

Eastern Caribbean Currency Union: Selected Issues

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EASTERN CARIBBEAN CURRENCY UNION

Selected Issues

Prepared by Y. Wong, A. Lemus, A. Brousseau, M. Mrkaic (WHD), K. Zieschang (STA),
S. Benjamin, H. Corbin, and L. Sahely (ECCB)

Approved by Western Hemisphere Department

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I. CREDIT UNIONS IN THE ECCU: PROSPECTS AND CHALLENGES^{1 2}

A. Introduction

1. **Credit unions in the ECCU have an impressive record both in terms of growth and importance.** There are a total of 61 active credit unions in the ECCU with total assets of about US\$700 million (13 percent of the regional GDP) and a membership base averaging 40 percent of the region's population, as of end-2010. They provide an important financial intermediation role, particularly for middle and lower income groups and other key segments of the population that might have otherwise find it difficult to access credit through the commercial banking system. The objectives of credit unions are somewhat different from those of banks. For the latter the main premise is profit maximization, while for credit unions the prime objective is to serve its members with a greater focus on thrift and less so on risk taking. Thus, there is often a trade-off between offering the best financial services and products to the membership and the need make a reasonable return. Nonetheless, credit unions do accept deposits and provide services similar to banks and are therefore subject to the same macro-economic shocks and stresses. Moreover, some of the larger credit unions are comparable in size to some of the indigenous banks in the region. Consequently, there is a pressing need to strengthen the sector through more timely data disclosure and improved regulation and supervision.³

2. **Given the very important and systemic role that credit unions play in the financial landscape of the ECCU, and that information about them is scarce, this chapter provides a descriptive overview of these institutions.** It is organized as follows: Section B reviews the developments of credit unions in the ECCU; Section C examines the increasing overlapping of credit unions' activities with commercial banks; and Section D discusses the progress in improving the supervision and regulation of non-bank financial institutions, including the credit unions, in the ECCU. Section E concludes with recommendations to reduce the vulnerabilities of the credit union sector.

B. Recent Developments of Credit Unions in the ECCU

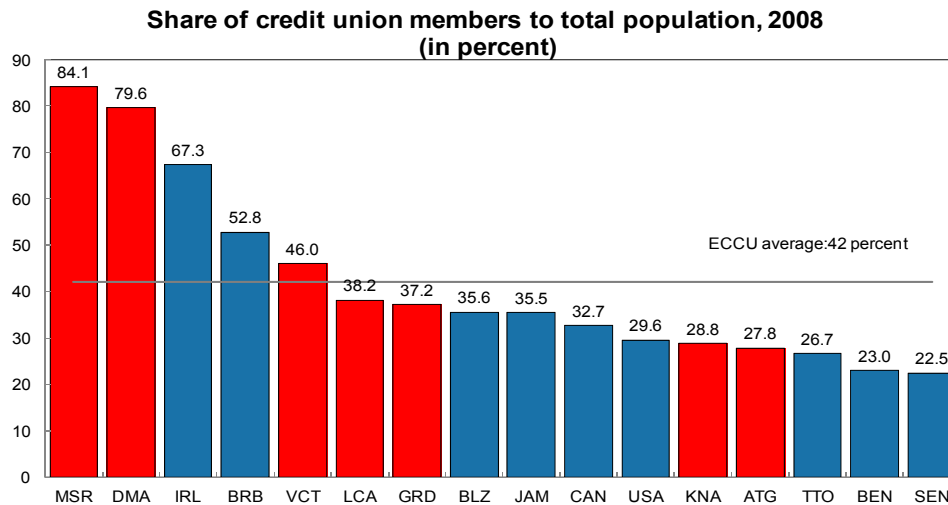
3. **Credit union membership in the ECCU is very high when compared to other countries in the world.** ECCU countries/territories are among the 13 economies with the

¹ Prepared by Y. Wong and A. Lemus.

² The authors are grateful to Howard C. Edmonds, Brontie Duncan and seminar participants at the Eastern Caribbean Central Bank, for valuable comments on the presentation of a preliminary version this paper.

³ Under the World Bank Grant Strengthening project, efforts are continuing to develop the regulation and supervision of the sector.

highest ratio of credit union members to total population in a sample of 93 countries.⁴ Montserrat and Dominica topped the list with a ratio exceeding 80 percent, against an average ratio of about 10 percent worldwide. This global comparison also suggests that the degree of penetration is not related to the level of development and the depth of the financial markets. The countries where credit union membership are high consisted of advanced countries such as Ireland (third), Canada (tenth) and the United States (eleventh), other Caribbean countries such as Barbados, Belize, Jamaica and Trinidad and Tobago, as well as developing African countries like Benin and Senegal. This implies that credit unions are able to develop their niches in markets of different income levels and financial structures. In general, a higher penetration of credit unions is observed in communities and for small and micro businesses with limited access to commercial banks.⁵ Credit unions were first established during the 1940s in the Caribbean, and in the 1950s in the ECCU (see Box 1).



Sources: World Council of Credit Unions, 2008 Statistical Report; World Bank, World Development Indicators 2010; International Monetary Fund, World Economic Outlook 2010; and Fund staff calculations.
Note: Antigua and Barbuda (ATG), Barbados (BRB), Belize (BLZ), Canada (CAN), Benin (BEN), Dominica (DMA), Grenada (GRD), Ireland (IRL), Jamaica (JAM), Montserrat (MTS), Senegal (SEN), St. Kitts and Nevis (KNA), St. Lucia (LCA), St. Vincent and the Grenadines (VCT), Trinidad and Tobago (TTO), and United States (USA).

Credit union membership increased steadily in most ECCU jurisdiction during 2005-10 despite a decline in the number of credit unions. Between 2005 and 2010 the number of credit unions in the ECCU decreased from 69 to 57, reflecting a tendency toward mergers. Nonetheless, union membership expanded by close to 5 percent per annum over the same period.

⁴ As data for the population between 15 and 64 years were not available for the ECCU countries, total population data were used for all countries.

⁵ For Montserrat, very high penetration ratio could be due in part to account holders who have left after the volcano eruptions. It has a current population of close to 5000.

Box 1. A Brief History of Credit Unions in the Caribbean¹

Credit unions were first established in the 1850s in urban Germany by Franz Hermann Schulze-Delitzsch to give those lacking access to financial services the opportunity to borrow from savings pooled by themselves and their fellow members. Friedrich Wilhelm Raiffeisen founded the first rural credit union in Heddesdorf in Germany in 1864. At that time, rural communities in Germany faced more severe shortage of financial institutions than the cities and they were viewed as ‘unbankable’ due to very small seasonal flows of cash and very limited human resources. The organizational method refined by Raiffeisen, called “social capital” today, is a hallmark of the global credit union identify.

The first credit union in North America was founded in Quebec, Canada and began operations in January of 1901, by Alphonse Desjardins and was modeled after European cooperative banks. The first credit union in the United States was chartered in 1909 by the parishioners of St. Mary's Church in Hampshire with assistance from Desjardins

Credit unions were introduced to the Caribbean in the 1940s by missionaries from Canada and the United States. Credit unions were organized in Jamaica and Trinidad and Tobago in the early 1940s. A model cooperatives society ordinance was enacted in 1949. The Roseau Credit Union in Dominica, the largest in the ECCU until early 2010, was the first to register as a cooperative in 1951. In the original concept members were to share a common bond, usually place of residence or occupation. However, in recent years the principle of the common bond is lapsing with the larger unions opening their membership to anyone on their island wishing to join.

Overtime, given the systemically important role played by the credit unions, the OECS member countries decided in August 1972 to establish the Caribbean Confederation of Credit Unions—a regional organization for credit unions and other co-operatives. Today, the credit unions of the ECCU countries are affiliated with the Caribbean Confederation of Credit Unions (CCCU) which represents the Caribbean credit unions at the World Council of Credit Unions (WOCCU), which represent the credit union movement worldwide.

By the early 1990s the credit union movement in the ECCU had become deeply troubled. The unions were small in both membership and assets. Few credit unions could afford professional management. Non-performing loans were high and the law under which the unions operated was dated. In the second half of the 1990s each of the ECCU members enacted a new, common, credit union law. Guided by the Business Center of the CCCU, the credit union movement undertook a major project to strengthen performance, known as the Credit Union Modernization Project, involving the seventeen largest credit unions. These initiatives proved to be a major step in the industry’s revitalization. The result has been rapid growth in membership and assets, new products, and improvement in managerial and financial performance. Of the 17 unions involved in the project, 16 meet the minimum standards of “world class” credit union, as judged by the PEARLS standards of the World Council of Credit Unions.

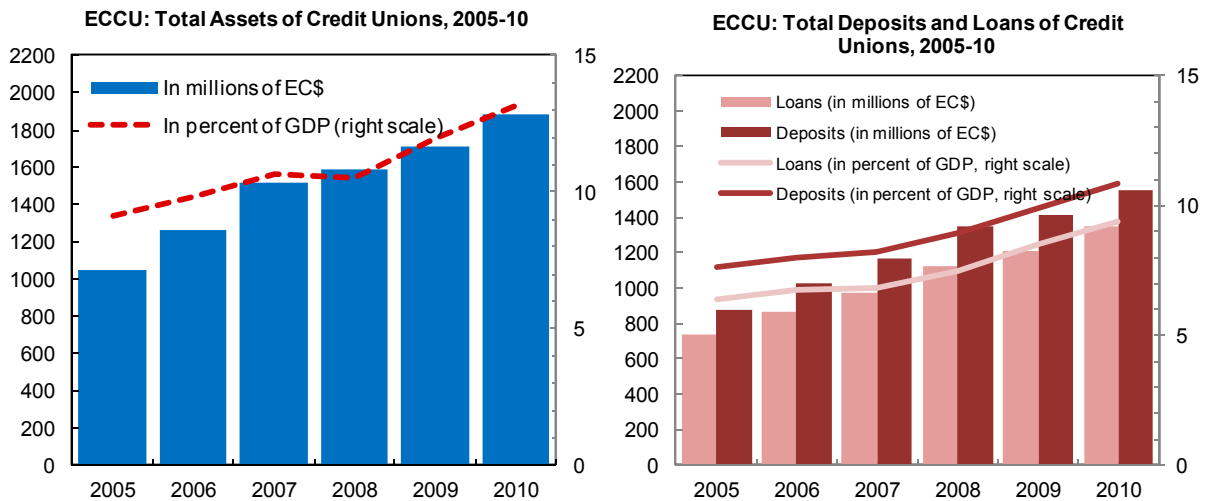
¹ See IMF (2004), Wharton (2010), and Walter (2006).

