



CHAIRMAN'S ADDRESS

PRIME MINISTER, HON. PHILIP J PIERRE

PRIME MINISTER OF SAINT LUCIA AND

CHAIRMAN OF THE MONETARY COUNCIL

**ON THE OCCASION OF THE LAUNCH OF THE 40TH ANNIVERSARY
CELEBRATIONS OF THE EASTERN CARIBBEAN CENTRAL BANK**

ST. CHRISTOPHER & NEVIS

THURSDAY, JANUARY 19TH 2023

Salutations:

Thank you, Master of Ceremony and Deputy Governor

Heads of State

Colleague Heads of Government

Members of the Monetary Council (past and present)

Mr. Timothy Antoine, Governor of the Eastern Caribbean Central Bank

Dr. Valda F Henry, Deputy Governor

Ms. Tracy Polius, Chief Director (Policy)

ECCB Management and staff

Specially Invited Guests

Members of the Media

Citizens, Residents, and Well-wishers of the ECCU.

Good evening.

In my capacity as Chairman of the Monetary Council, I am pleased to address you on this commemorative and auspicious occasion - the launch of the celebrations of the 40th anniversary of the Eastern Caribbean Central Bank (ECCB).

How many times have we heard reference made to the uncanny foresight of the crafters of the Eastern Caribbean Central Bank Agreement of 1983? Since the inception of this visionary agreement, the ECCB has been an example of stability for our region. A region, I hasten to add, that has suffered manifold shocks of varying forms and duration; the most recent being the pandemic.

The ECCB Agreement was forged during a period of great economic uncertainty. The journey to its ratification and enactment was long and arduous, framed by a transition

from colonial rule to independence and punctuated by a series of trade-related, political integration, and weather-related events.

How has the ECCB supported Regional Development over the past 40 years?

The primary objectives of the Central Bank are to maintain the stability of the Eastern Caribbean Currency and the integrity of the banking system.

Pursuant to the first objective, the Bank, since July 1976, has maintained a fixed exchange rate peg with the US dollar at EC\$2.70 to US\$1.00. This arrangement has served the currency union extremely well. It has delivered relatively low inflation and confidence for both consumers and investors thereby facilitating a stable environment for growth and investment. It is a fact that the EC dollar is one of the most stable currencies in the world.

In respect of the second objective, there have been occasional difficulties but depositors have been protected.

Our monetary union is by no means a ‘cure-all,’ but who among us does not appreciate the assurance provided by our strong and stable currency? Indeed, we are thankful for the fact that we are not plagued with the uncertainty and vulnerability of discovering that our bank deposits have lost their value overnight, as is the experience in some countries with flexible exchange rate regimes.

The pooled reserves of the Bank have provided the basis for concessionary fast-tracked borrowing by member countries during cases of extreme economic dislocation, while at the same time holding each country that accesses the Bank’s credit facilities accountable to the collective.

The advantages of our monetary union were clearly displayed during the pandemic, where notwithstanding the complete shutdown of Tourism, our lead foreign exchange earning industry, the ECCU member countries were able to access foreign exchange to pay for their imports.

Over the past 40 years, the ECCB has continually adapted to the changing needs of member countries and the external environment.

The 1990s were marked by the loss of trade preferences for Bananas when the industry was at its peak and accelerated our region's transition to tourism. To support this transition, the ECCB focused its attention on capital market development and the creation of a single financial space for households and firms. This thrust gave birth to the following institutions:

- The Eastern Caribbean Home Mortgage Bank (ECHMB);
- The Eastern Caribbean Securities Exchange (ECSE);
- The Eastern Caribbean Securities Regulatory Commission (ECSRC);
- The Eastern Caribbean Institute of Banking and Financial Services (ECIB);
- The Eastern Caribbean Automated Clearing House (ECACH); and
- The Regional Government Securities Market (RGSM).

It is pleasing to note that member governments have raised in excess of **\$17 billion** on the RGSM (since its inception) to support their fiscal operations and finance development

In the 2000s, our Region was affected by the dot-com bubble, the global financial crisis, commodity price shocks (oil and food), and several severe hurricanes. These developments greatly impacted the growth dynamics of the region and fiscal and debt sustainability. However, the ECCB stood tall and our currency remained strong.

New initiatives included:

- Financial Information Month (FIM) - a regional financial, economic, business, and entrepreneurial education campaign launched in 2002 aimed at increasing financial literacy.
- The establishment of a debt-to-GDP target of 60 percent in 2003 to entrench fiscal prudence and help reduce debt to sustainable levels.
- The formulation of an Eight-Point Stabilization and Growth Programme, in 2009, encompassing Financial Programmes, Fiscal Reform, Debt Management, Public

Sector Investment Programmes, Social Safety Net Programmes, Financial Safety Net Programmes, Amalgamation of the Indigenous Commercial Banks, and the Rationalization, Development, and Regulation of the Insurance Sector.

