



ADDRESS TO THE NATION

BY THE HON. PRIME MINISTER ROOSEVELT SKERRIT

MONDAY, OCTOBER 16, 2017

Fellow Dominicans, residents, Friends of Dominica...

Daily over the past week we updated you on various aspects of our relief and recovery efforts.

Two weeks ago I shared with you the broad outlines of our vision and plan going forward. This evening, I will make the first of a series of important announcements regarding our recovery and rebuilding plans following our Washington and Miami meetings last week.

Some I am sure will wonder why we are spending time on recovery and rebuilding when the relief work is not complete.

Ladies and Gentlemen I wish we had the luxury of not worrying at this time about recovery but we cannot afford to do so.

We have to restart our economy so that we no longer need relief.

We have to revive our economy so that we do not become dependent or addicted to food parcels.

That is not the kind of development we want.

We have to revitalise our nation to build resistance quickly. This hurricane season is not yet over....and the next is only a few months away. There is no reason to panic but there is also no time to waste.

Ladies and Gentlemen there is also another risk we face if we delay our recovery. I have seen it and felt it: the pressure from those who would seek to use our weakened state to try and exert pressure on us to tilt our policies this way or that; to influence who our friends are or how we tender for business.

Traditionally Dominicans are friends to all but satellites of none. Let us not take that position for granted. It is a position you can only afford by being economically viable.

So your government has been fighting not on one front but on three fronts: Recovery rebuilding as well as relief.

Before I explain our recovery and rebuilding plan and make a couple major announcements around that plan I would like to acknowledge two people who have enabled us to fight on three fronts at once even in our denuded state.

First, I would like to acknowledge the ongoing and invaluable support of the philanthropist and businessman, Mr. Denis O'Brien.

After rushing to check on us soon after Maria struck, he has assisted us greatly by asking his network of influential connections to identify experts who could help us; also, he got them to us or us to them.

He has also pressed his contacts to consider what they can offer us and some have outdone themselves. For instance, we hope to announce an extraordinarily generous gift in the power sphere next week when the details are confirmed. Denis O'Brien has truly demonstrated his personal commitment and genuine friendship to the people of Dominica and for this, I and my team am exceptionally grateful.

One expert he has helped move around is Avinash Persaud. Professor Persaud is the principal architect of our external funding and economic strategy. His formal title will be Special Economic Advisor on the Economic Recovery of Dominica. He has been working closely with my team over the past few weeks.

I got to know Avi when we were looking to establish a National Fiscal Policy Panel. He was the person I had thought might Chair that Panel.

When Maria struck it was clear to me that Avinash Persaud was the man for this job. You are going to see a lot of him over the next six months and so I just want to introduce you to him a little more.

A few years ago, Professor Persaud was ranked in the top ten of all economists in the world on the financial crisis by a panel of leading experts. No other Caribbean name was in the top 25. One of the reasons why he is up there is that he is not afraid to accept the toughest challenges when others would rather pontificate from a safe distance.

He made his stamp on the policy world as one of a handful of economists who developed the new macro-prudential rules now applied to all international banks after the global financial crisis.

Previously his work during the Asian Financial Crisis helped change the standard global approach to financial risk management and won him the Jacques de Larosiere Award.

He has been a Visiting scholar at both the IMF and the European Central Bank, chairman of the regulatory sub committee of the UN Commission on Financial Reform and a Member of the Pew Task Force to the US Senate Banking Committee.

He was the independent expert member of the UK Government's audit and risk committee in the middle of their banking crisis. He is well known amongst the senior international policy officials that we need to access. Before his work in policy he was a senior executive at J. P. Morgan and UBS and this private sector background is also proving helpful as we

work with private investors and foundations on debt-for-nature swaps and the like.

It is with some pride that I can say that the best person for this job internationally is one of our own, a Caribbean man.

Now, turning to our recovery and rebuilding plans —. They can be broken down into three components. The first is about helping as many as we can to become productive again in a short space of time.

Before our Washington trip and before we were certain the World Bank and others would support our program, we announced a 12-point recovery plan of the things we could do without tying up money that had not yet been confirmed.

Disaster does not preclude prudence.

We announced salary and pension advances, accelerated clearing of the roads, and a 6-months waiver of duties on construction materials and food.

We offered our convening power to ensure insurance payouts are faster and bank charges lower. And we made a promise not to tolerate price

gouging or criminality. That is not the way we behave in a crisis. We look out for each other.

We have made progress on all of these initiatives.

The central feature of our recovery plan though is something we have to fund. The provision of a large number of small grants to farmers to get them growing again and to small businesses to get them to re-open as soon as possible.

The second component of our plan is rebuilding better, major, public infrastructure - bridges, slope interventions, water systems, roads and ports. The kind of things that enable us to go about our daily lives and keep our country open for business.