Number of credit union members in the ECCU, 2005-10

	Number of credit unions		Number of members		
	2005	2010	2005	2010	Annual growth (in percent)
Antigua and Barbuda	5	5	14,751	26,575	12.5
Dominica	16	10	74,974	61,695	-3.8
Grenada	19	13	28,702	41,686	7.7
Montserrat	1	1	4,500	4,308	-0.9
St. Kitts and Nevis	3	4	7,823	17,055	16.9
St. Lucia	15	15	50,964	73,343	7.6
St. Vincent and the Grenadines	10	9	40,815	53,815	5.7
ECCU	69	57	222,529	278,477	4.6

Sources: World Council of Credit Unions; and Caribbean Confederation of Credit Union.

4. **The increasing importance of the credit union sector in the ECCU is reflected in the steady growth of assets and deposits.** In the period 2005–10, the total assets size of the credit union sector almost doubled from EC\$1050 (US\$390 million or 9 percent of regional GDP) to EC\$ 1890 (US\$700 million or 13 percent of regional GDP), with an average annual growth rate of 12 percent. This represent a much faster expansion than that of commercial banks' assets, which increased by about 140 percent to US\$9 billion (171 percent of regional GDP) as of end-2010, with an average annual growth of 7 percent during 2005–10. Similar upward trends are also reflected in the growth of credit unions' deposits and loans. Credit unions have also extended proportionally more loans with the loans-to-deposits ratio increased by about 3 percentage points to 87 percent during 2005–10.



Sources: World Council of Credit Unions; Caribbean Confederation of Credit unions; ECCB; and Fund staff estimates.

5. **There are large variations in concentration and size of credit unions in the ECCU.** However, the lack of timely and quality data for individual credit unions, in particular for the smaller unions, prevent us from conducting empirical analysis at firm level. Nevertheless, a few salient features stand out from aggregate data that are available:

- **Within the ECCU, Dominica has the largest credit union sector.** Dominica accounts for slightly more than one-quarter of the credit union sector's total assets in the ECCU. Total assets of 10 credit unions in Dominica represent close to 40 percent of its GDP, with deposits and loans of 32 percent and 26 percent of GDP, respectively at end-2010. Together with St. Lucia (22 percent), Grenada (18 percent) and St. Vincent and the Grenadines (13 percent), credit unions in these four countries represent 80 percent of the total assets concentration in the ECCU region (see also Appendix Table 1).
- **The largest three credit unions account for about one-third of the region's credit union asset base.** Roseau Cooperative Credit Union in Dominica, Civil Service CCU in St. Lucia and the General Employee CCU in St. Vincent collectively accounts for about 30 percent of the market share in the ECCU and roughly 60, 40 and 60 percent of credit union assets in their respective countries. However, a large majority of the credit unions are small and some are likely to be too small to be viable.

ECCU: Selected Indicators of Credit Union, end-2010

(In millions of EC dollars; unless noted otherwise)

	ECCU	Antigua and Barbuda	Dominica	Grenada	Montserrat	St Kitts and Nevis	St Lucia	St Vincent and the Grenadines
Assets	1,886	134	495	332	65	186	420	253
(in percent of GDP)	13.1	4.0	38.2	15.3	40.7	10.2	14.4	13.6
Loans	1,351	100	341	257	51	120	301	182
(in percent of GDP)	9	3.0	26.3	11.9	31.7	6.5	10.3	9.7
Deposits	1,552	96	414	269	53	128	342	250
(in percent of GDP)		2.9	32.0	12.5	32.9	7.0	11.7	13.4
Reserves	168	7	28	15	4	19	60	34
(in percent of GDP)	1.2	0.2	2.2	0.7	2.3	1.0	2.1	1.8
Number of credit union Members	57	5	10	13	1	4	15	9
Members	278,477	26,575	61,695	41,686	4,308	17,055	73,343	53,815
Average assets per institution	33	27	49	26	65	47	28	28
Average deposits per member (EC\$)	5,574	3,630	6,707	6,463	12,253	7,509	4,663	4,642
Reserve/Assets (in percent)	8.9	5.5	5.7	4.7	5.6	10.2	14.4	13.4
Reserve/Loans (in percent)	12.4	7.3	8.3	6.0	7.2	15.8	20.1	18.6
Memorandum item:								
Nominal GDP	14,366	3,361	1,294	2,163	160	1,837	2,921	1,864

Sources: World Council of Credit Unions; Caribbean Confederation of Credit Unions; ECCB and Fund staff estimates.

- **The larger credit unions are comparable in size to the indigenous banks in the ECCU.** For instance, the Roseau Cooperative Credit Union before the merger had an asset size of EC\$260 million (end-2008), which is larger than some of the smaller ECCU indigenous banks such as the Caribbean Union Bank (EC\$139 million) and the Bank of Montserrat (EC\$200 million).

ECCU: Selected Indicators of Major Credit Union, end-2009 1/
(In millions of EC dollars, unless noted otherwise)

	Roseau CCU		Civil Service CCU			General Employee CCU			
	Share in (in percent)		Share in (in percent)			Share in (in percent)			
	Dominica	ECCU	St. Lucia	ECCU	St. Vincent & the Grenadines	ECCU			
Assets	260	60.9	16.4	131	37.8	6.9	143	58.6	7.6
Loans	170	62.5	15.2	91	36.8	7.5	78	44.3	6.5
Deposits	211	56.1	15.7	108	45.0	7.6	131	56.6	9.3
Statutory reserve	12	55.2	5.3	15	10.6	6.5	6	17.9	2.4
Members	24,542	42.1	9.6	12,237	18.6	1.7	32,263	62.8	4.6

Sources: Annual Reports of Roseau Cooperative Credit Union (CCU); Civil Service Cooperative Credit Union; General Employee Cooperative Credit Union; World Council of Credit Unions.

1/ Data for Roseau CCU is as of end-2008.

C. Are Credit Unions Different from Commercial Banks?

6. **Proponents of the credit union movement have long viewed that credit unions are better suited in providing smaller value uncollateralized consumer loans at lower interest rates.** Credit unions are not-for-profit financial institutions that aim to promote the economic well-being of members; tax exempted, owned by members from a restricted customer base (although there is no membership restriction in the ECCU), focus on small consumer loans, at the same time source their funding from member savings, and share their dividends among their member shareholders.⁶ Commercial banks pay taxes on profits, are owned and controlled by stockholders, open to the public, focus on lending to businesses and consumers with collateral, and distribute their dividends to their shareholders.⁷

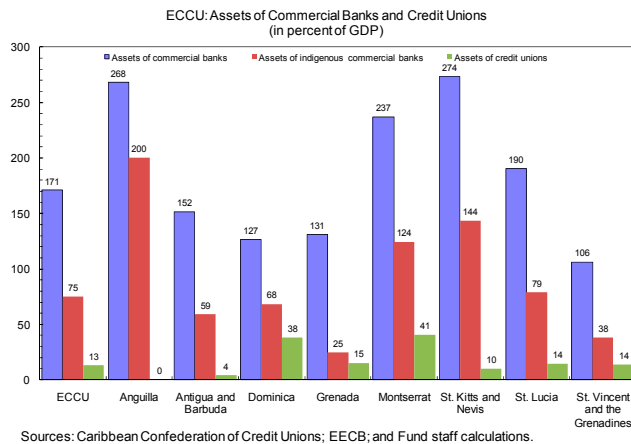
7. **Despite these differences, credit unions and commercial banks compete in the market for deposits and consumer loans.** As the credit union sector evolved, many credit unions, not only specific to those in the ECCU but also a more world-wide phenomenon, have expanded in size and became more bank-like in their provision of financial products and services. Credit unions in the ECCU offer many of the financial services offered by commercial banks, such as saving accounts, checking accounts, credit cards, mortgage finance but the amounts involved are usually smaller than in commercial banks. Anecdotal evidence suggests that deposit and lending rates offered by the credit unions track closely those of commercial banks and a high share of the credit union loans are in mortgages and

⁶ Credit unions are traditionally required to choose their members from a common affinity such as religious organization, occupation or residence in a single community. Such common bond lending has the advantages of enhanced monitoring within the common bond, reputational incentive to repay loans and relationship lending as a substitute for collateral and credit ratings (see Walter (2006)). However, credit unions with a narrow membership base are also more likely to face vulnerabilities due to a lack of diversification.

⁷ Depending on a country's legal framework, credit unions may be authorized either by the Superintendency of Banks, the Central Bank, the Ministry of Finance, the Ministry of Cooperatives or a freestanding law to mobilize member savings.

consumer loans similar to bank loans. In addition, unless specifically mentioned in the by-laws of credit union, membership restrictions—which exist in other countries, does not in general apply in the ECCU. This in part has resulted in the rapid membership expansion and growth of some credit unions which allow them to compete with the banks.

8. **The credit union sector in the ECCU has shown remarkable expansion exceeding the growth of assets, loans and deposits in commercial banks during 2005–10.** The ECCU has a bank-based financial system with total assets of 40 banks at 170 percent of the region’ GDP in 2010 (see details in Appendix Table 1). However, during 2005–10 which covered the onset of the global financial crisis, growth in the credit union sector exceeded that of the banking system, achieving double-digit annual growth in assets, loans and deposits. While it is difficult to pin-point the attributing factors, weakened confidence in the banking system triggered by the bank run at the Bank of Antigua, and potential losses related to the annuity investment products offered by insurance company BAICO and CLICO (see discussion below) could have contributed to the growth in credit unions. In addition, as credit unions could issue a dividend up to 3 percent above the minimum saving interest rate of commercial banks as set by the ECCB (currently at 3 percent), which would have increased the attractiveness of credit unions.



Credit Unions Versus Commercial Banks
(In percent of GDP; unless noted otherwise)

	2005	2010	Annual growth (In percent)
Credit Unions			
Assets	9.1	13.1	12.4
Loans	6.4	9.4	12.8
Deposits	7.6	10.8	12.0
Commercial Banks			
Assets	148.8	171.0	7.3
Private Sector Loans	68.0	87.8	9.9
Private Sector Deposits	78.7	83.3	5.6
Share of Credit Unions to Deposit-taking institutions (In percent)			
Assets	5.8	7.1	
Loans	8.6	9.7	
Deposits	8.8	11.5	

Sources: World Council of Credit Unions; Caribbean Confederation of Credit Unions; EECB; and Fund staff

9. **Credit unions absorb close to 12 percent of total private sector deposits and account for about 10 percent of total private sector loans in the ECCU.** The share of credit union loans to commercial bank loans is the highest in Montserrat (45 percent), followed closely by Dominica (32 percent) suggesting strong competition between credit unions and commercial banks. Credit union loans in St Vincent and the Grenadines and St. Lucia are moderate at 16 percent and 13 percent of the respective bank loans. It is worth noting, however, the substantial role played by credit unions in deposit-taking and financial intermediation in Montserrat and Dominica where there is only one indigenous bank in each territory.

