

**Hurricane Dean Recovery and Reconstruction**

1. A preliminary estimate of the damage and loss arising from the passage of Hurricane Dean on August 19, 2007 indicates \$23 billion of which \$16 billion was incurred by the private sector and \$7 billion by the public sector.

The areas identified as the most severely affected were the:

\$ millions

Productive Sector	11,587
Housing Sector	5,294
Transport Sector	2,256

2. In the aftermath of the hurricane, the Government took a decision to provide \$2,000 to each of the 91,000 families enrolled in the Programme for Advancement through Health and Education (PATH) for a total of \$182 million that has already been disbursed. Assistance was also extended to National Insurance Fund (NIF) pensioners with the provision of \$5,000 each. Please note that the NIF assistance does not impact the Central Government's budget.

3. Relief efforts were assisted through the provision of funds for recurrent expenditure in the categories of:

	<u>\$ millions</u>
Relief Supplies to ONR for distribution through ODPEM.	48.825
Solid Waste Clean up in KMA	80.000
Solid Waste Clean up in Other Parishes	15.000
Vector Control	35.000
Public Information	5.000
SESP activities	<u>3.000</u>
	<u>186.825</u>

4. The Ministry of Labour and Social Security, which has responsibility for welfare damage assessment among affected households, conducted an all island survey immediately following the hurricane. The results of the assessment are that approximately 44,000 households suffered some degree of damage. Of this number, 47% of the homes incurred minor damage, 45% major damage and 8% were totally destroyed. The housing stock in the southern parishes of Clarendon, St Catherine, Kingston, St Andrew, St Thomas and

Manchester were the most severely affected. It is proposed that relief of up to \$1.0 billion be provided to the housing sector. The modality under which the Government's contribution to the reconstruction of the housing sector will be outlined by the Office of National Reconstruction (ONR).

5. The Ministry of Agriculture estimates that direct damage to the farming sector is in the region of \$3.7 billion. The Government will provide direct assistance to the sector of \$260 million, the details of which are given below:

- \$100 million - Fertilizer Relief Fund
- \$50 million - Fruit Tree Crop Assistance Programme
- \$10 million - Banana Relief Assistance
- \$25 million - Coffee Sub-sector
- \$10 million - Fisheries Sector
- \$10 million - Seeds
- \$20 million - Greenhouse
- \$35 million - Land preparation for 3,000 hectares of land

Funds have already been released for the purchase of fertilizer.

6. Damage to the Transport and Works sector is estimated at \$2,256 million. During fiscal year 2007/08 the Government will provide \$490million for hurricane relief works in the sector. The proposal is broken down as:

	<u>\$ millions</u>
Airport Road protective works	40.00
Roselle works to make the roadway safe in the short-term	25.00
Mother Whyte and Roehampton gullies	64.00
Desilting Yallahs Fording	12.00
Repairs to traffic signals	15.00
Pothole patching	150.00
Repairs to NWA property	10.00
Road reopening	<u>174.00</u>
	<u>490.00</u>

7. The Ministry of Education estimates damage to the sector at \$773 million. The Government will contribute \$558 million to reconstruction activity in the sector during 2007/08.

8. Of the estimated \$300 million in damage to public buildings, the Government intends to provide \$150 million in 2007/08 for the repair of public buildings.

9. Government's total contribution to the recovery and reconstruction effort for fiscal year 2007/08 is expected to be \$2,645 million, which is summarized below:

	<u>\$ millions</u>
Support to PATH beneficiaries	182
Relief under recurrent expenditure	187
Housing	1,000
Agriculture	260
Transport and Works	490
Education	558
Public Buildings	<u>150</u>
Total	<u>2,645</u>

#### **FUNDING FOR HURRICANE DEAN RECOVERY AND RECONSTRUCTION**

10. A number of sources have been proposed for financing of the recovery and reconstruction activity arising as a result of Hurricane Dean. They may be categorized under the broad headings of multilateral grants, bilateral grants, multilateral loans, bilateral loans, local grants and local loans. It should be noted that if the financing source is a grant, then the associated expenditure will not impact the fiscal deficit. However, if the source is a loan, the expenditure financed will further increase the fiscal deficit.

11. The Government is actively pursuing grant assistance from bilateral and multilateral sources through diplomatic channels, utilizing the damage assessment report prepared by the Planning Institute of Jamaica (PIOJ) as the base document around which the donors may commit. This report will shortly be tabled in Parliament.



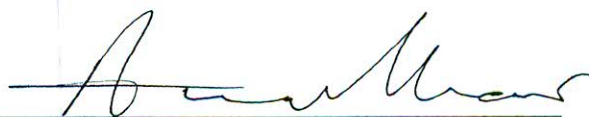
12. Three multilaterals have indicated their willingness to provide emergency loans to assist in the reconstruction. These are the Inter-American Development Bank, the World Bank and the Caribbean Development Bank. The approval process for these loans is expected to be relatively short. Disbursement of the loans could be within five to nine weeks of the signing of agreements.

13. Concessional loans from bilateral sources also represents an avenue for financing the Hurricane Dean recovery and reconstruction effort and this is also being approached through diplomatic channels. The Government will also seek additional grant funding from local institutions.

14. Listed below is financing of the Hurricane Dean recovery effort (actual and potential identified to date) categorized by type of funding and source:

	\$ millions
Grants	1,396
Multilateral Grants	965
Bilateral Grants	214
Local Grants	217
Multilateral Loans	<u>1,249</u>
<b>Total Financing</b>	<b>2,645</b>

15. Expenditure related to the Hurricane Dean recovery and rehabilitation is expected to continue into the next fiscal year and the Government is currently seeking grant assistance from the international community as well as the local private sector.



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October 2, 2007