



Eastern Caribbean Central Bank

Perspectives of the ECCB on Navigating the Impact of the COVID-19 Pandemic on the Eastern Caribbean Currency Union

Presented by

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In collaboration with

CARICHAM Chambers of Commerce of the Eastern Caribbean

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“In a crisis, be aware of the **danger** - but recognise the **opportunity**.”

— John F. Kennedy



Roadmap

- ▶ **Key Messages**
- ▶ **SITREP on COVID-19 in the ECCU**
- ▶ **Impact of COVID-19**
- ▶ **Responses to COVID-19**
 - ▶ **Part I: Ensuring Survival**
 - ▶ **Part II: Beyond Survival - Strategies for Socio-Economic Transformation and Resilience**

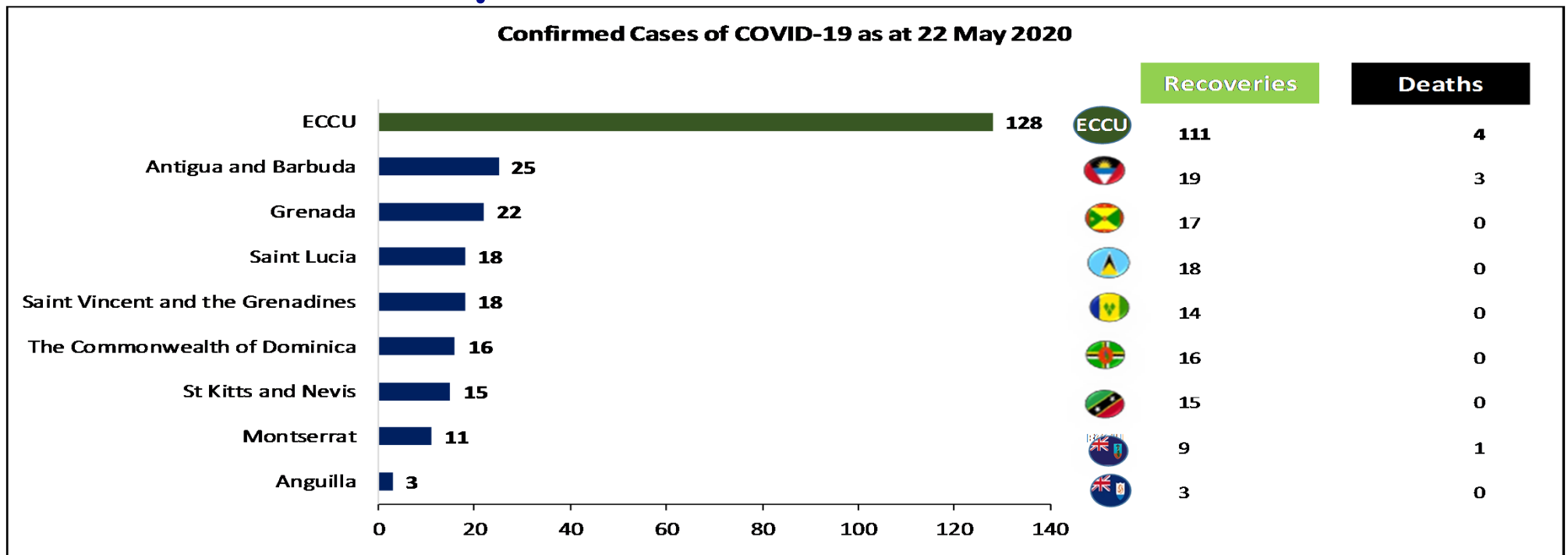


KEY MESSAGES

- ▶ The shape and speed of the recovery from the COVID-19 pandemic remains pregnant with **uncertainty**.
- ▶ **Care and relief packages** have been critical for supporting households and businesses during this economic carnage.
- ▶ The crisis offers an **opportunity to accelerate reforms** for transforming our economies to be more competitive, productive and resilient.



