Fellow citizens of the ECCU, you may recall that the ECCB launched its inaugural Strategic Plan: “Transforming the ECCU Together” in October 2017. The Bank is now fully immersed in the daily and hard work of execution.

As per our statutory obligation, we are pleased to share the 2018-2019 ECCB Annual Report.

This Report is an important instrument of accountability to the people of the ECCU and our external stakeholders - a key tool to share results on the Bank’s performance and prospects.

The 2018/2019 fiscal environment in which the Bank operated was much more benign than the previous year, when several ECCU countries were battered by unusually strong hurricanes. While we count ourselves blessed to have been spared adverse weather developments, we must remain laser-like in our focus to build resilience and reduce our vulnerability to natural disasters and external shocks.

Despite the relatively fair weather during the financial year 2018/2019, the global economic environment was less pleasant. In 2018, the global economy began to show signs of losing steam, with growth estimated by the International Monetary Fund (IMF) to be 3.6 per cent, down from 3.8 per cent for the previous year. That notwithstanding, the Currency Union achieved a significant improvement in its growth performance relative to the previous year, as post-hurricane recovery and reconstruction efforts continued apace. Real growth in the ECCU is estimated to have been 3.3 per cent in 2018, compared with 1.4 per cent in 2017. While the performance is encouraging, we recognise that it still falls short of the 5.0 per cent long-term growth target that is required to help accomplish socio-economic transformation of our member countries.
In 2018/2019, our efforts under each of the five goals of the Strategic Plan bore some fruit.

At the ECCB, we never lose sight of our core mandate, which is to maintain a strong and stable dollar. Our foreign reserves continue to grow. At the end of the financial year, our backing ratio stood at 99.5 per cent, far exceeding the statutory requirement of 60.0 percent.

Even as we continued to our strong EC dollar policy, we embarked on an innovative initiative with the launch of our Digital Currency Pilot Project. With this initiative, we will create a digital version of the EC Dollar - dubbed DXCD. This development has the potential to reduce our use of physical cash; enhance payments system efficiency and financial inclusion and harden our financial system against crime including, money laundering. Furthermore, the recently revived Eastern Caribbean Payments Council has endorsed a road map for the modernisation of the payment system in the ECCU.

In respect of our push to ensure a strong, diversified and resilient financial sector, the Bank continued the rollout of its risk-based supervisory framework. Furthermore, the Bank advocated for extensive legislative reform in several areas. The process of amending legislation to transfer responsibility for Anti-Money Laundering/Combatting the Financing of Terrorism (AML/CFT) regulation for entities licensed under the Banking Act to the ECCB continued. The ECCB is now named as the AML/CFT regulator in St. Vincent and the Grenadines, Antigua and Barbuda and Grenada. Progress was also made in the enactment of the Credit Reporting Bill. This Bill has now been passed in Grenada, St. Vincent and the Grenadines, Antigua and Barbuda and St. Kitts and Nevis. The Credit Bureau is a critical component of our programme to help address elevated credit risk in the financial system.

With regard to our objective to be the advisor of choice to member governments in respect of fiscal and debt sustainability, the Bank provided member governments with advisory support and capacity building. The Bank also conducted an Investor Relations Programme as part of efforts to further develop the Regional Government Securities Market (RGSM). We wish to recognise the progress being made by our member governments towards the debt target of 60.0 per cent of GDP by 2030. As at the end of 2018, the ECCU Debt-to-GDP ratio stood at 67.9 per cent, the lowest it has been since 2000, when it was last below the 70.0 per cent mark. The ECCB also continued its advocacy with the IMF and The World Bank for the inclusion of disaster-linked clauses in sovereign debt contracts as part of building resilience in the Caribbean.
In terms of enhancing organisational effectiveness, our Bank engaged in some deep introspection to identify areas for improvement so that it may better serve the Currency Union. The outcome of that internal assessment, conducted through a human resource (HR) consultancy, is an HR Strategy. We have now commenced implementation. To strengthen the policy work of the Bank and help nurture our research talent, we have recruited a Chief Director (Policy), a newly created position.

On the financial side, the Bank’s delivered a net profit of $32.7 million more than tripling the result of the previous financial year.

Looking ahead, the ECCU growth for 2019 and 2020 is projected to be around 3.5 per cent. Attaining the 5.0 per cent growth goal requires faster progress on several structural reforms including, improving the business environment, modernising our payments system, developing 21st century skills, more flexible labour markets and increased use of renewables in our energy mix.

The new financial year 2019/2020 will see us forging ahead with ongoing and new initiatives under the Strategic Plan with a focus on continuing our modernisation thrust. We will pursue the following:

**Monetary Stability**
- Maintain high levels of foreign reserves;
- Enhance security and durability of EC notes through the issue of polymer notes; and
- Implement the DXCD Pilot Project.

**Financial Stability**
- Accelerate implementation of Basel II/III;
- Strengthen the AML/CFT framework across the ECCU;
- License a credit bureau operator for the ECCU; and
- Advance work on the macro-prudential framework especially for systemically important financial institutions.

**Fiscal and Debt Sustainability**
- Continue to offer advisory and capacity building support to member governments;
- Continue advocacy for disaster-linked clauses in sovereign debt instrument; and
- Deploy the ECCU Public Debt and Market Information webpages.

**Growth, Competitiveness and Employment**
- Operationalise the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC);
- Continue payment system modernisation; and
- Support the development of a Digital Economy Project for the ECCU in collaboration with the World Bank.
Organisational Effectiveness

- Continue to implement the recommendations of the HR Strategy;
- Launch an Emerging Leaders Programme to prepare our next generation of leaders at the Bank;
- Complete Phases I and II of the Greening of the ECCB Campus Project;
- Complete Phase II of our SAS Project to enhance our statistical capacity and provide support for conducting policy-relevant research; and
- Deliver thoughtful and influential policy advice through publication of an ECCU Policy Handbook.

Though the task of socio-economic transformation may, at times, seem daunting and our agenda never-ending, the Bank is energised and will press forward.

On behalf of the Bank, I hereby express appreciation for our many partners across the region and around the globe. Your partnership was indeed welcomed.

I wish to hail the support that the Executive and Management of the Bank continue to receive from the Monetary Council and Board of Directors. I am grateful for the assistance of my colleagues on the Executive Committee - the Deputy Governor and the newly minted Chief Director (Policy). I am thankful for the hard work of our staff who have answered the call to serve the people of the Currency Union at this time in our history.

I remain humbled by the honour to serve our region in this capacity.

We look forward to even greater progress in financial year 2019/2020.