In the past decade, the Bank has undertaken the following:

- The launch of its weekly podcast, ECCB Connects in 2016
- The launch of the Bank's first-ever **Strategic Plan 2017-2021: Transforming the Eastern Caribbean Currency Union Together**. This Plan codified the Bank's vision for the socio-economic transformation of the currency union and came at a critical juncture, particularly after the ravages of the 2017 hurricanes.
- The Growth and Resilience Dialogue since 2017
- The transition from paper to polymer currency in 2019
- The greening of the ECCB Campus since 2019 means most of the Bank's energy needs are powered by solar PV, the first central bank in the region to achieve this feat.
- The establishment of the Partial Credit Guarantee Programme in 2020 to help small businesses access credit with loans of up to \$750,000 and a guarantee of 75 percent for participating financial institutions
- The launch of a digital currency, DCash in 2021

As you have already heard, the Bank has received several global awards for these initiatives and innovations.

The 2020s began with a global pandemic of unprecedented proportions. The Covid-19 pandemic placed our health systems under immense pressure, shut down our economies, and worsened the conditions of many of our citizens and businesses. Approximately 1,052 persons succumbed to the disease¹. The ECCB expeditiously took the following actions:

- Reached an early agreement with the ECCU Bankers Association on a loan repayment moratorium for six months which was later extended.

¹ Source: Our World in Data as at 2 January 2023.

- Reduced its Discount Rate to 2.0 percent from 6.5 percent, as a means of providing low-cost short-term credit to member governments.
- Increased government share (75:25 from 60:40) of the fiduciary issue, which will facilitate additional credit access.
- Provided financial support to Member Governments through a \$4.0m grant from the Fiscal Reserve Tranche II.
- Supported the delivery of vaccines donated by the Government of India.
- Launched the Eastern Caribbean Partial Guarantee Corporation in October 2020 - an initiative of the ECCB and The World Bank, established to help micro small, and medium size businesses access financing.
- Created a Programme of Action for Recovery Resilience and Transformation of the ECCU.

These actions attest to the agility, adaptability, and commitment of the Central Bank to support member governments in times of unprecedented challenges.

I hail the vision and fortitude of the leaders of the Bank over these 40 years including Sir Cecil Jacobs who served as the first governor from 1983 -1989. Sir Dwight Venner who served from 1989 -2015 and Governor Timothy Antoine who has served since 2016. I also wish to recognize the first Deputy Governor, Sir Errol Allen who served from 1983 to 2005, and the second Deputy Governor, Mr. Trevor Brathwaite who served from 2006 to 2021.

I must also hail the past and current members of the Monetary Council whose calm and collective wisdom and solidarity have been indispensable in troubled times.

Where Do We Go From Here?

The foregoing accomplishments were not without challenges and difficulties.

Our region now faces challenges, which require a fundamental evaluation of economic management and governance. Therefore, the Bank will focus its efforts on strengthening financial stability and promoting macroeconomic development. To that end, the ECCB

will continue to work to ensure that the exchange rate arrangement remains firmly anchored and continues to contribute to the economic stability and confidence of our region.

The strategic pillars of ECCB's second strategic plan 2021 – 2026, are:

1. Financial Stability
2. Payment Systems Modernisation and Financial Inclusion
3. Digital Transformation
4. Environmental, Social, and Corporate Governance
5. Organisational Effectiveness

Since my assumption of the chairmanship, I have challenged the Bank to develop stronger consumer protection for the people of the ECCU in respect of their relationships with banks and other financial institutions. Consequently, I am pleased to note the Bank is working on a market conduct framework to address these concerns.

I also welcome plans for the introduction of deposit insurance.

I challenge the bank to continue constructive dialogue with credit unions and other indigenous institutions with a view to obtaining sustainability, continuity, efficiency, and profitability.

As we reflect on the formative years of this institution and ongoing efforts to actualize its mission and vision, the achievements of the past 40 years are worthy of our collective commendation and applause.

These accomplishments reflect in large part effective leadership, at both the political, managerial, and technical levels of the Central Bank, strong work ethic and innovation of the ECCB management and staff, strong solidarity and cooperation among member countries, strong support from regional and international partners and strong support from the people of our Currency Union.

As we launch the 40th-anniversary celebrations, I congratulate the ECCB on its tremendous achievements to date.

It is your singular duty to tell the world and all the people of the region of your success.

The people of our region will continue to rely on the ECCB as we navigate the ever-changing landscape of financial and economic developments.

We look forward to an exciting year of celebrations.

I now formally declare the commencement of celebrations for ECCB's 40th anniversary.

Let the celebrations begin!

I thank you.