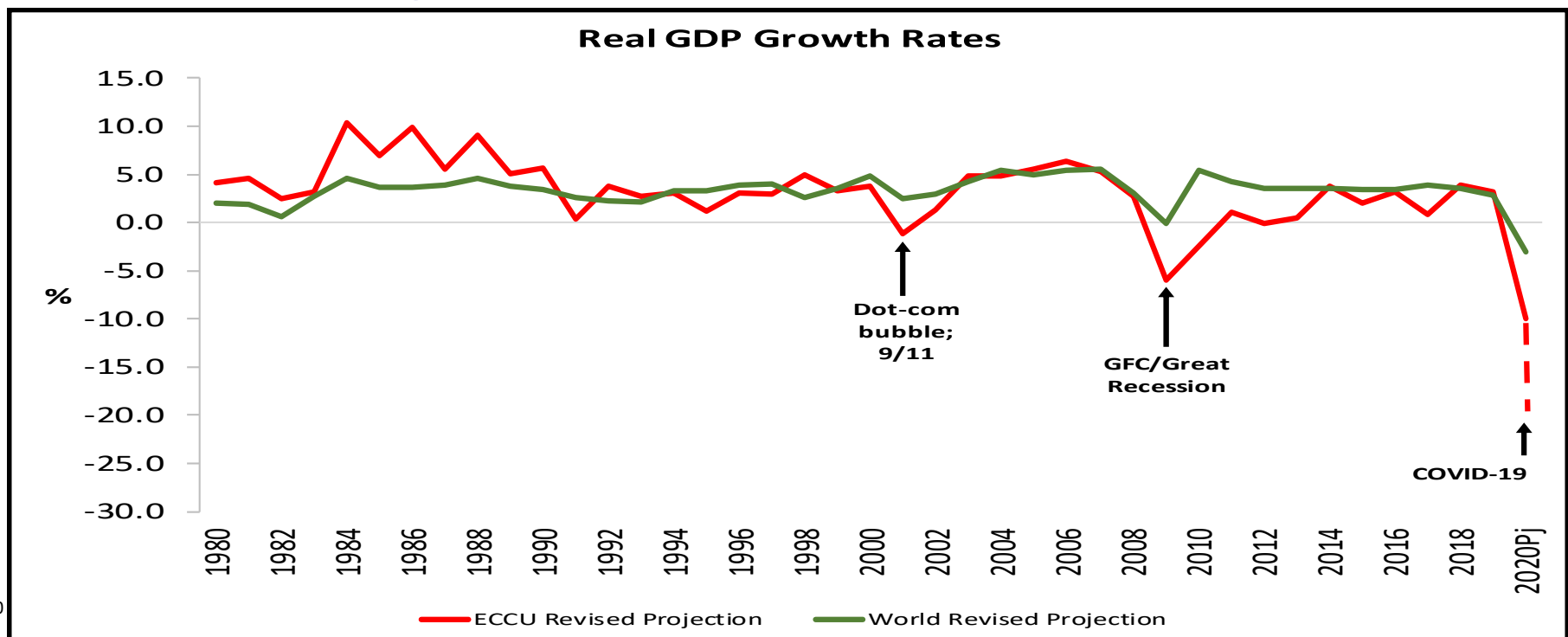
Containment measures have helped to mitigate the health impact of COVID-19 in the ECCU



Source: Special Topic Statistical Bulletin on COVID-19 in CARICOM Countries, Issue 9



