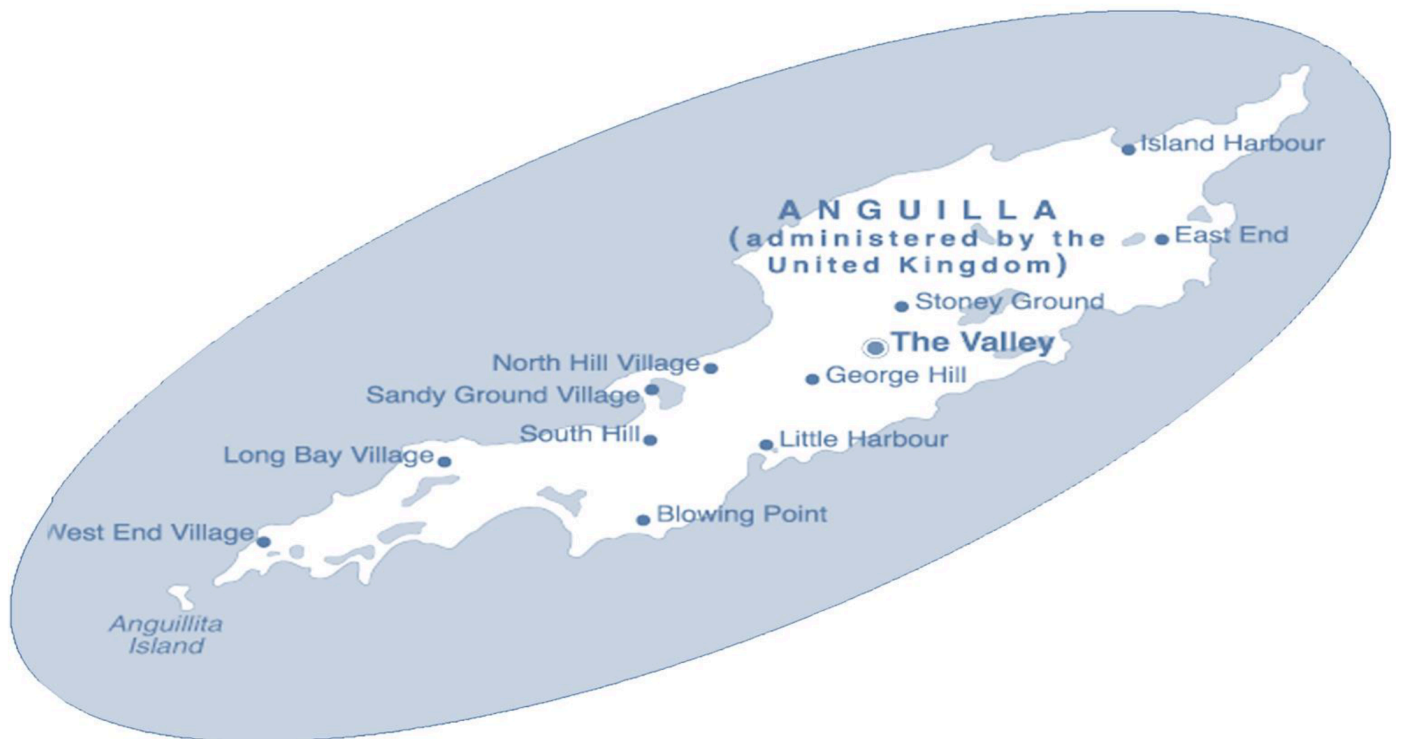




The Government of Anguilla London Office
Autumn 2017

Anguilla & Hurricane Irma

Recovery, Resilience and Prosperity



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EXECUTIVE SUMMARY

Anguilla has been British since 1650 and is the only British Overseas Territory in history that fought Britain to remain British and succeeded in the Anguilla Revolution (1967- 69) against Harold Wilson's government.

Anguilla is of strategic importance as the gateway to the Panama Canal that connects the Atlantic to the Pacific. 20% of the world's shipping passes through Anguillian waters that reside under the control of the Government of Anguilla.

Anguilla has direct borders with France and Holland that are both EU member states.

Anguilla is heavily dependent on both France and Holland for essential commodities and services that include fuel, international access and basic medical and general services such as MRI scanning, dentistry and post. Each evening at 10pm the French close their border with Anguilla, effectively cutting the islands off.

The EU is Anguilla's only source of significant developmental aid.

The UK regards Anguilla as ineligible for support from DFID, which only provided nominal support even when Anguilla was deemed eligible, and despite having a lower GDP than other recipients of DFID funding.

Anguilla is ranked 18th in the World for good governance and financial transparency by the US - CIA, Financial Action Task Force (FATF), the US - Federal Bureau of Investigation, Organisation for Economic Co-operation and Development (OECD), HM Treasury, The International Monetary Fund (IMF), The Egmont Group of Financial Intelligence Units (a group of police forces across the globe), Transparency International, US - Department of State, United Nations, World Bank Group and various regulatory authorities from around the world for the territory's avoidance of money laundering, terrorist financing, international sanctions, corruption, narcotics, governance related risks and financial transparency. The UK is now placed at 26th and Switzerland ranks 19th in the same ratings table (updated in September 2017). Anguilla is therefore regarded as the most efficacious financial centre in the Caribbean and one of the best in the world despite its aging systems.

Anguilla suffers from the most out-dated constitution of all British Overseas Territories that compromises the effectiveness of its democratically appointed government. This provides the opportunity for the UK and Anguilla to work together in creating a new form of British territory/country fit for purpose during a post *Brexit* era that is mutually beneficial, demonstrating British leadership in democracy.



ANGUILLA AT A GLANCE

GEOGRAPHY

The territory comprises 23 islands and cays of which only the island of Anguilla is inhabited. The territory of Anguilla is the most northern of the Leeward Islands. The islands are predominantly coral with underlying ancient volcanic base rock evident on the main island. There is no surface fresh water, no mountains, or lush vegetation. A significant portion of Anguilla lies below sea level.

THE PEOPLE

As at 2016 the population of Anguilla was 16,752 comprising: African/Black: 85.3%, Hispanic: 4.9%, Mixed: 3.8%, White: 3.2%, Asian: 1%, and Other: 1.6%. The population was 17087 at July 2017.

RELIGION

Religions currently practiced comprise: Protestant: 73.2%, Roman Catholic: 6.8%, Jehovah's Witness: 1.1%, Other Christian: 10.9% and Other: 3.2%.

GOVERNMENT

Anguilla is internally self-governing UK Overseas Territory that operates under a political system based on the Westminster model. However, it labours under an outdated constitution that confers significant powers to the unelected Governor who is the representative of the Crown and the de facto agent of the UK Government. Whilst the Government of Anguilla exercises executive powers, the Governor is responsible for defence, financial services, external affairs and the police. An Attorney General, appointed by the Governor, is responsible for the prosecution of criminal cases and law reform.

THE ECONOMY

Tourism is the main economic driver supplemented by construction, agriculture and fisheries, with financial services, duly regulated by the Governor also featuring in the relatively narrow economy. The seasonal nature of Anguilla's award winning tourism, considerable foreign ownership in the sector and the risk of annual natural disaster during the hurricane season add considerable risk to economic growth and prosperity.

Anguilla's GDP per capita in 2008 was US\$12,200 this is now rated as minus 400% by the Caribbean Catastrophe Risk Insurers as a direct result of Hurricane Irma.

Main Exports in goods were: lobster, fish, livestock, salt, concrete and rum.

Main exports in services were: tourism, together with insurance and financial services.

EDUCATION AND SKILLS

Education is compulsory for all 5 to 17 year olds and is provided by Anguilla's six primary schools and sole secondary school. There is a nominal presence of the University of the West Indies that also collaborates with the Anguilla Community College (ACC). Neither institution provides comprehensive tertiary education on Anguilla. The ACC is currently introducing Btech courses and offers modules, which like those from UWI may be accredited towards degree courses on the USA or on other Caribbean Islands. Although Anguillian students are recognised as 'domestic' in the UK few can afford the additional costs of accommodation and travel, and seldom succeed in securing grants that may assist in accessing UK tertiary education.

HEALTHCARE

Anguilla provides primary healthcare through four health centres and one polyclinic. The 32-bed Princess Alexandra Hospital is the only public hospital in the territory and must serve both the population of almost 17,000 people together with the thousands of tourists that visit Anguilla each year. The limited diagnostic capabilities and secondary care reflects the inadequate facilities available on the island. Practically all tertiary care must be sought abroad invariably at the expense of the patient. Four patients a year are permitted access to the NHS in the UK subject to proof that the treatment cannot be secured in the region whether privately or public, regardless of whether patients have contributed to the National Insurance system in the UK. Anguilla was almost entirely dependent upon Saint Martin for international access through the Princess Juliana Airport located in Dutch Saint Martin. To access Anguilla, visitors must traverse metropolitan France in the guise of French Saint Martin. Saint Eustatius is also pivotal to Anguilla in that approximately 90% of the territory's oil is transshipped through the Dutch municipality.

**HURRICANE IRMA CAUSED
CATASTROPHIC DESTRUCTION ON
ANGUILLA**

SUMMARY OF IMPACT OF HURRICANE IRMA ON ANGUILLA

Hurricane Irma was the first category 5 hurricane to hit Anguilla since 1928 and the **worst recorded in the Atlantic** severely damaging ninety per cent of the island's housing stock and destroying key infrastructure. It was one of three hurricanes that hit the Caribbean in close succession during 2017.

The eye of Hurricane Irma stretched over twenty-three miles and **engulfed Anguilla in its entirety** which is a mere three and a half miles at its widest and sixteen in length with gusts of wind exceeding 200 mph causing cataclysmic destruction.

Hurricane Irma downed over 1,500 electricity poles, **demolishing the island's electricity supply** that is also used for vital desalination of seawater as Anguilla has no surface fresh water and its underground supplies are brackish.

The island's only passenger ferry terminal at Blowing Point was completely destroyed. This provided the main transport link to the island for the 17,000 inhabitants providing access to essential goods and services in Saint Martin the main gateway to Anguilla.

The island's only Secondary School, the Albena Lake High School, was critically damaged and so was demolished for safety reasons. All of the other schools on the island have been severely damaged and the children of the island are being educated in temporary accommodation.

The thirty-two bed Princess Alexandra Hospital which caters for the needs of the island's entire population of over 17,000 permanent residents and its annual visitors that number on average over 80,000 a year lost part of its roof and remains susceptible to flooding. In any event **the island's only hospital was inadequate providing limited secondary care without a comprehensive diagnostic capability.**

The control tower of the airport has been badly damaged, whilst the **runway is too short to offer alternative international access.** The Princess Juliana Airport on Dutch Saint Maarten is therefore international hub for the region and main access point for Anguilla, however this too was utterly devastated and now provides a limited service. Puerto Rico, a more distant alternative was severely damaged by Hurricane Maria.

**ANGUILLA SEEKS CATALYTIC
AID NOT AID DEPENDENCY**



**ANGUILLA- HURRICANE IRMA UPDATE AND
REQUEST FOR ASSISTANCE BY
THE CHIEF MINISTER OF ANGUILLA
THE HONOURABLE VICTOR BANKS**

1. On September 5 2017, Hurricane Irma impacted Anguilla as a category 5 hurricane with wind speeds of over 185 mph. Unfortunately, and regrettably, one life was lost and there is widespread infrastructural damage to utilities, Government assets and community services buildings, private homes, businesses, agriculture, natural resources and tourism properties. Activities are ongoing to clear the access of public roads and to restore electricity, water and communications services as well as the ongoing provision of relief supplies to the large numbers of affected persons.

The CARICOM Disaster Assessment and Coordination Report has been carried out by the Caribbean Disaster Emergency Management Agency (CDEMA). Also the UN ECLAC have been on the ground to undertake an assessment using the Damage and Loss Assessment (DaLA) Methodology, and will cover sectoral impacts and overall impacts on GDP.

2. The Government of Anguilla extends its gratitude for the swift response from the UK Government to date as seen in the dispatch of ships and aircraft with supplies and the deployment of soldiers and other key personnel to support the rapid recovery and offer key assurances of future assistance.

3. To date Anguilla has also been able to secure its insurance payout from the Caribbean Catastrophic Risk Insurance Facility (CCRIF) in the amount of EC\$18m/£4.9m, a grant from the Eastern Caribbean Central Bank (ECCB) in the amount of EC\$1m/£276,494, an emergency response grant from the Caribbean Development Bank (CDB) in the amount of US\$200,000/£150,241 and a donation from the Government of St Vincent in the amount of US\$50,000/£37,560. We would be grateful for any details or requirements necessary to access any similar emergency grant facilities from the UK Government (UKG) i.e. via Conflict Stability and Security Fund (CSSF) as well as opportunities to access financing in the area of climate and disaster resilience.

4. Prior to Hurricane Irma Anguilla's infrastructure needs were many, and were well documented in the Government of Anguilla's (GoA) repeated requests to the UKG for a substantial envelope of multiyear support for capital development. This situation has been exacerbated and further highlighted with

the ultimate failure of prominent structures – Government offices, ports, schools, hospital and clinics that were inadequate, often from the damage of past hurricanes, but are now rendered unusable as a result of the cataclysmic impact of Hurricane Irma. Anguilla's vulnerability in the area of access was also highlighted with damages to both ports of entry and also to those of neighbouring islands making regional and international travel connections impossible.

5. Fiscal challenges were also a reality prior to Hurricane Irma with underperforming revenues, cuts in expenditure and constrained capital expenditure. The Government of Anguilla's approved recurrent budget for 2017 anticipated recurrent revenue collections at EC\$214.90m, recurrent expenditure of EC\$211.96m and a recurrent surplus of EC\$2.94m. Almost mid-way through 2017, the budget forecast was revised given months of actual data on collections and expenditure. The June Revised forecast projected recurrent revenue to be EC\$206.72m, recurrent expenditure at EC\$198.88m and a revised budget surplus of EC\$7.84m. At the end of August -mere days before Hurricane Irma- the recurrent accounts were in a position of EC\$18.17m surplus, significantly above the period estimate of EC\$5.42m.

6. By all indications, the 2017/18 Tourism Season which runs from November 2017 to April 2018 will be lost as most of the tourism properties, including the top 5 largest properties, are unlikely to be open for the season (Cap Juluca was already due to remain closed for major renovations).

Tourism being Anguilla's main source of economic activity, accounting for about 80 per cent of GOP when all impacts are included (direct, indirect and induced), the closure of the hotels will have a "negative multiplier" effect on the economy. Technical officers in the Ministry of Finance have estimated that as a result of the impact of Hurricane Irma there is likely to be significant revenue shortfall resulting in a recurrent deficit of EC\$16.5 million. When capital account transactions and debt amortization transactions are included, the projections are for a deficit on the overall balance of EC\$45.35m. Financing this deficit means that fiscal reserves which stood at EC\$15.9m at the end of August are likely to be exhausted by November. Indeed, approximately EC\$6.9m in reserves were used to meet direct GoA expenditure for September as well as to pay subventions to statutory bodies such as the Health Authority and the Community College. It should be noted that one of the impacts of Hurricane Irma was to cause the suspension of the GoA Anglec share sale, proceeds of EC\$23m were earmarked to be used for debt amortization. While forecasts for 2018 are still being formulated the initial indications are that GoA is again likely to face a recurrent and overall deficit for that fiscal year.

