



ADMINISTRATIVE AND MANAGEMENT ARRANGEMENTS OF THE THE EASTERN CARIBBEAN CENTRAL BANK

1 EASTERN CARIBBEAN CENTRAL BANK

The Eastern Caribbean Central Bank was established and is governed by an Agreement between eight (8) nation states made on the 5th July, 1983. The Participating Governments are, Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

2 ADMINISTRATIVE AND DECISION-MAKING FRAMEWORK

PART IV of the Eastern Caribbean Central Bank Agreement (1983) sets out the provisions for the Administration and Management of the Bank.

The Administration and Management arrangements which facilitate the functioning of the Bank can be placed under three (3) specific headings.

- **Governance**
- **Consultation**
- **Networking**

(A) MONETARY COUNCIL

Article 7 (i) provides for the establishment of a Monetary Council consisting of one Minister appointed by each participating Government.

The Council is the highest decision-making body in the institution to which the management of the Bank is ultimately responsible.

Article 7(2) establishes that the Council shall meet not less than twice each year to receive from the Governor the Bank's report on monetary and credit conditions and to provide directives and guidelines on matters of monetary and credit policy.

The Council has agreed to meet three times for the year in January/February, July and October.

The Council's specific decision-making functions are outlined as follows:

Article 17 (2) - declaration of the external value of the currency,

Article 24 (3) - the external reserve backing of the currency,

Article (33) - the maintenance of required reserves, and

Article (34) - interest rate and credit ceilings.

(B) BOARD OF DIRECTORS

Article 8 (1) vests the powers of the Bank in a Board of Directors which shall be responsible for the policy and general administration of the Bank.

Article 8 (3) establishes the composition of the Board as the Governor, Deputy Governor and one Director appointed by each Participating Government.

Article 9 Sections 3, 4 and 5 provide for the appointment and role of the Governor. The Governor is Chairman of the Board and has responsibility for the implementation of policy and the day-to-day management of the Bank.

All major decisions must first be approved by the Board before they are presented to the Council.

Ci BOARD INVESTMENT COMMITTEE

Composition

Governor (Chairman)

Deputy Governor

Managing Director

All Board Members

In attendance: Director, Banking and Monetary Operations Department (BMOD)

Deputy Director – Research,

Senior Director of Audit + 1 Audit Officer

Staff approved by the Governor

Reviews, approves and oversees the implementation of recommendations on the management of the Bank's foreign asset reserves.

Cii POLICY SUB-COMMITTEE

Composition

Governor (Chairman)

Deputy Governor

Managing Director

Board Members:

Director, Grenada

Director, St Lucia

Director, Antigua and Barbuda

Director, Dominica

In attendance: Adviser II, Strategic Planning and Policy Department

Staff approved by the Governor

Deliberates on and provides guidance to Management on the major policy issues: exchange rate, money and credit and financial stability.

Ciii BUDGET AND OPERATIONS SUB-COMMITTEE

Composition

Governor (Chairman)

Deputy Governor

Managing Director

Board Members:

Director, Anguilla

Director, St Kitts and Nevis

Director, St Vincent and The Grenadines

Director, Montserrat

In attendance: Director, Accounting Department.

Staff approved by the Governor

Examines the Bank's Budget and Variance Reports and make recommendations to the Board of Directors.

Reviews recommendations from Management on policies of a financial and operational nature for transmission to the Board of Directors for approval.

Civ AUDIT SUB-COMMITTEE

Composition

Mr Wendell Lawrence, Director, St Kitts and Nevis (Chairman)

Mr Maurice Edwards, Director, St Vincent and the Grenadines

Mr Vincent Placide, Director, Montserrat

Co-ordinator: Senior Director, Internal Audit Department

In attendance: Staff approved by the Governor

Assist the Board of Directors in carrying out their responsibilities as they relate to the organisation's accounting policies, internal controls and financial reporting practices.