Historic Recession brought on by the COVID-19 Pandemic



Sources:
ECCB;
IMF WEO,
April 2020



Impacts have been wide-ranging



**Tourism
is at a
standstill**



**Unemployment
has increased;
possibly up to
50 per cent in
some countries**



**Government
revenues
have
plummeted
by at least
50 per cent**

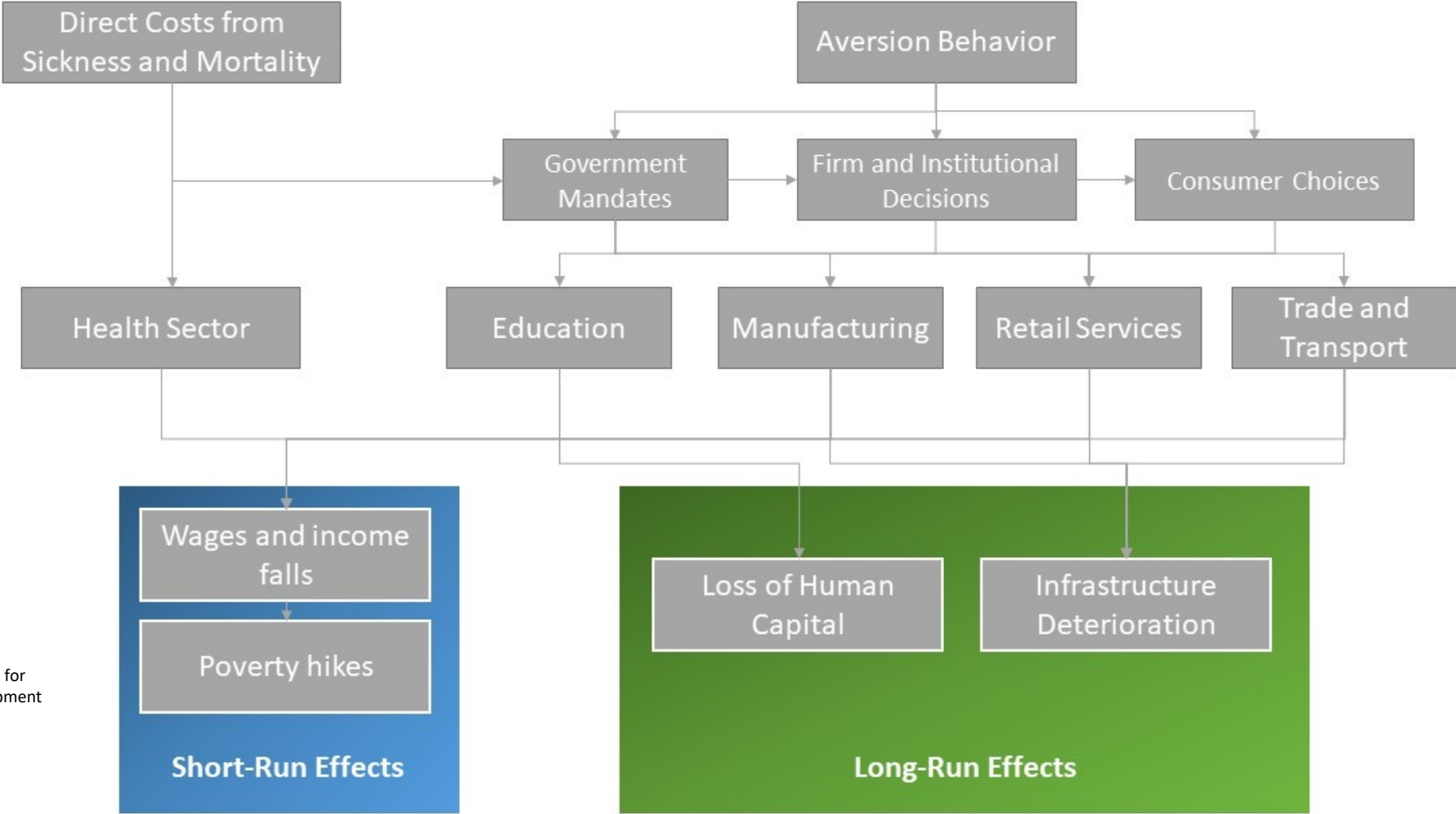


**Foreign
Direct
Investment
inflows are
expected to
decline.**



**Governments'
financing gap
is estimated
to be over
\$2.3 billion**

Channels of Potential Economic Impact of Covid-19



Source: Centre for Global Development



Great uncertainty surrounds the shape of the recovery



“V”- shaped recovery would mean a deep downturn followed by a rapid recovery



“U”- shaped recovery would mean a deep, protracted downturn before recovery



The Nike “swoosh”- shaped recovery would mean a deep downturn followed by a long slow recovery