7. Overall, the damage and losses to Anguilla are so severe that it will require financial assistance from the UKG as Anguilla's administering power in the

short to medium term if we are to protect jobs, livelihoods and incomes and prevent a fullscale economic and social crisis. Indeed, our mind set is to turn this negative into a positive by securing for Anguilla the much-needed economic and social infrastructure required for sustainable development. We therefore table the following for the UKG's consideration.

8. Recurrent Budget Grant Support

In light of the anticipated budget shortfalls, GoA is requesting that the UKG provides a recurrent budget support line to Anguilla as the need arises over the next 12 to 18 months.

9. Capital Budget Grant Support

Renovation and Reconstruction of Homes:

UKG to provide grant funds to enable GoA to in turn provide grants to persons who are not financially able to renovate and reconstruct their homes. UKG to also provide grant funds to enable GoA to provide a capital injection to the Anguilla Development Board (ADB), which in turn loans funds at concessionary rates to enable persons to renovate and reconstruct their homes.

Social Infrastructure:

The six Government Primary Schools and the Secondary School were damaged and in some cases will have to be completely rebuilt. This is a high priority area, as the aim is to have the rebuilt schools ready for the start of the 2018/2019 academic year. The island's only hospital was also damaged and this served to highlight that this facility has served its useful life and needs to be replaced by a modern fit for purpose facility with an appropriate number of beds to meet the needs of our 17,000 residents that the current thirty-two bed facility fails to do.

Small Business Support: UKG assistance is requested to provide a grant to GoA to provide capital injection to ADB to provide loans to small businesses to repair and reconstruct their facilities and to replace inventory lost.

Economic Infrastructure:

Electricity Distribution -the Anguilla Electricity Company (Anglec), which is majority owned by GoA, suffered extensive damage to its transmission and distribution network. In fact it is estimated that it will take up to six months to fully restore electricity throughout the island. With hurricanes such as Irma expected to become the norm rather than exception it is prudent that if Anguilla is to rebuild stronger and more resilient then an assessment be made of the costs of putting electricity in key areas underground. GoA is therefore requesting UKG grant assistance to conduct the assessment and to help fund the required investment.

Sea Ports Development – In 2016 the UKG pledged to provide capital grant assistance to GoA to construct a new cargo pier at Road Bay. Due to the passage of Irma and other reasons progress with this project has been delayed. GoA is requesting that these funds be carried over so that Anguilla

can benefit from this project that is crucial to ensuring that Anguilla's only port of entry for goods is up to the requisite standard and requirements. Blowing Point Port that is the main gateway for Anguillians and tourists to the island, suffered the loss of the terminal facility that again had outlived its useful life (CDB Board had approved the BPP Ferry Terminal Loan in 2008 but UKG disallowed due to the impact of the 2008 global financial and economic crisis).

Airport Development – Prior to the passage of Hurricane Irma I had made the extension of the runway (along with support terminal and other facilities) at the Clayton Lloyd Airport a priority with the view of enabling Anguilla to have a more robust tourism economy. This question of adequate air access to Anguilla has been thrown into sharp relief as Anguilla's primary hub, Princess Juliana International Airport in neighbouring Dutch St Maarten, has been closed since the passage of Hurricane Irma and is expected to remain closed for some time. GoA is therefore requesting UKG grant assistance to extend the runway at Clayton Lloyd Airport to a length that will support and enhance Anguilla's immediate national security needs, enhances Anguilla's growth prospects and reduces Anguilla's over reliance on its neighbours for economic security. Also, as an intervention in the immediate term the GoA would be grateful if the UKG can give consideration to financing the 2017 costs of the ongoing Air Traffic Control and Fire Hall project at the Airport (UKG funded the costs of this project up to 2016 and GoA had requested continued assistance in 2017 but this was declined).

Road Development – since 2008 GoA has had in place a Master Plan for the Valley Roads Project which was the subject of an UK Foreign and Commonwealth Office funded "value for money assessment" in 2012. However, this project has been continually deferred because lack of resources. Proceeding now would allow the Valley Town to have this crucial infrastructure with the added benefit of putting in the requirements for underground electric cable.

Reconstruction of Government Office Accommodation – a number of Government buildings including the Governor's Office Complex (which seats Executive Council Chambers}, the Police Headquarters and the complex housing the Anguilla House of Assembly and Courts have been damaged extensively. This provides the opportunity for Government to do a comprehensive masterplan and development of modern office accommodation to optimize productivity and reduce costs- currently Government rents a number of private facilities which adds to its recurrent costs.

Replacement of the Vehicle Fleet – GoA's Vehicle Fleet already woefully inadequate and outdated suffered extensive damage as a result of Hurricane Irma.

10. The areas mentioned are not an exhaustive list of what is required to put Anguilla on the path to sustainable development. And though a proud people whose natural inclination is to pull ourselves up by our own bootstraps, we recognize that there is no shame and indeed no option but to ask for assistance, especially at a time like this. We stand ready to have discussions with UKG officials to agree a package of assistance for Anguilla to be provided over the short to medium term. In this regard we were heartened by the expressions of support provided by Foreign Secretary Johnson and Dfid Secretary of State Patel when they visited in the immediate aftermath of Hurricane Irma and look forward to the concrete realization of such pledges. We think that this is an opportune time for the GoA and the UKG to agree on the future of Anguilla and with a crucial element of this being the input of Anguillians to be derived from the Long Term Sustainable Development Plan consultation process. Not to preempt but it would seem that key principles of the Vision for Anguilla going forward would be to build an Inclusive, Resilient, Green and Smart Economy that is recognised as a centre of British Excellence.



Victor F. Banks

Chief Minister of Anguilla





The eye of Hurricane Irma engulfed Anguilla gusting winds of up to 200 miles per hour.



The Princess Alexandra Hospital – a thirty two-bed facility with limited diagnostic and secondary treatment capability lost its roof and flooded.



Over 1,500 electrical poles fell with many destroyed. Anguilla's electrical network will take many months to resume full capacity.



Newly appointed Governor Tim Foy and Chief Minister Victor Banks have worked hand in hand since the disaster meaning no state of emergency was declared on Anguilla.



After



Before



After

Many historic buildings throughout Anguilla were severely damaged or destroyed including the iconic Pump House in Sandy Ground.



The Albena Lake-Hodge Secondary School is the only such facility on the entire island. It has now been demolished for safety reason.



Anguilla's only airport was severely damaged. Its short runway meant Saint Martin, and Puerto Rico were essential components of Anguilla's transport links and so access to Anguilla is dependent on their recovery unless Anguilla's runway is extended.



Ferries to Saint Martin are also key to the supply of goods and services many of which are essential, and access for tourists. The Blowing Point, the island's only passenger ferry terminal, was destroyed and must now be rebuilt.



Both built and natural assets have been devastated. In the case of the latter this will take years to recover and their demise may have changed the appeal of Anguilla as a tourist destination. Similar cases throughout the Caribbean has reduced its appeal.

ANGUILLA HAS NO RESERVES

GOVERNMENT OF ANGUILLA
ESTIMATES OF RECURRENT REVENUE, EXPENDITURE AND CAPITAL BUDGET
2017 FISCAL SUMMARY

		2017 Approved Budget	2017 End of year Projection as at 29/09/17
TOTAL REVENUE	(E)	270.27	197.96
RECURRENT REVENUE	(A)	214.90	185.46
Tax Revenue		182.22	167.25
Taxes on Income		15.63	12.63
Taxes on Property		7.00	6.85
Taxes on Domestic Goods and Services		49.77	51.57
Licences		19.69	15.35
Taxes on International Trade and Transactions		90.13	70.85
Nontax Revenue		32.67	28.21
Fees, Fines and Permits		22.81	19.76
Rents, Interests and Dividends		4.00	3.38
Other Revenue		5.86	5.07
CAPITAL REVENUE	(C)	55.37	12.50
GoA Sale of Anglec Shares		23.98	-
EDF Funding		10.50	11.61
UK Grant(Road Bay Jetty, Long Term Dev. Plan)		16.00	0.89
UK (Fire Services/NDP/ACORN tentative)		4.89	-
Development Fund		-	-
PAHO (STEPS Survey)		-	-
TOTAL EXPENDITURE	(F)	256.29	211.33
RECURRENT EXPENDITURE	(B)	211.96	194.83
Wages and Salaries		88.66	81.99
Wages		4.92	4.54
Salaries		83.74	77.45
Retiring Benefits		10.76	9.75
Interest Payments		17.43	16.96
Domestic		10.10	9.82
Foreign		7.33	7.14
Goods and Services		49.32	43.18
Travel & Subsistence		1.15	1.35
Utilities		5.87	4.84
Supplies & Materials		3.86	4.24
Operating & Maintenance		6.77	6.62
Rental		5.71	5.99
Communications		0.94	0.88
Consultancy & Training		14.34	10.39
Other		10.69	8.67
Current Transfers		45.78	42.95
Public Sector		39.35	36.10
Private Sector		6.43	6.85
TOTAL CAPITAL EXPENDITURE	(D)	44.33	16.50
CURRENT ACCOUNT (Surplus/(Deficit))	(A-B)	2.94	(9.37)
CAPITAL BALANCE	(C-D)	11.05	(4.00)
PRIMARY ACCOUNT		7.43	(28.39)
Debt Amortisation	(G)	23.98	31.98
OVERALL BALANCE(Surplus/(Deficit)) incl. amort.	(E-B-G)	(10.00)	(45.35)
FINANCING:		10.10	21.94
UK Grant (Tower and Fire and Rescue)		-	-
PAHO (STEPS Survey)		-	-
Loan/Private Financing(Road Bay Jetty)		-	-
UK Grant		-	-
CCRIF		1.60	6.00
CDB Loan (Grant)		8.50	-
Reserves		-	15.94
Over Draft Facility		-	-

HURRICANE IRMA AND ANGUILLA

Hurricane Irma commenced near the Cape Verde Islands on the 30th August 2017 increasing in intensity, reaching category 5 in strength by the time the eye of the storm hit Anguilla and neighbouring Saint Martin on the 6th September. With winds gusting up to 200 miles an hour, the storm was the strongest recorded in the Atlantic and reeked havoc on the British Overseas Territory of Anguilla, going on to strike its fellow territories of the British Virgin Islands and Turks and Caicos days later.

Every island in the Caribbean is unique and as such each has suffered in its own way. The extent of damage in physical, social and economic terms differs accordingly, reflecting the extent of preparedness, coupled with the level of development and economic stability of each of the hurricane's victims.

The tragic and devastating consequences of this year's hurricane season and the likely repetition of such weather conditions due to global warming has put a strain on Anguilla's already weak and fragile economy and placed insurmountable fiscal pressures on the Government of Anguilla at a time when faced with the restructuring of the territory's national bank: the repositioning of Anguilla's dependency on the European islands that surround and embrace it by virtue of the UK's withdrawal from the European Union and the difficult recovery from the global economic downturn that commenced in 2008. It should be noted that Anguilla's pre-Irma fiscal and economic position was such that the UK government actively prevented the territory from borrowing for development or to support the territory's banking sector. It is

therefore clear that to borrow after a disaster that has crippled the island's main economic driver, tourism, would be both imprudent and arguably negligent as to do so would severely harm the welfare of the island, jeopardising its economic recovery for many years to come, during which time further disasters may occur.

There is also the crucial consideration of the heavy dependence of Anguilla on its European neighbours and its direct border with the EU. With *Brexit* coinciding with the recovery from Hurricane Irma, Anguilla is extensively exposed to the recovery of other islands in the region and the Florida peninsular, which are key to its supply lines, transport links, and which support Anguilla's limited public service, meaning the territory's recovery, redevelopment and resilience building will be strongly influenced by that of third parties unless the British Overseas Territory is made more self sufficient by developing key infrastructure that is fit for purpose. The effects of Hurricane Irma on Anguilla, Saint Martin and Florida, and of Hurricane Maria on Puerto Rico have tipped Anguilla's finely balanced prospects over the edge plummeting it into a myriad of critical risks for which it is ill equipped. Anguilla's recovery, reconstruction, resilience building and ultimate prosperity are therefore predominantly an issue of development.

Anguilla must ensure that self-sufficiency and resilience to natural disasters and economic challenges is intrinsic in its re-development. This strategic approach will serve to lift the island out of the poverty it has entered, that will worsen without aid to a level of minus 400% GDP by virtue of this hurricane alone according to the Caribbean Catastrophe Risk Insurance Facility (CCRIF). Instead Anguilla could be cost

effectively placed it in a position that would enable the territory to support other islands in its vicinity, including Saint Martin, Saba, Saint Eustatius, Saint Kitts and Nevis and Saint Barts, any of which many be hit by similar extreme weather conditions in the future and none which benefit from Anguilla's flat terrain, and low density population that would enable Anguilla to act as a hub for rapid response should the island itself not be affected. With the real prospect of hurricane seasons of this magnitude on the horizon, Anguilla will remain at considerable risk unless its recovery and reconstruction are conducted strategically. The macroeconomic, environmental and social consequences of this new landscape have yet to be fathomed, but should not be underestimated and cannot be overcome without sustained support in a manner that will not of itself be an economic burden such as taking on debt and liabilities the island is evidently incapable of serving as highlighted by the UK Government in the years in the run up to Hurricane Irma as it consistently forbade Anguilla from borrowing for its development, in so doing knowingly leaving the territory with infrastructure that was both weak and vulnerable.

This paper examines how Anguilla's needs may be met giving rise to a sustainable improvement in the general welfare of the 17,000 British citizens of Anguilla by way of catalytic aid whilst at the same time improving the UK's capacity to deliver aid to a region of the world subjected to protracted crisis in which tens of thousands of British citizens live and hundreds of thousands visit each year. Anguilla's sustained recovery from Hurricane Irma, and that of the neighbouring islands with which it has a symbiotic relationship will span the UK's withdrawal from the EU. Care must therefore be taken to ensure that

initiatives undertaken not only survive that event but provide a platform for continued harmonisation in a region to the benefit of the local population and the European countries that have a vested interest in their prosperity. Meeting global challenges in the pursuit of prosperity is intrinsic to the fulfilment of this ambition.

PROSPERITY: Anguillians are hard working people, however sustainable prosperity continues to allude them due to the island's limited natural resources and inadequate infrastructure which means there is a constant risk of water poverty and that individuals often struggle to access comprehensive diagnostics, secondary medical facilities, tertiary or vocational education on the island and experience restricted access to opportunities in the region or globally. Anguillians are often isolated due to convoluted and expensive transport links that include access to much needed diagnostic and secondary medical support that may only be found off-island given the limited public health facilities on Anguilla. The mono-economy of tourism limits aspirations among the young resulting in a reduction of opportunities in the territory and the region as a whole. Consequently, Anguilla's fragile economy directly exposes the island to the influences of other nations whose fates lie well beyond Anguilla's control or influence, often with the potential for dramatic consequences for the territory from which recovery is prolonged, difficult and expensive.