D. Challenges: Reducing Vulnerabilities and Strengthening Regulation and Supervision

10. **Until recently, responsibility for the oversight of credit unions came under the purview of the registrar of cooperatives, but suffered from resource constraints and supervision has been deficient.**⁸ Registrars are responsible for all cooperatives, including agricultural and commercial cooperatives, not just credit unions, and often tend to be understaffed and under-trained for effective supervision of a large number of credit unions. Furthermore, the registrar's office is more likely to place its focus on promotion, rather than supervision. In this context, while credit unions function as deposit taking institutions similar to the banks, their supervision tends to be less intense than that for banks supervised by the ECCU. Although credit unions in the ECCU are not covered under any deposit insurance scheme, there is likely to be the assumption of an implicit guarantee in the event of a credit union failure. This could represent a serious challenge for ECCU governments, given the limited fiscal space and high debt public levels in the region.

11. **Inadequately regulated credit unions could potentially undermine financial stability.** First, the importance of credit unions in the financial system, as reflected by their market share and growing membership, suggests that their supervision needs to be integrated from a macro-prudential perspective. Second, the recent global financial crisis has shown that threats to financial stability can emerge from any parts of the integrated financial system and therefore all financial services should be adequately regulated to minimize spillovers. This would also make smaller credit unions more vulnerable in a rapid changing business environment as they are more likely to face serious capacity constraints to properly assess credit and investment risks. Third, the lack of timely and detailed financial data on credit union's activities together with insufficient supervision would also rule out the opportunity to implement timely remedial measures. The global financial crisis and economic downturn has put ECCU banks' balance sheets under stressed, resulting in the overall lowering of liquidity and rising non-performing loans. While credit unions faced a similar business environment as banks, the lack of readily up-to-date information has rendered these assessments difficult.

12. **The collapsed Trinidad and Tobago-based CL Financial Group exposed weaknesses in the region's regulatory framework for nonbank financial institutions.**⁹ In the ECCU, the failure of the British-American Insurance Company Limited (BAICO) and Colonial Life Insurance Company (CLICO), subsidiaries/branches of the CL Financial Group placed the financial system under stress, in particular deposit-taking institutions such as

⁸ Credit unions are typically formed under a cooperative societies act that applies to all cooperatives, including agricultural and commercial cooperatives. The cooperative societies act is also less likely to provide sufficient legal framework for prudential supervision.

⁹ For details on the collapse of the CL Financial Group, see Box 2, in IMF (2011).

banks and credit unions are exposed to the risks of spillovers across countries and between financial institutions. While information on the exact claims by investor/institution remains limited, the combined exposure of credit unions in ECCU member countries to BAICO and CLICO is estimated at EC\$84 million. In some countries, the adverse impact on the balance sheets of individual institutions is likely to be quite significant calling for a resolution strategy and a further strengthening of affected credit unions. In addition, indirect impact on banks could also arise through potential lowering of bank deposits by affected credit unions.

ECCU: Estimated Exposure to CLICO and BAICO
(In millions of EC\$)

	Capital 1/	Estimated Exposure			Total	Estimated exposure/capital (%)
		CLICO 2/	BAICO 3/	Other 4/		
ECCU	236.2	27.5	47.8	8.5	83.8	35.5

Sources: World Council of Credit Unions (WOCCU); country authorities and Fund staff estimates.

1/ Capital is defined by the WOCCU as the credit unions reserves; data as of end-2009.

2/ As of end 2008.

3/ As of end-June 2009, according to the November 2009 judicial managers' report.

4/ Includes Clico Investment Bank, CMMB, and the CL Financial Group.

13. **At the same time, the failure of CL Financial accelerated the proposed prudential reforms of the credit union sector in the ECCU.** Recognizing the vulnerabilities and the risk of spillover to the rest of the financial system from an inadequately supervised and regulated credit union sector, the ECCB Monetary Council, in June 2008, urged the ECCB to pursue with urgency the finalization of the legislation by the end of the year.¹⁰ The objectives of strengthening prudential supervision of credit unions, not different from that on banks, are to protect the savings of the general public and to maintain the stability of the financial system. In this context, the experience from the BAICO and CLICO debacle helped to reduce the potential resistance from some parts of the credit union sector on the need to strengthen regulation and supervision. This has, in part, accelerated the passage of the harmonized credit union legislation in Dominica and Grenada where the credit union sector played a substantial role in the financial system.

14. **The new cooperative societies legislation aim to tighten the activities of credit unions through enhancing licensing requirements, establishing prudential standards, enhancing reporting requirements and strengthening enforcement actions.** More specifically, the act helps to strengthen risk management capacity, independent auditing, and governance, as well as to increase capital adequacy. For example, in the case of capital adequacy requirement, first, the draft law specified that (also in accordance to WOCCU

¹⁰ A new harmonized cooperative societies' act was drafted under a joint project of CARTAC, ECCB, and IMF (Legal Department) started back in 2002.

recommendation) the minimum capital-to-asset ratio should be 10 percent of total assets.¹¹ Components of capital include non-distributable reserves, capital donations or other surpluses of the credit union. Ownership shares may be included in capital only if they are fully paid, permanent and nonredeemable. Second, recognizing that building up capital may take several years of retained earnings accumulation, the draft law also specified a certain percentage of retained earnings to be set aside to meet the minimum capital adequacy requirement.¹²

15. **Some progress has been made in establishing a single regulatory unit (SRU) within each ECCU member to regulate non-bank financial institutions including credit unions.** All ECCU members, except for St. Vincent and the Grenadines, have passed the SRU legislation, which provides the framework for the oversight of credit unions, insurance companies, and money transfer services. There is, however, urgent need to make these SRUs operational and in strengthening their capacity to implement effective regulation and supervision.

ECCU: Status of Harmonized Legislation on Non-Bank Financial Sector 1/

	Single Regulatory Units		Credit Unions Act		Insurance Act		Money Services Act	
	✓	Date of legislation enacted	✓	Date of legislation enacted	✓	Date of legislation enacted	✓	Date of legislation enacted
Anguilla	✓	n.a.	x	-	x	-	✓	2009
Antigua and Barbuda	✓	n.a.	✓	n.a.	✓	Nov-07	✓	Aug-07
Dominica	✓	n.a.	✓	Mar-11	x	-	✓	Apr-10
Grenada	✓	May-06	✓	Dec-11	✓	Mar-10	✓	Jun-09
Montserrat	✓	n.a.	✓	Jun-11	x	-	✓	Oct-08
St. Kitts and Nevis	✓	Oct-09	✓	Oct-11	✓	Mar-09	✓	Jul-08
St. Lucia	✓	Mar-11	x	-	x	-	✓	2010
St. Vincent and the Grenadines	x	-	x	-	x	-	✓	n.a.

Sources: The authorities; others.

Note: 1/ Enacted (✓), Outstanding (x). As of November 10, 2011.

¹¹ Credit unions over certain size in assets may be required to perform the calculation of the capital adequacy ratio using risk-weighted assets.

¹² Five percent of the total of net income for each quarter, until the regular reserve equals 6 percent of the assets; and then two percent of the total of net income for each quarter, until the net worth ration of the new credit unions complies with the minimum capital requirement.

16. **In the short term, further consideration should be given to transfer the supervision and regulation of systemically important credit unions to the ECCB.**¹³ Given that credit unions provide deposit and lending services similar to banks, and to the extent that some of the larger credit unions hold a significant proportion of deposits in the financial system, assigning responsibility of credit union supervision of systemically important institutions to the ECCB supervisory authority would have the advantages of integrated supervision thus reducing information arbitrage and making use of existing expertise in the supervision of deposit-taking institutions. During this period, smaller credit unions would remain with national regulators. Within the Caribbean region, for example Belize, Bermuda, and Haiti have already integrated supervision of credit unions under the central bank/regulator of banks, whereas Jamaica and Trinidad and Tobago are in the process of doing so. This could be a short term solution, while a strong regional regulator is being established. It would, of course, call for additional resources for the ECCB, including the hiring of new staff.

17. **The establishment of a center of excellent for the sharing of human resources and creation of a regional regulatory authority for non-banks over the medium term should help to overcome the capacity bottlenecks in the ECCU.** While the urgent need is to ensure the effective functioning of the SRUs, securing qualified regulators on non-banks financial institutions would likely remain a key challenge. In this context, the ECCU would benefit from moving towards a regional regulatory body to reap the benefits of resource sharing, information sharing and economies of scale in operation over the medium term.

18. **The need to improve the regulatory framework would need to include the adaptation of international standards and international best practices including PEARLS and enhancing the scope and frequency of data reporting.** The greater use of PEARLS would provide a toolkit to improve operational efficiency for credit union managers and as a supervisory tool by regulators. The timely and publication of these PEARLS indicators would also facilitate data comparison and performance assessment in comparison with the banks which rely on the CAMEL set of financial soundness indicators (see Box 2).

E. Policy Recommendations and Conclusions

19. **Given the growing importance of the credit union sector in the ECCU and the risks of spillover to the financial system in the event of shocks, there is an urgent need to strengthen the regulation and supervision framework by making operational the SRUs.** Greater information exchange and collaboration between the ECCB, SRUs, and other regulators (e.g., the Eastern Caribbean Securities Regulation Commission (ECSRC)) through

¹³ IMF (2004) identified two credit unions as being of sufficient scale, both in terms of assets and number of memberships, to be considered of systemic importance and as such warranting transfer of responsibility for their supervision to the ECCB.

Box 2. PEARLS Indicators¹

The PEARLS financial performance monitoring system was developed by WOCCU primarily as a management tool for managing credit union operations. They are also used as supervisory tool by regulators. There are in total 44 quantitative financial indicators and they are largely parallel to CAMELS (capital adequacy, asset quality, management quality, earnings, liquidity, and sensitivity to market risk) indicators widely used by bank. PEARLS monitor:

- **Protection** as provisions for loan losses are the first line of defense against unexpected losses to the institution;
- **Effective financial structure** as the most important variable that affects growth, profitability and efficiency;
- **Asset quality** as the main variable that affects institutional profitability;
- **Rates of return and costs** affecting directly the growth rates of an institution;
- **Liquidity** management as an essential component of administering a savings institutions; and
- **Signs of growth** reflecting member-client satisfaction on product offering and financial strength.