Cv PENSION FUND INVESTMENT COMMITTEE

Composition

Deputy Governor (Chairman)

Governor

Board Representative: Director, St Kitts and Nevis

Staff Representatives (2)

In attendance: Staff from Human Resource, Banking and Monetary Operations and Accounting Departments

- Authorises the investment by the Bank of staff and superannuation funds in accordance with the provisions of the Pension Fund Trust Deed and Rules 1992.
- Reviews benefits being paid or payable and makes recommendations to the Board of Directors.
- Authorises the Investment Guidelines and Practices for the management of the Staff Pension Fund.
- Monitors the Pension Fund Performance>Returns.

Cvi PENSION FUND TRUSTEES COMMITTEE

Composition

Governor (Chairman)

Board Members:

Director, Montserrat

Director, St Kitts and Nevis

Staff Trustees (2)

In attendance: Staff from Human Resource Department, Banking and Monetary Operations and Accounting Departments

Ratifies decisions of the Pension Fund Investment Committee.

Administers the provisions of the Trust Deed and Rules of the Pension Scheme.
Periodically reviews the Trust Deed and Rules.
Considers recommendations from the Actuaries.

Di THE SENIOR MANAGEMENT COMMITTEE

Composition

The Governor

The Deputy Governor

The Managing Director

The Senior Adviser, Strategic Planning and Policy Department

The Senior Director, Bank Supervision Department

The Senior Director, Internal Audit Department

This committee deals with policy, operations and administration matters requiring a decision at the highest level of management. It also evaluates and manages institutional risks and receives reports from the Internal Audit Department.

Dii GENERAL MANAGEMENT COMMITTEE

Composition

The Governor

Deputy Governor

Managing Director

Directors and Deputy Directors of Departments

Advisers

This committee meets weekly to consider reports on all critical areas of the Bank's operations including Financial Reports, Currency Reports, a Report on Credit and Market Conditions, and a Liquidity Report.

Diii TECHNICAL COMMITTEES

The four technical committees meet once per month to take decisions which are then ratified by the General Management Committee.

Diii(a) INVESTMENT MANAGEMENT COMMITTEE (IMC)

Composition

Governor

Deputy Governor

Managing Director

Directors and Deputy Directors of Departments

Advisers I and II

Staff of the Investment Unit of the Banking and Monetary Operations Department:

- Give guidance and make recommendations to the Board of Directors on fundamental and technical issues arising from the management of the external reserves.
- Approve changes to investment mandates designed and recommended by the Investment Unit that are within the parameters laid out by the Board of Directors.
- Keep management informed of economic and financial developments that affect the management and/or performance of the external reserve portfolio.
- Provide a forum for discussion on the related issues that affect the performance of the external reserve portfolio over the past month.
- Keep management informed of the performance of the external reserve portfolio.

Diii(b) FINANCIAL INSTITUTIONS REGULATIONS COMMITTEE (FIRC)

Composition

Governor

Deputy Governor

Managing Director

Directors and Deputy Directors of Departments

Advisers I and II

Staff of the Bank Supervision Department

- Reports on local, regional and international financial developments.
- Makes policy recommendations on matters relating to the financial system in the Currency Union.
- Makes recommendations on applications for banking business licences.
- Reports on supervisory and regulatory issues from on-site examinations and prudential meetings for formulating policy decisions.
- Reports on problems identified with specific institutions from early warning systems.
- Discusses proposed areas for strengthening the regulatory and supervisory system of the ECCB area.
- Reviews reports on compliance with laws and regulation.

Diii(c) ECONOMIC & MONETARY POLICY COMMITTEE (EMPC)

Composition

Governor

Deputy Governor

Managing Director

Directors and Deputy Directors of Departments

Advisers I and II

- Keeps Management informed of money and credit as well as economic conditions and prospects.
- Provides a forum for the discussion of research papers on policy issues.
- Assists with the formulation of policy recommendations in relation to money and credit, fiscal policy and structural policies to foster economic development in member countries.