POVERTY: Anguillians have experienced abject poverty for extensive periods throughout the island's history, with many alive today having lived through droughts that have lasted for years and isolation of a level and nature not experienced elsewhere in the region. These

circumstances have all too often been ignored by the outside world, undoubtedly due to the island's perceived commercial insignificance. A mere fifty years ago when Anguilla successfully fought to remain British, the level of neglect experienced was such that the island had only one public telephone, no electricity and no running water. Since then, notwithstanding limited support from Britain, the people of Anguilla built its economy up, but the territory has remained well behind other islands and territories in the region and, very much behind other British nations, in respect of its public services and infrastructure, with Britain having persistently blocked avenues for Anguilla's development.

Having moved away from subsistence farming, salt production and lobster fishing, tourism is now the single most important economic driver for Anguilla, and the largest principal and secondary employer on the island. The colossal losses and damage inflicted by this year's hurricane season has largely written off mainstream tourism during the 2017/8 period and will inevitably negatively impact upon the 2018/9 season crippling the island's economy. Already, a mere weeks after the storm, over 1,800 jobs have been lost amounting to over 60% of the workforce in the tourism sector, raising the island's unemployment to over 25%. Although the major resorts on Anguilla are creating a welfare fund for those they have laid off, the island is already experiencing mass unemployment that may result in significant levels of migration of a population which, unusual among British Overseas Territories, consists mainly of indigenous Anguillians (97%), who are all British citizens. Migration will inevitably entail a brain and skills drain for a small community like Anguilla and will hinder the island's sustainable recovery. The existence of a large, well established Anguillian diaspora in the UK

could easily facilitate large scale migration, making this a realistic option for many, particularly those that have been rendered unemployed and homeless by the hurricane and who are obliged to fund their own recovery. This is coupled with the real and serious risk of loss of current and potential investors such as hoteliers and other leisure industry operators that may themselves struggle to find insurance in the future and who may not have adequate cover to meet current losses. Lack of insurance is also a predicament faced by the majority of locals who may become impoverished by having to rebuild their homes without recourse to public or private insurance or finance they can afford, especially in the absence of employment.

With the social structure of the island comprising extended families and with many elderly having retired there alone, the social consequences of unemployment are magnified considerably. This is exacerbated by the absence of a comprehensive welfare system and limited key public services that are woefully inadequate and can barely cater for the needs of a resident population of over 17,000 persons or the numerous tourists. Anguilla's public services and infrastructure may no longer be supplemented with ease by neighbouring islands such as Saint Martin and Puerto Rico, each of which has also suffered devastating loss and, like Anguilla, face years of recovery that will challenge the viability of their economies for years to come. By addressing the reconstruction needs of Anguilla in an innovative manner using the well established local skills base in construction and resilience building the mass unemployment arising from the closure of the largest participants in the tourism sector and risk of a skills and brain drain can be largely averted thereby providing added value to the spend.

GLOBAL CHALLENGES: Anguilla faces the ultimate insurmountable challenge - nature itself. At present the island is beset by a protracted humanitarian crisis that is destined to last for several years, set against the backdrop of *Brexit* that will result in the termination of Anguilla's only significant source of developmental aid that is provided by way of grants as opposed to loans from the European Union through its European Development Fund (EDF). EU aid is provided in a manner that empowers Anguillians through its own democracy to prioritise and progress with the island's development. In 2016 EDF accounted for 36% of the island's capital development budget. At present there is no UK or global equivalent to the EU's EDF funding for which Anguilla would be eligible. The island therefore faces a precarious future given the fact that most of its key infrastructure has been adversely affected by this year's hurricane season alone. Anguilla's economy was weak prior to Hurricane Irma, now in the absence of mainstream tourism for the next year, if not two, and with limited progress made in the diversification of the economy, Anguilla's GDP is now estimated at minus 400% by the island's insurers. This coupled with negligible reserves pre-Irma means Anguilla is not in a position to service loans after November 2017 and will seriously struggle to progress with any form of reconstruction or development without the support of grants in aid.

This small island, which has no industry of its own and a small population, albeit one that uses fossil fuels for energy, desalination and transport, cannot be held responsible for global warming that has caused an increase in the temperature of the Atlantic Ocean which is widely recognised as the reason for the increase in frequency and ferocity of hurricanes in the region. Earthquakes exacerbate this, albeit

relatively minor in Anguilla thus far, coupled with the daunting fact that vast tracts of Anguilla lie well below sea level. Anguilla has suffered from water stress for centuries having no surface water and suffering from prolonged droughts that have been alleviated by aid provided from neighbouring Saint Martin. Rising sea levels not only threaten Anguilla, much of which lies below sea level, but also many of its twenty two outlying islands and cays, which although uninhabited are the homes of significant elements of Anguillian wildlife.

The second global challenge that Anguilla faces is that of the global economy, as the island's main economic driver is tourism predominantly from the USA and UK. Difficult and expensive international and regional access, an airport currently incapable of receiving commercial aircraft other than light aircraft and with only a small local ferry service that links Anguilla to the outside world through French Saint Martin which is technically Metropolitan France, and which like Dutch Saint Martin now requires almost total reconstruction means Anguilla is isolated.

Moreover, the destruction of Anguilla's only passenger ferry terminal at Blowing Point now means access by sea, which had been a popular option, no longer exists on a commercial scale. As a consequence, Anguilla traditionally attracted a relatively low number of tourists that are now likely to diminish significantly in number for the foreseeable future. Given its circumstances, Anguilla's tourism model has traditionally focused on 'high end' tourism to compensate for its expense and difficulty of access. Unlike the British Virgin Islands or Turks and Caicos Islands, Anguilla's tourism is entirely dependent upon the island's facilities and infrastructure as all-inclusive cruise ships cannot enter its shallow waters nor provide supplemental accommodation, entertainment

nor sustenance for visitors. This has placed emphasis on the island's reliance on its European neighbours and the need for self-sufficiency as those neighbouring islands must themselves rebuild, a process that will take many years.

Anguilla's dependence upon Europe is perilous in that, unlike Gibraltar which also borders a member state of the EU, Anguilla cannot provide key public services itself and is heavily reliant the support from its European neighbours. Whilst, all other British Overseas Territories may choose whether they seek support from European related entities or not, in the case of Anguilla there are few, if any, practical alternatives.

Anguilla's position may be rectified with relative ease if the need for self-sufficiency is built into the recovery, reconstruction and resilience building phases of the disaster recovery programme. Failure to do so would expose the British Overseas Territory to an uncertain future in which the attainment of sustainable prosperity would be put at risk once more, particularly as Saint Martin is a part of Metropolitan France and an Outermost Region of the European Union. Throughout Anguilla seeks to become a centre of British excellence demonstrating the fact that despite Brexit, the UK and Anguilla remain a part of a European family of nations not only by virtue of their geography which places it at the heart of a diverse European neighbourhood, but also the mutual heritage and the fact that we face the same issues, such as global warming that warrant harmonisation of effort. The protracted crisis that began with the 2017 hurricane season could be turned into an opportunity for the advancement of Anguilla, and the neighbouring European related islands whilst addressing the unavoidable demand for financial

assistance, enhancing the overall value for money in the inevitable cost of Anguillians recovery.

Anguilla, like Gibraltar, sits within Europe, the distinction being that Anguilla is encircled by Dutch and French '*territory*' in the Caribbean with which it has long established familial ties and an entrenched symbiotic relationship that underpins its viability in the absence of its own development.

Anguilla has been making a case to the UK Government to ensure that *Brexit* does not jeopardise access to this essential support provided by its European neighbours. Sadly Anguilla has been largely ignored thus far despite the fact that the island already suffers from the closure of its border with French Saint Martin each night at 10pm, which adversely affects the welfare of the 17,000 British citizens that reside there, often putting lives at risk due to the inadequacy of the public health system and transport links of the British Overseas Territory. Anguilla's medical facilities being upgraded, and the airport runway being extended may avoid this position. This would not only resolve the unacceptably precarious welfare of Anguilla despite being a close family member of one of the world's leading economies. By assisting Anguilla through what is globally accepted as a humanitarian crisis, Britain's credibility as a genuine bastion of good practice would be greatly improved both domestically and to the wider world.

Continuation of Anguilla's inadequate pre-Irma position is further aggravated as French and Dutch Saint Martin were in the throes of a boundary dispute that had reached stalemate at the time of the storm.

With the high levels of civil unrest that had broken out on that island, which included armed looting and a rise in racial tension, the border between French and Dutch Saint Martin is now being strictly administered and the respective sides of Saint Martin subjected to strict policing. The practical implications for those that seek to travel through the island, which was the route for over 90% of Anguilla's visitors prior to the hurricane, have yet to be ascertained as the Dutch open a restricted service by the Princess Juliana Airport that was extensively damaged by Hurricane Irma. This is all the more relevant as many visitors to Anguilla are often obliged to stay in Saint Martin overnight due to the closure of its border with Anguilla each night shortly after the last planes from Europe and the USA arrive, giving little time to transfer on to Anguilla.

The 2008 financial crash is still being felt in Anguilla, marking a drastic downturn in its tourism, with the island's economy yet to recover to a pre-crash level as reflected in the poor state of its pre-Irma economy and lack of reserves. This was also marked by the UK's persistent refusal to permit Anguilla to borrow on the grounds of inadequate capacity to service debt, a position that has further deteriorated by virtue of the hurricane, and one it would be negligent to ignore if the prosperity of Anguilla is the genuine ambition, concern and duty of the UK.

The territory's natural assets that include the flora, fauna, beaches and landscape of the main island together with the twenty-two outer islands and cays are important elements of its tourism offer. With many years required for natural recovery, Anguilla may prove less attractive to a very discerning client base. Moreover, the experiences of tourists in being trapped on islands throughout the region during some of the worst

weather conditions ever documented and social unrest recorded in recent times will certainly dissuade many from returning to the region as a whole for some considerable time resulting in avid competition between the islands of the Caribbean to attract business from an ever shrinking market. This of itself may lead to a loss of the island's most important natural asset - its people, who may be driven to migrate should the economy continue to flounder and Anguilla remain dependent upon islands that are themselves now vulnerable and to a large extent inoperable for the foreseeable future.

Anguilla therefore faces a delicate balancing act of reassuring would-be visitors together with existing and potential investors that the island is worth visiting and investing in whilst at the same time recovering from the worst natural disaster experienced in almost a century and recognising that this may well become an all too frequent occurrence. Efforts on the part of the UK government to depict Anguilla as '*business as usual*' by means of various postings and films do not portray Anguilla's true position and should not be used as an excuse by the sovereign state to avoid its responsibilities to the territory - a situation that has arisen all too often in the past which has absolutely no place in a humanitarian or moral context and will serve to bring the UK's humanitarian credentials into question by an ever watching world.

The aid effort must create sustainable opportunities for the islanders that have time and time again made valiant efforts to stand on their own two feet, but so evidently need a concerted effort by means of financial support on the part of the sovereign state to cross the line to secure the potential for sustainable prosperity. This should take the form **catalytic**

grant in aid focusing on equipping the island with the means to prosper as opposed to creating an aid dependent relationship with the sovereign state for many years to come, as has been the case in other territories. Anguilla simply cannot recover or reconstruct alone, however it would be a case of giving a hungry man a fishing rod so that he may fish for himself as opposed to feeding him fish each day. To have that hungry man incur debt to buy a fishing rod or even the fish when he has no money would be an unnecessary burden particularly when the sovereign state has the means to assist.

Anguilla's track record of aid dependence is good. Grant in Aid has not been provided by the UK to Anguilla since 1983 and the territory has not received significant capital support from the UK since 2003 nor has Anguilla ever received support from the UK of the magnitude recently witnessed with other Overseas Territories with substantially smaller populations and no pressing humanitarian need or crisis.

Aside from the remote British Overseas Territories, Anguilla has the most intact indigenous population, meaning that every penny spent by the British taxpayer on its support for recovery and reconstruction would have a 97% yield reflecting the percentage of indigenous Anguillians that make up the population and who are British citizens. The grant in aid, that is most appropriate for Anguilla's sustainable recovery, is not anticipated as a long term arrangement but a catalyst that would precipitate the reversal of a downward spiral that has already begun as a direct result of Hurricane Irma and would be accelerated by future challenges, both natural and economic unless comprehensive aid is provided promptly.

BRITAIN NOW SEEKS TO REDEFINE AND REINFORCE ITS PLACE IN THE WORLD AND TO BECOME MORE OUTWARD LOOKING

Britain's relationship with Anguilla began in 1650 and has continued uninterrupted for centuries during which time the people of Anguilla have been consistently loyal and faithful to the sovereign power. Yet, this has largely been a case of unrequited admiration with Anguilla's national character of endurance often leading to it being overlooked and uncared for, making it very much the **Cinderella of the British Overseas**

Territories. Anguilla is nonetheless a British Overseas Territory that could so easily become a valuable asset in Britain's post *Brexit* global repositioning whilst at the same time becoming a good news story and comprehensive case study for the Department of International Development, which is much needed in respect of its dealings with British Overseas Territories. At a time when the British tax payer continues to question Britain's stance on international aid, Anguilla would provide a legitimate case for cost effective support for British people that are known to be very capable and hardworking, as reflected by the manner in which the islanders of Anguilla responded to the disaster which meant there was no need to declare a state of emergency due to civil unrest as Anguillians began a community clear up operation.

It is widely recognised that the UK Government classifies the British Overseas Territories as **contingent liabilities** of the United Kingdom, an approach that has set the parameters of the relationship at a low base, arguably extinguishing the considerable mutually beneficial potential of the relationship. Today, as the UK seeks to form a '*stronger, fairer, more*

Global Britain’ the inequitable stance taken with Anguilla should now be brought into question and the British people of Anguilla assisted to a position worthy of the twenty first century as members of the British family of nations.

A prime example of the opportunities that have been extinguished by the out dated approach taken with Anguilla is that the territory sits at the gateway of the Panama Canal and plays host to 20% of the world’s shipping that comprises over US \$270 billion worth of cargo serving more than 140 maritime routes to over 80 countries, the majority of which travels from the East Coast of America to the Far East traversing Anguillian waters. Despite this, no attempt has been made to realise the potential of this strategic location by the UK who have recently refused to support Anguilla in repairing the lighthouse on Sombrero Island that marks the established route, although Anguillians had proved the strategic relevance of Sombrero Island in the past with economic success that supported the development of the island’s roads.

Opportunities in global and regional security through strategic positioning of facilities are evident, serving to reinforce Britain’s position in the world. Moreover, the potential to introduce a voluntary green tariff on world shipping passing through Anguillian waters as a means of supporting the island’s recovery from the effects of Global warming, could provide a means of redressing the wrongs the fragile environment of Anguilla is now suffering. This may require encouragement from the EU that was responsible for the original toll being lifted at the request of Italy several years ago.

