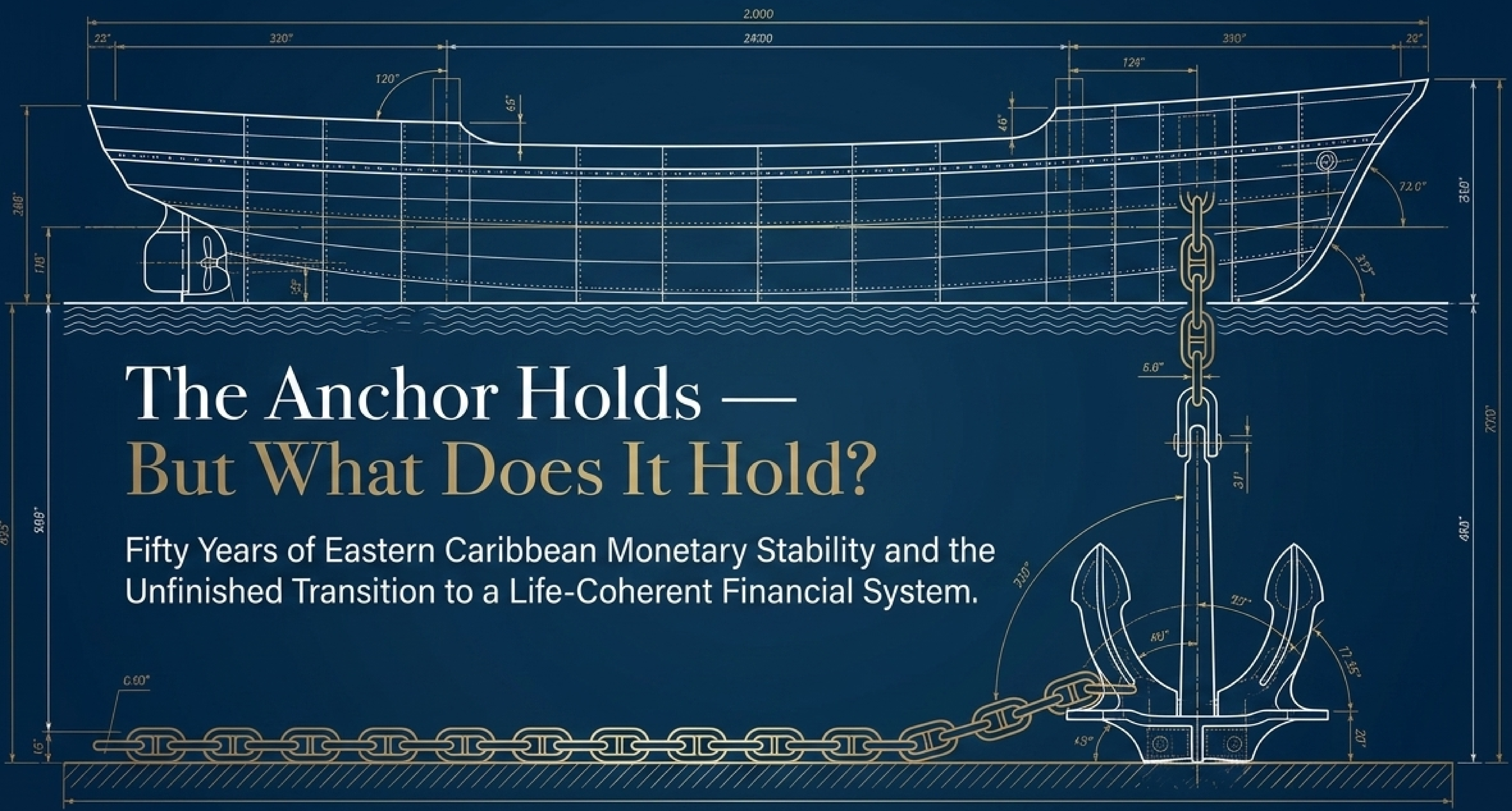
