



Foreign &
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Minister of State

Tom Tugendhat MP
Chair, Foreign Affairs Select Committee
House of Commons
London
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31 August 2018

Dear Tom

As part of the Government response to your Committee's inquiry into the "**The UK's response to hurricanes in its Overseas Territories**", we committed to providing a further update on the recovery of the hurricane affected Overseas Territories. Please find this update attached.

LORD (TARIQ) AHMAD OF WIMBLEDON

Minister of State for the Overseas Territories

Prime Minister's Special Representative for Preventing Sexual Violence in Conflict

Prime Minister's Special Envoy on Freedom of Religion or Belief

Update to the Foreign Affairs Committee – Recovery of the hurricane affected British Overseas Territories (31st August 2018)

The Government announced new measures on Wednesday 4th July 2018 ([full Written Ministerial Statement](#)) to increase resilience against hurricanes in the Caribbean British Overseas Territories for this season and beyond.

Anguilla has made substantial progress in recovery in both the private and public sectors. UK funding has played an important role in this. Within days of hurricane Irma roads were clear and the airport was open for humanitarian flights. Within a month all Anguilla's schools re-opened, the airport was certified for commercial flights, and ferry services were restored to pre-Irma levels. Within 100 days electricity supply was restored to 100% of Anguillians, along with mobile phone and internet data services. Refurbishment of the Princess Alexandra Hospital is now well advanced, with around £4m of UK funds being used to strengthen the building and enhance the provision of services. In addition, work on three of the island's six primary schools has begun.

In recognition of the need to increase resilience for the 2018 hurricane season a further £1.9m of funding was made available for repairs or upgrades to key infrastructure, including shelters and Government buildings. These projects are due to be completed in time for the peak of the 2018 hurricane season in September.

The physical recovery of Anguilla still has a long way to go, and the main challenge remains the poor state of much of the public infrastructure, with many buildings in need of repair or redevelopment. The Anguilla Programme started in April 2018 and will deliver £60m of UK funded recovery and resilience projects over three years spanning the health, education and key transport infrastructure sectors.

In terms of the economy much of the 2018 tourism season was lost. In part this reflected damage to local hotel and villa operators. However, there was also a significant reduction in the number of flights into neighbouring St. Martin following the devastation there, which had a serious knock on-effect in Anguilla given St. Martin's importance as a tourist access route. Tourism numbers are now recovering, but were below 20% of what could be reasonably expected for the peak months of November 2017 through to March 2018. The prospects for the remainder of 2018 and the early part of 2019 are better, with hotels and villas reporting high levels of bookings.

Irma's effect on the economy also had a damaging impact on the public accounts as revenues either directly or indirectly associated with tourism fell. To manage these consequences, the UK Government has worked closely with Anguilla and its two regional economic partners – the Eastern Caribbean Central bank and the Caribbean Development Bank (CDB) – to develop a robust Medium Term Economic and Fiscal Plan (due to be published shortly on www.gov.ai). The UK Government is now directly supporting implementation of this plan including through the swift approval of additional borrowing from the CDB to meet anticipated budget shortfalls.

The British Virgin Islands (BVI) was the worst hit of all the Overseas Territories with widespread damage throughout all sectors. The recovery is not as advanced as in other territories. A Recovery and Development Agency (RDA) with responsibility to implement the recovery plan of the BVI Government (BVI-G) was only established in March 2018, with a board and CEO now formally appointed and in place. This body was an essential pre-requisite to provide assurance to the CDB and the private sector. Given the length of time taken to establish the RDA and finalise the Recovery Plan, progress on the longer term recovery has been slow. The UK has committed to providing £10m of assistance to BVI over the next three years, primarily to support the RDA.