Anguilla's tourism model is unique among the British Overseas Territories, having focused solely on high end, low volume tourism, thereby making Anguilla an ideal location for marketing British innovation, goods and services whilst at the same time preserving its delicate environment which, along with that of its fellow British Overseas Territories account for 90% of the biodiversity held when assessed jointly with that of the UK, whilst that of the EU Overseas Countries and Territories account for 80% of that of the European Union when calculated in like manner.

BRITAIN SEEKS TO STRENGTHEN INTERNATIONAL PARTNERSHIPS AND TO BUILD NEW RELATIONSHIPS ACROSS THE GLOBE

Anguilla is an active component of Europe's Caribbean presence, based on deep-seated relationships that have evolved over generations that will survive *Brexit*. Anguilla is the closest Caribbean territory to the UK and Europe, being the most northern of the Leeward islands, and sitting on one of the world's most established shipping routes, as such Anguilla may resume its long forgotten role as a base for the UK in the region. Arguments for this are strengthened by the fact that Anguilla consistently ranks first in the Caribbean for Good Governance and Transparency in its financial sector placing it in pole position to receive the grant in aid it needs so desperately. Moreover, Anguilla merely seeks catalytic aid, as opposed to perpetual aid dependency, making this a short to medium term commitment.

Anguilla could provide the UK with a platform to work with Europe in a more pragmatic context than that of mainland Europe, an approach that is in the best interests of the UK and Europe alike. Having a direct border with the EU that is not saddled with a sovereignty dispute, Anguilla presents an opportunity for Britain and Europe to demonstrate a '*deep and special relationship*' that must, by necessity, survive *Brexit*, particularly in the aftermath of this humanitarian crisis and the consequential need for regional cooperation and harmonisation, particularly with the member states of France and Holland. Respect may only be engendered if we establish environmental, financial and political resilience; failing which Anguilla may yet suffer collateral damage from *Brexit* to the embarrassment of the member states in question, each of which, together with the EU and its institutions, continue to pursue leadership in the field of human rights and international development.

At present both the UK and EU rely heavily upon full members of CARICOM, that are mainly independent English speaking Caribbean countries, to administer and deliver its initiatives in the Caribbean. Whilst the attraction of the votes of independent Caribbean countries at the UN and Commonwealth is clear, query whether nations such as Anguilla that are more closely related to the UK could adopt similar or ancillary roles that may support the UK Government's regional aspirations, whilst at the same time generating much needed economic diversity in British territory thereby reducing the need for support by the UK. The capability and potential of British Overseas Territories in the region to satisfy an aid related brief was vividly demonstrated by the Cayman Islands who themselves suffered near total destruction by Hurricane Ivan in 2008. Having carefully position their recovery and

reconstruction, they were in a position to provide aid to Anguilla through medical airlifts generated from their advanced medical sector that were a fraction of the cost of those mounted by the UK from Europe that proved effective in adjusting to the ever changing needs of the situation.

Anguilla, like Caymans, is a low lying coral island that could so easily host a humanitarian base by entrenching cost effective elements within its reconstruction that would enable Anguilla to assist in delivering a bigger, better, faster UK response to the rapid onset of disaster in a region known to be at increased risk which is the home of tens of thousands of British citizens. Such measures may serve to reduce insurance premiums for commercial and private beneficiaries, making inward investment more attractive. The locality and unique geography of Anguilla in its vicinity makes it a prime candidate to compliment the capacity of islands such as the Caymans, Curacao and Barbados that have similar advantages. Such an approach would bring with it the benefits of regional knowledge whilst at the same time reducing the need for the deployment of resources located at considerable distance from the hurricane prone area of the Caribbean, such as the deployment of the UK's military undertaken at vast public expense that has reduced the level of funding available for implementation of reconstruction.

Placing this capability within Anguilla has the added benefit of much needed job creation within the scope of the existing skills base resident in Anguilla. This may not only benefit Anguilla and the UK, but the region as a whole providing an attractive platform for relations with Europe post *Brexit* and reducing the pressure on Anguilla's border with metropolitan France, the conditions of which have yet to be negotiated in the limited time available for Brexit.

ANGUILLA IS FRAGILE

UNICEF has attended Anguilla to roll out its '*Return to Happiness*' programme in order to mitigate the psychological trauma that the hurricane inflicted, especially upon the young and socially vulnerable. From this we may devise culturally sensitive ways and means of addressing such needs for use throughout a region that is threatened with regular onslaughts of this kind and established sustainable support from UK based charities should the need arise.

With no surface fresh water, and limited underground supplies that are tainted and brackish, Anguilla is naturally fragile. Indeed twice in its history a total evacuation was ordered for due to lack of water. With the demise of the salt industry, the island has predominantly relied upon subsistence farming and fishing, trading with its more populous, mountainous neighbour Saint Martin which has a population of over 78,000 compared to Anguilla's 17,000, each inhabiting an area of approximately 90 square kilometres. The option of imports from Anguilla may prove more attractive to Saint Martin during the years of recovery that it must embarked upon, although the consequences of *Brexit* will influence this aspect of the relationship unless potential trade barriers are softened.

With the burden of care of the young and the elderly vesting largely in the female members of society, is it imperative that the island's devastated education facilities are addressed as soon as possible as many were destroyed, including the island's only secondary school, meaning students may only attend school in temporary facilities and on

a part-time basis. This has placed a considerable strain on many women.

The lack of operative accommodation for government, schools and other public services that have lost their buildings and equipment has also placed a strain on surviving resources and may prove expensive as time progresses for both owners and users alike. Similarly the need to accommodate aid workers and other experts may prove an expensive additional budget line for the Government of Anguilla at a time when its resources are fast running out.

A pop up welfare system is currently in development as since the abolition of slavery Anguilla has not tolerated inequality of opportunity or life chances for any of its inhabitants. Efforts are therefore being made to ensure that no one is left behind in the recovery process.

ANGUILLA IS SUSCEPTIBLE TO CLIMATE CHANGE

With large tracts of the island lying well below sea level, Anguilla's fate is sealed as global warming leads to rising seas levels. A fate that has been imposed upon the island, which, although over 90% reliant on fossil fuels, is so diminutive as to not have caused its vulnerability alone. The resultant extreme weather conditions are increasing in strength and frequency meaning Anguilla must make a step change in the level of its resilience and capacity to respond. In so doing the British Overseas Territory seeks to become a centre of excellence within the region with the potential to act as a hub for surrounding islands whose mountainous terrain may present them with logistical difficulties of their own. This is a

particular challenge for the Dutch and French islands that lie beside Anguilla which is the only completely flat island in the vicinity making it an ideal location for airborne aid distribution should Anguilla's airport be expanded, allowing it to accommodate a multinational Caribbean Coordination cell of the kind temporarily established by France, Holland and Britain in Curacao in response to Hurricane Irma. The precedents of Gibraltar and the Falklands and that of Saint Helena have shown that considerable added value may be secured from infrastructure development supported by grant in aid when combined with strategic functions of this kind. In the case of Anguilla, airport expansion may also be justified given the island's relevance to world trade, and the size of its population, also as a means of addressing the risk of Brexit for Anguilla.

Anguilla has unique agricultural heritage that is practiced by an increasing number of islanders on a part time basis. Similarly the territory is a marine nation renowned for its shipbuilding and prowess upon the seas. Anguilla has extensive marine territory with a potential that has yet to be realised by the islanders who struggle to protect it from illegal fishing and whaling by nations such as Japan. The absence of an official response unit adds to this problem. The creation of tailored financial instruments designed to encourage and support Anguilla's agriculture and commercial fishing could stimulate growth in these sectors, benefiting from the captive market of Saint Martin whose potential for domestic fishing within its own waters has been severely curtailed by the introduction of an EU funded Blue Belt around its northern shores. Commercial fishing and the grant of fishing licences to Saint Martin and possibly Canada could diversify Anguilla's economy within the existing skills base and reduce Anguilla's reliance on tourism

that is so easily undermined by the effects of global warming. Initiatives such as the eradication of the Lion Fish, and potential for farming the CITES listed Conch may also be examined thereby solving global problems.

ANGUILLA AS A CENTRE OF BRITISH EXCELLENCE

Although denied the full benefits of its once world renowned tourism industry by virtue of the global economic downturn of 2008 from which it has yet to recover and the current natural disaster that may also take years to recover from, Anguilla has nonetheless proved that tourism in a small developing island may be conducted in a manner that does not jeopardise the environment, and can stimulate an economy giving rise to opportunities for indigenous people of all walks of life. As the island rebuilds its tourism industry, the opportunity arises for it to further enhance its tourism offer and to ensure that the life chances of the islanders are not restricted by the dominance of tourism in the economy.

The role of insurance for both the public and private sector has been brought to the fore by the extensive destruction inflicted by the hurricane in which 90% of Anguilla's housing stock was severely damaged and key infrastructure destroyed. As part of the sustainable recovery, it is imperative that cost effective, and attainable insurance be identified, and a model fit for purpose in an era of recurring natural disasters created to ensure that businesses not only recover but are also compensated for loss of earnings and opportunity. Access to such insurance facilities may become a deciding factor for both continued and new inward investment. Insurance is also important for individuals to ensure that they are not

impoverished by the need to privately finance their own recovery. This presents a real need as the majority of people in Anguilla have built their own homes, and would be obliged to repair them privately. This is a field in which Britain could promote innovative solutions, possibly led by the City of London that DFID's Economic Development Strategy of January 2017 refers to as becoming the '*development finance hub of choice*'. The potential of Bermuda, a fellow British Overseas Territory, as a leader in the field of insurance, may also be explored.

Whilst considerable effort is being placed on the recovery of a full energy network, it is accepted that imported fuel is the largest overhead of the majority of the world's small island developing states. Logically, the reduction of fuel use would reduce this burden. To accomplish this we may look at both diversification of fuel to include sustainable, renewable sources such as solar, together with assessing the use of fuel in general. Fuel consumption in Anguilla is closely linked to the production and use of water, the desalination process being a large consumer of Anguilla's imported oil. Dual water systems whereby '*grey water*' is used for various purposes, limiting fully desalinated water to potable use could significantly reduce the demand for fully desalinated water, and thus the use of fuel, and could be adopted domestically, commercially and ultimately publically. Education and training in this field coupled with the local skills base in construction may easily give rise to local SMEs that may easily service a regional market.

With so many vehicles damaged and destroyed by the storm, many new vehicles are required on Anguilla. The opportunity to revisit the type of transportation on offer therefore arises. Pre-Irma, aside from golf

buggies used on various resorts, there was no form of electric transport, and, indeed, no form of public transport on island. Scope now exists to trial electric and hybrid cars on Anguilla, which is flat and a mere 16 miles in length and three and a half miles at its widest, providing a good environment for the use of electric and hybrid vehicles. Again this would reduce oil consumption and could greatly enhance the value of solar energy on the island, reducing the burden on both the public and private purse.

According to the President of the World Bank, Jim Yong Kim:

“To end extreme poverty and building shared prosperity, we have to do three things: promote sustainable, inclusive economic growth; invest more – and more effectively – in people, through health, education, and social protection programs; and build resilience to shocks and threats. This three-pronged strategy must carry across all sectors of development: from agriculture to energy, infrastructure, water, transportation, urbanization, and human development.”

Concurring with his view and taking the moral and fiduciary duty the UK Government has in respect of Anguilla as read which is stressed by the fact that the UK actively prohibited Anguilla from developing for many years in the run up to Hurricane Irma, provision must now be made by the UK to improve Anguilla's infrastructure and public services neither of which were satisfactory prior to the catastrophic event, due to the poor economy and restrictions imposed upon the island by the UK Government against borrowing, meaning Anguilla was unable to raise funds to invest in these essential elements of economic growth and ultimately prosperity. Now, in the aftermath of the hurricane, the territory

is incapable of protecting, let alone improving the general welfare of its people without external support.

To ameliorate the return on a grant in aid investment, publically funded institutions such as the Anguilla Community College (ACC) could be invited to take on commercial services such as civil service training, that has a proven regional market, to subsidise local use of the facility and reduce their dependence upon the public purse. Again the concept of becoming a centre of British excellence in the region is attainable. Education and training is generally commercialised in the UK, with many seeking to expand into other markets. Collaboration with the ACC would relieve the risk of capital investment on the part of would be investors and could attract inward investment to the island more readily.

With much of the built and natural heritage of Anguilla damaged, if not destroyed, a concerted effort should be made to retain records and samples within the UK for the purpose of recovery and, if need be, reconstruction. Not only would that provide an invaluable resource for Anguilla but could also prove invaluable in educating the British public as to the existence and mutual heritage shared with the British Overseas Territories, many of which may play an important role in the repositioning of Britain as it leaves the European Union. Scope for this does exist within the remit of the Heritage Lottery Fund through appropriate pathways. With the presence of a large, well-established diaspora in the UK such an initiative is viable for Anguilla.

Pre-Irma, Anguilla was strewn with significant quantities of recyclable waste that included old vehicles and heavy equipment far too large for

local facilities to cope with. Historically Japanese vessels collected scrap metal from the region, but the service appears to have ceased. It is a service that many islands would benefit from, together with the compression of such waste before disposal, as practised on Antigua which has a recycling unit funded by its Rotary Club. Innovative methods of recycling such as container construction, have yet to take hold in Anguilla, but could give birth to a range of locally owned SMEs and may be of particular interest to younger more vocationally driven members of society. Knowledge-transfer from the UK and further afield could assist greatly and may form the basis of a centre of excellence led by the ACC. The use of distance learning and virtual classrooms may also be examined as a cost effective means of bringing Anguilla up to date in this important sector whilst at the same time progressing with its own recovery, and ensuring employment opportunities at every level reside with the islanders where there is grave need.

Despite its extremely limited medical offer, through its sheer determination Anguilla had created its own centre of excellence in dialysis, attracting patients throughout the region. This is a prime example of the abilities, focus and integrity of Anguilla. The recovery of the hospital and transport links to Anguilla is crucial for this regional service.

Sadly a significant percentage of the Conflict, Stability and Security Fund (CSSF) allocated to Anguilla was spent on hydrographical mapping, much of which is no longer accurate due to the effects of the hurricane on Anguilla's shallow waters. Learning from this outcome, more care could be taken by the sovereign state in determining priorities for the

territories, instead, placing more weight on local knowledge and expertise rather than imposing strategies from afar or through the auspices of those, albeit duly authorised, with limited knowledge or experience of the island or region, as was the case in this instance, albeit in satisfaction of the strategic goals of the sovereign state.

ANGUILLA IS AN EXAMPLE OF GOOD GOVERNANCE

The Chief Minister of Anguilla, Victor Banks and the newly appointed Governor of Anguilla, Tim Foy, were noted for their close cooperation and for not declaring a State of Emergency in Anguilla during Hurricane Irma. The people of Anguilla were similarly noted for the stoic manner in which they set about clearing the island as soon as the storm passed, and for making such temporary repairs as they were able. This was due to the ability within the Government of Anguilla to operate effectively and the peoples desire and competence in their contributions to the recovery process. In the event both Anguilla and the UK did not find a need to transfer power from the Government of Anguilla to the UK, reflecting the high standard of governance Anguilla is capable of and the pragmatic nature of Anguilla's people, even when in dire straits such as these.