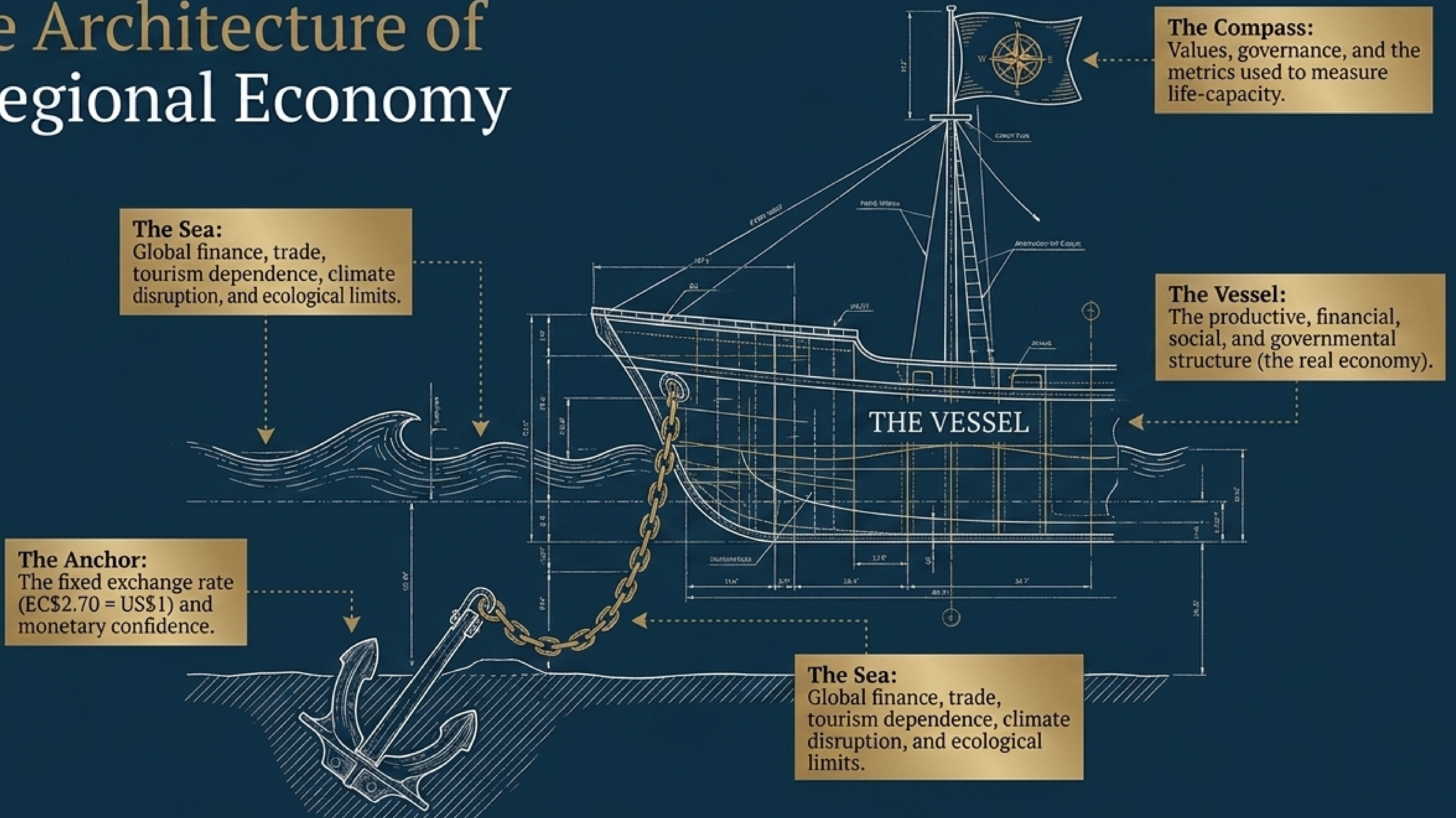


