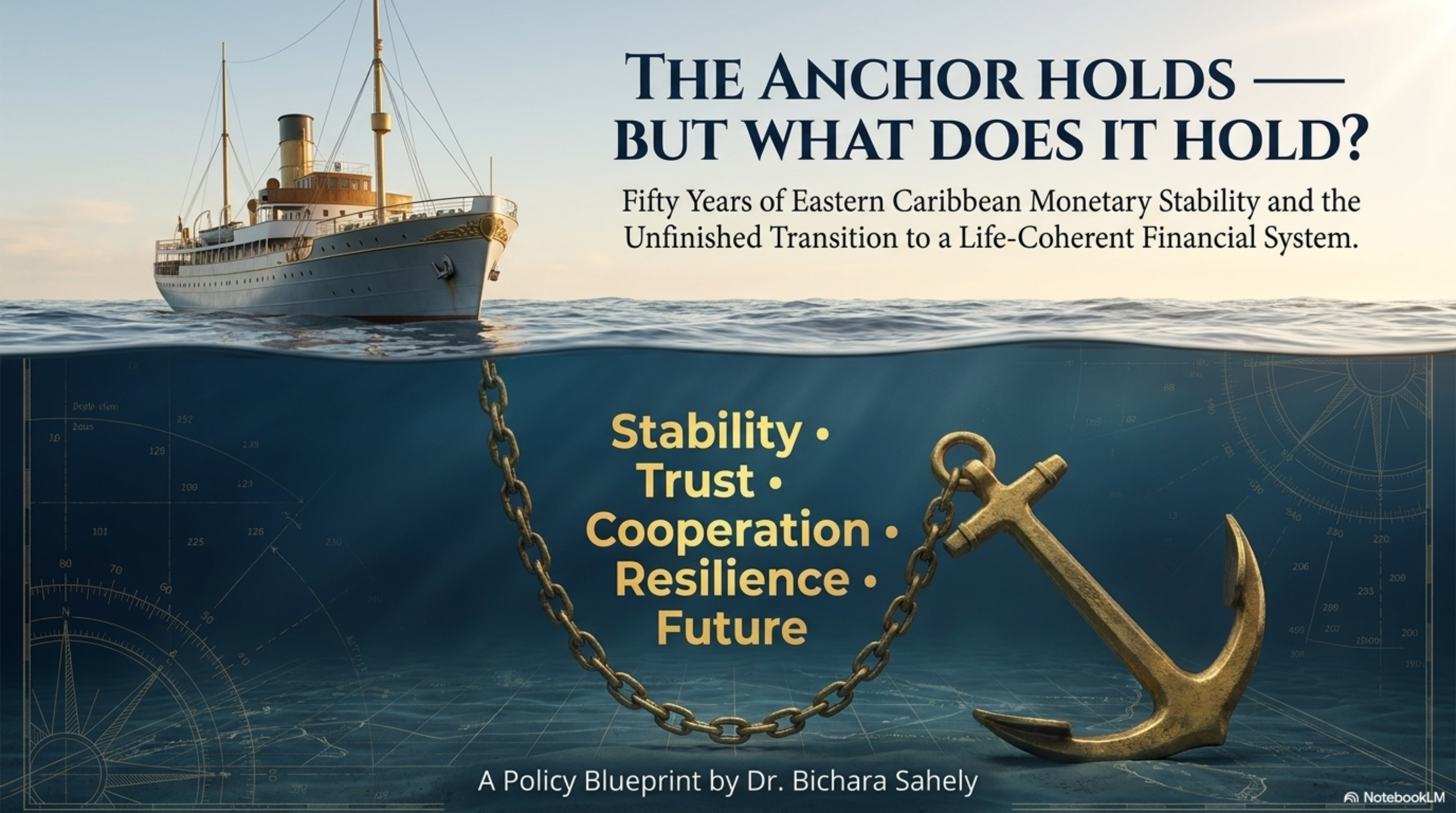


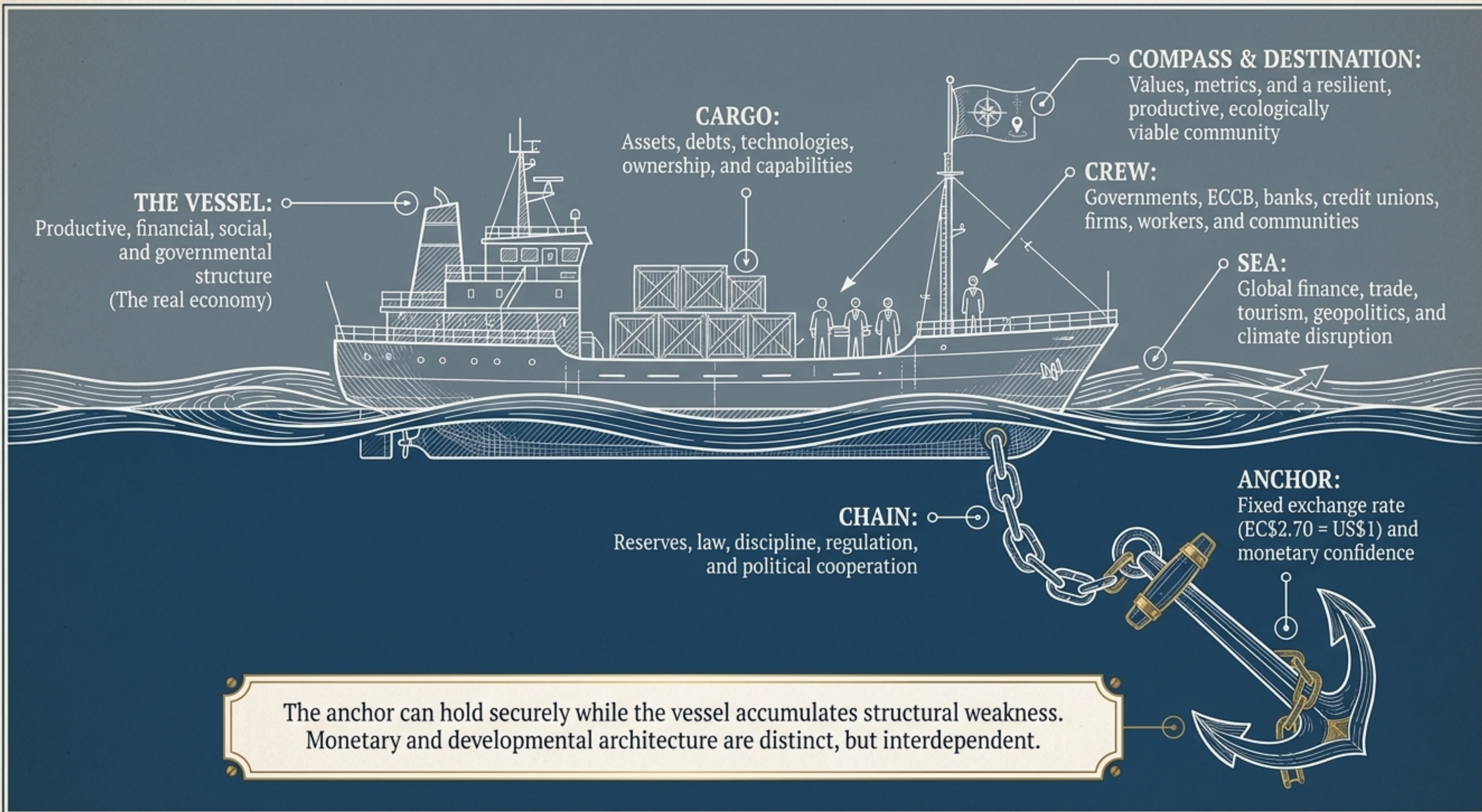
THE ANCHOR HOLDS — BUT WHAT DOES IT HOLD?

Fifty Years of Eastern Caribbean Monetary Stability and the
Unfinished Transition to a Life-Coherent Financial System.