Whilst Anguilla's banking system is in a state of transition with its national bank in need of a unique selling point that may serve to stimulate its growth and strengthen its financial position, in restructuring the bank the territory has worked closely with the UK to achieve this. With the UK appointed governors having responsible for international financial services under the territory's constitution, and chairing the island's financial services regulator, the governance of Anguilla's

banking system has been a joint endeavour. In addition to domestic banking, Anguilla has a relatively small international financial services sector that accounts for less than 10% of the economy. Although extremely small, Anguilla's financial services industry ranks first in the Caribbean and sits well above the UK, Switzerland and the Channel Islands and Jersey in the **Global Financial Centres Index 2017**

(September 2017) for its integrity, good governance, transparency, anti-money laundering, and compliance, ranking well above other British territories, as assessed by key stakeholders that include: the CIA, FBI Financial Action Task Force, OECD, IMF, HM Treasury, Egmont, US State Department, the UN and World Bank, and ranking first in the Caribbean. Anguilla is therefore well positioned to satisfy DFID's requirements of good governance and transparency. Symptomatic of Anguilla's weak economy and lack of reserves is the difficulty Anguilla currently has in funding the modernisation of its corporate register to satisfy the Exchange of Notes on Beneficial Ownership with the UK being able to contribute only a fraction of the costs that the UK's own requirements now place on the island. This is further challenged by the recent disaster and the additional initiative by the EU that may result in the financial services of various British Overseas Territories being blacklisted by the European Union which will negatively impact upon Anguilla's financial services sector, causing further harm to an economy that is already critically damaged for reasons beyond the control of the Government of Anguilla.

DFID's promotion of the City of London in the context of development may well provide the answer, in that Anguilla may prove a useful footprint for various City and governmental institutions to work in the

region, creating innovative financial offerings in situ that may bolster e-commerce and other forward looking economic developments that have yet to become firmly established in the region. Entering Anguilla at base level whilst its own banking system is still being devised affords a great deal of scope for City institutions to influence its structure and development. Again, the opportunity to create a mutually beneficial centre of British excellence arises for both Anguilla and the UK providing a useful counterbalance for the increased market challenges on the City of London that *Brexit* entails.

ANGUILLA NEEDS GRANTS IN AID NOT LOANS

Up until the hurricane struck, the UK expressed prohibited Anguilla from borrowing money, or securing inward investment from various viable sources, denying the territory the opportunity to strengthen the resilience of key infrastructure and laying it open to the losses that have now been incurred. Now there appears to be a move on the part of the UK Government to encourage borrowing for recovery and reconstruction. Default on Anguilla's existing loans is only a matter of weeks away as at the date of this report, unemployment has already commenced and will last throughout the 2017/18 tourism season at the very least, bearing in mind people book their holidays months in advance and are unlikely to do so with resorts that are currently struggling with recovery and reconstruction. In addition, the reduced appeal of the Caribbean in general as a holiday destination, and lack of supporting infrastructure on neighbouring islands, means Anguilla will not only need support to rebuild, but shall require budgetary aid for the short to medium term. In this scenario, lending to an uncreditworthy nation, as designated by the proposed lender itself, would be grossly negligent, and is counter to the

central object and principles of humanitarian aid, namely the eradication of poverty and suffering. It is also contrary to the expressed duty of care of the UK towards its territories in supporting self sufficiency and prosperity within them. The UK's encouragement of commercial interests from the UK to pursue commercial opportunities in Anguilla, with price tags attached that in practice amount to loans, may prove reckless and may not be described as humanitarian. Moreover, the proposed use of the Caribbean Catastrophe Risk Insurance that was contributed to by the EU, and UK together with Anguilla for recurrent expenditure that would be due and payable notwithstanding the catastrophic event, was not envisaged by the policy, which focuses upon recovery from losses arising directly from the disaster.

With the imminent loss of future European Development Funding, and with that of the 11th EDF scheduled to last until 2020, having already been deployed to conduct the original EU project on education now used as part of the recovery from Hurricane Irma, Anguilla has no further source of significant developmental grant aid. The devastation of inadequate key infrastructure that included all of the island's schools bar one, power supply, communications, together with the crumbling container dock and ferry port, and 90% of the island's housing stock means Anguilla will need considerable support for a period that will inevitably post date the UK's withdrawal from the EU currently scheduled to take place in March 2019. If left to private sector bargains, Anguilla will inevitably be plunged headlong into generation after generation of unserviceable debt with little scope to recover from what is likely to be the first of numerous disasters directly resulting from climate change.

Moreover funds will not remain within Anguilla's economy if UK contractors and services are used.

To date the island has extremely limited electricity and restricted communications, whilst oil supplies, food, water and medicines are being provided by interim arrangements, delivered over long distances at vast expense, fuelling inflation in Anguilla. In the absence of an extended runway of its own, French and Dutch Saint Martin, remain the gateway to Anguilla and the hub for wholesale essential goods and services. However with Saint Martin all but annihilated, Anguilla has now embarked upon a long and difficult recovery that must reassess the territory's sustainability and viability. Although Puerto Rico provided some respite, it too has now been critically struck by Hurricane Marie, and has suffered great losses of its own that, we are informed, will take many months for the United States of America to address, if not resolve.

At the time the hurricane struck, Anguilla was in the process of diversifying its economy, with particular focus on developing a commercial fishing industry, making use of the territory's extensive marine assets. The combination of *Brexit* and Hurricane Irma means the territory will need significant, sustained support to achieve this rebuild and diversify its economy, that should factor in the need to access markets both within the Caribbean region and the wider world.

Bankruptcy of Anguilla and the forced sale of the islanders' traditional small holdings to foreign interests has long been mooted by the UK in the past as means of stimulating Anguilla's economy, but would lead to the complete destruction of the island's unique culture and heritage, akin to that of Barbuda, and would fail miserably to reflect the aspirations of

the Prime Minister, the Foreign Secretary and Secretary of State for International Development voiced before a world audience.

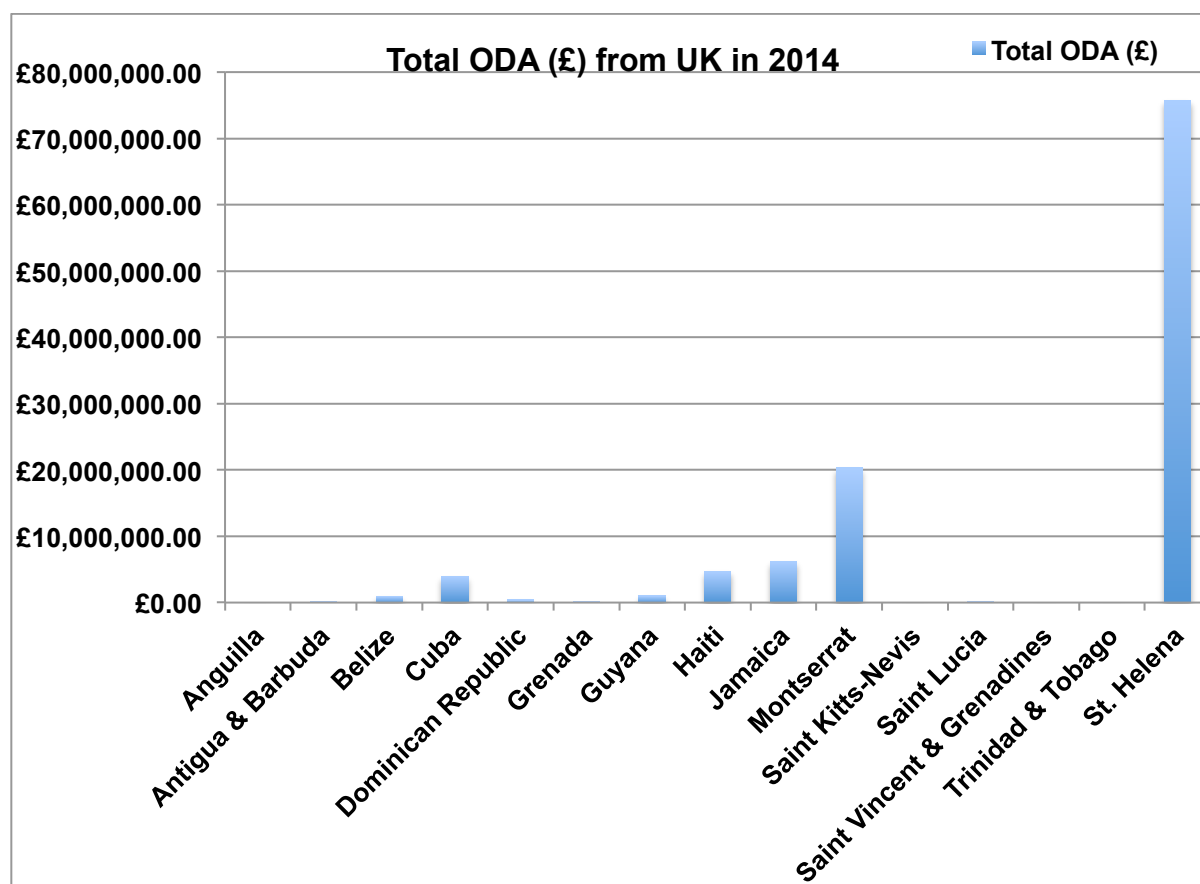
DO NOT LEAVE ANGUILLA BEHIND

Anguilla does not seek to remain reliant upon UK aid for a prolonged period, but unavoidably needs immediate, significant, sustained, strategic support if it is to retain its population and avoid a mass exodus both on the part of the people and commerce. It is imperative that the island be rendered more self sufficient as its current isolation not only puts at risk those that live there, but makes Anguilla an unsupportive neighbour and will make Anguilla vulnerable to new political regimes that may affect the European islands that surround it in a post *Brexit* era. Anguilla has shown itself to be both worthy and entitled to support by its sovereign state, as demonstrated by the probity of its financial services and conduct in the aftermath of one of the worst natural disasters of modern times. Support of Anguilla is justified by this, coupled with the obligations of the UK to its dependency as expressed in the UN Charter. Should the support offered to Anguilla render it debt ridden or a protracted delay in the delivery of aid be experienced, the welfare of Anguilla would be put at risk and may ultimately result in the need for constant and expensive support, as has been the case for Montserrat where over £600 million of aid has been provided to support an indigenous population that has shrunk to 1,800 whilst the territory continues to receive over 60% of its annual recurrent budget from the UK as aid.

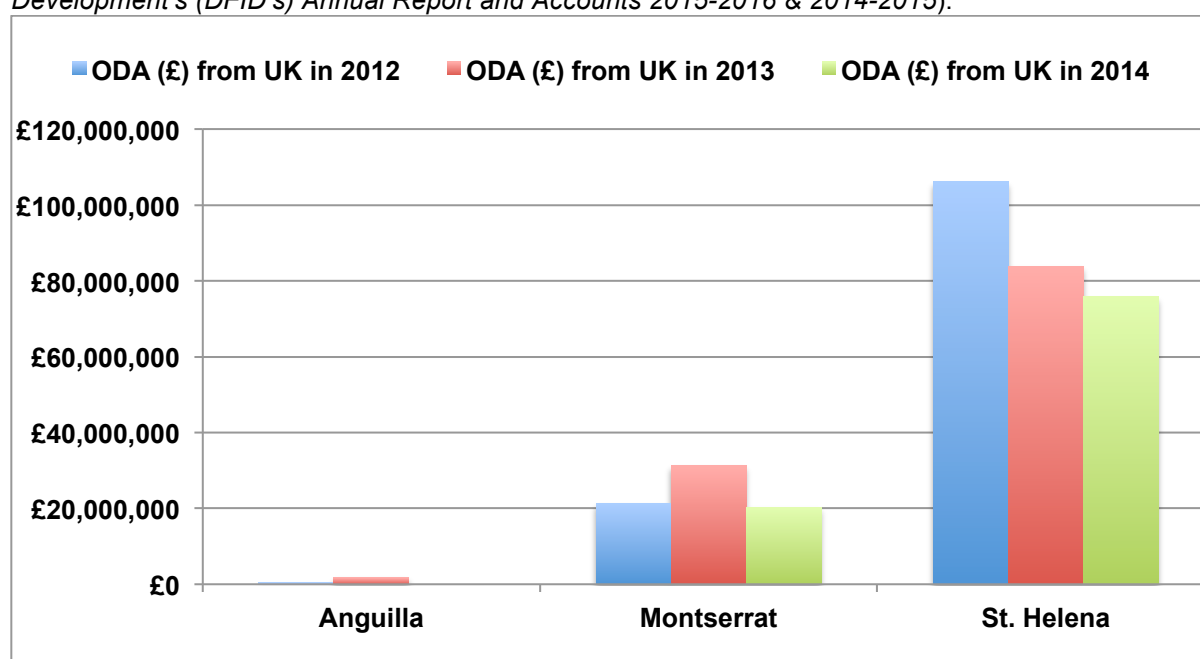
Instead of repeating the mistakes seen in other territories, Anguilla intends to work in a timely manner to recover and rebuild after this horrendous disaster, embedding resilience whilst at the same time working in a mutually beneficial way with the UK to establish a centre of excellence that will stimulate the economies of Anguilla, the neighbouring islands and the European countries to whom they are each related enabling all concerned to reposition themselves during this era of major global upheaval.

The Chief Minister of Anguilla and the Government of Anguilla together with the Governor are supporting the conduct of a series of needs assessments that will set out Anguilla's aid requirements in more detail in due course. Meanwhile, the London Office of the Government of Anguilla continues to reside within the West India Committee and the role of the Representative of the Government of Anguilla to the UK and EU is supported by the West India Committee, a UK registered charity incorporated by Royal Charter which is an consulting NGO to UNESCO on Small Island State Development, and whose responsibilities extends to the entire Caribbean, Belize and Guyana is also under review.