The Anchor Holds — But What Does It Hold?

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

A Blueprint for the Next Half-Century | 1976 – 2026

The Architecture of a Regional Economy



A Fifty-Year Constitutional Achievement

The **Eastern Caribbean currency** arrangement is an exceptional regional civil commons. Since July 7, 1976, the EC dollar has maintained a fixed peg despite hurricanes, global recessions, and commodity shocks.

1950	**1965**	**7 Jul 1976**	**1 Oct 1983**	**2011**	**2026**
British Caribbean Currency Board	Eastern Caribbean Currency Authority	US-dollar peg EC$2.70 = US$1	Eastern Caribbean Central Bank	OECS Economic Union	Fifty years at anchor

EC$2.70

Fixed to US$1 for 50 uninterrupted years.

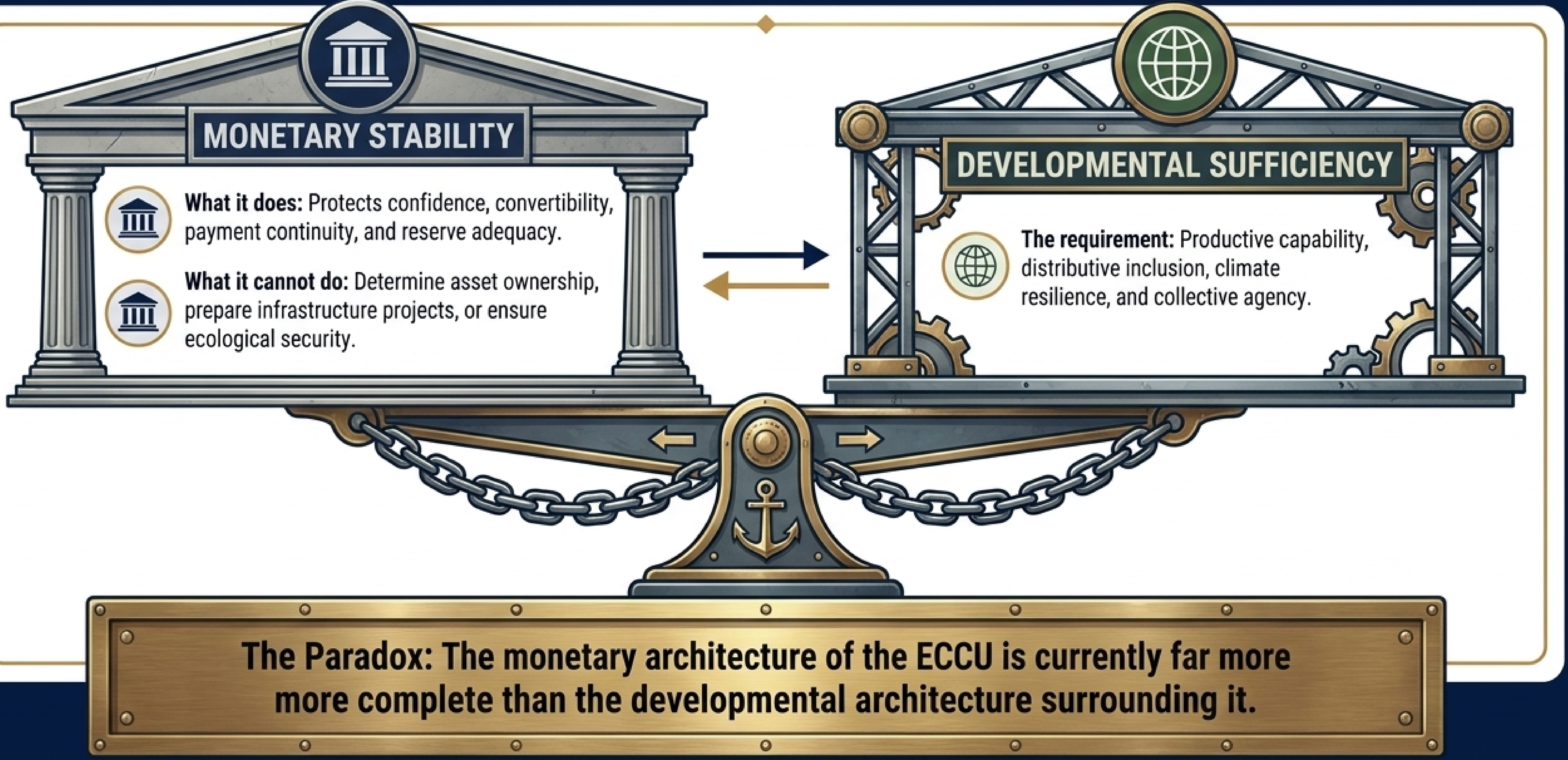
97.01%

Foreign reserve backing ratio (as of March 2025), far exceeding the 60% statutory floor.

8 Nations

A shared monetary authority pooling sovereignty to create economies of scale.

Stability is Indispensable, But Not Sufficient



NotebookLM

The Structural Economy Beneath the Peg

Fiscal Exhaustion

Public debt estimated near 75% of GDP (2025), crowding out maintenance, resilience, and social investment.

External Imbalance

Current-account deficit estimated at 10.6% of GDP. Heavy reliance on imported food, fuel, and technology.