**Stability •
Trust •
Cooperation •
Resilience •
Future**

A Policy Blueprint by Dr. Bichara Sahely



The Reserve Backing

Statutory Floor: **60%**

Actual Reported Ratio (Mar 2025): **97.01%**

1950



1950

British Caribbean
Currency Board
(Imperial order)

1965



1965

Eastern Caribbean
Currency Authority
(Regional shift)

7 Jul 1976



7 Jul 1976

US-dollar peg
(EC\$2.70 = US\$1)

1 Oct 1983



1 Oct 1983

Eastern Caribbean
Central Bank
(Treaty-based
multinational
central bank)

2011



2011

OECS Economic
Union
(Single economic
space)

2026



2026

Fifty years at
anchor

The Eastern Caribbean monetary union is an exceptional regional civil commons. It has protected convertibility and payment continuity across eight highly vulnerable small jurisdictions through recurrent global shocks.

The Paradox: Stability Coexisting with Vulnerability



MONETARY STABILITY

- Confidence, convertibility, reserve adequacy, payment continuity, price stability.

Current State

Strong macroeconomic anchor.
Reliable payments.
Secure external backing.



DEVELOPMENTAL SUFFICIENCY

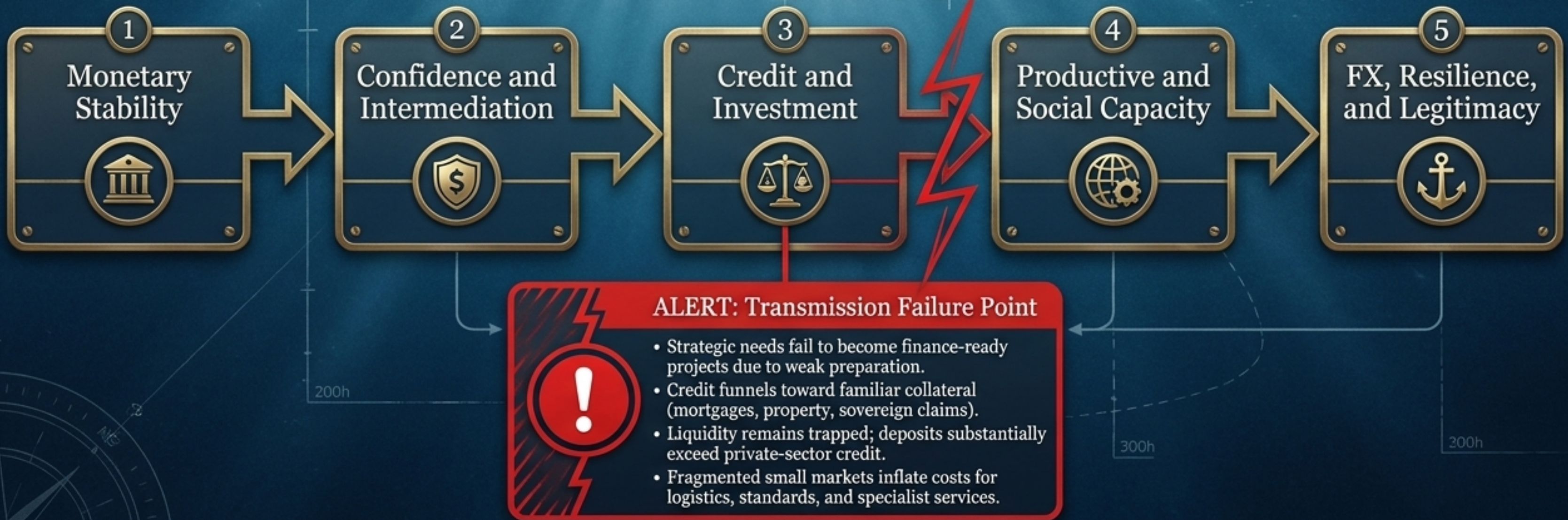
- Productive capability, inclusion, resilience, ecological viability, collective agency.

Current State

Public debt near 75% of GDP.
10.6% current-account deficit (est. 2025).
High import and tourism dependence.
Fragmented transport and logistics.

Financial claims can be maintained temporarily through refinancing or external inflows, but over the long term, they depend upon real income, production, foreign exchange, and trust.
The monetary architecture is complete; the developmental architecture is not.

The Transmission Mechanism and the Development Break



The binding constraint is often not the absence of money, but the weakness of the institutional conversion chain. A need must become a defined, structured, and risk-allocated project before savings can finance it.