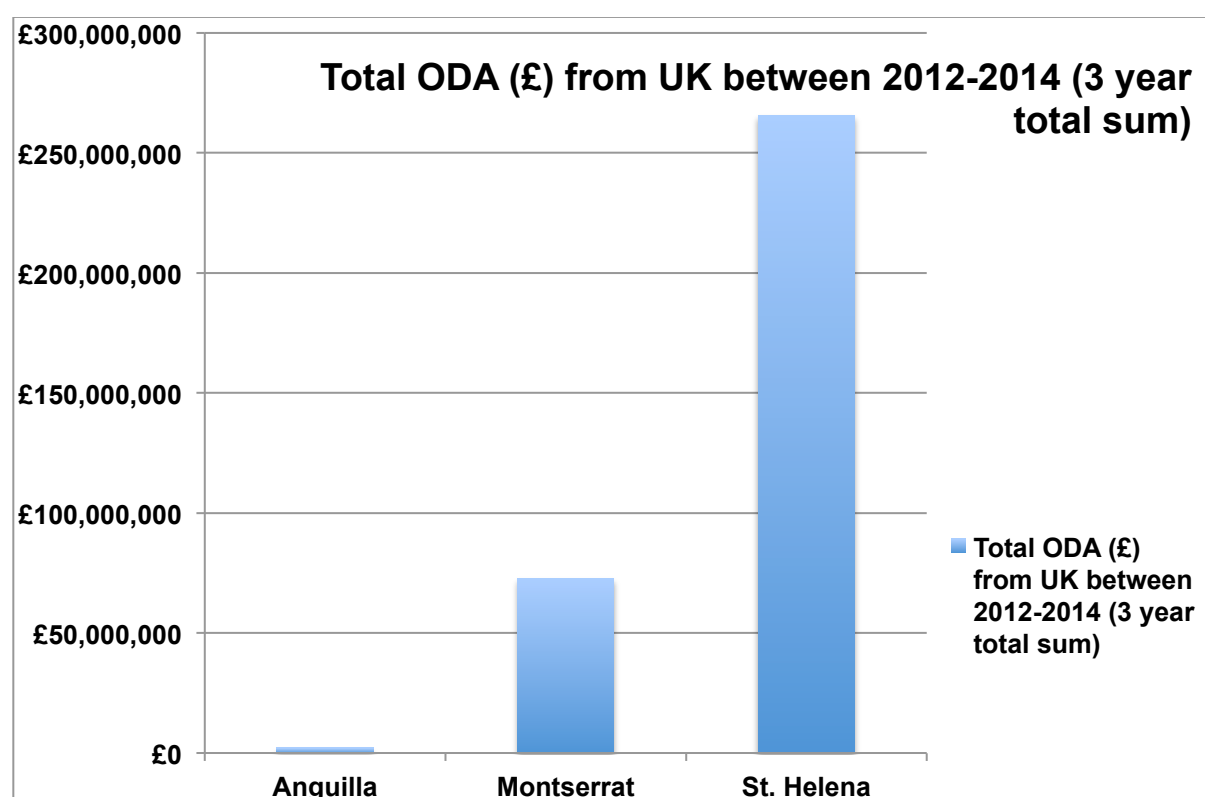
Comparison of Total UK net Overseas Development Assistance (ODA) spent on Caribbean countries & territories and St. Helena (data taken from the above tables from *the Department for International Development's (DFID's) Annual Report and Accounts 2015-2016*):



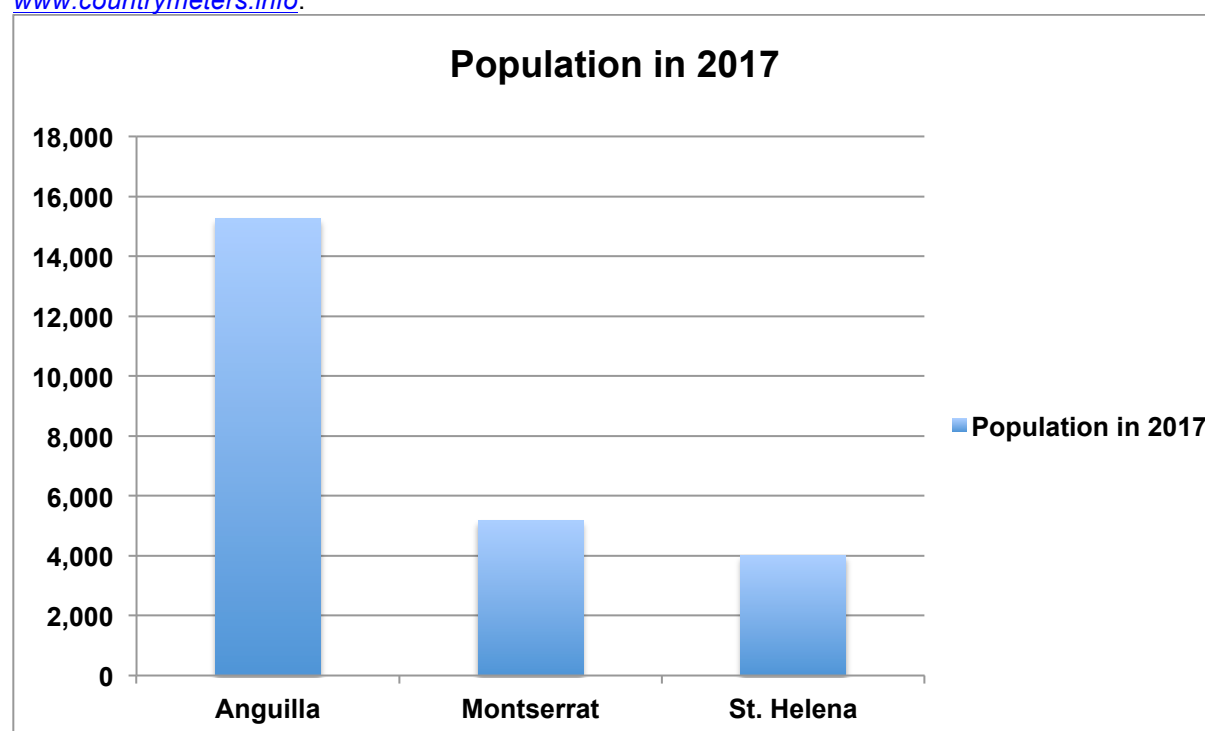
Comparison of Total UK net Overseas Development Assistance (ODA) spent on Anguilla, Montserrat and St. Helena over 3 years (data taken from *the Department for International Development's (DFID's) Annual Report and Accounts 2015-2016 & 2014-2015*):



Total UK net Overseas Development Assistance (ODA) spent on Anguilla, Montserrat and St. Helena between 2012-2014 (3 year period) (data taken from *the Department for International Development's (DFID's) Annual Report and Accounts 2015-2016 & 2014-2015*):



Population of Anguilla, Montserrat & St. Helena - information taken on 30.03.2017 from www.countrymeters.info:



Anguilla received £2,152,000 in UK Overseas Development Assistance (ODA) between 2012 to 2014.

This is a spend of **£141 per person** in a total population of 15,253.

Montserrat received £72,789,000 in UK ODA between 2012 to 2014.

This is a spend of **£14,101 per person** in a total population of 5,162.

St. Helena received £265,691,000 in UK ODA between 2012 to 2014.

This is a spend of **£66,290 per person** in a total population of 4,008.

Proposed capital expenditure in GoA 2016 Budget:

2.7 2016 CAPITAL EXPENDITURE

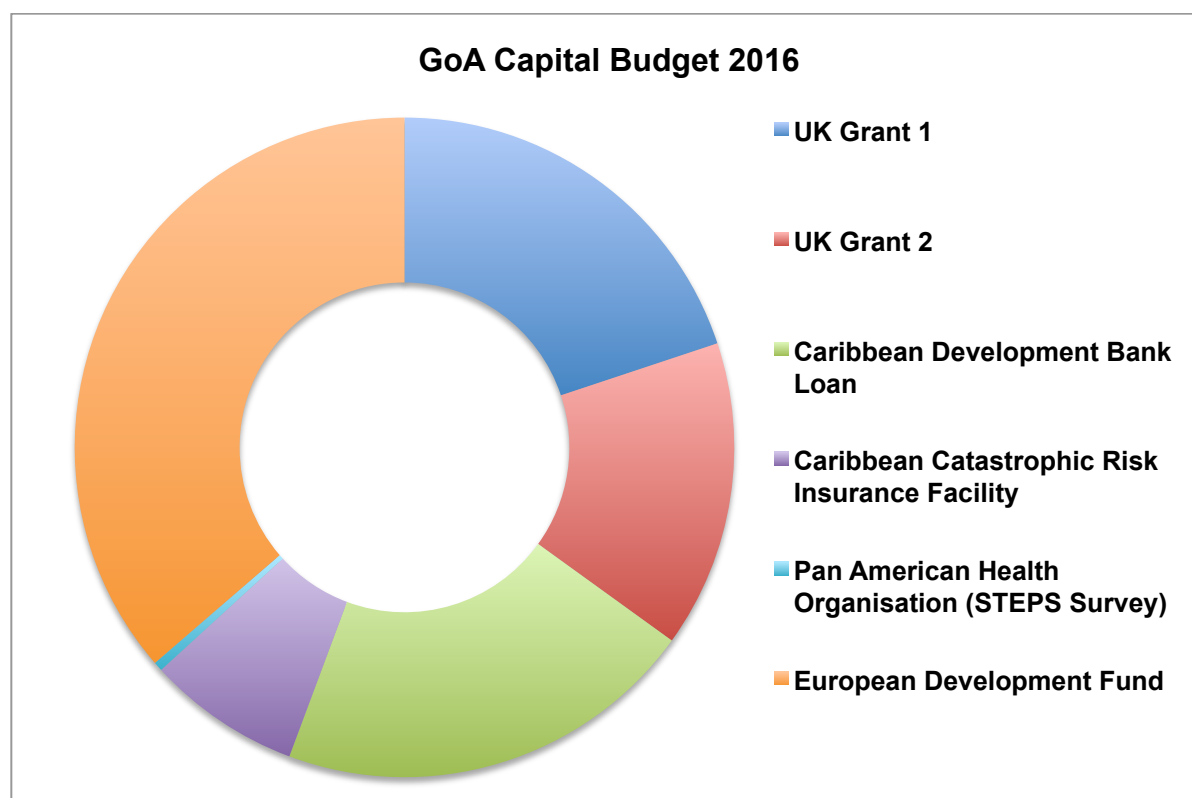
The proposed 2016 Capital Budget has an allocation of EC\$26.55 million. The main projects and source of funds are included below.

Table 5: Capital Projects and Source of Funding

SOURCE	EC\$	MAIN PROJECTS
UK GRANT 1	5,281,000	Communications Tower Replacement & Fire Station and Air Traffic Control Tower Development
UK GRANT 2 (under consideration)	4,000,000	Road Bay Jetty Rehabilitation
Caribbean Development Bank Loan	5,500,000	Anguilla Community College
Caribbean Catastrophic Risk Insurance Facility	2,000,000	Disaster Mitigation and Recovery Projects
Pan American Health Organisation (STEPS Survey)	120,000	Non-Communicable Diseases Survey
European Development Fund	9,646,800	All other Projects
TOTAL	26,547,800	

The above table is from the Government of Anguilla's 2016 Budget Report

Without the European Development Fund, Anguilla stands to lose **36%** of its capital budget.



**THE UK GOVERNMENT
PERSISTENTLY PREVENTED
THE GOVERNMENT OF
ANGUILLA FROM BORROWING**

ANGUILLA CAN DEMONSTRATE THE EFFECTIVENESS OF UKAID YIELDING GOOD VALUE FOR THE BRITISH TAX PAYER WHILST NURTURING THE DEEP AND SPECIAL RELATIONSHIP THE UK SEEKS WITH EUROPE AND ENHANCING DFID'S PERFORMANCE IN ONE OF THE MOST VULNERABLE REGIONS IN THE WORLD THROUGH FACILITATING BIGGER, BETTER, FASTER UK RESPONSES TO RAPID ON-SET DISASTER IN THE CARIBBEAN REGION.

The following tables set out examples of how the recovery, reconstruction and resilience building that has been agreed needs to take place in Anguilla in response to the horrendous effects of Hurricane Irma may not only enhance the performance of DFID in the Caribbean region in a manner that satisfies the needs of Anguilla adding value to the public expenditure entailed, but may also improve the position of other islands in the vicinity and wider region, thereby satisfying DFID's Humanitarian Reform goal.

As the needs assessments are still in train, the list is not comprehensive, but goes some way to illustrating the mutually beneficial approach that may be adopted in addressing the humanitarian needs of Anguilla as befits a member of the British family of nations.

In each instance '*direct cash transfers*,' as referred to by DFID, are sought to support the people of Anguilla who have a skills base that would enable them to undertake much of the reconstruction and resilience building with the provision of cost effective education and training, thereby using the aid budget as a means of creating much needed employment during the short to medium term as the tourism industry recovers. Such an approach would also facilitate scope for the diversification of Anguilla's economy, which in the advent of regular extreme weather conditions should not rely on tourism as the sole pillar of the territory's prosperity.

Sector	Original condition	Effect of hurricane	Remedial work	Value added
TRANSPORT	The Clayton J Lloyd Airport was in need of capital investment in infrastructure with the terminal building suffering from a catalogue of damage and wear and tear, such as the lack of flooring between swathes of the ground and first floor, poor lighting and inadequate seating, coupled with a range of equipment that required updating including the Fire Hall and Air Traffic Control. In addition the short length of the runway limited its use to small commercial or specialist emergency aircraft with specialist crew. This reduced the volume of tourism and dissuading inward investment in the sector	Hurricane Irma severely damaged the control tower of Anguilla's sole airport and destroyed key equipment and the majority of the aircraft based there due to inadequate facilities to protect equipment from storms of this nature and magnitude. This exacerbated the risk that may prove uninsurable without specialist policies that may demand higher premiums.	The immediate extension of the airport runway by 600 feet to a total of 6000 feet to enable Anguilla to accommodate medium to large aircraft and emergency airlifts both for Anguilla and throughout the region giving the UK a strategic base of its own for such operations in the region. This will address Anguilla national security needs, an obligation that resides with the sovereign state to protect the territory, and would reduce Anguilla's heavy dependence on both Dutch Saint Martin and its French Counterpart which is an intrinsic part of metropolitan France and outer region of the EU, at a time	An airport extension would incentivise the tourism industry that are at risk of divesting their investments in Anguilla and would encourage an increase in tourism that may encourage further inward investment into the sector, which is the principal economic driver of Anguilla.
				Anguilla's airport provides a support service for visitors to Saint Barts that cannot utilise their small runway. This may be developed further attracting business from other markets.
				Like the Cayman Islands that is located almost two hours away by air, Anguilla is flat. It is the only British Overseas Territory in the Eastern Caribbean with this geography and as such capable of twinning with Caymans to offer a base for UK operations in the Caribbean region thereby keeping the UK spend within the British family of nations. Anguilla is also the closest Caribbean British Territory to the UK and Europe.