The third component of our recovery and rebuilding plan is the rebuilding of our future communities in a climate resilient way. This includes the repair and rebuilding of schools, clinics, hospitals and homes, sometimes whole communities.

We are not going to patch things up quickly and cheaply and hope another hurricane does not hit us. As we rebuild we will also invest in

new climate resilient systems to ensure that we have food security, energy security and ICT security.

We are working intensely with the World Bank on specific parts of this recovery and rebuilding agenda.

Last Tuesday we presented our recovery and rebuilding plan to several teams at the Bank. Later we met with the head for Latin America and the Caribbean, Jorge Familiar, to confirm what had been agreednamely a full package of funds and expertise for the main components of the plan I have just described.

The Board of the World Bank has expressed strong support for a package of funding spread across several programs within the plan.

In some of these programs we are still pushing to widen the scope of works and funding. Therefore I am hesitant to quote figures in case they inadvertently consider it a limit to our ambition.

However to give you a sense of proportions the currently proposed package from the World Bank includes a EC\$270m tranche of funding alongside a further EC\$83m tranche specifically for disaster resilient

infrastructure. I believe the disaster resilient tranche will end up closer to EC\$150m after a reassessment of needs is completed within the next month.

We agreed that there will be funding for the development of food and energy security.

We agreed to additional budgetary funding for our general climate resiliency programs.

Added up, these sums are substantial but no more than our needs.

One of the consequences of the World Bank's support for our strategy is that in addition to new money, they have agreed to increase the proportion of this funding that will come in the form of grants rather than loans. They are also giving us the flexibility to use funds today that were previously assigned for less pressing activities.

We have also engaged other development partners who have offered similar flexibility.

So, separate from the World Bank projects I mentioned, we will be able to apply already agreed funds of EC\$175m from the United Kingdom and European Union towards our post-Maria rebuilding exercise.

While in Washington last week my team and I, also met and discussed our plans with Madame Christine Lagarde Managing Director and head of the International Monetary Fund. The Fund has offered expertise and modest overdraft facilities on generous terms.

My team and I have been working on innovative sources of finance for our program, to supplement the funding from the World Bank. I will come back to you over the next few weeks on our plans for a Rainforest Restoration Bond or Trust and other similar financial instruments that will raise a further EC\$200m.

My Fellow Dominicans and friends our strategy of being a model to the world on national climate resiliency has captured the imagination of many. We are working with a number of American foundations who have expressed a commitment to support our goal of being the first Climate Resilient Nation.

They have offered substantial further assistance and teams of expertise in areas of energy security resilient building and new insurance models.

One of the foundations we have worked with in the past on energy security is the Clinton Climate Initiative. I spoke to President Clinton last Tuesday.

He expressed his heartfelt concern for the people of Dominica and his support for our climate-resilient nation strategy. There are some exciting ideas being negotiated with the Foundations and I will come back to you shortly when we have greater clarity and detail on this part of our agenda.

My dear countrymen and women, we have substantial commitments of support. But a critical aspect of organising and managing this support is consideration of sequencing.

Everyone wants everything now. Yet what we know is that to build genuine climate resilience, to ensure we never go through this again, requires planning and making well-considered choices.

And even where there is less planning to be done government officials will tell you from much experience that drawing World Bank and development agency funds can be a lengthy and complicated process that captures an inordinate amount of our time and resources.

In the past, the more we broke down contracts into smaller packages, for instance, so that our own small businesses can compete, the more lengthy and complicated the process became. We have experienced

this before and as I have already stated, we do not have the luxury of time.

In our work with the World Bank we have addressed this matter in three ways.

We have developed a plan of sequencing work which includes developing interim solutions as well as more permanent ones.

We have identified those parts of the funding that can be made available quicker than other parts because for instance it is about providing cash and not constructing a building. Furthermore, we are developing faster procurement processes for those projects that are difficult to fast-track.

I have asked officials to gather together those projects that have been brought in on time in budget, and with maximum local employment to see how we can replicate their model.

One of the outcomes of this work is that we will need to establish an agency of government where we can concentrate limited procurement expertise fast track new procurement procedures coordinate projects across ministries execute projects on time; to budget and standard and maximise the accountability and transparency of expenditure.

Co-ordination across government will be an important part of the role of this proposed Agency.

Donors can sometimes all want to fund one thing and not the other. Sometimes they double count what they have offered different ministries. Every day we are receiving significant offers of support from Corporations; offering everything from resilient materials to small solar farms. And building in a climate resilient way means building in a way that cuts across many ministries.

Unless we have a central agency to ensure all of these private and public offers are followed up, joined-up/ and put to best use there can be elements of counter-productivity.