The Synthesis: Life-Coherent Finance



Life-Coherent Finance: A system in which money, credit, debt, and investment are created, allocated, priced, and governed toward protecting and enlarging life-capacities without transferring intolerable costs to other persons, territories, ecosystems, or future generations.

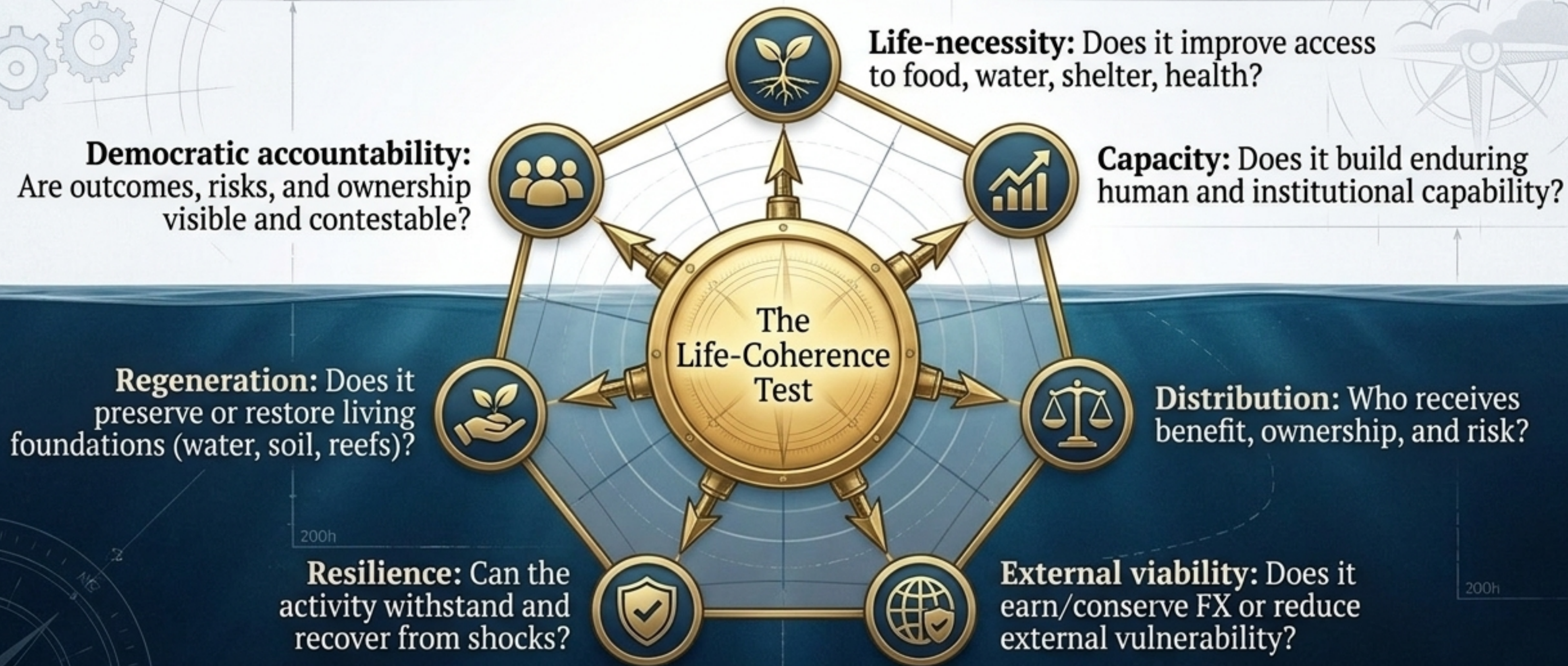
• The Supporting Framework •

Debt is coherent when the future receives capacity commensurate with the obligation.

Equity is coherent when investors carry genuine downside and leave productive capability behind.

Guarantees are coherent when they address defined market failures and purchase measurable public value.