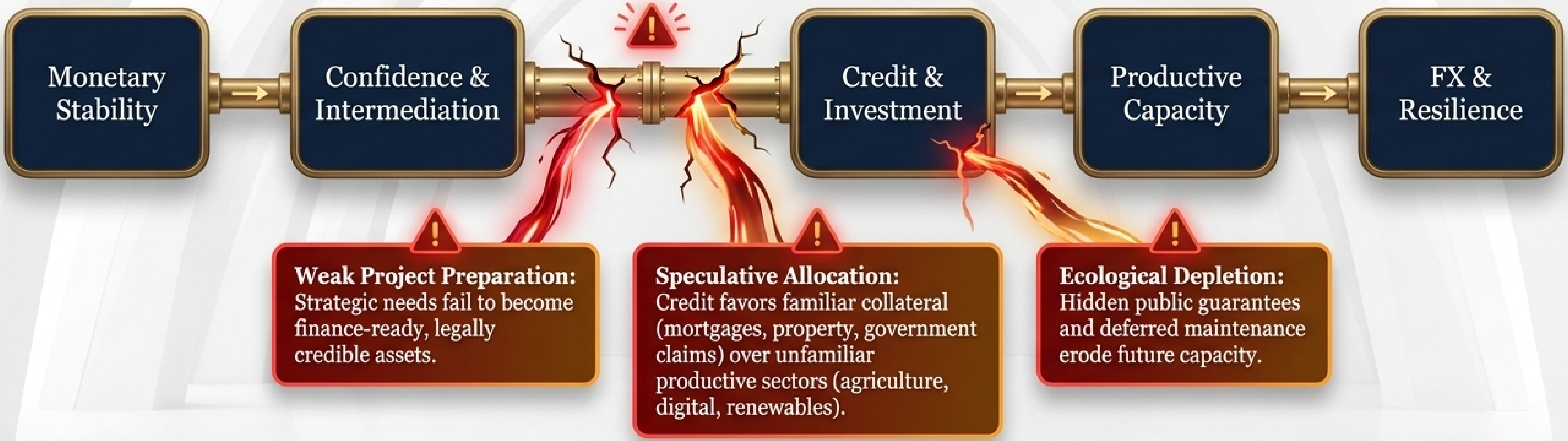
Tourism & Shocks

Growth cycles dominated by highly cyclical external travel demand and vulnerable to climate/disaster exposure.

Fragmentation