UK funding has also supported repairs to housing for vulnerable families with inadequate insurance coverage, support to the Royal Virgin Islands Police Force, the Prison Service, reservoir equipment and linesmen, and equipment to support the restoration of power in the Territory. The UK is providing additional contingency stocks, generators and communications equipment, supporting further emergency repairs to police stations, and assisting with debris management. On Lord Ahmad's recent visit to BVI, he formally handed over the keys to a new UK funded magistrate court which has been built to withstand 200mph winds. However, more work is needed to address urgent preparedness needs, in particular repairs to public hurricane shelters. BVI-G has committed resources to this, but progress has been slow. Wider infrastructure problems still exist, for example many schools remain out of action or operate from temporary structures.

To back the longer term recovery, the UK has committed to providing up to £300m of loan guarantees to enable BVI to access funding for recovery projects. The UK guarantee will enable BVI to borrow at cheaper rates and at higher amounts than would otherwise be possible. A UK funded debt advisor has been embedded in the Ministry of Finance to assist BVI-G through the loan process.

BVI has a largely service-based economy based around financial and professional services, with company incorporation revenues amounting to roughly 60% of total recurrent revenues. Immediately post-hurricanes, the industry recovered well, with services up and running within two days and staff temporarily relocating overseas. This limited the impact on vital government revenue streams. BVI-G have raised concerns that their revenues will be negatively affected by the recently passed Sanctions and Anti-Money Laundering Act, with a resulting impact on BVI's ability to fund a sustainable recovery. The UK has committed to working collaboratively with BVI-G on implementation to minimise the impact on the economy.

BVI-G has committed to streamlining the public sector, finding efficiency savings and introducing good governance measures. BVI-G Ministers have endorsed proposals for reform, including working on the possible future privatisation of utilities. For example the BVI Electricity Corporation are pursuing an ambitious renewable energy programme, with support from the FCO and private sector. BVI-G has also started to explore ways of diversifying financial services products, in particular looking at opportunities around 'FinTech'.

BVI-G have published their most recent [Medium Term Fiscal Plan](#) giving more detail on the economic and fiscal context of recovery, and development strategies over the next three years.

Although not on the same scale as Anguilla or BVI, the **Turks and Caicos Islands (TCI)** suffered significant damage across the islands as a result of hurricanes Irma and Maria. With the exception of the tourism sector, recovery has been slower than we would have wished, but a sense of normality has largely returned. TCI's main island of Providenciales, the business and tourism hub and gateway to TCI, is very much back on its feet after the hurricanes following significant investment by the private sector and the hotel and tourist industry to boost recovery. Hotels, restaurants and most services there are functioning as before the hurricanes and tourist numbers are reported as at pre-hurricane levels, though schools and some other government buildings are still in need of repair. Most of the other islands, including the capital Grand Turk, are gradually showing signs of recovery although public and government buildings, schools and other infrastructure are still in need of repair. With the passing of the 2018/19 TCI Government (TCIG) budget in July, the expectation is that projects to repair schools and other critical infrastructure will be underway soon.

A Hurricane Recovery Task Force was established only at the end of April. Although overdue, a draft recovery plan is in preparation which will need to address among other things more resilient infrastructure and communications connectivity.

TCIG was comparatively slow to engage on hurricane preparedness measures for the 2018/19 season. But progress is now being made with hurricane shelters assessed as fit-for-purpose and orders of emergency equipment and supplies ready to be placed.

TCI's recovery has been supported by over £2.5m of UK funding so far, which has included repairs and staffing support to the prison, an upgrading of the police radar system, hurricane strengthening of the children's home and specialist equipment to control the spread of diseases through insects and birds (i.e. vector control). UKG is working with TCI to provide further support for hurricane preparedness priorities in advance of the peak of this hurricane season in September and has dispatched significant amounts of essential hurricane supplies and equipment to TCI.

In terms of increasing economic resilience, The TCI Government has published their [Fiscal and Strategic Policy Statement 2018-2022](#), which sets out proposals for managing and strengthening the economy.

The UK Government is working with these Territory governments through the established Fiscal Frameworks and other means to support economic development, diversification and resilience. An update will be provided to the Foreign Affairs Committee enquiry on the future of the relationship with the Overseas Territories on broadly how the UK Government intends to support the Overseas Territories' economic development in the future.