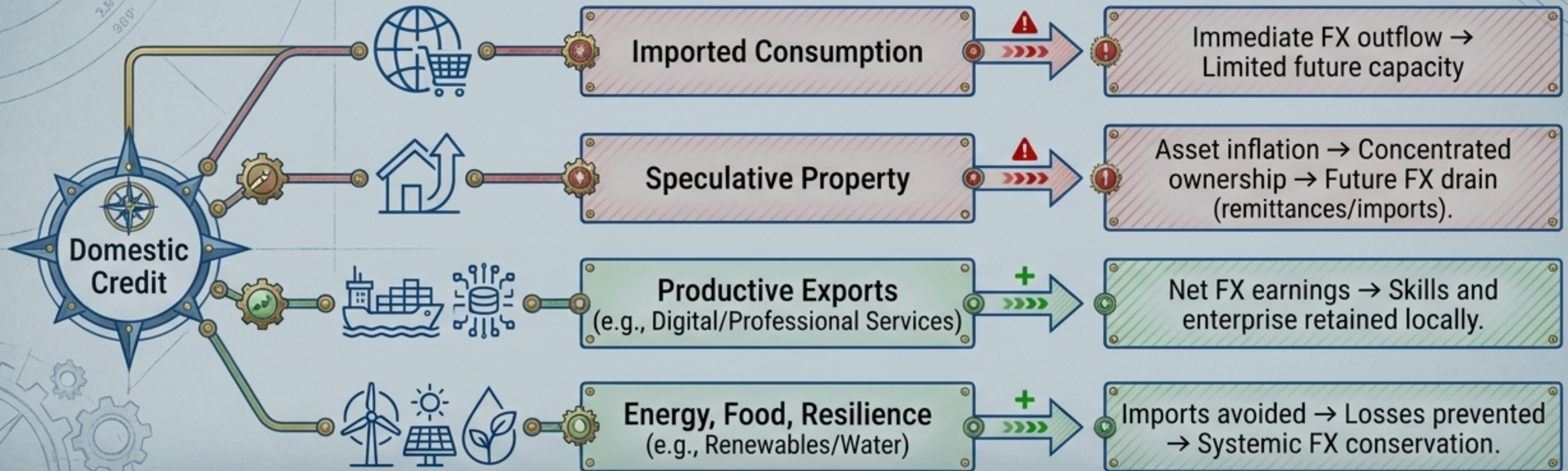
The Seven-Part Life-Coherence Test for Finance



These tests are not a weighted index. Some failures are red lines. An essential social service should not be rejected purely for lacking FX earnings, nor should severe ecological harm be offset by high employment.

