>Government Finance Statistics Manual</i>
HIV/AIDS	human immunodeficiency virus/acquired immunodeficiency syndrome
IADB	Inter-American Development Bank
IBCs	international banking companies (corporations)
IBM	interbank market

IFS	IMF, <i>International Financial Statistics</i>
IIP	international investment position
ILO	International Labor Organization
IRD	Inland Revenue Department
ITC	information and communications technology
MDG	Millennium Development Goal
NPL	nonperforming loan
NPV	net present value
NSB	national statistical bureau
OCA	optimal currency area
OECD	Organization for Economic Cooperation and Development
OECS	Organization of Eastern Caribbean States
OFC	offshore financial center
PAYGO	pay as you go
PE	parastatal entity
PIT	personal income tax
PPP	public-private partnership
PRGF	Poverty Reduction and Growth Facility
PSIP	public sector investment program
PWT	Penn World Tables
RCA	revealed comparative advantage
RDCC	Regional Debt Coordinating Committee
RGSM	Regional Government Securities Market
RSB	regional statistical bureau
RTGS	real-time gross settlement
SNA	System of National Accounts
SPV	special purpose vehicle
SRU	Single Regulatory Unit
SVAR	structural vector autoregression
TIEA	Tax Information Exchange Agreement
UN	United Nations
VfM	value for money