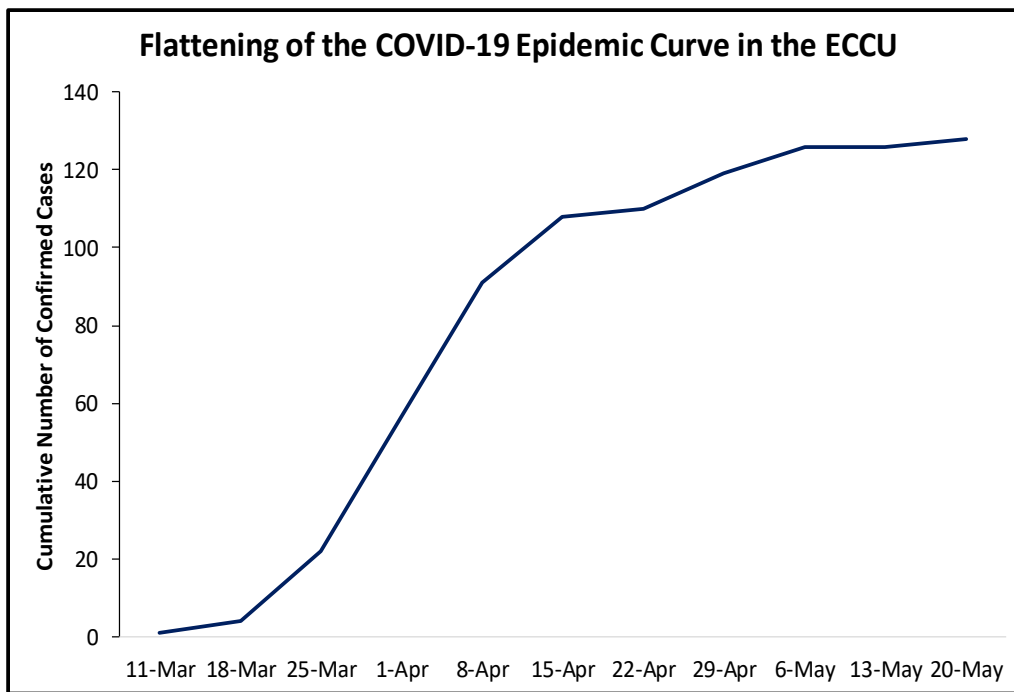
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Ensuring Survival: Strategies for Containment, Care and Relief

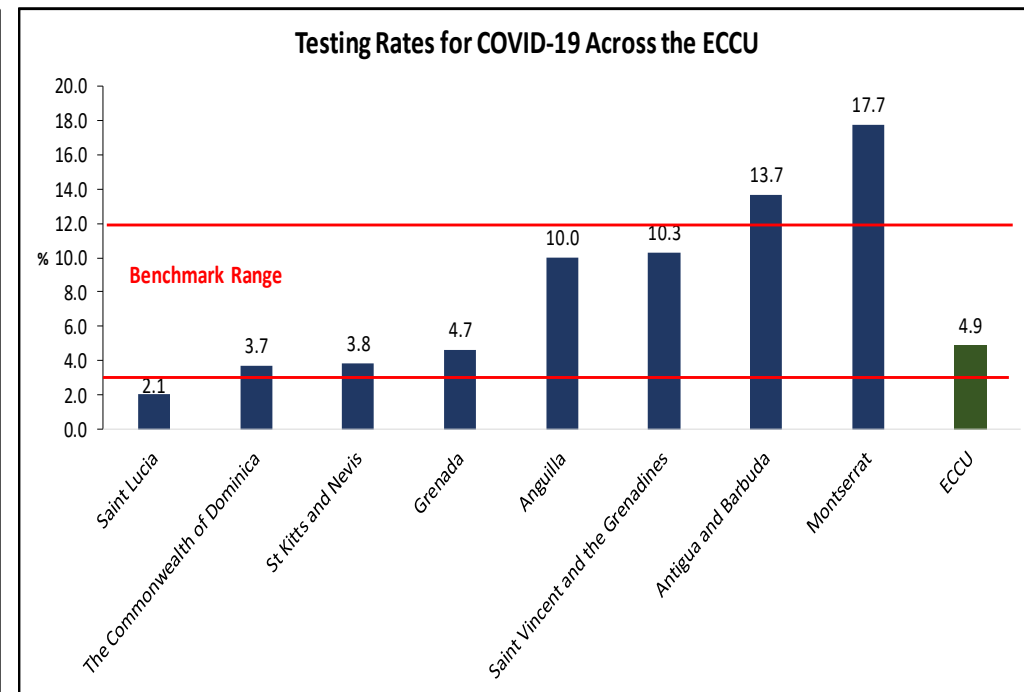




Containment Achieved and Testing Underway in the ECCU



Sources: Worldometer; Countries' news



Sources: Special Topic Statistical Bulletin on COVID-19 in CARICOM Countries, Issue 9; Anguilla data as at 21 May 2020: Anguilla Ministry of Health and Social Development