The External Constraint: Foreign-Exchange-Aware Development

FX Lifecycle Matrix

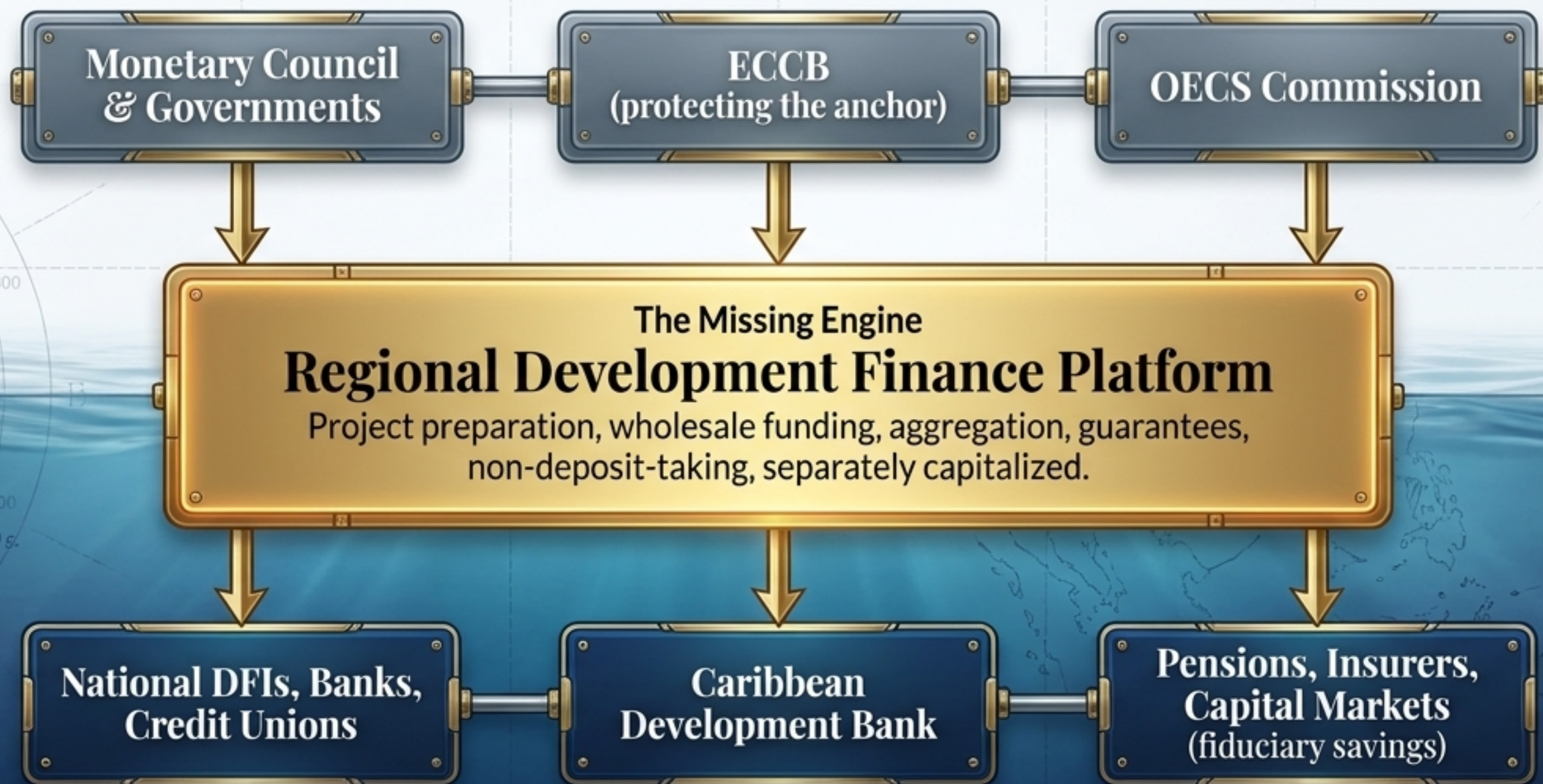


vessel

anchor

Under a fixed peg, **domestic credit cannot substitute for external resources**. Every major project requires an FX Lifecycle Statement capturing imported capital, operating imports, displaced imports, and profit remittances. Gross tourism receipts often obscure high import leakage.

The Blueprint: A Layered Architecture for Regional Development



The ECCB must strengthen infrastructure without becoming an unrestricted development treasury. The new Platform acts as the translation layer, converting strategic needs into financeable assets.