High per-capita fixed costs for eight small jurisdictions to run separate transport, logistics, and regulatory standards.

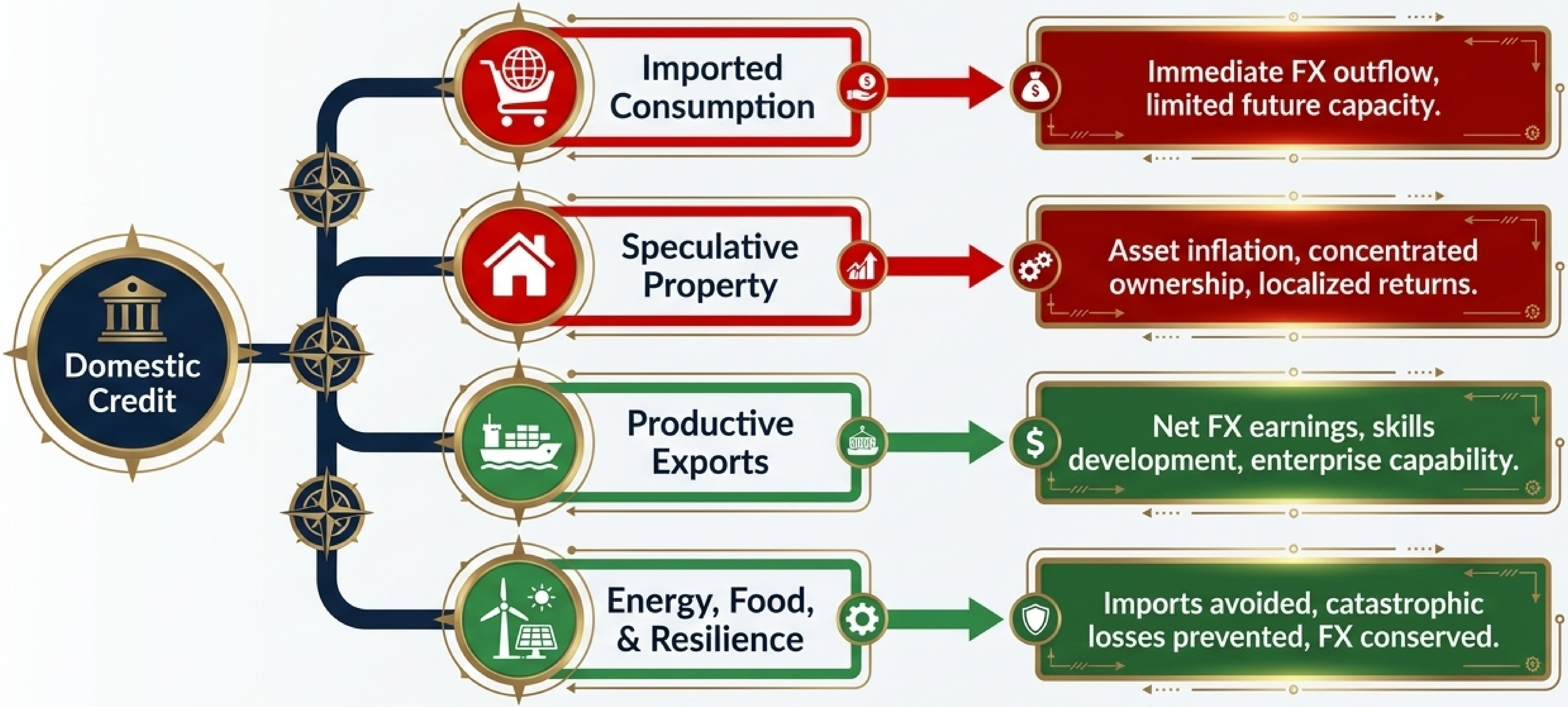
The Transmission Leak: Liquidity Without Transformation