In case there is a difference between the PEARLS standards of excellence and a country's national standards of performance, WOCCU encourages credit union partners to opt for the more conservative of the two standards.

Selected Key PEARLS Indicators

Indicators	Standards of Excellence
P1. Allowance for Loan Losses/Delinquency > 12 months	100%
P2. Net Allowance for Loan Losses/Delinquency of 1-12 months	35%
E1. Net Loans/Total Assets	70%-80%
E5. Savings Deposits/Total Assets	70%-80%
E6. External Credit/Total Assets	Maximum 5%
E9. Net Institutional Capital/Total Assets	Minimum 10%
A1. Total Loan Delinquency/Gross Loan Portfolio	<= 5%
A2. Non-Earning Assets/Total Assets	<= 5%
R7. Total Interest (Dividend) Cost on Shares/Average Member Shares	Market Rates>= R5
R9. Total Operating Expenses/Average Total Assets	5%
R12. Net Income/Average Total Assets	Linked to E9
L1. ST Investments + Liquid Assets – ST Payables/Savings Deposits	Minimum 15%
S11. Growth in Total Assets	> Inflation

Source: World Council of Credit Unions.

¹ See details in WOCCU (A).

the Regulatory Oversight Committee (ROC) will also help to reduce information and supervision arbitrage.

20. **In the short-term supervision of systemically important credit unions should be transfers to the ECCB**, and in the medium term consideration should be given to the creation of a regional nonbank supervisory institution and in consolidating the number of smaller credit unions.

21. **Merger and consolidation of the smaller institutions would offer benefits.** On the one hand, the focus could be on helping the small weak unions survive and improve their functioning, even though they hold only a small fraction of the system's total assets. However, the number of credit unions in the ECCU is relatively large in relation to its small market size. In this context, the recent merger of credit unions in Dominica is move in the right direction as this should allow them to benefit from economies of scale in fund management and risk mitigation. In addition, a smaller number of credit unions will also help to overcome capacity constraints in providing effective supervision.

22. **Efforts to collect and compile data from credit unions need to be strengthened.** Enhance data collection to improve the accuracy and greater effectiveness in the regulation and supervision of credit unions is needed. The lack of data makes difficult to assess and monitor the performance and exposure of the credit unions in the region.

23. **Continue technical assistance would be needed from the ECCU.** Since the authorities might not have the necessary resources to assess which of the nonbank institutions are viable, continued technical assistance from the IFIs, regional and development partners would be needed.

Appendix Table 1. ECCU: Selected Indicators of Financial Institutions, end-2010

(In millions of EC dollars; unless noted otherwise)

	ECCU	Anguilla	Antigua and Barbuda	Dominica	Grenada	Montserrat	St Kitts and Nevis	St Lucia	St Vincent and the Grenadines
Total assets of:									
Commercial banks	24,562	2,051	5,093	1,639	2,832	381	5,024	5,561	1,981
(in percent of GDP)	171.0	265.6	151.5	127.5	130.9	237.1	273.5	190.4	106.3
of which: Indigenous banks	10,785	1,533	1,986	884	531	200	2,639	2,304	708
(in percent of GDP)	75	198.5	59.1	68.8	24.5	124.4	143.7	78.9	38.0
Total assets of the non-bank financial sector									
Credit unions	1,886	-	134	495	332	65	186	420	253
(in percent of GDP)	13.1	-	4.0	38.5	15.3	40.7	10.2	14.4	13.6
(in percent of total)	100.0	-	7.1	26.2	17.6	3.5	9.9	22.3	13.4
Development banks	...	na	na	na	na	na	na	na	na
National Development Foundations	...	na	na	na	na	na	na	na	na
Finance & mortgage companies	...	na	na	na	na	na	na	na	na
Building and loans societies	...	na	na	na	na	na	na	na	na
Insurance companies	...	na	na	na	na	na	na	na	na
Money service companies	...	na	na	na	na	na	na	na	na
Offshore banks	...	na	na	na	na	na	na	na	na
Number of:									
Commercial banks	40	4	8	4	5	2	7	6	4
Locally incorporated	22	3	5	1	3	1	4	3	2
Locally owned (Indigenous banks)	14	2	4	1	1	1	2	2	1
Foreign owned	8	1	1	-	2	-	2	1	1
Foreign incorporated	18	1	3	3	2	1	3	3	2
Credit unions	57	-	5	10	13	1	4	15	9
Development banks	5	-	1	1	1	-	1	1	-
National Development Foundations	7	-	1	1	1	1	1	1	1
Finance & mortgage companies	15	-	2	1	2	-	1	7	2
Building and loans societies	4	-	-	1	1	1	-	-	1
Insurance companies	161	20	24	21	23	7	16	27	23
Money service companies	40	4	8	6	3	2	9	4	4
Offshore banks	37	3	15	3	-	6	1	7	2
Total	366	31	64	48	49	20	40	68	46
Memorandum item:									
Nominal GDP (in EC\$ million)	14,364	772	3,361	1,285	2,163	160	1,837	2,921	1,864

Sources: ECCB; World Council of Credit Unions; Caribbean Confederation of Credit Unions; and Fund staff estimates.

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II. MACROECONOMIC STATISTICS IN THE ECCU¹

Joint Paper between IMF and Statistics Department, ECCB

A. Introduction

1. **Timely and accurate macroeconomic statistical information is paramount for the design, monitoring, and evaluation of sound macroeconomic policies.** Establishment of the Organization of Eastern Caribbean States OECS/ECCU Economic Union and the signing of the Economic Union Treaty have thrown into sharp relief the need for an integrated economic framework spanning the ECCU.^{2 3} Deepening economic integration requires cross-country comparison and analysis within the union to support member government coordination of economic policies and effective economic decision making by market participants. Effective comparison and analysis require harmonized macroeconomic statistics. In addition, the transparency enabled by public dissemination of these data fosters investor confidence and improves access to global capital markets. Research has shown that improving the transparency and quality of macroeconomic data reduces borrowing costs in international capital markets (see Cady et. al., 2005; Cady and Pellechio, 2006; and Cady and Gonzalez-Garcia, 2006)⁴

2. **The members of the Eastern Caribbean Currency Union (ECCU) are small and open island economies.** Because of their small scale, they face challenges in producing macroeconomic statistics that might not be faced by larger national economies. Harmonization fosters efficient utilization of scarce resources in the region by allowing compilation of economic statistics for the union that are direct and coherent aggregates of member country statistics. Harmonization also promotes efficiency by using standard

¹ Prepared by S. Benjamin, A. Brousseau, H. Corbin, M. Mrkaic, L. Sahely in consultation with staff of the IMF Statistics Department.

² ECCU members are Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and Grenadines and two UK overseas territories Anguilla and Montserrat.

³ In light of the rapidly changing global environment and the need to transform domestic economies to remain competitive, the OECS Heads of Government decided in 2001 to establish an Economic Union to improve policy coordination among member states and promote economic growth and poverty reduction. The OECS Economic Union was legally established in the Revised Treaty of Basseterre. The Revised Treaty of Basseterre establishing the OECS Economic Union was signed on 18 June 2010 in St. Lucia. It came into effect on January 21, 2011 after four independent OECS countries had ratified it.

⁴ Given that, most ECCU countries have large debts and regularly issue sovereign bonds to finance budgetary deficits or to rollover existing debt, it is essential that they provide adequate statistical information to financial market participants.

statistical procedures and software tools, and minimizes the need for special collections and compilations to support regional statistics. Further, because the union has larger scale than its individual members, there are potential economies of scale in production of statistics for the union not present in producing statistics for its individual member states. Centralizing, to the extent possible, implementation and management of harmonized country level statistics facilitates exploiting economies of scale in producing statistics at the union level. However, it cannot be effective without harmonization. Harmonization thus is a key prerequisite to producing coherent and efficiently produced statistics for any economic and monetary union that are fit for public policy and private sector decision making. The European Union, its statistical agency Eurostat and the European Central Bank (ECB) offer examples of harmonization of compilation and dissemination of statistical data which have resulted in greater data transparency, compatibility and better allocation of scarce human resources and could provide some useful examples for other currency unions. Box 1 describes the modus operandi of Eurostat and the ECB, the agencies whose task is to compile harmonized macroeconomic statistics for the European Union (EU).

Box 1. Harmonization of Macroeconomic Statistics in the EU¹

The institutions responsible for harmonization of macroeconomic statistics for the EU are Eurostat and, for the EU countries comprising the Euro area, ECB. Their main role is to process and publish comparable statistical information at European or Euro area level by harmonizing the concepts, methods, structures, and technical standards used in the EU Member States. Eurostat and ECB work in their respective topical and geographical domains with Member States to define common methodology and assist Member States with the harmonization of their data compilation practices.

Neither Eurostat nor ECB collects data from individual reporters; data collection is performed in Member States by their statistical authorities and national central banks, which verify and analyze national data and send them to Eurostat and ECB. Eurostat and ECB consolidate the data and ensure they are comparable by using harmonized methodology. Eurostat and ECB are the designated providers of official economic statistics at European and Euro area level, respectively, and strive to harmonize statistical information to the greatest possible degree in their respective topical and geographical domains.

The birth of the Euro has increased further the need to harmonize the statistical methodologies between Member States and to publish Euro-zone indicators. For this reason, Eurostat and ECB now publish economic indicators for the Euro-zone and as well as for the Member States.

¹ Adapted in part from the Eurostat web page
<http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home>.

3. **This paper provides an overview of the key statistical issues in the ECCU.**

Section II reviews the current state of macroeconomic statistics in the ECCU, outlines the progress that has been made, and identifies outstanding challenges. Section III briefly describes technical assistance (TA) to the region. Section IV presents the challenges for the production of macroeconomic statistics in small island states, and Section V concludes. Appendix I present issues in macroeconomic statistics in the ECCU detail.

B. The Current State of Macroeconomic Statistics in the ECCU

4. **ECCU countries have already made significant progress in upgrading and harmonizing their statistical systems.**

This section reviews the achievements as well as the challenges still faced by the ECCU countries in upgrading and harmonizing their statistical systems covering the real sector, external statistics, government finance and monetary and financial statistics. It also reviews data dissemination practices. The section also compares the ECCU statistical practices with best international practices.