	<p>The fleet of government cars and those in private use were all petrol driven and therefore reliant upon the import and transshipment of oil that is Anguilla's main overhead.</p> <p>Car rental is one of the key secondary tourism SME's on Anguilla.</p>	<p>The majority of the island's vehicles were substantially damaged or destroyed by Hurricane Irma.</p>	<p>when the UK's relationship with the EU will fundamentally change.</p>	<p>The opportunity for British firms to sell and showcase electric and hybrid cars for use in Anguilla where the terrain and size of the island would make their use effective and serve the purpose of demonstrating the need to combat climate change.</p> <p>This may be linked to the used of solar panels to recharge car batteries making the costs of running of cars nominal, and reducing overheads for both the public and private sectors and reducing the amount of fuel imports required making Anguilla more self sufficient.</p>
<p>The ferry port at Blowing Point was in need of repair and refurbishment. The Government of Anguilla</p>	<p>Hurricane Irma destroyed the Blowing Point Ferry Terminal meaning access to the island is restricted.</p>	<p>Anguilla's ferry port must be rebuilt to</p>	<p>The opportunity to address the nightly</p>	

	<p>was prohibited form taking out a loan to rebuild this essential facility. It is the only such facility on Anguilla, providing the only form of affordable access to the outside world for many Anguillians and is one of the main routes in for tourists. It is also the principle point of access for small goods and services including medical diagnostics and specialist treatments that are not available on Anguilla.</p> <p>The seaport at Road Bay was assessed by the British Army and found to be in need of structural repairs. This is the only port of entry for all imports into Anguilla. The UK pledged assistance to remedy this crucial resource.</p>		<p>increase access for the island's 17,000 permanent inhabitants, and the thousands of tourists that are essential to its economy.</p>	<p>closure of the border between Saint Martin and Anguilla that imposes what is in practice a curfew may be resolved and should in any event be taken into consideration in the current Brexit negotiations as unless and until Anguilla's infrastructure and public services are greatly improved the island will remain dependent upon metropolitan France and is deliberately isolated by them each night with the imposition of what is tantamount to a curfew. In the common interests of recovery, this may be renegotiated and provision made for the policing of the border that is the French explanation for the policy, although Brexit may give rise to another basis for justification.</p>
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EDUCATION	<p>Anguilla's limited educational facilities required a comprehensive overhaul. The 11th EDF funding from the European Union was in the process of being used to address the woeful condition of the Albena Lake Hodge Secondary School, the only source of secondary education on the island. There is no scope for children to commute to neighbouring islands to complete or expand their secondary education as they are largely French and Dutch and those islands now face public service challenges of their own. However in the absence of specialist support for the conditions of dyslexia, dyspraxia, and similar</p>	<p>All of Anguilla's schools were significantly damaged by hurricane Irma and the island's only Secondary school was destroyed and has since been demolished with the loss of essential equipment, children's work, together with that which contributes to examinations some of which are imminent.</p>	<p>All children in Anguilla are obliged to attend school from the age of 5 to 17. It is therefore imperative that they attend a secondary school. As hurricane Irma largely destroyed Anguilla's only secondary school the program for its replacement must be accelerated. 11th EDF funding will not suffice alone in that all equipment, and material were destroyed, with all of the island's other schools suffering similar losses, bar one. Time is of the essence, as the children have been traumatised by the disaster, and yet must retain the momentum of their education if they</p>	<p>All students in Anguilla are deemed domestic for the purposes of education in the UK, including tertiary education. With the imminent loss of Erasmus funding whereby many have, over the years, accessed tertiary education throughout Europe, the main focus will be education within the region, which has dominated the development of the Caribbean for many years, with mixed reviews, the USA which is fast becoming more introspective, and the UK. Improved access of Anguillian students to UK universities may help satisfy the 'Widening participation goals' of UK universities.</p> <p>Anguilla required aid to rebuild, refurbish and equip its entire education system. Twinning with established schools in the UK would help to raise standards and equip the students for access to the UK system that, although deemed to be compatible by virtue of their designation as domestic students, is in fact difficult to access and navigate. Similarly education</p>
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	<p>conditions that are well known to compromise the educational potential of many children, Anguilla has been forced to look to Saint Martin for support.</p>		<p>are to succeed. More over, with child care largely residing within the hands of the female population, it is important that the burden of childcare is shared with the schools to enable the women to adjust to demand of the recovery process and mass unemployment that has been inflicted upon Anguilla by the prolonged closure of all of it large resorts that are the main employer outside of the public sector.</p>	<p>grants have proven elusive for Anguillian students.</p> <p>Extra curricula initiatives may be shared and student and teacher exchanges encouraged. This fits the citizenship curriculum in the UK, and with the sporting prowess of Anguilla that has produced various leading sportsmen and women that have competed for Britain globally, including the Olympics (gold and silver medalists), Commonwealth Games, and international cricket, there is ample opportunity for successful summer schools and sports camps that would strengthen such ties.</p> <p>Access to procurement sources for equipment and materials as used by UK schools could significantly reduce overheads in Anguilla and would stimulate trade with and in the UK.</p> <p>The investment in Anguilla's schools would therefore have the value added for the UK taxpayer, as well as supporting the British Overseas Territory in its recovery and reconstruction, focusing on the island's most valuable human capital</p>
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					asset, its children. In rebuilding and refurbishing these facilities, use of renewable, sustainable energy should be entrenched.
AGRICULTURE	<p>Compared to its closest neighbour, Saint Martin, Anguilla is relatively rural, a position augmented by the traditional smallholdings of its landowning population. Since the 18th century Anguilla has been renowned for having the finest goats and sheep in all of the Americas and also won fame in the early 19th century for its fine Sea Island cotton. Whilst sheep and goats were prevalent on the island, many were lost together with chicken, cows and horses during the hurricane. The extent of the agricultural losses</p>	<p>Anguilla suffered widespread loss of livestock and crops together with agricultural equipment. This has yet to be comprehensively assessed due to the structure of smallholdings prevalent on the island.</p>	<p>Import of livestock and cost effective access to seeds and seedlings that would ensure indigenous flora and fauna are not endangered and Anguilla's livestock bloodlines are restored.</p>	<p>Support to create a database of livestock and crops and to learn from traditional practices, much of which was organic and symbiotic.</p> <p>Support for those in agriculture to rebuild their farming interests.</p> <p>Support in preparing for Brexit to ensure access to the principal market of Saint Martin is maintained without disruption and that the farmers of Anguilla fulfill all and any EU rules and regulations that may be imposed post Brexit.</p>	

	has yet to be reported in full, and the increasing number of islanders that supplemented their income and food sources with small holdings and who would have resorted to these sources to counterbalance reduced access by virtue of restricted wholesale supplies to Anguilla and unemployment have yet to be determined.			
FISHING	<p>The boats and equipment used by Anguilla's fisherman was largely constructed locally using the island's robust skills in marine architecture and fishing. The fishing fleet of over 100 , not only provides fresh food for local consumption, but also supplied the tourist sector and domestic markets in Saint Martin whose access to fish in their</p>	<p>Many of the boats were destroyed in the hurricane undermining the ability to fish. Tons of coral and rock has shifted along the coasts making sailing hazardous in a now unfamiliar underwater terrain.</p> <p>EU rules and regulations are now being strictly interpreted as a result of the Brexit process, leading, at one point, to all</p>	<p>Fishermen must be assisted in repairing and if necessary replacing their fleet. New sources of affordable insurance must be found and/or devised akin to that used in the UK.</p>	<p>A specialist public support system may be devised to ensure that persons capable of generating food substances are supported in a speedy recovery for the benefit of the entire population. Different models may be considered and expertise form the UK tapped into. Cooperatives, unions and similar collectives could be investigated as a means of strengthening this key group of workers.</p> <p>Efforts to establish commercial fishing in Anguilla should not be derailed, and potential investors and advisers pursued.</p>

	own waters was curtailed by the introduction of a Blue Belt on the shores of French Saint Martin which limits travel across the waters using engines and fishing. Anguilla was renowned for its lobster and was known as a favoured breeding ground of the Conch having a large area on the south shores formerly known as the Conch Pool.	<p>Anguillian fish being dumped when transferred to Saint Martin. Workshops for fishermen had commenced but have now been interrupted by the disaster.</p> <p>Anguilla was in the process of developing a commercial fishery as a means of utilising its extensive marine territory that is the subject of poaching by fishermen and whalers, but the hurricane may divert the resources from this important endeavour.</p>		A parallel approach may be taken to that in agriculture.
ENERGY	Anguilla's energy is over 90% fossil fuel purchased on futures contracts from Trinidad and Venezuela and transhipped as a necessity due to Anguilla's shallow waters through Saint Eustatius that is the regional hub.	<p>Anglec faced financial challenges prior to the hurricane and capital injections were being sought with a possible call on shareholders that are mainly the government and its agencies.</p> <p>The risk of duties and/or</p>	Key energy lines must be buried to ensure they withstand adverse weather conditions that are expected to become more frequent and destructive. This will entail some degree of road construction.	<p>In built in the recovery of Anguilla's energy sector should be the further diversification of energy sources to embrace sustainable , renewable energy, coupled with smarter use of energy, that reduces the island's economic exposure to the import of oil which is one of its largest overheads.</p>

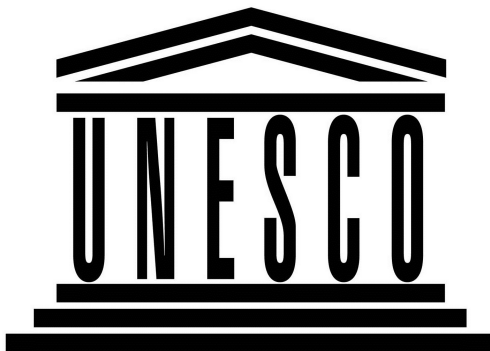
	<p>It is processed by the publically owned energy company, Anglec and distributed as electricity and oil. In the case of the latter poles and wires are used, and are extremely susceptible to the hurricane season. Over 1,500 poles were downed by Hurricane Irma raising the question of more efficient distribution.</p> <p>Less than 5% is sustainable, with solar energy being the source favoured in the public and private sector. Again, the majority of solar panels were destroyed or severely damaged by the storm.</p>	<p>tariffs being introduced on oil from Saint Eustatius by virtue of Brexit has yet to be determined.</p> <p>Development of sustainable energy was largely funded by the EU and will cease upon the UK's departure from the union.</p>	<p>The majority of the island's electricity poles must be repositioned, and/or replaced.</p> <p>The strategic use of generators whilst essential to immediate recovery must be reduced over time to curtail oil consumption, oil being one of the government's biggest overheads.</p> <p>The oil supply line must be repaired and made more resilient.</p> <p>Introduction of dual water systems where filtered seawater is used for non-potable purposes reducing the energy consumption for desalination which is one of the most expensive uses of energy on the island.</p>	<p>Specialist skills such as training as electrical linesmen, which are evidently scarce in the region, together with specialist skills in burying cabling may give rise to SME's in Anguilla with a captive regional market.</p> <p>Innovative use of sunlight to light buildings and reduce the use of electrical lighting in public buildings may also be considered, helping to create a centre of British Excellence in smart energy architecture and construction in a high risk region of the world through local SMEs.</p> <p>Building on the extensive skills base in construction, the development of dual water systems may give rise to SMEs benefitting from a captive regional market whilst showcasing British innovation.</p>
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**ANGUILLA MAY YET BECOME A
CENTRE OF BRITISH
EXCELLENCE**

EXAMPLES OF POTENTIAL MUTUALLY BENEFICIAL COLLABORATION WITH UK INSTITUTIONS AND COMMERCE

1. **King's College London:** advisory support, recycling of medical equipment, widening participation of students and student/teacher exchange and medical research.
2. **Dods:** regional pop up college for civil service training in region and on-going professional training and advisory services for the civil service of Anguilla.
3. **Anguilla Salt Farm:** using the natural resource of the salt pond to recommence production of Anguillian salt for niche market.
4. **Horniman Museum:** the only place when coral is grown in captivity.
5. **Conch Farm:** potential to create the world's second conch farm to grow the cites listed conch which is a culinary speciality in the region (Note the old conch pool).
6. **Dual Water Systems:** solving Anguilla's water poverty whilst developing SME's based on local construction skills, responding to regional demand to reduce energy hungry desalination for non potable purposes.
7. **Twining of Anguilla's schools** with established academies and schools in the UK supporting the domestic student status of Anguillian students for tertiary education in the UK.
8. **Prince's Trust International:** to deliver a catalogue of programmes to disaffected youths in Anguilla.
9. **Heritage Lottery Funded** projects conducted in the UK to record and preserve Anguillian tangible and intangible heritage resident in the UK that may be shared digitally with Anguilla.
10. **Agricultural niche cooperatives:** goats cheese, salt, conch, lobsters servicing regional tourism and building on Anguilla's skills base.

11. **Niche Banking:** collaboration with UK banks to solve regional banking demand, such as facilities to support e-commerce.
12. **UNESCO Schools:** inscribe Anguilla's schools as UNESCO Associated schools promoting the global citizenship of Anguillian children.
13. **Royal Astronomical Society (RAS):** promoting Dark Sky Tourism as Anguilla resides under one of the densest locations under the Milkyway, raising local attainment in mathematics, and physics strengthened by links with Slough where Sir William Herschel, founder of the RAS, discovered Uranus and his sister Charlotte discovered 14 comets.



**ANGUILLA CAN NO LONGER
SERVICE DEBT**

NOVEMBER 2017

ANGUILLA'S RESPONSE TO THE SECRETARY OF STATE FOR INTERNATIONAL DEVELOPMENT'S ANNOUNCEMENT ON THE AFTERMATH OF HURRICANE IRMA PUBLISHED ON 13TH OCTOBER 2017

As reflected in the government's update on its recovery work in the Caribbean, the UK has a tendency to interweave their work with independent nations in the region with that for the British Overseas Territories whose relationship with the UK and CARICOM has traditionally been submissive as the territories' rights and those of their people are secondary to those of the sovereign power and its interests. In the case of CARICOM to whom the UK tends to defer in the Caribbean region, Anguilla is a mere associate member without any decision-making power or influence. The combined effect of this scenario opens Anguilla to a large percentage of the aid effort being diluted en route through agencies such as CARICOM whose recommendations will be given equal, if not more weight than those of Anguilla, going against DFID's expressed objects of enabling beneficiaries to **'choose the best way to support themselves'** and their obligation to remain neutral in the conduct of delivering aid. Applying this to the British Overseas Territories in question should encourage DFID to assess Anguilla

as a nation in need leaving aside the *'contingent liability'* classification by the UK Government that it is burdened with.

As at the time of publication, “the UK government has already committed £62 million towards the immediate relief effort in the region, and is doubling any UK public donations to the British Red Cross Hurricanes appeal up to £3 million.”

Lord Bates: “£62 million was made up of allocations from different budgets. 33%—total £21 million—was allocated to DFID to be used for emergency relief and building supplies, contract of staff on the ground and contributions to the cost of local relief organisations. 58% of the total was allocated to cover MoD costs in respect of this. These were estimated according to the standard marginal costs calculators. The remaining 9% of the fund, which was £5 million, was allocated to the FCO, Home Office, Ministry of Justice and Department of Health, mainly for staff deployment costs in the immediate response.”

The British Red Cross was presented as the NGO of choice by the UK government who match funded up to three million pounds. Their brief will be limited to the recovery process as opposed to the more costly reconstruction, resilience-building and preparedness, phases that are fast approaching and essential.

“Nearly 180 tonnes of UK aid has arrived or been procured in the region, including food, water, shelter kits, solar lanterns and building materials. The UK government has also helped reinstall airport runways and powers lines in the islands, and provided shelter, food and water.”

