



Commonwealth of Dominica

Address by

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Prime Minister of the Commonwealth of Dominica

On the occasion of

**Country Presentation – National Vision for
Resilience**

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Dominica Post Hurricane Recovery Plan and Prioritisation

The PDNA puts total damages and losses from Hurricane Maria at 226% of 2016 GDP, or \$1.31bn. The effect of this damage and loss is greater than this number suggests because Maria spared no part of the island from total destruction. There are no areas of stability or refuge from which we can support and supply other parts. The entire power grid was down and remains 97% so. Water and sanitation pipes are broken. We lost nearly 100% of crops. Maria damaged ninety percent of our homes. She severely compromised the road and bridge network.

Table 1: Summary of damage and loss by sector (in millions)

	DAMAGES (M)		LOSSES (M)		NEEDS (M)	
	USD	EC	USD	EC	USD	EC
PRODUCTIVE SECTOR	177.95	480.47	202.49	546.73	205	554
Agriculture	55.27	149.23	124.37	335.80	88	239
Fisheries	2.41	6.52	0.50	1.35	3	6.87
Forestry	29.72	80.24			15	40.15
Commerce and Micro Business	70.40	190.08	6.85	18.50	73	197.14
Tourism	20.15	54.40	70.77	191.08	26	70.72
SOCIAL SECTOR	444	1199	42	112	641	1730
Housing	353.96	955.70	28.50	76.94	519.75	1403.34
Education	73.98	199.74	3.21	8.66	94	254
Health	10.90	29.50	6.95	18.80	22.14	59.75
Culture	5.07	13.68	2.91	7.85	5	13
INFRASTRUCTURE SECTOR	306	826	135	365	509	1375
Transport	182.15	491.82	52.62	142.09	302	815
Electricity	33.18	89.59	32.94	88.94	80.68	217.84
Water and Sanitation	24.04	64.90	38.18	103.09	56.26	151.90
Telecommunication	47.74	128.88	8.31	22.43	47.84	129.17
Airports and Port	18.89	51.00	3.26	8.79	22.67	61.20
CROSS-CUTTING	3	8	1	2	13	35
Disaster Risk Management	3.00	8.11	0.80	2.17	10.22	27.60

Environment					1.78	4.80
Gender					0.60	1.63
TOTAL	931	2513	380	1026	1368	3642

Despite the solidarity many have shown, the spread of the damage does not permit early bounce back. Tourism, for instance, is the most significant industry after agriculture but our hotels have lost fifty percent of their rooms. Education and nature tourism have been struck hard. Ross University remains closed. Maria defoliated almost all trees and uprooted a quarter.

The PDNA puts the costs of recovery and rebuilding at USD\$1.37bn or 235% of 2016 GDP.

We are committed to becoming the first climate resilient nation. I don't believe there is a sustainable alternative. We are in the line of sight of storms that become more dangerous by the year. The PDNA was not sized for building better but not for a climate resilient nation and so we expect our recovery and rebuilding costs to be even higher. While building national resilience is more than buildings, but also about systems, it does entail more expensive construction and often rebuilding from scratch.

These requirements are beyond the capacity of a national budget that will be depleted of tax revenues by more than 30% and exhausted by new demands. The PDNA envisages a rise in the rate of poverty from close to 25% towards 40%, and unless recovery comes, a further possible slide to 60%.

We are committed to doing everything we can to stop the economy and society from falling off that cliff. In addition to prioritizing essential social protection, we have been meticulously planning, prioritizing, and sequencing expenditures and examining international best practice, to try and bring about the fastest and strongest recovery possible within the resources available. We are keen to partner with the international community. One important basis of that partnership, besides our common humanity and future is our commitment to building a climate resilient nation, a whole nation, that will be an example of national climate and disaster resiliency for all.

I would like to outline the background and shape of our plan to begin the recovery of Dominica and then identify specific priorities with which we are calling for assistance from the international community.

The Plan:

I. Reviving markets and the private sector and getting cash circulating

Let me begin by saying that today we are focusing on recovery and rebuilding rather than relief, but I would like to point out that relief efforts are far from fully funded. The government is diverting scarce cash resources into relief. Further funding of relief efforts as detailed in the UNDP's latest assessment is urgently needed.

Our recovery and rebuilding plan has three delineating features.

The first is that given the scale and breadth of the needs there must be full integration of the local, private, public and international responses.

While we are focused on those things the public sector needs to do, it is important to point out that we believe the private sector has a key role to play, not least because the public sector cannot do this on its own. We have given high priority to facilitating private sector involvement in the recovery and prioritising those public sector investments that will draw in, or at least remove blockages from, private sector investment.

We have sought to create a supportive environment for private sector investment by stabilising society and maintaining law and order with the help of the Regional Security Services as well as our own law enforcement officers.

Clearing is as expensive as it is unglamorous. Adding up the various clearing sub headings throughout the PDNA will give you a total of around \$41m. Clearing is essential, however, if commercial firms and offices are to re-open. There are of course equally important public health reasons to clear quickly. Not experiencing a debilitating public health disaster is not a matter of luck in an environment of no running water, sanitation and mounds of debris. We have worked hard at it.