C. Real Sector Statistics

5. **ECCU's System of National Accounts is based on the 1993 System of National Accounts (1993 SNA).**

The 1993 SNA comprises internationally accepted concepts, definitions, classifications, and accounting rules for compiling the macroeconomic accounts of an economic territory, whether it is a state/province, country, or region. The SNA's goods and services accounts include a set of production accounts deriving GDP by economic activity. These GDP-by-production accounts are fully harmonized among the ECCU countries. A well-known presentation of GDP based on the goods and services components of the SNA's standard sequence of accounts also shows how GDP is used for final expenditure on household, nonprofit, and government consumption, as well as the capital formation (investment) and net exports of all institutional sectors. The ECCU member countries are progressing with these GDP-by-expenditure statistics.⁵ So far, ECCU countries have not yet established a timetable for the adoption of the 2008 SNA, which provides for improved treatment of nonfinancial assets, the public sector, financial sector accounts, and balance of payments (via implementation of the *Balance of Payments and International Investment Position Manual, Sixth Edition* (BPM6), which is fully compatible with the 2008 SNA).

⁵ St. Lucia has published GDP by expenditure through 2006. The ECCB has compiled but does not publish experimental estimates of household consumption, government consumption, and fixed capital formation for ECCU member countries through 2009. These data are, however, disseminated by the United Nations Statistics Division.

6. **Over the last few years, member countries have undertaken several projects to improve data quality and harmonize the compilation of real sector statistics.** All member countries have rebased their national accounts to base year 2006 for the period 2000 to 2010. Box 2 describes the features of the ECCU Rebased National Accounts series. As part of the rebasing exercise, countries have improved the coverage, data sources, concepts, methodology, and the GDP classification by economic activity. The previous base year used for compiling the estimates was 1990. Member countries have undergone significant structural changes since 1990, and international good practice is to rebase the national accounts every five years, so the rebasing exercise is welcome. The share of agriculture in GDP has declined and the share of services in GDP has increased. The rebasing exercise revealed that the GDP had been underestimated between 9 and 46 percent, depending on the country and period of comparison.

7. **ECCU countries do not compile quarterly GDP data.** The Caribbean Regional Technical Assistance Center (CARTAC) has started a pilot project in Saint Lucia with the goal of compiling and disseminating quarterly GDP statistics. It is planned that other ECCU countries will also develop quarterly GDP statistics in the medium term. However, a quarterly index based on volume indicators is compiled by the ECCB in collaboration with the ECCU member countries.

8. **The consumer price index (CPI) in member countries had been based on outdated baskets of goods and services that had become unrepresentative of consumption patterns.** To improve the quality of CPI data, all member countries, with the exception of Montserrat, rebased their national CPIs. Box 3 describes the improvements to the CPI in the ECCU. The new basket of goods and services better reflects the importance of rents, imputed rents, services, and health insurance. Additional retail outlets have also been added to the surveys to provide better coverage. So far, Grenada, St Kitts and Nevis, St. Lucia and St Vincent and the Grenadines have officially released their new CPI.

9. **One of the most important shortcomings for macroeconomic policymaking is the lack of appropriate labor market statistics.** A project to improve them has commenced recently under the auspices of the OECS Secretariat and with the technical assistance of the International Labor Organization (ILO) and financial support from The Caribbean Centre for Development Administration. The goal of the project is to establish an OECS wide Labor Market Information System (LMIS), which would collect data on wages and labor costs, employment, and unemployment. LMIS will also establish selected labor administrative procedures and standardize computer-aided record keeping. The project was pilot-launched in St Vincent and the Grenadines in April 2011 and is expected to be expanded to the other OECS countries over the medium term.

Box 2: Features of the ECCU Rebased National Accounts Series

With the support of the ECCB and CARTAC, GDP by economic activity of the ECCU member states have been rebased from base year 1990 to base year 2006. The rebasing exercise involved the calculation of value added using prices of a more recent period; and also provided an opportunity for benchmarking the GDP estimates to facilitate wider coverage and greater accuracy through updated intermediate consumption/gross output ratios.

The rebasing exercise has led to significant improvements in the GDP current and constant price series arising from **broader data coverage** (by employing a wider range of data sources, including economic surveys and administrative data), **conceptual changes** (notably for financial services¹, and measurement of the output of owner-occupied housing), **methodological changes** (integrated output, intermediate consumption and value added for all industries) and **improved estimation procedures** (including the use of better extrapolation/deflation techniques for the GDP constant price series).

The calculation of value added in an integrated framework—gross output, intermediate consumption and value added for all industries—is a marked improvement over the earlier estimates, which in some cases, were derived as the movement in historical value added by price and volume measures. The improvement was facilitated by the availability, in some countries, of comprehensive national accounts surveys, supply and use tables (SUTs), and household budget surveys (HBS). The SUTs directly facilitate the compilation of integrated production accounts. The HBS results were used in measuring the output of nontradable services (in the absence of enterprise-based data); and/or in validating supply-based estimates of production.

In most countries, compilers undertook statistical enquiries to improve the scope of these industry-based estimates (e.g., *fishing, land and sea transportation, other crops*) of GDP. Administrative data from revenue agencies were also used, mainly to supplement the coverage of survey-based results for industries such as *hotels and restaurants, manufacturing, and wholesale and retail trade*. While the underlying estimation technique was retained for *construction*, intermediate consumption was recalculated to take account of a larger number of building materials, and of services used in construction.

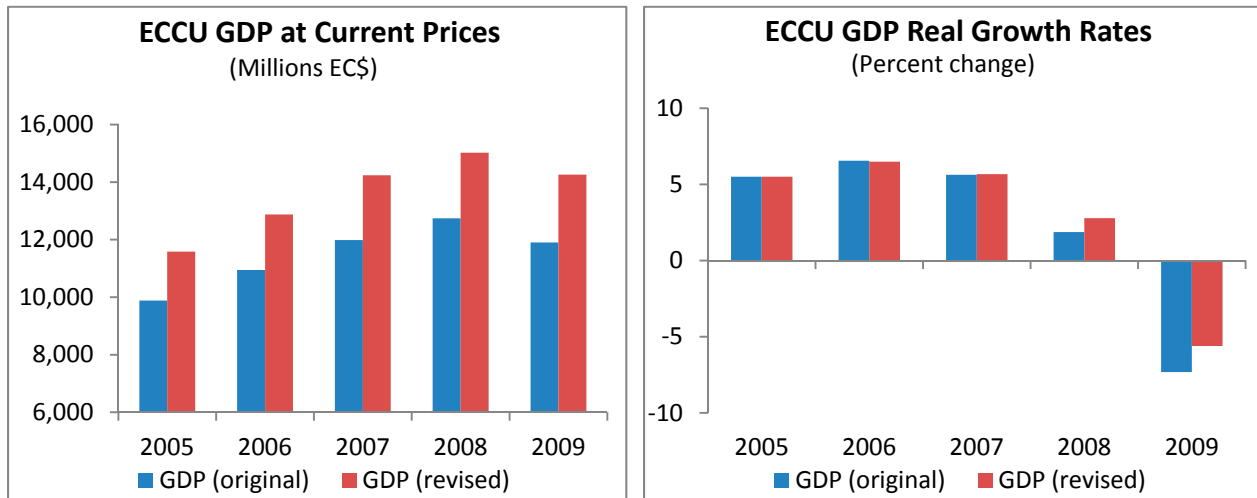
Regarding industrial classifications, the International Standard Industrial Classification (ISIC) Revision 3.1 was implemented as recommended by the ECCB. *Education* and *health and social work* are now identified as separate industries, and the public components of these services, formerly included under *government*, have now been reclassified. In a number of ECCU member states, offshore university activities were previously not captured; these activities are now reflected in the new series.

The level of the ECCU GDP is significantly higher than the previously estimated one which resulted in the change of several key indicators. The revised level of GDP in 2009 was 19.8 percent above the previous estimate. See Chart 1 which compares the original and revised series for the period 2005–2009.

¹ Specifically that part of financial services covered by “financial intermediation services indirectly measured” (FISIM). FISIM estimates the proportion of the spread between loan interest received and deposit interest paid arising from, respectively, loan (credit) and deposit services.

Box 2 Cont'd: Features of the ECCU Rebased National Accounts Series

The overall result is that the level of the ECCU current price annual GDP increased by an annual average of 21.5 percent over the period 2000–2009. The revised GDP series has also revealed a slightly higher level of real growth, which averaged 3.0 per cent over the period 2005 to 2009 compared to 2.5 percent in the original series. Chart 2 compares the growth rates over this period. The revised real GDP growth rates are broadly in line with the trends of the original series.



The per capita GDP is higher. It peaked at EC\$ 24,632 in 2008 vs. EC\$ 20,897 as previously measured. The revised GDP levels also show that the fiscal position of the ECCU is slightly better than the original measures. The Debt to GDP ratio improved to range between a high of 88.5 percent in 2005 to 75.3 percent in 2008. This compares to 103.7 percent and 91.6 percent as originally measured. (See Table 1)

The top five industries as measured by the contribution to gross value added over the period 2005 to 2009 were transport and communication 14.1 percent, real estate, renting and business activities 12.9 percent, wholesale and retail trade 11.8 percent, construction 11.6 percent and financial intermediation 9.7 percent.

The revised GDP series now represents the current structure of the regional economy and the composition of the economic sectors more accurately than previously captured. The new series is very comprehensive. It provides more detail by industrial activity and includes expanded estimates for services that were not previously captured. For example, it is now possible to determine the value added of business services, computer and related services, health and educational services, as well as private households with employed persons.

The revised GDP series for the region is available from the ECCB in their annual publication *National Accounts Statistics, 2009*.

Box 3: Improvements to the CPI in the Eastern Caribbean Currency Union (ECCU)

ECCU member states have developed new market baskets for the CPI, using results from Household Income and Expenditure Surveys (HIES). They have also improved the classification structure, methods, and procedures used to compile the CPI in line with those discussed in the *CPI Manual*, 2004. The revised CPIs, which became available in September 2010, have made the measurement of inflation more accurate and allowed greater comparability across the region.