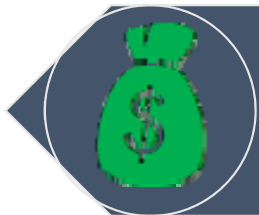
Governments Care and Relief Packages to Save Lives and Livelihoods

- ▶ **Increased health expenditure**
- ▶ **Unemployment support**
- ▶ **Payment Support for electricity bills**
- ▶ **Expansion of social safety nets programmes**
- ▶ **Tax relief**
- ▶ **Financial support to small businesses**

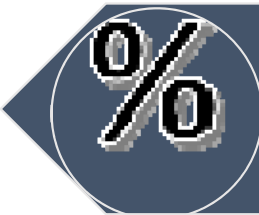


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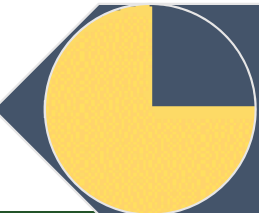
ECCB's Direct Response to Mitigate the Impact of COVID-19



\$4 million grant to member governments



↓ in the discount rate to 2% from 6.5%



↑ in governments' share of ECCB credit to 75% from 60%



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ECCB Support for Regional Response to COVID-19



Advocacy for debt standstill and concessional financing



Support for bankers' 6-month loan moratorium programme



Regulatory guidance to and forbearance for LFIs



Business continuity: deploying telecommuting mode



Support for ECCU Governments

- ▶ IMF facilities (US\$81m)
- ▶ CDB debt service soft loans (US\$43.5m)
- ▶ World Bank soft loans and grants
- ▶ ECCB facilities
- ▶ Other (cash and equipment donations)



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Beyond Survival: Strategies for Socio-Economic Transformation and Resilience





Key Lessons Learned

- ▶ Our health care systems need significant investment especially at the primary level
- ▶ Fiscal and financial buffers are essential
- ▶ Digital tools are a lifeline in this pandemic
- ▶ Diversification of supply chains is necessary
- ▶ Domestic food security is critical
- ▶ Problems without passports require global cooperation
- ▶ Climate resilience must be pursued



“Survival must now be the driver of innovation in the ECCU”