Diii(d) OPERATIONS MANAGEMENT COMMITTEE (OMC)

Composition

Governor

Deputy Governor

Managing Director

Directors and Deputy Directors of Departments
Advisers I and II

- Recommends administrative policies and procedures to improve efficiency in the Bank's operations.
- Discusses and resolves problems encountered in implementing work programmes in the various departments.
- Improves co-ordination of work programme activities across departments.

D(iv) Specialised Committees

(a) Financial Books Committee

Composition

Governor

Deputy Governor

Senior Director, Internal Audit Department

Directors of Accounting, Banking and Monetary Operations, and Currency Management

This Committee meets weekly to discuss movements on the Bank's balance sheet, income statement and external and domestic liquidity and issues arising therefrom.

(b) Monetary Policy Advisory Committee

Composition

The Governor

The Deputy Governor

The Senior Adviser, Strategic Planning and Policy Department

The Senior Directors, Internal Audit and Bank Supervision Departments

The Policy Advisors

Directors of Research, Financial and Enterprise Development, Banking and Monetary Operations, Currency Management, and Corporate Relations Departments.

- Co-ordinates the policy issues and agendas for meetings of the Board of Directors, Monetary Council and Statutory and Networking Committees.
- Serves as a forum to discuss technical issues that require urgent decisions.

(c) Other Management Committees

Other committees meet regularly to deal with such matters as **Business Continuity, Security and Training.**

(E) ORGANISATIONAL STRUCTURE OF THE BANK

The organisational structure of the Bank has three dimensions.

- (i) The Governor’s Office, the Internal Audit Department and the Strategic Planning and Policy Department which report directly to the Governor.**
- (ii) The Policy and Operations Departments which report to the Deputy Governor.**

These are:

- Research Department
- Bank Supervision Department
- Financial and Enterprise Development Department
- Banking and Monetary Operations Department
- Currency Management Department

(iii) The Administration Departments which report to the Managing Director.

These are:

- Corporate Relations Department

- Human Resource Department
- Accounting Department
- Management Information Systems Department
- Support Services Management Department.

The Bank also has **Agency Offices** in each member country outside of its Headquarters.

3. CONSULTATION

Consultation refers to the interaction of the Central Bank with the Ministries of Finance, the Commercial Banks and the Private Sector. Given the multinational character of the Bank's arrangements, these interfaces establish a framework for ensuring the effective coordination of the Bank's activities throughout the Currency Union. The three consultative arrangements are:

- (a) A formal meeting with officials of the Ministries of Finance which also serves as a Regional Debt Coordinating Committee for the Currency Union.
- (b) A formal meeting with representatives of the commercial banking community which also functions as the Payments Council for the Currency Union.
- (c) A formal meeting with representatives of the Private Sector.

4. NETWORKING

Networking refers to the wide range of relationships which the Bank has at the Currency Union level, the regional level, and the international level.

These arrangements involve the following bodies:

(a) At the Currency Union Level

- (i) OECS Secretariat
- (ii) Accountants General, Budget Directors, Directors of Audit, Comptrollers of Inland Revenue and Customs, Attorneys General
- (iii) Departments of Planning and Statistics
- (iv) Social Security Schemes, Development Banks, Private Sector
- (v) Regulators of Domestic Banking, Offshore Banking, Insurance, Credit Unions, Securities Markets.

(b) At the Regional Level

- (i) Caribbean Development Bank
- (ii) CARICOM Secretariat
- (iii) University of the West Indies
- (iv) United Nations Development Programme Regional Office
- (v) United Nations Economic Commission for Latin America and the Caribbean

(c) At the International Level

- (i) International Monetary Fund
- (ii) World Bank
- (iii) Investment Managers
- (iv) Global Custodian

EASTERN CARIBBEAN CENTRAL BANK

ADMINISTRATION AND DECISION-MAKING FRAMEWORK