My team have studied the reports and are getting advice from those who have run similar agencies around the world on what went well and what did not. One success story we are learning a lot from, for example, is the Executing Agency for Rehabilitation and Reconstruction in Indonesia after the 2004 Tsunami.

Our working title for the proposed three year agency is CREAD – the Climate Resilient Execution Agency for Dominica.

I call upon all those in government, in whatever position, to help us design it, set it up/ and make it a success.

Having outlined our plan, funding and offered our evolving thinking on its execution; I would like now to describe to you the sequence of expenditure.

One, I am pleased to announce today that we have the international funding to immediately establish a program of grants. Each grant will be up to EC\$10,000 and available to farmers and small businesses.

The grants will be phased into two or three parts with the later parts dependent on appropriate use of the first part. We are working internally on the most effective and fastest way of delivering these grants.

Two, I am also excited to announce today a Home Building Expo. The international best practice approach is that everyone who prequalifies, from anywhere in the world will be invited to submit plans for climate-resilient, energy-efficient affordable homes that we can build here in Dominica.

A panel of leading international, regional and local professionals including architects and engineers will then review these plans to select ten of the most appropriate.

Tenders will then be sent out to build these ten designs and then based on these tender prices, there will be a final selection of five designs.

Each of these 5 designs would then be built for our Expo so that the communities being rehoused will be able to choose, as individual householders, which of these designs they prefer.

That is the outline and we are working on refining that plan for our circumstances and the need to deliver quickly. Our people cannot wait.

We will start the design process shortly and commence a first phase of building homes where location issues are less pronounced.

We are lucky to be able to learn from the good and bad aspects of past initiatives elsewhere.

The less successful attempts tend to forget that the main reason why people do not live in disaster-resistant homes, in safe locations, is that they cannot afford to.

Even if we develop mechanisms that will give the occupier an increasing stake in their new homes, we are under no illusions that they will be able to finance the building of these homes on their own.

We have set aside initial funding for at least 1,000 disaster-resistant homes. We will finance a further 1,000 disaster-resistant homes from the proceeds of our Rain Forest Restoration Bond and related financial instruments.

Once the building of these homes is underway, we expect our partnership with the Foundations to help us fund a further 3,000 homes.

Two, we will set out the minimum specifications for the homes shortly, though you can assume that it will likely be similar to the Miami Dade standards.

Three, Shortly we will begin to spend the money that will get all of our schools and clinics functioning again, in some instances, by implementing temporary building solutions.

Four, in rebuilding homes and communities we will incorporate the building of climate-resilient schools and clinics.

Five, following further consultations we will establish a short-term Climate-Resilient Nation Execution Agency.

Six, Once the joint needs assessment exercise is over in one month's time, we expect to fast track a large package of infrastructure works on bridges, roads and slopes.

This work is extensive. Our total approved budget for public infrastructure is currently EC\$175m spread between World Bank and UK-funded projects.

Our Execution agency will help us get these funds spent and projects delivered in accordance with a sequential plan. There have been good indications that we will be able to extend the scope of works and funding/ by a further EC\$75m to make a total of EC\$250m.

Seven, Once this process of rebuilding our infrastructure is underway we will then be able to roll out our plans/ for our future food and energy security.

My fellow Dominican it is important to start with a plan. It ensures that our energies are focused and not pulling against each other. It ensures that we build something better than before.

A good plan is necessary for our success but it is not sufficient.

The best plan will not work if each and everyone is not fully engaged in a national effort to make it work.

I want Dominicans...fighting back against the adversity. I want each of you to do, to the best of your ability, whatever you can do, however big or small. Dominica needs you. Dominica cries for you.

Overall, Fellow Dominicans and others, resident in Dominica, and those of you living and monitoring developments from afar, rest assured that we have a solid strategy and plan for recovery and rebuilding Dominica that is coming into place.

Of course the best laid plans can change and we are prepared for that. But the direction remains constant and clear. We will rebuild Dominica to be more resilient and more sustainable.

It is a plan that respects our livelihoods and our nation.

It is our plan – not one imposed by others.

It is a plan that has captured the imagination of the world.

And as a result, it is a plan that will be well funded, well informed by available evidence and well supported with the relevant expertise.

I do not know of any country in the history of the world that has suffered such total devastation, but which in less than 3 weeks, has been able to move beyond pure relief efforts to start the economic recovery. None!

Let this be a measure of the resolve and determination of the extraordinary people of Dominica.

We may have lost all that money can buy, but no one can look at Dominica and say/ we have lost our dignity.

We need help, a lot of help, but you can now be certain that we are the Captains of our fate and that is why we shall succeed.

Thank you for your continued prayers and expressions of solidarity and well wishes. They are truly an inspiration.

I pray today that Almighty God continue to bless and protect us all...

I thank you.