The revised CPIs have been enhanced by

- Expanding the geographical coverage and adding newer outlets. The CPI is now more representative of entire countries, not just capital city areas;
- Including new item structures that reflect both updated spending patterns and new products (e.g., adding college tuition, cell phones, MP3 players, computers, and health and auto insurance to the CPI basket);
- Using the **Classification of Individual Consumption by Purpose (COICOP)**, the international standard recommended in the *CPI Manual*. This replaces regional classification structures that were somewhat different from those provided in COICOP;
- Covering owner occupied dwellings using owner's equivalent rent, making the CPI conceptually consistent with the *System of National Accounts*;
- Using the Price Index Processor System (PIPS, at http://www.unece.org/hk/stats/downloads/sw_cpi_ppi/pips.html), which improves the methods and procedures previously used by:
 - Compiling indexes that use geometric averaging rather than arithmetic averaging to reduce the biases documented in the *CPI Manual* that result from using arithmetic averages of prices and arithmetic averages of price relatives;
 - Imputing missing prices using the price change of related products vs. carrying forward the last reported price, which has an inherent short-term bias and can result in long term bias unless imputations are carefully applied;
 - Dealing with product quality change using techniques documented in the *CPI Manual*.
 - Enhancing comparability across the region in terms of classifications, structure, methods, and procedures used in the CPIs.

ECCU members have received substantial technical assistance from the CARTAC in the revision process. CARTAC helped each country develop their market basket and introduce the PIPS software that will enable the statistical offices to implement the improved methods described in the *CPI Manual*.

11. **While the Caribbean Tourism Organization (CTO) publishes monthly data on stay-over arrivals; it does not publish data on tourists' expenditures.** Given the importance of tourism for these countries, the ECCU is planning to develop tourism satellite accounts (TSA) in collaboration with the CTO⁶. Current statistics, based on arrivals, overnight stays, and balance of payments (BOP) information, inadequately present the economic importance of tourism. In addition, the timeliness of tourism statistics should be improved.

D. External Sector Statistics

12. **Pursuant to mandates of the member governments, the Eastern Caribbean Central Bank (ECCB) monitors the external sector.** In collaboration with member countries' statistical offices, the ECCB compiles the respective Balance of Payments (BOP) and publishes them annually. The estimates are based on both survey and non-survey data and are collated in a format that is consistent with the fifth edition of the IMF Balance of Payments Manual (BPM5).⁷ Member countries are expected to be compliant with BPM6 by 2013.

13. **Improved BOP survey forms have been produced and tested, but the launch is being delayed until software used to produce the BOP statistics is updated to reflect changes in the survey forms.** The improved forms will allow for the presentation of the BOP in the Extended Balance of Payments Services format and over the medium-term, for the preparation of the International Investment Position (IIP).⁸ Dominica has been selected as

⁶ A TSA provides macroeconomic aggregates that describe the size and the economic contribution of tourism, such as gross value added and tourism gross domestic product, consistent with similar aggregates for the whole economy. It also includes detailed data on tourism consumption, a description of how this consumption is met by domestic supply and imports and is integrated with supply and use tables. A TSA also includes production accounts of the tourism industries, data on employment, linkages with other productive economic activities and gross fixed capital formation. Finally, a TSA should include data on number of trips (or visits), duration of stay, purpose of trip, modes of transport etc.

⁷ Compilation and production of the BOP data have been made possible through the development and use of a customized program referred to as the Computer Enhanced Balance of Payments System (CEBOPS). All BOP data are harmonized among the members in that their compilation practices largely adhere to the recommendations of the Fifth Edition of the IMF "Balance Of Payments Manual" ("BPM5"). This presentation was introduced in 1996 and for consistency the series from 1986 to 1995 were revised to reflect the methodology of the BPM5. The data are compiled annually and published in the "ECCB Area Balance of Payments Statistics" annual report. The data are presented in two formats: (i) the detailed format showing the individual BOP items with the corresponding credit and debit entries as well as the balance and (ii) the analytical summary format presenting the major BOP sections, the overall balance, and financing.

⁸ The IIP is a statistical statement that shows at a point in time the value and composition of financial external assets and liabilities of residents of an economy

the pilot country to establish IIP statistics, with the assistance of the IMF Statistics Department.

14. **An important improvement to external sector statistics would be the production of quarterly BOP, which would help anticipate potential drains on international reserves.** In addition, quarterly data on foreign investment would improve economic growth forecasts. Given the high debt level of most ECCU countries, the availability of statistics on government-guaranteed debt, external debt, and debt-service schedule for domestic and external debt would be useful for policymakers and financial market participants.

15. **Institutional arrangements to monitor foreign direct investment (FDI) projects are in place only in Grenada and Antigua and Barbuda.** In other member countries, data on FDI are compiled using information from the media and through interviews with various stakeholders in the industries. The capital flows in the BOP are largely dominated by transactions of member governments. The information on non-government flows is obtained by surveying establishments engaged in external transactions.

16. **The timeliness and quality of trade data varies among member countries and in most countries, the timely dissemination is hampered by a combination of issues with administration, data entry processes, and information technology in some member countries.**

17. **Remittances inflows, especially remittances in-kind, have always been significant for the ECCU.** Current data on remittances are estimates and compiled using available qualitative and quantitative information such as developments in the remittance source countries as well as the domestic economies. With the revision of the balance of payments survey forms, a questionnaire was developed to capture information on transfers that go through remittance service providers or money transfer companies. In addition, for the 2011 census process in the ECCU, questions were included to source information on the receipt of transfers from overseas.

E. Government Finance Statistics

18. **The annual and quarterly data on central government finances published by the ECCB are broadly in line with the methodology set up in the Government Finance Statistics Manual 1986.** The International Financial Statistics (IFS) publishes cash statements in accordance with the Government Finance Statistics Manual 2001 (GFSM 2001) format for Dominica, Grenada, St. Lucia, St. Vincent and the Grenadines, and for the ECCU as a region.

19. **No detailed data are published on the public sector.** The authorities plan to broaden the coverage of statutory bodies and public enterprises, which would help follow the evolution of public sector's fiscal accounts and assess the potential contingent liability of the central government. Countries will need to migrate toward a GFSM 2001 presentation as

mandated in the IMF Board Decision No. 14565-(10/20) and outlined in the paper Government Finance Statistics to Strengthen Fiscal Analysis.⁹

20. **High levels of fiscal deficits and public debts in several ECCU countries highlight the importance of reliable and timely fiscal data.** The countries would benefit from the compilation of countries' fiscal balance sheets, disaggregated by instrument and by residency. Such balance sheets would usefully complement the existing cash flow statements.

F. Monetary and Financial Statistics

21. **The ECCB produces and disseminates the Monetary and Financial Statistics (MFS) for the currency union and its members.** The MFS are of sufficient quality for surveillance purposes and are fully harmonized across the members. The MFS, while covering commercial banks, are not fully compliant with the IMF's Monetary and Financial Statistics Manual (MFSM), since they do not cover other deposit taking institutions. Since 2005, the ECCB has made progress in working on expanding the institutional coverage to include 'other deposit taking institutions'.

22. **A number of projects to improve the quality, coverage, and timeliness of the MFS are ongoing at the ECCB.** The Bank (ECCB) has collaborated with CARTAC to finalize regulatory reporting forms for financial institutions regulated by the Single Regulatory Units (SRUs). These included other depository corporations, credit unions, insurance companies, trust companies, mutual funds, money services, and offshore banks. The SRUs received the final set of returns in May 2010 and were requested by the ECCB to provide quarterly consolidated data for each type of institution. The licensed non-bank institutions were required to use the new Other Depository Corporations returns from April 2011. Once these forms are submitted, the ECCB should be able to expand the institutional coverage of the monetary survey. In addition, revised prudential returns for the commercial banks that are based on international standards were completed in February 2011. Discussions are ongoing with select commercial banks on this project and a pilot testing of these returns is expected by the second half of 2012.

23. **The ECCB also reviewed the existing list of statutory bodies to ensure proper classification of institutional units for further improvements in the quality of the monetary statistics.** The Ministries of Finance in each of the eight territories provided information to classify statutory bodies into central government agencies or public non-financial corporations. This comprehensive list of state owned institutions will be submitted to all financial institutions that report data for monetary statistics purposes. Once these have been incorporated, the ECCB will classify deposits of public nonfinancial corporations held by commercial banks as part of broad money (as recommended in the IMF

⁹ Link to the paper is (<http://www.imf.org/external/pp/longres.aspx?id=4431>)

Monetary and Financial Statistics Manual). The ECCB currently prepares Financial Soundness Indicators (FSIs) and circulate them to the IMF for internal purposes only.

G. Data Dissemination Practices

24. **The ECCB publishes a release calendar that provides release dates for the GDP, CPI, BOP and MFS.** The ECCB also disseminates a revision schedule for monetary statistics. The ECCB publishes a wide range of data on its website, annual GDP estimates, results of the Business Outlook Survey January-June 2011, fiscal targets for ECCU member countries, revision cycle for monetary data, monetary statistics, tourism data and consumer price indices. Links to the IMF General Data Dissemination System (GDDS) are also provided on the ECCB website. Work is ongoing, however, to develop an interactive database that would facilitate access to a downloadable time series that could be readily used for econometric studies. The Eastern Caribbean Stock Exchange (ECSE) provides a graph of the share price index on its website, but no time series.

H. Technical Assistance to the Region

25. **The ECCU has received substantial TA from CARTAC, the Statistics Department of the IMF (STA), the ILO, CTO, and other organizations.** Since September 2007, STA and CARTAC have fielded 70 technical assistance missions to the ECCU to help support the implementation of its current statistical plan. Most missions focused on the rebasing of the national accounts and the CPI and one mission dealt with Government Finance Statistics. In addition, 72 participants from the ECCU have attended statistical courses given by the IMF Institute and CARTAC.

26. **In 2011, CARTAC started two major projects in macroeconomic statistics:, assistance to ECCU countries in revising the compilation of GDP by expenditure and the construction of quarterly GDP time series in Saint Lucia.**

I. Challenges for the Production of Statistics in Small Island States

27. **ECCU countries are middle-income, very small island economies and their resources to produce macroeconomic statistics are not on par with the resources that are available to larger countries.** For this reason, the ECCU countries must economize in at least two ways: first, they must pool scarce resources and produce a significant part of their macroeconomic statistics on a regional level. Second, they must conduct a cost and benefit analysis to determine what macroeconomic statistics they should produce at all.

28. **A key reason for the ECCU's weaknesses in economic data is the lack of resources devoted to statistics.** The Caribbean countries spend on average about 0.2 percent of their budget in statistics. STA estimates that this expenditure would need to rise to about 0.5 percent to increase substantially the quality of statistics.