Key Insight: The binding constraint is not an absence of money. System deposits substantially exceed private-sector credit. The failure is in the institutional conversion chain.

The Foreign-Exchange Consequences of Credit

Under a fixed peg, domestic purchasing power is not an unlimited **substitute for external resources. Every major project** requires a **lifecycle** FX assessment



A New Compass: Life-Coherent Finance

The creation, allocation, pricing, and governance of financial claims in ways that protect and enlarge the on which viable life and repayment ultimately depend.

Beyond Nominal Value

A financially enforceable claim is not coherent merely because it can be collected. It must map to real-world capability.

Future Commensurability

Debt is only coherent when the future receives a capacity commensurate with the repayment obligation it inherits.

Honest Accounting

Profit is only coherent when costs are assigned honestly, rather than transferred invisibly to households, ecosystems, or the public balance sheet.

The 7-Part Life-Coherence Test

These tests are not a weighted index where financial return cancels out ecological harm.
They are non-substitututtable red lines for credit and investment.

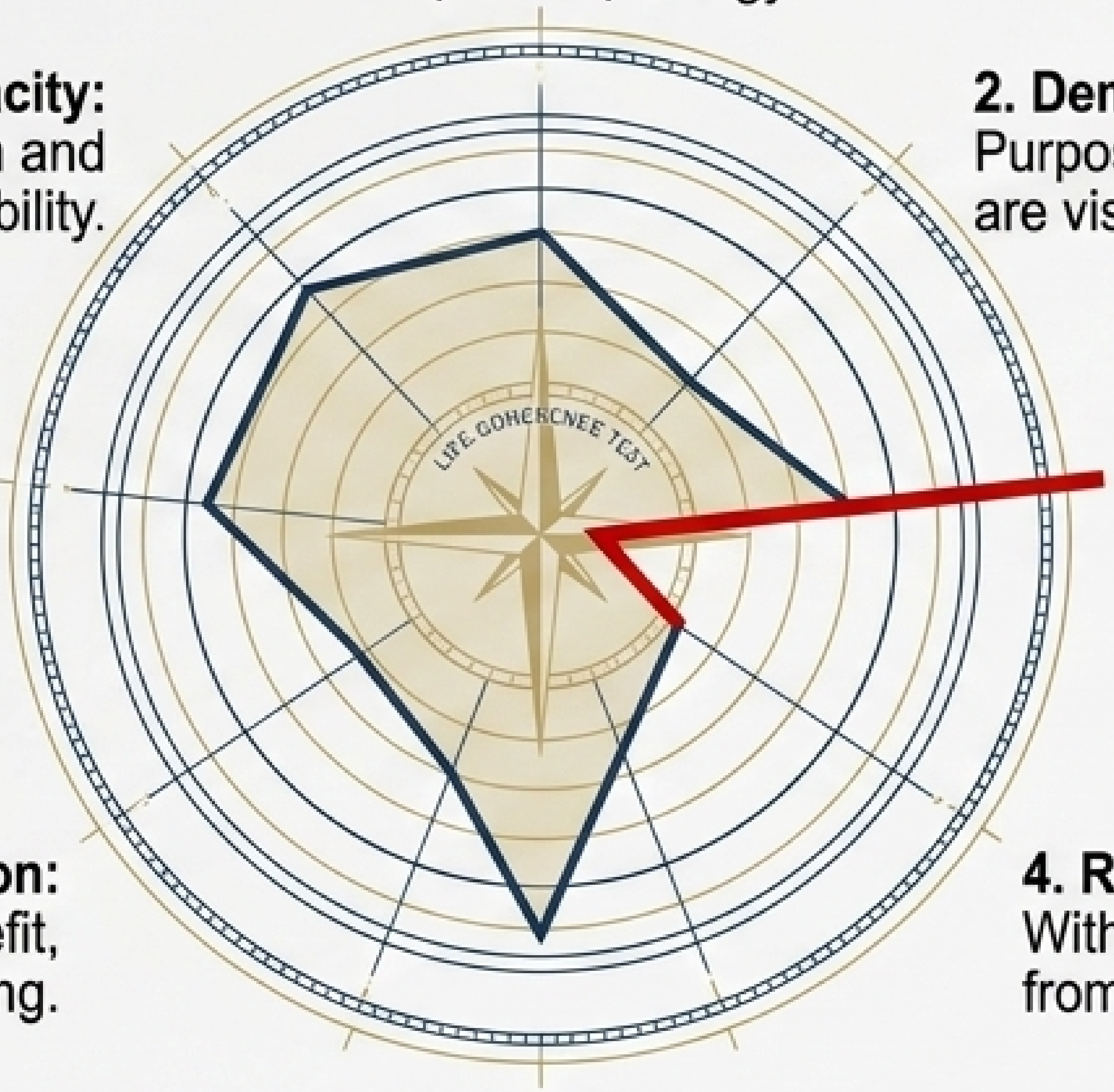
1. Life-Necessity:
Improves access to food, water, shelter, health, energy.

2. Democratic Accountability:
Purpose, ownership, and risk are visible and contestable.

3. Regeneration:
Preserves or restores critical biological foundations.

4. Resilience:
Withstands and recovers from systemic shocks.

5. External Viability:
Earns/conserves FX or reduces external vulnerability.



6. Distribution:
Ensures equitable benefit, ownership, and risk-bearing.

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Ensures equitable benefit, ownership, and risk-bearing.

7. Capacity:
Builds enduring human and institutional capability.

Rebuilding the Vessel: The Regional Architecture

Grounded in Article 4 of the ECCB Agreement: promoting a sound financial structure conducive to balanced growth.

Top Layer (Strategy & Safeguards)

Monetary Council, ECCB, OECS Commission

Focus: Protecting the anchor, setting rules, market infrastructure.

Middle Layer (The Missing Link): Regional Development Finance Platform

A separately capitalized, non-deposit-taking wholesale entity.

Focus: Project preparation, aggregation, guarantees, co-financing.