The government has used its convening power to support early insurance payouts and cheaper money transfers. There is an estimated \$140m of insurance payouts to come through in total, though some of that will be to the public sector.

We are trying to incentivise those with insurance or savings to bring forward rebuilding with strategic and time-limited waivers of duties on construction materials.

We are trying to front load the recovery of markets by using salary and pension advances. These initiatives are necessary but not enough and so we are also fast tracking, with World Bank help, a program of small grants with wide coverage in the agricultural and small business sector.

The government is trying to support financial stability, building on the confidence of the Eastern Caribbean currency arrangements. It is trying to hold government employment and spending steady. It is encouraging commercial banks to extend a period of forbearance so that we do not fall into a cycle of debt-induced fire sales of assets.

To further support the private sector the government is investing in developing procurement approaches that make awards for public works to experienced construction management firms, who then manage the tendering and execution of smaller packages to be bid by local subcontractors.

We shall return to modes of delivery in the final part of this briefing. Many of the initiatives I have just mentioned are about planning, coordination and time, but not money. The financial costs of the grant and clearing programs are set out in table 3 of our Plan and Priorities Note. Of the \$66.7m required, some \$10m has already been committed by the World Bank and a further \$56m is required.

Table 3: Reviving markets

	Total Required	Committed	Balance
Remaining clearing	41.7	0.0	41.7
Grants to Farmers and small businesses	25.0	10.0	15.0
Total	66.7	10.0	56.7

The Rebuilding Plan

II. Priorities to get the productive sectors moving

The second delineating feature of the plan is a prioritization and sequencing of expenditure from external grants and concessionary financing that will either play a catalytic role in supporting the economic recovery or a critical role in stabilizing the society.

I will start with those expenditures that will support the economy first, because it flows from what we have just been talking about. That order is not a sign of emphasis, both are vital.

We have identified the following five priorities for drawing in private investment and kick starting the recovery:

- (1) rebuilding critical transport infrastructure including key port terminals, major connecting roads and bridges and slope interventions, that would allow business, trade and travel to return;
- (2) restoring the power grid fast, organising a climate resilient distribution of the grid and investing in a high concentration of renewables in order to lower costs;
- (3) revitalizing food markets and crop planting and in the process developing food security and climate resilient agriculture, irrigation and fisheries;
- (4) strengthening sea and river defenses in Roseau to help draw in other investments in building and commerce,
- (5) small critical investments to support the return of the tourism sector and to facilitate commercial loans to the sector through partial guarantees.

The UK/CDB road project and the World Bank’s supported DVRP are part of the committed funds identified under the transport line. The outstanding balance of \$85m represents funding required for replacing 16 major bridges and smaller bridges and culverts, improvement of the south road and restoration of river capacity. A further \$23m is needed for key terminals and berths, \$12m for critical river and sea defences for Roseau, part of a proposed \$40m Roseau enhancement project.

In the integrated energy plan, discussions are advancing with the World Bank, EIB, New Zealand and others on debt financing for the geothermal plant, restoration and part undergrounding of the grid. Concessionary funding to the electricity utility would be conditional on the rapid return of the grid, a minimum use of renewables of approximately 85%, the precise amount dependent on the optimum identified by the integrated energy plan energies, and other measures to lower the cost of electricity for consumers. We only need a further \$15m to complete this project.

Repairing nature trails, restoring the fisheries industry and offering partially guaranteed financing for hotels, can be impactful for a further \$12m.

These priorities are set out in table 4 in the accompanying document.

Table 4: Productive Sectors

	Needs from PDNA	Prioritised Expenditure	Committed	Balance
Transport exclu Roseau renewal	290.0	175.0	90.0	85.0
Agriculture less grants	68.0	36.9	0.0	36.9
Airports and ports	22.7	22.7	0.0	22.7
Integrated energy plan	77.0	77.0	62.0	15.0
Roseau sea and river defences	12.0	12.0	0.0	12.0
Tourism	26.2	10.3	0.0	10.3
Fisheries	2.0	2.0	0.0	2.0
Total	497.9	335.9	152.0	183.9

The Rebuilding Plan

III Stabilising society and bringing back hope and opportunity

To stabilize the society, we believe it is essential to protect the most vulnerable and to recognise that their numbers will grow. The PDNA points out that only \$4m will go a long way to stabilise conditions for the most vulnerable. Going beyond stabilising at a basic level, we must also as quickly as possible, rehouse the homeless, get kids back into schools, restore running water and sanitation and access to medical facilities.

In the housing sector, we focus on constructing 5000 destroyed homes of those who cannot afford to do so. The PDNA puts the average cost of financial support for rebuilding at \$27,000 per unit. We will also provide more modest financial support to those low-income individuals repairing damaged homes. We need \$200m to rebuild and repair homes for those who cannot do so themselves. We focus a budget of \$67m of immediate education priorities on the rebuilding of climate resilient public schools. We focus a \$56m the water and sanitation budget on returning running water and sanitation. Our overall health needs will exceed the numbers in the PDNA. Based on the work already done to convert our clinics to “smart, climate-resilient, clinics” and supported by the UK’s DFID we believe there is great value in rolling out as many new climate resilient smart clinics as appropriate rather than patching up existing buildings, many of which are almost 50 years old.