The Mobilization Engine: Routing Fiduciary Savings to Productive Assets

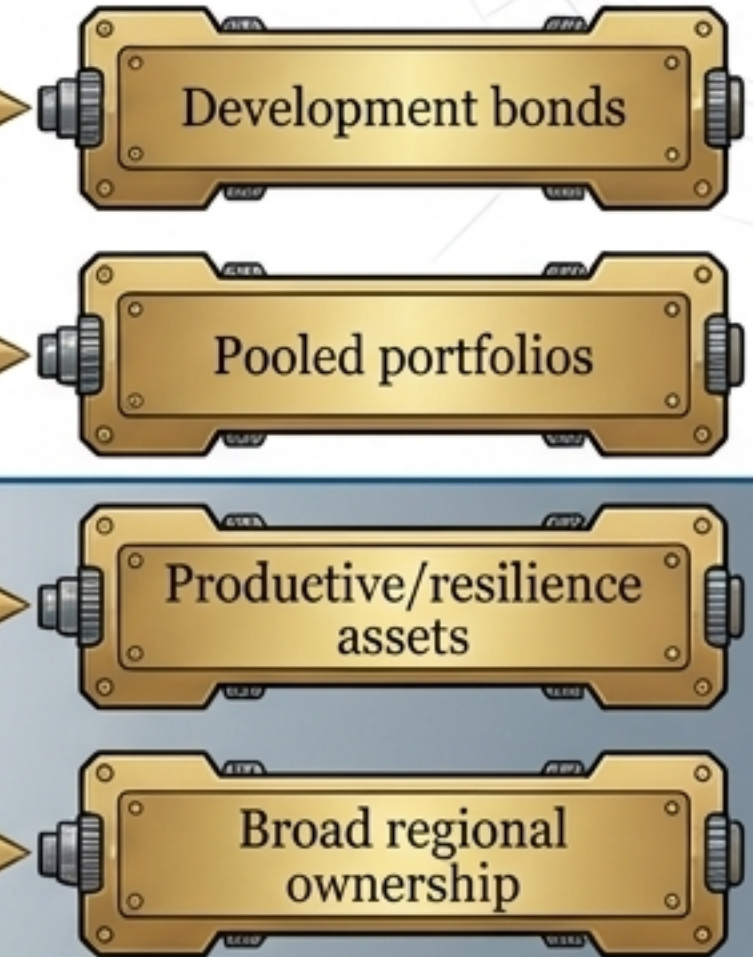
Inputs - Disconnected Pools



Savings Funnel

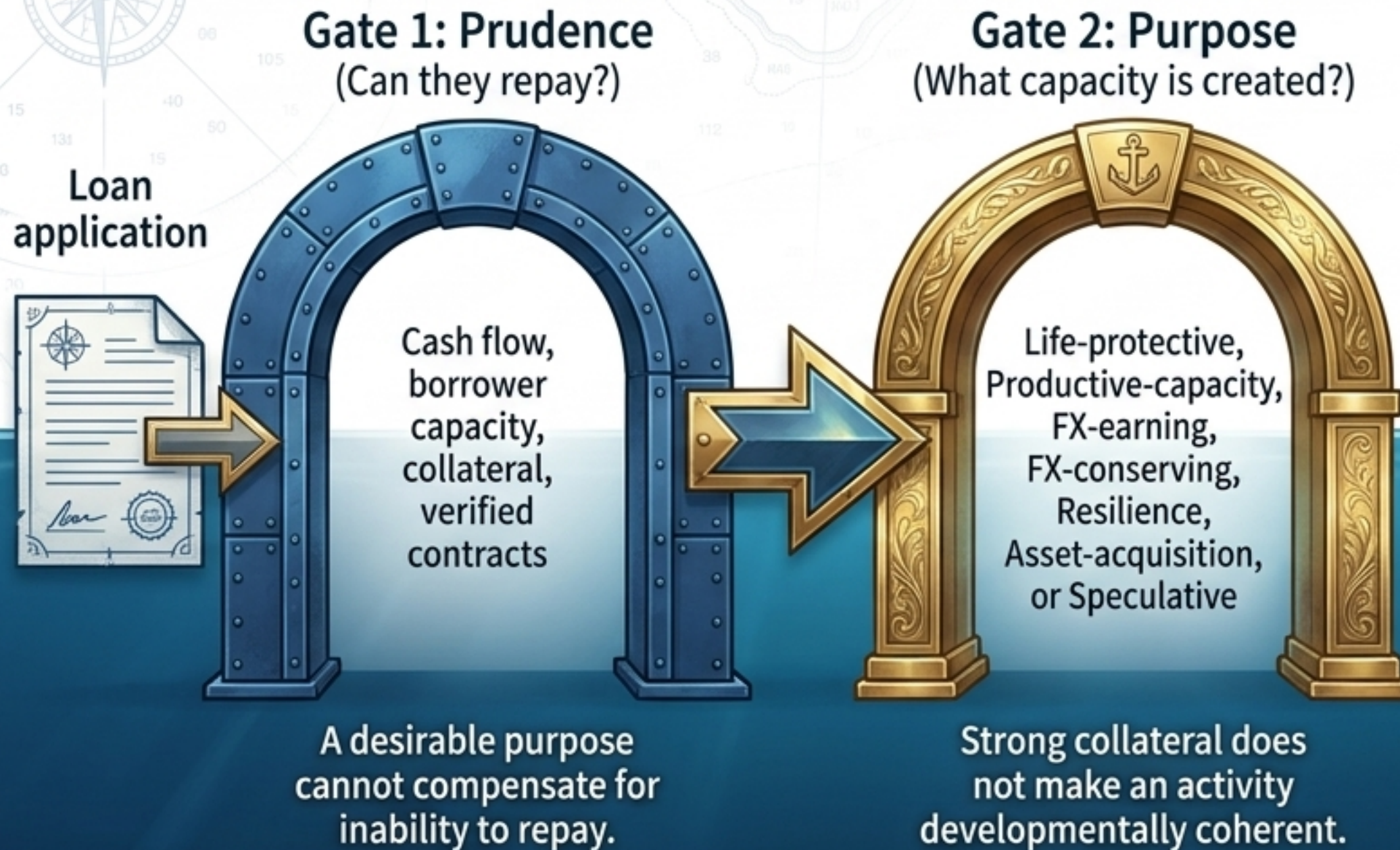


Outputs - Investable Assets



Deposits belong to customers; pension assets to beneficiaries. The objective is not compulsory localization, but creating transparent, well-governed regional assets (e.g., development-platform bonds, resilient-mortgage portfolios) that fiduciaries can choose voluntarily without sacrificing protection.

Purpose-Governed Credit & Taxonomy



Taxonomy Alignment Checklist

- ☐ Substantial contribution to life-capacity objective
- ☐ No intolerable counter-harm
- ☐ Minimum social/ecological safeguards
- ☐ Transparent evidence

Taxonomy eligibility is not creditworthiness, and creditworthiness is not proof of public value. Transitional status must have a baseline, milestones, and a sunset—not indefinite ambiguity.

The Compass: The Anchor-and-Purpose Dashboard

Panel A: The Anchor (Monetary Credibility & Integrity)



Is the currency secure?
(Backing ratio, import coverage, inflation)



Are institutions sound?
(Capital, liquidity, non-performing loans)



Is fiscal debt compatible?
(Debt service, arrears, contingent liabilities)

Panel B: The Purpose (Life-Capacity & Resilience)



Life-Necessity: Water reliability, food security, housing burden.



Capacity & Distribution: Enterprise survival, ownership, median income.



External Viability: Net FX yield, export diversification.



Regeneration & Accountability: Ecosystem trends, beneficial ownership transparency.

Key Insight: Avoids metric overload. Rejects single-index scoring where a strong reserve position mathematically “cancels out” unsafe water or a collapsing reef.

The Guardrails: Governance and Anti-Capture

Capture is broader than bribery—it is the sustained **distortion of institutional purpose** by **political, professional, or private networks**.