Whilst the recovery plan for Anguilla is in train, and representations are being actively made to encourage tourism including tweets and films posted by the UK Government and the Governor of Anguilla, in reality, Anguilla's tourism has been crippled by the devastation reeked by Hurricane Irma and Hurricane Maria. This is for two reasons: firstly, with the exception of the public sector, the major resorts on Anguilla are the largest employers on the island. They have each declared closure for the foreseeable future and although efforts are being made to establish a relief fund for the almost two thousand people that have now lost their jobs, this bears the intrinsic risk of migration from Anguilla where little alternative employment is available and mass employment is taking hold.

Anguilla has yet to fully reconnect its electricity network with the majority still offline. This not only affects the domestic consumer, but has caused losses within the business community. The natural assets of such as flora, beaches and seascapes will take many months, if not years to recover.

The clearing of airport runways, although encouraging, is nonetheless subject to the reconstruction and renovation of control towers and equipment, failing which only a limited number of commercial aircraft can be accommodated and certification of the airport may be brought into question when renewal is sought in the near future. This drop in air access is

exacerbated by the on-going reconstruction of Saint Martin's airport and the destruction of that of Puerto Rico, each of which facilitated the majority of Anguilla's tourists.

“Private sector insurance (for businesses, some homes and property) is already likely to provide considerable support for reconstruction – with pay outs estimated by leading catastrophe modellers Risk Management Solutions to be up to £27.4 billion (\$36 billion) for the region, of which £4.6 billion (\$6 billion) is for the UK Overseas Territories, including £3 billion (\$4billion) for the British Virgin Islands.”

Again, on the face of this statement, both the public and private sectors of Anguilla would appear more than adequately insured. In fact there is a dearth of insurance and the risk that the island, having suffered so much destruction, may be uninsurable in the future. With most Anguillians building their own homes over a period of many years, the decision to insure is invariably a personal one, and one that would be dictated by the ability to meet premium payments in an employment landscape where the majority of work is in the tourism sector which is seasonal and is now challenged. Risk of income is therefore magnified by the absence of job security from one season to the next. Moreover there has always been considerable expense for commercial insurance, a situation

that will worsen as the risks of disaster increase and the readiness and ability of the sovereign state to provide support for full recovery remains limited.

“The Prime Minister announced the London-based Centre for Global Disaster Protection at the G20 Summit earlier this year. It aims to save lives and help countries get back on their feet quickly after a disaster strikes, working with governments to strengthen plans and help them to use tools like insurance to access quick and reliable finance in emergencies.”

The insurance sector of the Caribbean has long been difficult due to the regular occurrences of hurricanes, earthquakes and volcanic activity coupled with the risk of tsunamis. With the advent of more pronounced and regular extreme weather conditions brought about by climate change, consideration may be given to climate change funds contributed to by those nations that are directly responsible for the phenomena, to redress the wrong they have done to the developing nations in the region, of which Anguilla is one. Endowment funds and insurance policies may offer immediate access to funds in situations that warrant rapid response, but the ability to service premiums will present a problem for developing nations. A voluntary toll on those traversing Anguillan waters collected in collaboration with the fees for the Panama Canal may provide a solution.

“The Centre will also work with the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and private sector partners to consider options to step up the risk financing available to the Caribbean. The UK, alongside the World Bank and other donors, helped to establish CCRIF a decade ago. It has paid out over £91.2million (\$120million) since then, including £38 million (\$50 million) to islands affected by Hurricanes Irma and Maria.”

Anguilla contributed to this insurance policy and received US\$3.6 million (approximately 16% of the total payout) towards its recovery that is estimated will lie in the range of hundreds of millions. Scope to pay increased premiums is unlikely given the freezing of Anguilla’s main economic driver, tourism, in the aftermath of this year’s hurricane season. The proposal by the UK Government that Anguilla uses its disaster risk insurance to meet recurrent obligations as opposed to recovery and reconstruction does not align with the purpose of the policy, nor the intent of the Government of Anguilla in taking out the policy, which was to address the disaster itself as opposed to the overheads of its normal business.

“The UK has a long-standing development partnership with the Caribbean. It already has programming in place to support the construction of disaster-resilient infrastructure. This includes £300 million from UKCIF (UK Caribbean Infrastructure Fund) to build more

than 12 climate resilient infrastructure projects, including roads and ports, and a £38 million Pan American Health Organization (PAHO) programme to help at least 50 health clinics to better withstand natural disasters. This is all UK aid money. From the UKCIF fund, £25 million can now be set aside for Dominica and £14 million for Antigua and Barbuda to help reconstruction after the hurricanes.”

Care should be taken in interpreting this statement in that the majority of the funding referred to is not available to British Overseas Territories, and in any event, Anguilla has received none of it. Indeed Anguilla has only ever received nominal assistance from DFID despite continued requests for support and the territory having a smaller GDP than some recipients of DFID aid in the Caribbean region including Antigua and Barbuda. This may also be the case outside of the region. Access hinges on the OECD criteria that exclude Anguilla notwithstanding catastrophic loss and the plummeting of its GDP to a level well within that of ODA eligible countries. The triennial review of the list of ODA eligible countries does not accommodate disasters of the kind experienced by the Caribbean during the 2017 hurricane season and appears to exclude access to DFID funding for territories such as Anguilla. The Secretary of State for International Development continues to lobby for a common sense approach to this policy.

“The UK has also confirmed its core contributions to United Nations Humanitarian Agencies, including CERF, OCHA, IOM, UNHCR, UNICEF, WFP, WHO and M&E. This constitutes total contributions of £684 million. Almost a third of this funding will be dependent on improved results and progress on reform priorities, as the International Development Secretary announced at the United Nations General Assembly in September.”

Again considerable care should be taken in interpreting the impact of this on Anguilla. Whilst a UNICEF programme is in hand on Anguilla to address the trauma suffered by children as a result of the hurricane, all of the schools were severely damaged and the island's only Secondary school destroyed. In the absence of the infrastructure and equipment, the education of all of the island's children has been interrupted, adversely affecting the children and women who are predominantly responsible for them. We understand that the UK has expressed concern with the value for money of this massive investment. However when assessed against the size of the island's population and that fact that Anguilla has received nominal support for many years, even when ODA eligible, the level of support required is justifiable. This is brought into focus when Anguilla is compared to other territories that have been supported to the tune of hundreds of millions of pounds, purely for economic rather than catastrophic reasons, where lives and livelihoods have been or continue to be put at risk. The experiences of the British Overseas Territories in the aftermath

of the 2017 hurricane season affords us all an invaluable opportunity to determine the true status of British Overseas Territories and the level of support the UK is obliged and willing to provide. Query whether the involvement of agencies such as the OECD in the relationship between the sovereign state and the British Overseas Territories should be permitted to prevent the sovereign state from assisting a Territory in dire need in the discretionary manner envisaged by section 2 of the International Development Act 2002.

**THE GDP OF ANGUILLA IS
MINUS 400% AS A RESULT OF
THE HURRINCE**

CONCLUSION

Anguilla is the UK's oldest Caribbean possession, having been continuously British since 1650. The cataclysmic devastation that Anguilla has suffered as a result of Hurricane Irma was worsened by the constant failure of Britain to support Anguilla's development or permit the territory to seek support from other sources, including loans, meaning its key infrastructure was already inadequate and weak at the time Hurricane Irma struck making Anguilla more susceptible to loss.

Although Britain has spent many millions on its rapid response to Anguilla's plight and that of its fellow British Overseas Territories, the British Virgin Islands and the Turks and Caicos Islands together with providing assistance to other islands in the region hit by Hurricanes Irma and Maria, the majority of the spend was taken up by the expensive deployment of the UK's military and civil service that is largely based in the UK and the establishment of temporary facilities in Barbados and Curacao, reducing the actual spend on the islands themselves. This strategy was greatly influenced by the rapid onslaught of three Hurricanes in quick succession. Now faced with the need to reconstruct, there is a push by the UK to have the British Overseas Territories fund their own recovery by interacting with a panel of commercial stakeholders hand picked by the UK with the inevitable need to take out some form of loan. This has the attraction for the UK in that the financial support provided by them for this initiative would remain within the UK's economy, but entails the contingent risk of plunging Anguilla into a downward spiral of unserviceable debt. Unlike other British Overseas Territories, Anguilla has no reserves, and can no longer fund the debts or its public services it is currently responsible for beyond November 2017. Moreover, with the major resorts on the island

having suffered severe damage, they have all announced prolonged closures that has already resulted in mass unemployment, extracting Anguilla's main economic driver, tourism, from its economic model thereby further undermining the territory's ability to service debt for years to come. By making Anguilla take out any form of loan to fund the recovery and reconstruction of its essential infrastructure and build essential resilience to what is anticipated will be a vulnerability to regular extreme weather conditions, the UK would be countermanding its own restrictions on the territory that were operative up until the very day Hurricane Irma struck which prevented Anguilla from borrowing due to its inability to service debt and to upgrade its infrastructure.

The territory's economic status has been in steady decline since the global economic downturn that commenced in 2008 and has now been critically undermined by the catastrophic losses caused by Hurricanes Irma and the impact of Hurricane Maria on neighbouring islands upon which Anguilla traditionally relies heavily, a set of circumstances that reduces Anguilla's creditworthiness further still.

Anguilla is in dire straits as it has no reserves after November 2017; instead facing an imminent EC\$ 42 million deficit, the ending of its main source of developmental aid provided by the European Development Fund when the UK leaves the EU with no alternative funding of this nature and magnitude to which Anguilla is deemed eligible in the offing from the sovereign state, and with mass unemployment having already commenced, all through no fault of its own.

Anguilla is unable to service the debts it currently has. In the circumstances it would not only be imprudent, but arguably negligent of the sovereign state, or global

institutions with which it may act in collaboration in respect of Anguilla, to force Anguilla to take on further debt in the knowledge that such debt is highly likely to bankrupt the territory and harm the general welfare of its population. Such action is in direct contravention of the expressed objects and missions of humanitarian intervention.

To avoid what may amount to total loss - recovery, reconstruction and resilience building must be conducted with out delay, particularly as similar weather conditions may arise within months.

In the event of loan facilities, albeit preferential, being foisted upon the territory by the sovereign state whose moral, and legal duty is to provide support in such circumstances, the overarching goal of securing prosperity for the British Overseas Territory will be extinguished for years to come with little justification, especially in the light of the UK's annual aid budget of over £13 billion and when compared to the levels of support provided to other British Overseas Territories and independent countries across the globe during less critical periods and at a considerably higher cost to the British taxpayer than may arise from a spend on Anguilla's full recovery. Denial of support for Anguilla would not only raise issues of human rights where the development of a people has been wilfully suppressed to their foreseeable detriment, but casts doubt on the equity of the entire Overseas Territory status and the standard of equality practiced between them. Doubt is also cast over the treatment of Anguillians when compared to that of other British citizens in general and raises obvious questions.

The people of Anguilla are British, vulnerable and are not safe from harm. Since Hurricane Irma, and also with the

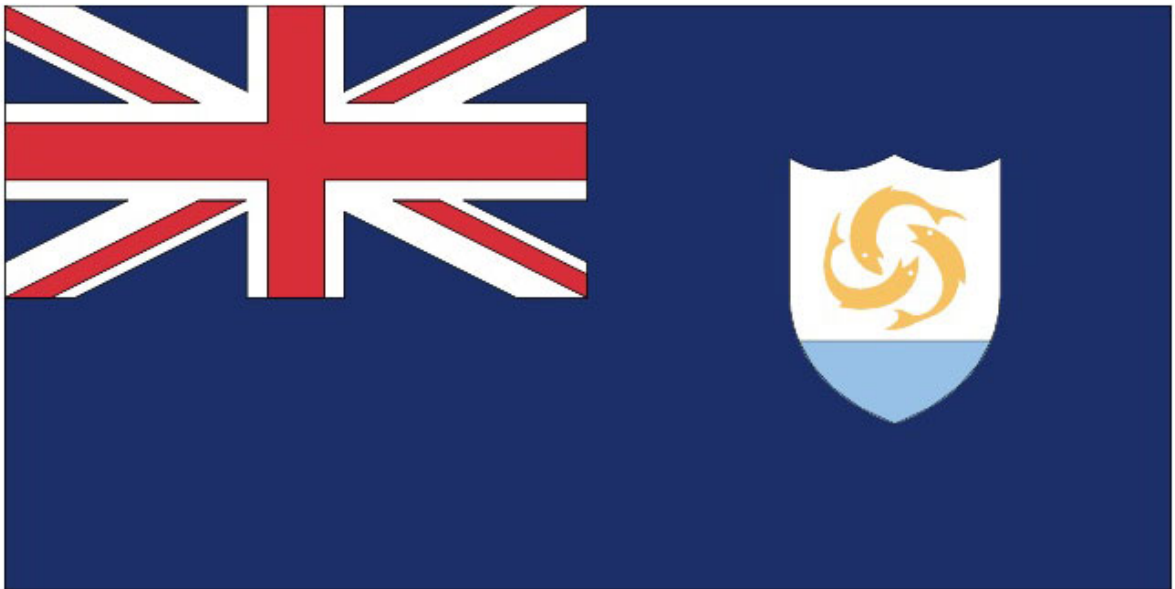
advent of Brexit, Anguilla seriously risks being denied the necessities of life. By placing avoidable financial hurdles before them in the knowledge that they are incapable of surmounting them, Anguilla would be set up for failure and the long-term hardship of its people. To do so would be to rob the people of Anguilla of the respect and duty of care that the sovereign state should demonstrate to fellow British subjects for which it is both legally and morally responsible.

In dealing with the needs of Anguilla, Britain and its global collaborators remain obliged to observe Humanitarian Principles and should be impartial, thereby ensuring the needs of Anguilla are the paramount concern as opposed to the politics and social preferences of the sovereign state.

ANGUILLA NEEDS HELP NOW.

**HELP IN A FORM THAT WILL NOT
CAUSE AN ALREADY CRITICALLY
DAMAGED BRITISH TERRITORY
FURTHER HARM.**

**WE PRAY THAT HELP WILL NOW BE
FORTHCOMING IN A SINCERE,
HONEST AND OPEN MANNER THAT
CENTURIES OF LOYALTY AND
YEARS OF NEGLECT SO JUSTLY
WARRANT.**



GOD HELP ANGUILLA



The Representative of the Government of Anguilla and The West India Committee have prepared this document on behalf of the Government of Anguilla. The West India Committee is a UK registered charity incorporated by Royal Charter in 1904 the object of which is to improve the general welfare of the peoples of the Caribbean and the societies in which they live and work through the auspices of education, training, advocacy and advice, where necessary acting as an umbrella organisation in so doing promoting the interests of manufacturing, trade and commerce. The West India Committee is a Consulting NGO to UNESCO specializing in Small Island State Development, and is custodian of The West India Committee collection and library that spans five hundred years of Caribbean history which is inscribed as a UNESCO Memory of the World, second only to a World Heritage Site.

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