— Timothy N.J. Antoine, ECCB Governor



A Three-point Plan



**Maintain
Exchange
Rate Stability**



**Adopt a
Growth
Mindset**

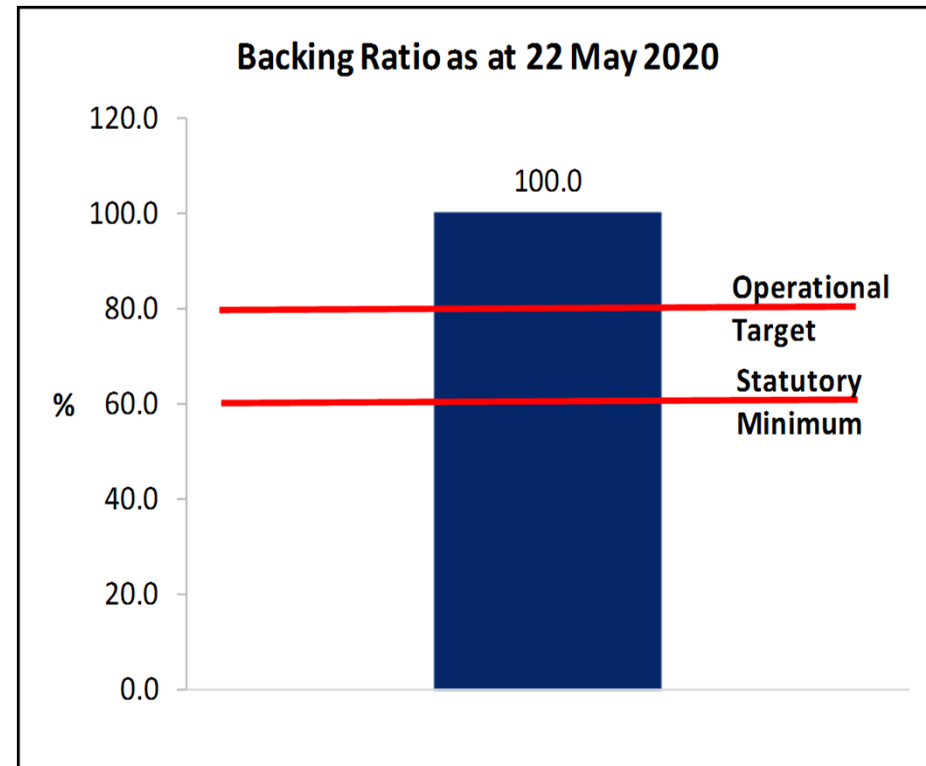
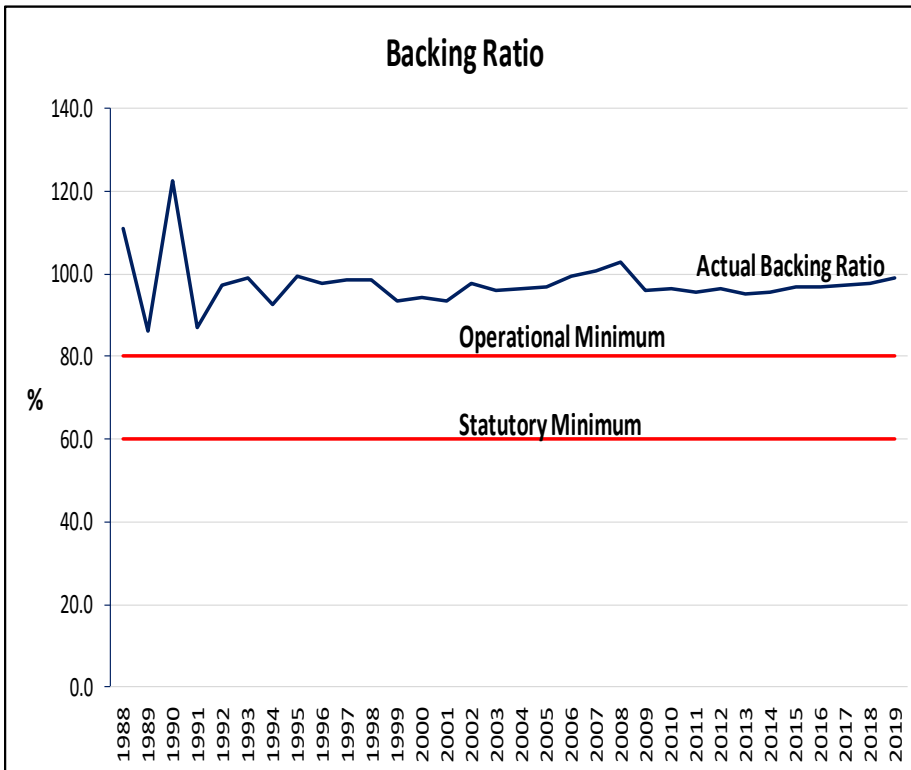


**Accelerate
Reforms to
Transform**



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Support macroeconomic stability for recovery with a stable EC dollar





“When fishermen cannot go to sea, they repair nets.”
— Nabil Sabio Azadi

- ▶ Use this period to prepare for and shape the future:
 - ▶ Invest in health and safety
 - ▶ Expand and upgrade broadband connectivity and strengthen cybersecurity
 - ▶ Train/retool/upskill for the emerging digital economy



The Business of the Customer

“The number one thing that has made us successful, by far, is our obsessive-compulsive focus on the customer as opposed to obsession over the competitor”

- Jeff Bezos, Founder and Chairman, Amazon (Sept 2018)



“When fishermen cannot go to sea, they repair nets.”
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- ▶ **Re-imagine business models**
- ▶ **Position businesses for e-commerce opportunities**
- ▶ **Enhance the enabling environment for businesses in all sectors – not just Tourism**
- ▶ **Set and deliver on some food security targets**