The Minimum Governance Package



Strict Separation: Strategy/approval must be separate from risk, audit, and evaluation. Project preparers cannot approve their own financing.



True Transparency: Verified beneficial ownership disclosure for all material finance, contracts, and concessions.



Open Registers: Public tracking of major transactions, guarantees, and tax expenditures.



Independent Remedy: Protected whistleblowing, accessible complaints, and mandatory public management responses to evaluation failures.



No Directed Lending: Political authorities determine mandates and capital; they do *not* select individual borrowers.

The Roadmap: A Sequenced Transition Under Load



Phase 1: Foundation (2026–2027)

Transition compact,
governance standards,
project preparation
facility, baseline dashboard

*Gate: Common definitions,
operating gateway*



Phase 2: Demonstration (2028–2030)

Legally separate platform,
2-3 pilot windows,
ECPCGC strengthening

*Gate: Independent 2030
review of additionality and
FX outcomes*



Phase 3: Integration (2031–2035)

Scale successful windows,
development bonds,
regional productive
commons

*Gate: Evidence of
functioning assets and
credible risk allocation*



Phase 4: Maturity (2036+)

Deepen regional
ownership,
intergenerational funds,
complete statistical
commons

**Rules before privileges. Pipeline before fund.
Governance before capitalization. Evidence before scale.**

The Next 50 Years: A Vessel Capable of the Journey

By 2076, the centenary of the peg must be evaluated by more than the continuity of the exchange rate. It will be measured by deeper productive diversification, reliable regional infrastructure, broader household ownership, and ecological systems treated as irreplaceable capital.



The first historic achievement was to build and hold the anchor. The next is to ensure that the vessel it secures is capable of carrying all the peoples of the Eastern Caribbean toward a viable future.