J. Modalities of Institutional Organization

29. The economy of scale requires a regional approach. Possible options for regional organization are as follows.

- Convert central statistical offices (CSOs) into autonomous national statistical offices. While CSOs appear to have a reasonable number of staff, in practice they employ mostly data compilers and only a handful of persons are trained statisticians. This shortage of qualified statisticians hampers statistical development. Amending statistical acts to make statistical offices independent with their own pay scale would help recruit and retain trained statisticians.
- Establish a Regional Statistical Bureau (RSB) and National Statistical Bureaus (NSBs). It is important to ensure that resources are commensurate with the needs of statistical programs. A more regional approach would help reap economies of scale. A RSB would provide survey design, database expertise, information technology, data dissemination support for all ECCU countries, while NSBs would continue to compile most of the data. The RSB would be the statistical supporting arm of the OECS/ECCU Economic Union. The RSB would allow the pooling of capacity where it is not cost-effective for small CSOs to host their own skills and knowledge (such as in demographic analysis). The creation of a RSB would provide a career path for the best CSO statisticians to become regional experts.
- Centers of excellence, either at the ECCB or in a member country, where the staff would specialize in the production of key indicators and serve as a resource center for the whole union. Centers for excellence would also be helpful in order to have regional experts in all the statistical areas of concern (not only macroeconomic, but also social, demographic, education, etc.)
- Using the INSEE model, the regional statistical bureau would provide statisticians, while national governments would provide survey officers. Under this model, most CSO statistical staff would become employees of a new regional statistical bureau (RSB). A senior country statistician appointed by the RSB would run each local office. A head office in one central ECCU location would provide central services and extra help when needed, and produce most of the high-level analytical reports and publications. The logic of this proposed intervention is that a single statistics office for the region would be more efficient and effective than eight (8) separate CSOs. This approach would provide an attractive career path for existing staff and new recruits, and facilitate the recruitment and retention of professional statisticians. It would also help provide better consistency of data in the region. Countries would need to retain the services of some senior staff to meet national legislative requirements; to monitor the contract with the RSB; to coordinate and plan the remaining statistical system not produced by the RSB; ensure that statistical data are

disseminated within the country; and that the confidentiality clauses of the national statistics law are not breached. Staff based in the respective countries would, however, be employees of the regional institution rather than being national civil servants. They would be subject to the national laws including the statistics law, in particular because of the need for access to confidential data. Terms and conditions of service, including salaries, and training and development would be the responsibility of the regional head office. Junior and data collection staff would remain country-based employees.

K. Plans for Improvement

30. **The ECCU member countries with support from the ECCB and the OECS Secretariat continue to work toward the development of an integrated statistical system, which is critical to ensuring the provision of timely and reliable data for evidenced-based policy making.** This integrated system would generate national statistics on a harmonized basis and would facilitate cross country comparison and analysis and economies of scale for data generation and dissemination within the OECS Economic Union.

31. **In September 2007, the ECCB collaborated with the IMF on the hosting of an International Conference on Statistics.** Conference participants included the public and private sectors, as well as producers and users of statistics. Coming out of that meeting various commitments were given to enhance statistical systems; promote centralised coordination and management of the national and regional statistical systems; enhance the institutional framework and man power requirements. In addition, coming out of the sixth special meeting of the Monetary Council on 18 September 2009, the Council agreed to increase the focus on statistical development by recommending the following measures to member states:

- A concrete plan for the removal of the statistical gaps that exist in the ECCU statistical system in the provision of timely, relevant and accurate data.
- The adoption of technologies that would facilitate improved data collection and analysis.
- Focused attention on equipping the relevant statistical offices across the region with professional staff and instituting continued training and development.

32. **Since then considerable work has been undertaken within the ECCU, under the OECS Statistical Programme, to enhance the delivery of statistical services in the region.**

33. **To promote statistical services within the region, the formation of a Regional Statistical Bureau has been discussed, albeit as a long term goal.** The ideal structure for the proposed regional statistical system will be based on a Regional Statistics Bureau (RSB)

linked to Central Statistical Offices (CSOs) at the national level. The CSOs would be termed National Statistics Bureau (NSBs) and be linked to the producers of statistics in the countries.

L. Conclusion

34. **The ECCU has made significant progress in improving the quality and quantity of the macroeconomic statistics it produces and disseminates to the public.** There are, however, areas for improvement. Such areas include the production of high frequency indicators to monitor development in the real sector. Data on the tourism industry, labor markets, foreign direct investment, and private capital flows must also be enhanced to support effective policymaking in the ECCU. Moreover, the dissemination of timely statistics to the public is critical. In addition, the production of quarterly BOP statistics would provide useful insights into the external sector of the ECCU members. Finally, compiling timely and accurate position data, namely IIP, FDI, and external debt statistics, would usefully facilitate balance sheet analysis of the ECCU economies.

35. **A successful economic union and stable currency union will require reorganization and strengthening of the structure supporting statistical production.** The OECS/ECCU has a good record of accomplishment in providing data to the IMF and is working on several key projects to improve its statistical framework.

ANNEX—THE COMPARATOR MATRIX OF STATISTICAL ISSUES IN THE ECCU

ECCU—Statistical Issues

Country	GDDS	Real sector	Fiscal sector	Financial sector	External sector
Eastern Caribbean Central Bank (ECCB)		<p>The member countries of the ECCU have completed the rebasing of the national CPI for all countries with the exception of Montserrat. The goal was to achieve a harmonized CPI with a base year of 2010 and based on an updated basket of goods. There is also a plan to produce a regional CPI.</p>	<p>Annual and quarterly data on central government finances published by the ECCB are broadly in line with the methodology set up in the <i>1986 GFS Manual</i>.</p> <p>To understand better the underlying fiscal situation of member countries, the ECCB has agreed that the ECCU would implement the methodology of the Government Finance Statistics Manual 2001. A workshop on the <i>GFSM 2001</i> is pending.</p>	<p>Monetary statistics are compiled by the ECCB on a monthly basis with a lag of six weeks. They are reported to the Fund through a standardized report form since July 2006.</p> <p>Accrued interest is not incorporated in the value of the interest-bearing assets and liabilities, and valuation adjustments are included in other liabilities.</p> <p>Source data for the commercial banks do not provide the disaggregation recommended in the <i>Monetary and Financial Statistics Manual</i>.</p> <p>During 2-9 November 2009, a STA mission helped the ECCB expand the coverage of</p>	<p>The ECCB assists member countries in the compilation of BOP statistics on an annual basis, using information collected by the national statistical offices. The data are reported to the IMF for publication in the <i>IFS and Balance of Payments Yearbook</i>. The statistics are based primarily on information collected from surveys of establishments.</p> <p>Although recent data provide a more detailed breakdown of goods than in the past, in other areas they do not provide sufficient detail to enable publication of the full classification used in the fifth edition Of the IMF's <i>Balance of Payments Manual</i> (1993).</p>

Country	GDDS	Real sector	Fiscal sector	Financial sector	External sector
				<p>the Other Depository Corporations Survey to include mortgage companies, finance companies, building societies, and credit unions.</p> <p>The forms related to the aforementioned were completed with assistance from CARTAC and the Antigua and Barbuda Financial Services Regulatory Services Commission. The countries are currently collecting information from these institutions.</p>	<p>Statistical techniques used to estimate some components are weak. In particular, no estimates are available on transportation services by type or mode of transport and of travel by purpose. Further, a breakdown of portfolio and other investment by instrument or sector is not available.</p> <p>The ECCB is preparing new survey forms to improve the coverage and quality of data. In the medium-term, the improved forms will allow for the presentation of the BOP in the Extended Balance of Payments Services (EBOPS) and for the preparation of the International Investment Position (IIP). Member countries are expected to be compliant to the <i>BPM6</i> by 2013.</p>

Country	GDDS	Real sector	Fiscal sector	Financial sector	External sector
					There is a need to compile quarterly balance of payments statistics and an annual international investment position statement.
Anguilla		The national accounts have been rebased to the base year 2006 in accordance with the methodology of the 1993 System of National Accounts. Improvements in coverage, data sources, and methodology have been incorporated.	The annual data on central government finances published by the ECCB are compiled broadly in line with the methodology set out in the 1986 Government Financial Statistics Manual.	See ECCB above.	See ECCB above.
Antigua and Barbuda	Participates since October 31, 2000. Monetary metadata updated in September 2007; other sectors, in October 2002.	The national accounts have been rebased to the base year 2006 in accordance with the methodology of the 1993 System of National Accounts. Improvements in coverage, data sources, and methodology have been incorporated. Annual national account statistics are provided to the IMF for publication in the IFS. The ECCU also rebased national CPIs to a more recent year (January 2010). The publication of the new index is pending. The new basket of goods and services will better reflect the importance of rent and owner's imputed rents, and additional outlets will be added to better cover services such as mobile phones, computers, and	The annual and quarterly data on central government finances published by the ECCB are compiled broadly in line with the methodology set out in the 1986 Government Financial Statistics Manual. For the past several years, however, Antigua and Barbuda has not been reporting government finance statistics to the Fund for inclusion in the Government Finance Statistics Yearbook (GFSY) and the IFS.	See ECCB above.	The ECCB is preparing new BOP survey forms, which will include trade in services and provide a better coverage of FDI. In the medium-term, the improved forms will allow for the presentation of the BOP in the Extended Balance of Payments Services (EBOPS) and for the preparation of the International Investment Position (IIP). Due to delay in updating the software to reflect changes made to the survey form, the launch of the new survey forms has been

Country	GDDS	Real sector	Fiscal sector	Financial sector	External sector
		<p>health insurance.</p> <p>There is no comprehensive labor force survey and thus little coverage of the labor market developments. An Annual Wages and Hours Worked Survey for the private sector was conducted in 2003, though the coverage of Barbuda was limited.</p> <p>Work has already started for the 2010 population census.</p>			<p>postponed. The ECCB reports annual balance of payments statistics for dissemination in the Balance of Payments Statistics Yearbook (BOPSY). Antigua and Barbuda, however, does not report trade data for publication in the Direction of Trade Statistics Yearbook (DOTS).</p>
Dominica	<p>Participates since September 25, 2000.</p> <p>Monetary metadata updated in September 2007; real sector metadata updated in 2005-2006, balance of payments and merchandise trade metadata updated in 2006, other external sector and fiscal</p>	<p>Annual nominal GDP data are compiled using the production and the expenditure approaches. Estimates by economic activity are compiled using production approach at 2006 prices. GDP estimates are available about four months after the end of the year. The data are revised frequently and are usually finalized with a two-year lag following completion of the National Accounts Survey.</p> <p>CPI data are compiled with a two-month lag, with weights based on the 1997/1998 Household Expenditure Survey. There is a program to develop export and import price indices (XMPIs), but a shortage of staff working on price statistics limits developments in CPI methodology and the</p>	<p>Statistical capacity problems affect the timely production of quality government finance statistics. The data are subject to frequent revisions stemming in part from omissions and misclassifications. Data on central government operations are incomplete and must be supplemented with additional information from external sources. For instance, some operations are undertaken outside the consolidated fund. These include certain investment spending, loan and grant receipts, and on-lending and transfers to public enterprises. As a result, capital expenditure data, recorded by the Treasury, must be supplemented with additional</p>		<p>The Ministry of Finance maintains a database on public and publicly-guaranteed external loans that provides detailed and reasonably current information on disbursements, debt service, and debt stocks. The Treasury maintains the data on bonds placed abroad. Data from the two databases are not consolidated, requiring further adjustments to measure the total debt stock. In addition, information on payments by creditor (actual and scheduled)</p>