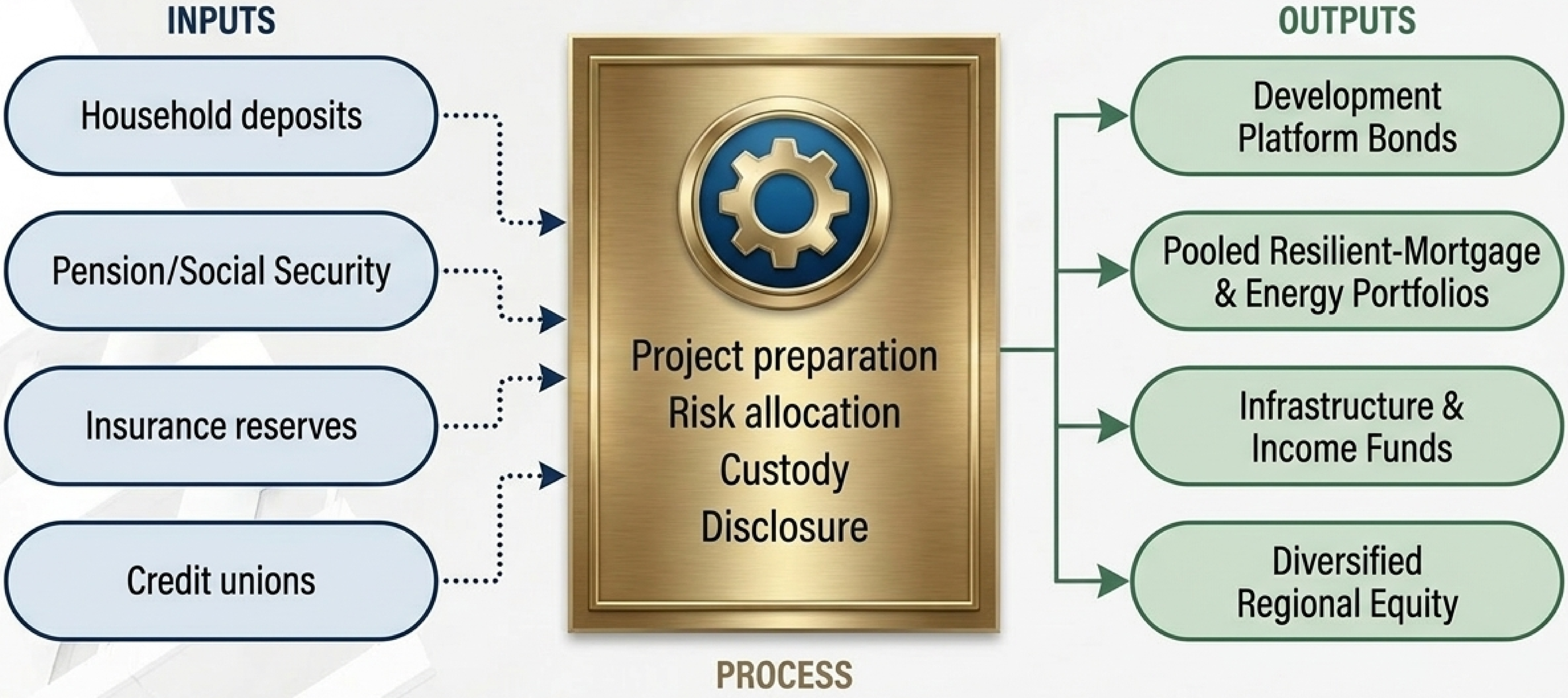
Bottom Layer (Origination & Outcomes)