Accelerate Key Reforms and Projects

- ▶ **Launch the Digital Currency Pilot**
- ▶ **Modernise the ECCU Payments System**
- ▶ **Implement the Digital Economy Project**
- ▶ **Triple renewable energy use by 2025**
- ▶ **Accelerate efforts to create a modern credit ecosystem to support MSMEs**
- ▶ **Modernise Eastern Caribbean Securities Market as a tool for investment and wealth creation**

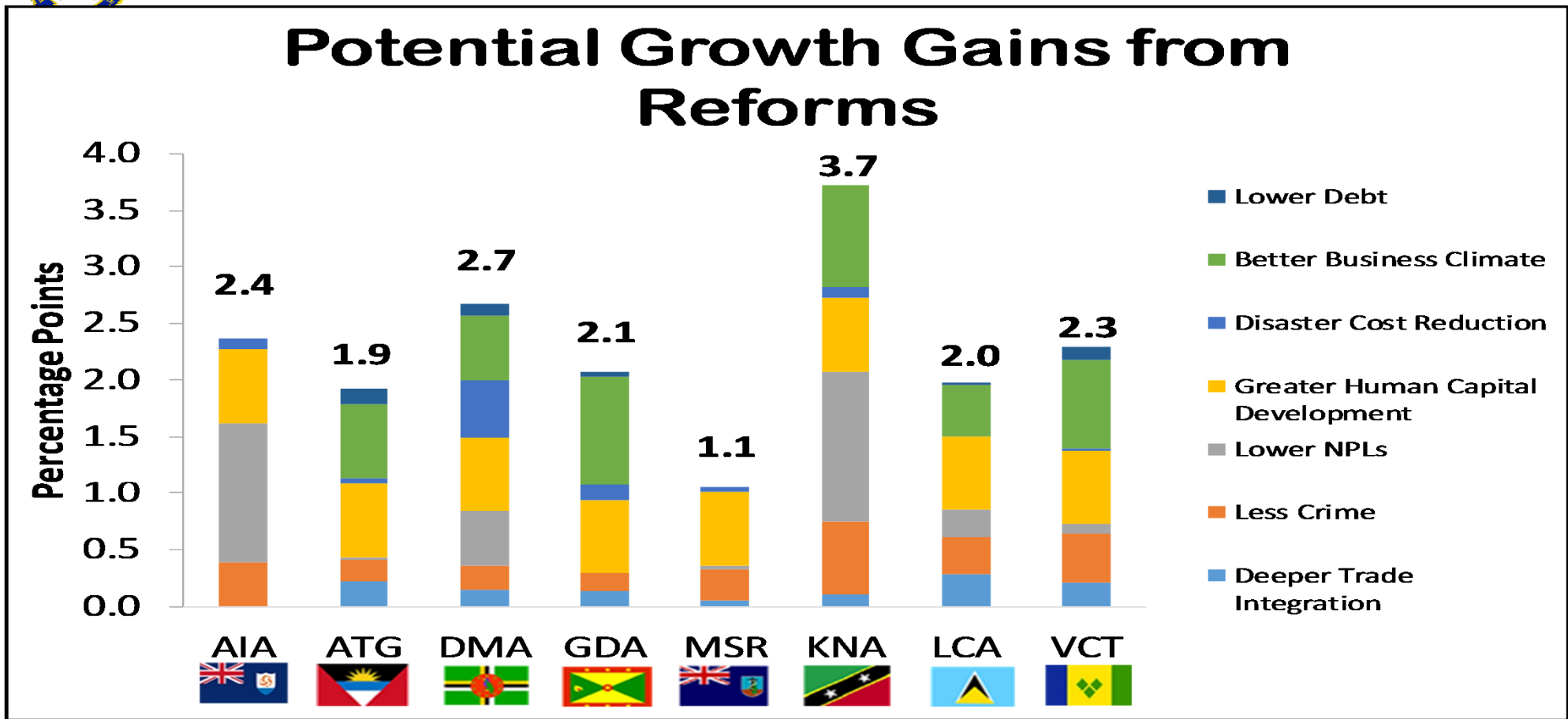


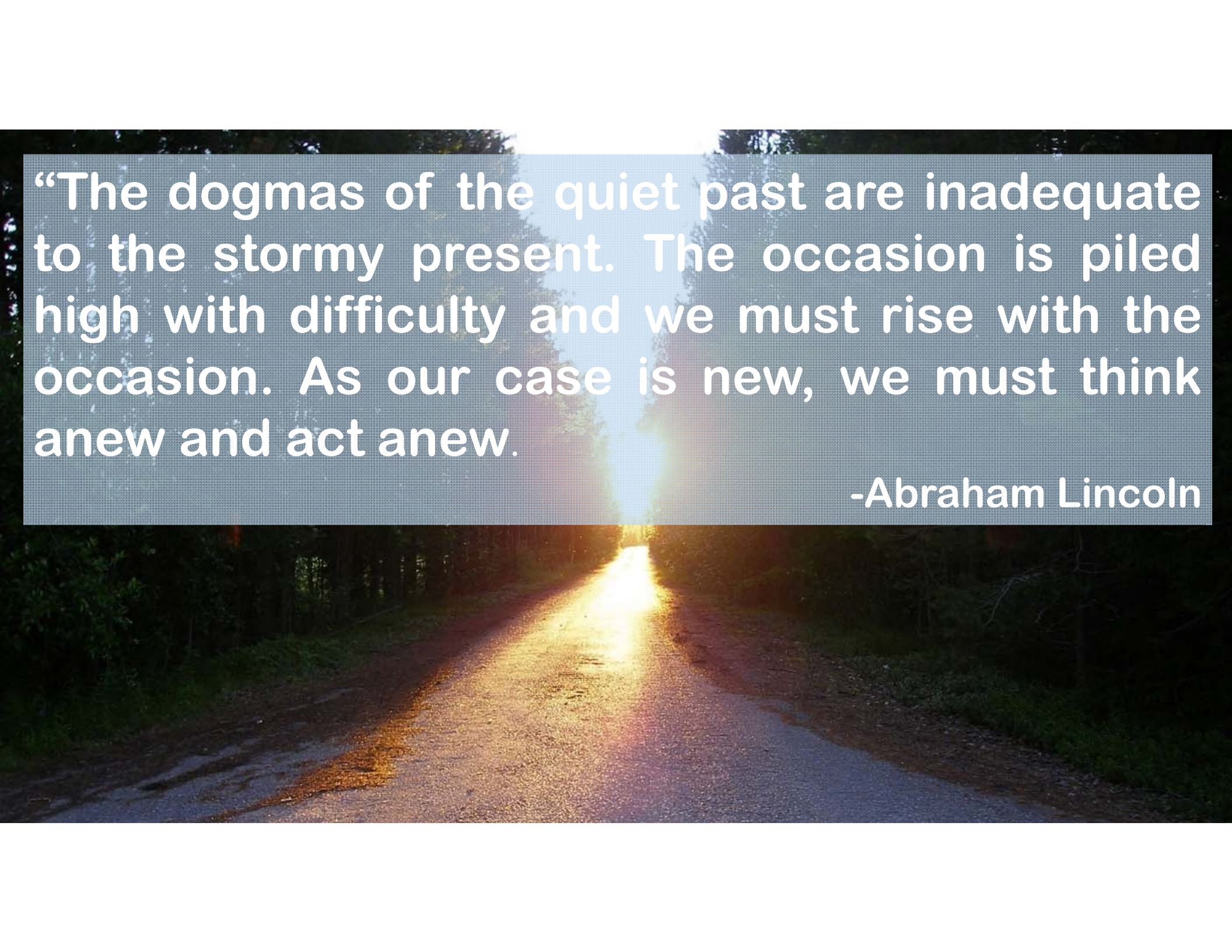
Enabling Legislation Approved by Monetary Council

- ▶ **Credit Reporting Bill (2017)**
- ▶ **Investment Funds Bill (2019)**
- ▶ **Securities Bill (2019)**
- ▶ **Eastern Caribbean Securities Regulatory Commission Revised Agreement (2019)**
- ▶ **Eastern Caribbean Home Mortgage Bank Revised Agreement (2020)**



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“The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty and we must rise with the occasion. As our case is new, we must think anew and act anew.

-Abraham Lincoln



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Thank You!



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