Table 5: Social Sectors

	Needs from PDNA	Prioritised Expenditure	Committed	Balance
Housing	519.8	200.0	0.0	200.0
Education	94.2	67.4	0.0	67.4
Water and sanitation	56.3	56.3	0.0	56.3
Health	22.1	22.1	0.0	22.1
Social Protection	4.0	4.0	0.0	4.0
Total	696.4	349.76	0	349.76

The Rebuilding Plan

IV Delivering for the people

The unprecedented challenge we face has led us to take the unprecedented decision to build an execution agency outside of our standard public service systems. We are calling it CREAD – Climate Resilience Execution Agency of Dominica. The mission of the agency will be to coordinate all reconstruction work to avoid duplication, maximise economies of scale, spot and fill critical gaps, avoid bureaucratic infighting and ensure all reconstruction activities are focused on a single Climate Resilient Recovery Plan developed by Dominica and its partners.

My Government sees transparency and proper financial management as extremely important. CREAD will be required to operate to the highest standards of transparency and financial management as well as accountability and community engagement. In developing CREAD, we sought advice from partners from around the globe and studied various examples. Briefings were held for instance with the CEO of the Indonesian BRR. We are speaking to a couple multilateral agencies on establishing a a multi-donor trust fund. We will have a German-style supervisory board with a majority of donors to oversee assurance. The internal audit function, and any other assurance functions, will report directly to this supervisory board.

There will also be a role for the external audit as it is the intention that the executing agency operates within the highest level of transparency and accountability. The agency will own the reconstruction targets and through new powers given to it by parliament, proscribed in scope and time, would have the ability to step in to improve delivery where those targets are slipping. CREAD will be on a continuous emergency footing. New projects will come first to CREAD's coordination war room. CREAD will ensure they fit into the Climate Resilient Recovery Plan, and there is coordination with and a leveraging of other projects. CREAD and donors will decide where the project is best delivered, whether from line Ministries, a partnership between CREAD and the donor or by CREAD itself. CREAD will centralize scarce procurement skills and would be a one-stop shop for licensing and permitting.

It is our hope that a parliamentary oversight committee will be established to provide real-time oversight to functioning of the CREAD. It is also anticipated that the Chief Executive Officer will be required to report to Parliament on a regular basis.

CREAD will need strong, proven, leadership with the confidence of donors, government, and beneficiaries. It will have a balance of broad international expertise and deep local knowledge, a problem-solving mind-set. In developing the Agency, we have been advised by our development partners, in particular DFID, the World Bank and UNDP and we thank them. Based on preliminary budgeting, CREAD will cost close to \$2.5m to \$3.5m per annum depending on the degree to which it is playing an implementation role or just a coordination role. We initially require approximately \$2m to start up CREAD before it is involved in a sufficient number of projects to pay for its own running through a small charge on each.

The Rebuilding Plan

V Summary of Priorities by order of amounts still needed

We have a plan. It has been costed by the PDNA.

We are going to rebuild Dominica as the first climate resilient nation. We feel this is the only sustainable choice for a country placed on the front line of climate change.

The numbers are large. Consequently, our plan involves doing what it takes to draw in funds from the private sector and from international partners. We have already taken a range of steps to bring back the private sector as quickly as possible. This goal is a driving force of the policies and priorities that we have set out here. Protecting the most vulnerable is another.

We hope to interest our international partners by being an example to the world in our objectives to build sustainable and climate resilient livelihoods. We also want to be an example to follow in delivering for people. In the past funds have been pledged but delivery of projects has not followed. Our new execution agency is designed to tackle slowness in delivery.

We will arrive at our destination, the question is how long and in what state. Thank you for your assistance and solidarity on the journey so far. Thank you your willingness to be with us today; and to run on with us tomorrow.

Table 6: Summary of Priorities

	Needs from PDNA	Prioritised Expenditure	Committed	Balance
Housing	519.8	200.0	0.0	200.0
Transport exclu Roseau renewal	290.0	175.0	90.0	85.0
Education	94.2	67.4	0.0	67.4
Water and sanitation	56.3	56.3	0.0	56.3
Remaining clearing	41.7	41.7	0.0	41.7
Agriculture less grants	68.0	36.9	0.0	36.9
Airports and ports	22.7	22.7	0.0	22.7
Health	22.1	22.1	0.0	22.1
Integrated energy plan	77.0	77.0	62.0	15.0
Grants to Farmers and small businesses	25.0	25.0	10.0	15.0
Roseau sea and river defences	12.0	12.0	0.0	12.0
Climate Resilient Execution Agency	5.5	5.5	0.0	5.5
Fisheries	2.5	2.5	0.0	2.5
Tourism	26.2	2.0	0.0	2.0
Total	1,263.0	746.1	162.0	584.1