National DFIs, Commercial Banks, Credit Unions, CDB

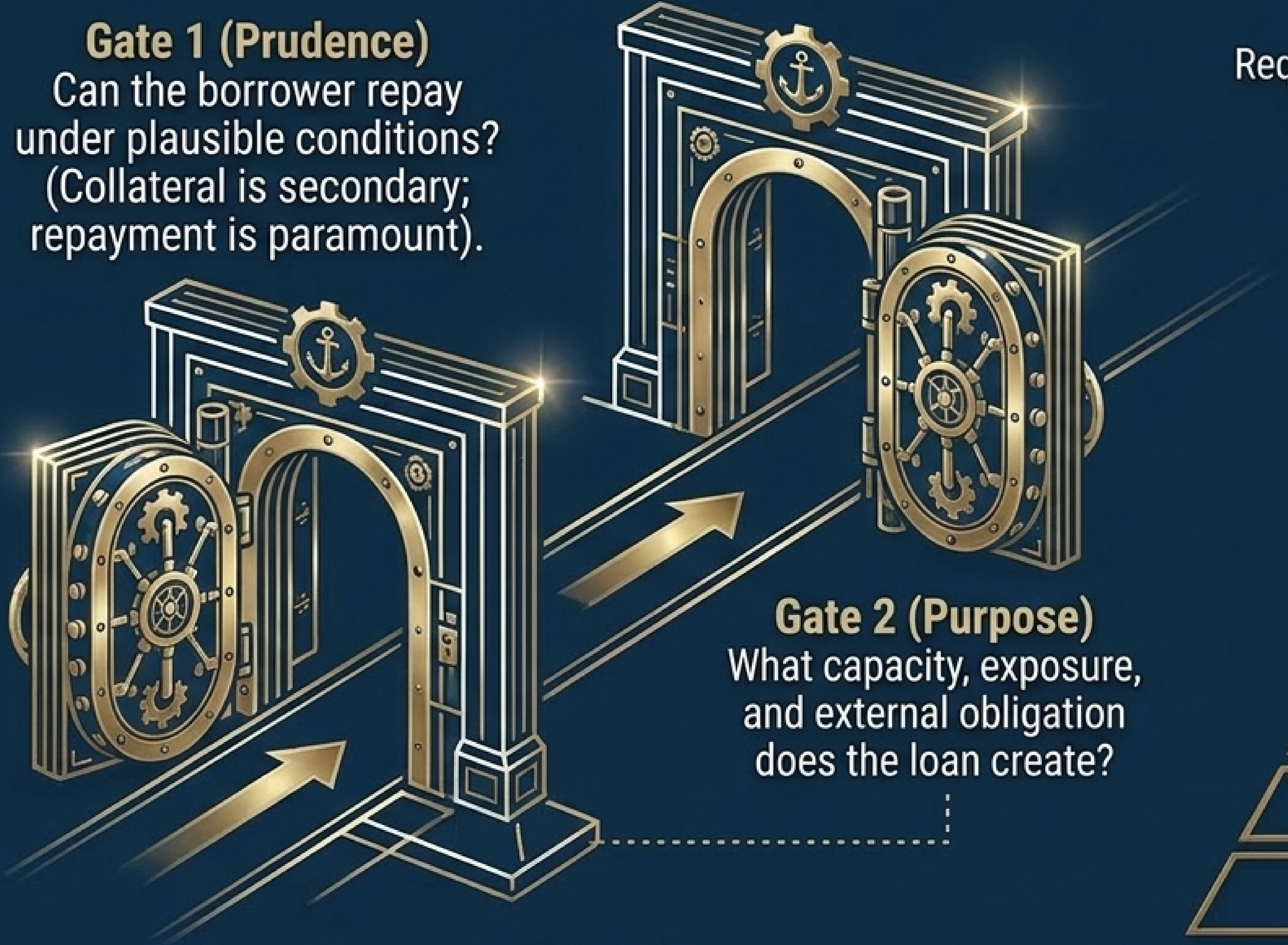
Focus: Retail underwriting, local knowledge, project implementation.

Mobilizing Regional Savings Voluntarily

Mobilization must rely on investable quality, not coercion. Short-term deposits are not permanent development capital. The objective is to create transparent, well-governed regional assets that fiduciaries choose to hold.



Purpose-Governed Credit & Taxonomy



The Life-Coherent Taxonomy:
Requires substantial contribution, no intolerable counter-harm, and transparent evidence.

Note: Taxonomy status does not establish creditworthiness, nor does it create an automatic entitlement to public subsidy.

Measuring What the Anchor is For

The Anchor
(Monetary Credibility & Integrity)

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

Can institutions function?
(Capital, liquidity, deposit protection).

Is fiscal space viable?
(Debt service, buffers, contingent liabilities).

The Purpose
(Life-Capacity & Resilience)

Are basic needs met?
(Food, water, housing burden).

Is capacity growing?
(Enterprise survival, net FX yield, ownership).

Are living systems restored?
(Reef, mangrove, water cycles).

Is power accountable?
(Beneficial ownership, transparent contracts).

Charting the Course: A Sequenced Transition

Governing Maxim: Rules before privileges. Pipeline before fund. Governance before capitalization. Evidence before scale.

STAGE 1: FOUNDATION (2026–2027)

Transition compact, institutional mapping, establish project preparation facility, baseline dashboard.

STAGE 2: DEMONSTRATION (2028–2030)

Modest legally separate Platform, 2-3 pilot windows, independent 2030 assessment. No blanket sovereign guarantees.

STAGE 3: INTEGRATION (2031–2035)

Scale successful windows, issue development bonds, implement regional productive commons.

STAGE 4: MATURITY (2036+)

Review permanent institutional form, retire obsolete programs, deep regional ownership.

The Centenary Vision

The anchor cannot choose the vessel's destination. It cannot ensure that savings become productive assets, that credit broadens ownership, or that economic activity remains within ecological limits. Those tasks belong to the wider architecture.

The first historic achievement was to build and hold the anchor.

The task for the next fifty years is to ensure the vessel it secures is capable of carrying all the peoples of the Eastern Caribbean toward a viable future.

Preserve the Anchor. Transform the Vessel.