Country	GDDS	Real sector	Fiscal sector	Financial sector	External sector
	<p>sector metadata updated in 2002.</p>	<p>likelihood that XMPIs will be developed in the near future. The IMF, through the operation of the Caribbean Regional Technical Assistance Center is currently providing technical advice on XMPI methodology to Dominica and other countries in the region. The completion of the CPI rebasing is pending.</p> <p>Data on employment are limited and there are no official data on producer prices or wages in the private sector.</p> <p>Results of the 2001 population census have not yet been published.</p>	<p>donor financing information, particularly because the public sector investment program (PSIP) data are not timely. Delays in the reporting of the PSIP data reportedly stem from reporting delays from the line ministries. Several ongoing initiatives to strengthen expenditure management should help minimize the extent of this problem. There is an ongoing effort to automate the expenditure execution process. A new automation technology was installed in all line ministries in 2005. With this technology all local purchase orders (LPOs) are generated electronically and tracked. Commitments are charged against a specific budget allocation once the LPOs are generated. All ministries and suppliers of goods and services are compelled to use the new system. Only limited financing data are available. Although progress has been made in improving the measurement of the government's debt, there are concerns that there is still some under-recording of</p>		<p>should be available to the compilation agencies at least on a monthly basis, in order to allow production of timely debt stock data.</p> <p>Balance of payments data are compiled on an annual basis but are not reported in the format recommended in the fifth edition of the IMF's Balance of Payments Manual.</p>

Country	GDDS	Real sector	Fiscal sector	Financial sector	External sector
			<p>government commitments. The authorities do not provide consolidated nonfinancial public sector data. Data for the rest of the public sector—Dominica Social Security and the public enterprises—must be obtained directly from each entity during Fund Article IV consultation missions. No government finance data are reported to STA for publication in the IFS or the Government Finance Statistics (GFS) Yearbook.</p>		
Grenada	<p>Participates since March 29, 2001.</p> <p>Monetary metadata updated in September 2007; other sectors in 2002.</p>	<p>The national accounts have been rebased to the base year 2006 in accordance with the methodology of the 1993 System of National Accounts. Improvements in coverage, data sources, and methodology have been incorporated. Annual national account statistics are provided to the IMF for publication in the IFS.</p> <p>Grenada has begun publishing the rebased CPI with a base year of January 2010.</p> <p>A labor force survey was conducted in 2010 however the results have not yet been published. There are no regular wage and unemployment data. The Central Statistical Office (CSO) is</p>	<p>The reporting of central government data has improved in recent years, with quarterly data being produced with lags of about two months. However, there appear to be inaccuracies in the composition of public expenditure. Moreover, capital expenditures could include current expenditure items, and the nature of expenditures in the Public Sector Improvement Program needs to be scrutinized carefully. In addition, spending on outsourced activities is not broken down into the appropriate categories, but rather grouped into a single</p>	See ECCB above.	<p>Balance of payments statistics are compiled on an annual basis, using information collected by the CSO. The data are reported to the IMF for publication in the IFS and Balance of Payments Yearbook. The statistics are based primarily on information collected from surveys of establishments.</p> <p>The database for government external debt is quite comprehensive, and can be used to provide</p>

Country	GDDS	Real sector	Fiscal sector	Financial sector	External sector
		working with the ILO to improve the coverage of labor market statistics.	category. The coverage of the rest of the public sector is very limited, and there are no consolidated public sector accounts. There is no systematic reporting of information to the ministry of finance. Annual statements for some public enterprises are provided during Fund missions. It would be useful to institute a mechanism under the public finance for the regular reporting of financial data pertaining to the rest of the public sector, in line with the new <i>Public Finance Management Act</i> of 2007 requiring public enterprises to submit audited financial statements within four months after the close of the financial year.		detailed and reasonably up-to-date breakdowns of disbursements and debt service. However, data availability on domestic debt, government guaranteed debt, and debt of public enterprises is limited, and there is no data on private external debt.
Montserrat		The national accounts have been rebased to the base year 2006 in accordance with the methodology of the 1993 System of National Accounts. Improvements in coverage, data sources, and methodology have been incorporated.	The annual data on central government finances published by the ECCB are compiled broadly in line with the methodology set out in the 1986 Government Financial Statistics Manual.	See ECCB above.	See ECCB above.
Saint Lucia	Participates since September 21, 2000.	Attempts are being made to compile quarterly GDP estimates with funding from the Organization of American States.	Reporting of central government data has improved substantially over the last few years, but deficiencies remain	See ECCB above.	Balance of payments statistics are compiled on an annual basis, using information

Country	GDDS	Real sector	Fiscal sector	Financial sector	External sector
	<p>Financial sector metadata last updated in September 2007, real and external sectors updated in September 2004; fiscal, in 2000.</p>	<p>Given the increasing importance of tourism activities, a new comprehensive survey of the sector is necessary to establish key data, such as the average length of stay in different types of accommodations and the average daily expenditure by type of tourist arrival. This information should be crosschecked with other related activities (i.e., restaurants and transportation) to ensure consistency.</p> <p>The rebasing exercise of the CPI has been completed—the new CPI basket (base January 2008) is based on the 2006 Household Expenditure Survey. Another area in need of improvement is labor statistics, in particular, the reporting of private and public employment and wages.</p>	<p>in the rest of the public sector. The authorities are reporting monthly data on the central government's current revenue and expenditure, using a Fund-compatible economic classification, with lags of a couple of months. However, frequent and substantial revisions suggest that there is a need for further refinement. With regard to the rest of the public sector, the periodicity and timeliness of data reporting should be improved; annual financial statements and projections are currently obtained directly from the entities during Fund missions and partially consolidated public sector accounts are only compiled by the Fund staff. Data on domestic debt of the public sector are not available on a regular basis.</p> <p>No fiscal data are reported to STA for publication in the <i>GFS Yearbook</i> or in <i>IFS</i>.</p>		<p>collected by the CSO. The data are reported to the IMF for publication in the <i>IFS</i> and <i>Balance of Payments Yearbook</i>. The statistics are based primarily on information collected from surveys of establishments.</p> <p>Efforts should also be made to compile quarterly balance of payments statistics and the annual international investment position statement.</p> <p>The Ministry of Finance has a comprehensive database for public and publicly guaranteed external loans that provides detailed and reasonably up-to-date breakdowns of disbursements and debt service. Information on bonds placed abroad is compiled annually and monthly data are provided only at the staff's request. There is a need to restore the</p>

Country	GDDS	Real sector	Fiscal sector	Financial sector	External sector
					quality of information on these bonds, which has weakened recently as the distinction between resident and nonresident holders was discontinued.
St. Kitts & Nevis	Participates since October 31, 2000. Financial sector metadata last updated in September 2007, metadata for the other sectors last updated in October 2000.	GDP data by type of expenditure are not available at constant prices, while the data at current prices are not reliable due to weaknesses in estimating gross capital formation. Private final consumption expenditure is estimated as a residual. In July 2009, a CARTAC mission and the statistical office derived a market basket consisting of more than 200 items using the 2006/2007 HBS estimates of consumption expenditures and secondary data sources from trade, administrative sources, and company records. In October 2009, a CARTAC mission reviewed the progress made in revising the CPI and introducing the new market basket. Monthly CPI data are reported regularly but with a long lag. Detailed data on tourism arrivals and expenditure have not been compiled since end-2001. Limited	Data on revenue, expenditure, and financing of the consolidated central government are made available to Fund staff on request. Discrepancies between overall balance and available financing need to be resolved. It would be important to produce a set of fully integrated accounts for the central government on a regular basis. Also, it would be beneficial to institute a mechanism for the regular reporting of financial data on the rest of the public sector. The most recent data on the central government published in the <i>GFS Yearbook</i> are for 2003 and 2006.	See ECCB above.	Balance of payments statistics are compiled on an annual basis, using information collected by the CSO. The data are reported to the IMF for publication in the IFS and Balance of Payments Yearbook. The statistics are based primarily on information collected from surveys of establishments.

Country	GDDS	Real sector	Fiscal sector	Financial sector	External sector
		data are available on labor market developments.			
St. Vincent & the Grenadines	<p>Participates since September 21, 2000.</p> <p>Metadata for the real, fiscal and external sectors last updated in September 2011, metadata for the financial sector updated in September 2007.</p>	<p>GDP by industry is provided with a one-year lag, with inadequate coverage of economic activity in the informal sector. In addition, data on GDP by type of expenditure are not available at constant prices, while data at current prices are not reliable due to weaknesses in estimating gross capital formation. Private final consumption expenditure is estimated as a residual.</p> <p>St. Vincent and Grenadines is the first ECCU member state to have a new rebased GDP series.</p> <p>CPI data are reported regularly with a one-month lag. In August 2009, a CARTAC mission and the statistical office derived a new market basket consisting of 235 items using the 2007/2008 Household Income and Expenditure Survey (HIES) estimates of consumption expenditures and secondary data sources from trade, administrative sources, and company records.</p> <p>In October 2009, a CARTAC mission reviewed progress in revising the CPI and introducing the new market basket.</p>	<p>Due to delays in reporting capital expenditures by some ministries, quarterly revenue and expenditure data for the central government are provided to the Fund with some lag. Discrepancies exist between the fiscal and monetary accounts, between above and below the line for budget data, and between financing and debt data.</p> <p>Although domestic debt figures are now available following implementation of the Commonwealth Secretariat—Debt Recording and Management System, the domestic debt amortization figures are incomplete. The financial reports of public enterprises are not timely, with about a two-year lag.</p>	See ECCB above.	<p>Balance of payments statistics are compiled on an annual basis, using information collected by the CSO. The data are reported to the IMF for publication in the IFS and Balance of Payments Yearbook. The statistics are based primarily on information collected from surveys of establishments.</p>

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