

## **Hurricane Dorian: A Reset**

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### **Part 4**

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As the Bahamian Government prepares for the UNDP sponsored Donor Conference in January 2020 to raise reconstruction funds for Abaco and Grand Bahama, it is imperative that the Government formulates and presents comprehensive mitigation measures that will reduce risks of damage and increase resilience during future hurricanes and other natural disasters. In Part 3, I made recommendations to strengthen the Building Code and the building inspectorate. In this article, Part 4, I offer the following mitigation measures to reduce risks of damage and increase resilience to hurricane damage.

#### **Local Government**

Effective Local Government is a necessary component of an effective national system of disaster risk reduction. Local Government should be at the forefront of disaster preparation, response and recovery because it is closest to the community. According to a study by the United Nations Office for Disaster Risk Reduction entitled “**Local Government Powers for Disaster Reduction: A Study on Local-Level Authority and Capacity for Resilience, 2017**”, Local Government, pursuant to the Sendai Framework for Disaster Risk Reduction, the Sustainable Development Goals and the Paris Agreement on Climate Change, should play a critical role in implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and holistic disaster risk management.

Unlike most countries in The Commonwealth, Local Government in The Bahamas for the Family Islands is inadequately funded, with no revenue raising powers and no power to engage in economic promotion, touristic and cultural development. There is no Local Government in Nassau in which about 70% of the population live.

In many Commonwealth countries, Local Government is entrenched in the Constitution, has revenue raising powers and are engaged in disaster preparedness and response, local economic promotion, primary healthcare, education and training, environmental protection and cultural and touristic development. Significantly, in Malta and Tanzania

local government and decentralization policy are placed in the Office of the Prime Minister.

Local Government in the Family Islands, pursuant to the Bahamian Local Government Act, 1996, has similar functions that had previously been carried out by the local statutory boards prior to 1996 under the Road Traffic Authority, Port Authorities Act, Town Planning Committee, Building Regulations Act, Hotel Licensing Board and the Business Licensing Act, with respect to Bahamian citizens. In addition, the functions also include general environmental health and sanitation, maintaining roads and verges, cleaning and maintaining public parks, grounds, streets, wells and water tanks, public docks, harbours, pedestrian and parking areas, delivery of mail and safety around schools.

Pedro Rolle, President of the Exuma Chamber of Commerce, challenges this neo-colonial system of Local Government where the economy of Exuma contributes annually about \$80 million to the Consolidated Fund and receives an annual subvention from the Central Government of about \$400,000.00. This is clearly not a system designed for sustained growth and development of local economies. Mr. Rolle **argues “you can’t have local government without Local Governance! Local governance means being empowered to identify the local challenges and the power and resources to address these challenges . . . our current system is insulting and degrading; it makes beggars and schemers out of proud and honorable citizens when that, every little bit of infrastructural development required for Exuma, we must reach out to Nassau, with our hands out – begging for that which is ours; begging for money; begging for even the right to make decisions impacting our own well-being.”** Mr. Rolle recommended a 50%/50% split of the \$80 million generated by Exuma annually between the Central Government and the Local Government Authority in Exuma to facilitate sustainable development in Exuma.

Consistent with Mr. Rolle’s analysis, the United Nations in a study entitled “**Local Government Powers for Disaster Risk Reduction,**” found that weak and poorly resourced local government directly compromises the capacity of a community to mitigate the risks of hurricane or other disasters. The study, based on a review of local authorities in South America, Europe, Africa and Asia, concluded that the data “. . . **indicating that on average, local governments bear more responsibilities than the power they need to possess in order to undertake disaster risk reduction in an effective manner.**”

I recommend, consistent with the best global practice, a robust local government system, inclusive of Nassau, as a necessary component to increase resilience to ensure robust disaster preparedness and response throughout the archipelago of The Bahamas, with the resources and authority to safely and nimbly respond before, during and in the aftermath of natural disaster.

## **Debt Forgiveness & Climate Financing**

The estimated economic damage and loss of \$3.4 billion caused by Hurricane Dorian, the outstanding national debt of \$8.3 billion (or 67% of GDP) and current debt servicing of \$340 million, and post Dorian projected borrowing of \$600 to \$800 million have created an unsustainable debt burden for The Bahamas. With a post Dorian projected growth rate of merely .09% and an unsustainable debt burden, the capacity of The Bahamas to be resilient and withstand more intense and frequent hurricanes is compromised. Further, with hurricane losses of \$3.4 billion, about 25% of the \$12.45 billion Gross Domestic Product of The Bahamas, how will The Bahamas be able to meet its debt obligations after losing 25% of its GDP in Hurricane Dorian? In the national budget for 2019-2020, public debt servicing is the largest budget allocation at \$345 million, compared to education at \$340 million and the Ministry of Health at \$301million. It is projected that The Bahamas will have to borrow up to \$600 to \$800 million in order to restore public infrastructure and assist with the rebuilding of private homes and businesses, most of which were not insured or underinsured.

In an insightful paper by Jurgen Kaiser entitled “**Debt Relief as a response to Natural Disaster in the Caribbean**”, there is a description of a hurricane clause that Grenada negotiated with its private bondholders in 2015 to restructure its debt. Similarly, the Government of Barbados restructured its debt with its bondholders by agreeing an immediate moratorium on debt payment, upon the occurrence of a hurricane, if only temporarily, and concessional rescheduling if struck by another natural disaster. Therefore, risk sharing, while not widespread, is possible in the financial markets.

Also, Indonesia and Sri Lanka negotiated sovereign debt moratoria, with the support of the Paris Club, after the 2004 Indian Ocean tsunami. This risk sharing also did not lead to market exclusion or impair access by these countries to the capital market.

For The Bahamas and other middle level countries, emergency relief to cover immediate rescue and survival operations often comes in the form of grants; however, medium term reconstruction relief comes in the form of loans. However, after a disaster, such as Dorian, the headroom to borrow is often nonexistent. Therefore, the challenge is how to access reconstruction relief without compromising debt sustainability and economic growth and development.

Increasingly, sovereign debt forgiveness is seen by more and more private creditors and multilateral agencies as a preferred route, rather than disorderly default, to achieve debtor sustainability over a reasonable period of time, especially disasters caused by climate change. This view led the International Monetary Fund and World Bank to sponsor the Heavily Indebted Poor Countries Initiative (“HIPC”). After the Island nation of Dominica was devastated by Hurricane Maria in 2017, representatives of churches and civil society in the Eastern Caribbean and Barbados issued the Statement from

Jubilee Caribbean, March 5, 2018, calling for debt relief as an instrument for emergency support and reconstruction.

The Bahamas, faced with the increased frequency and severity of future hurricanes, should join the lobby for a *Heavily Indebted Caribbean Countries Initiative*, to build international consensus for a multilateral debt relief agreement to preserve the assets of disaster hit countries in this region for restoration of their damaged economies and the building of a more resilient infrastructure.

I recommend that The Bahamas pursues debt forgiveness from its existing bondholders, including the Inter-American Development Bank, the Caribbean Development Bank, the Peoples Republic of China and other multilateral debtors, while there is favorable international support for the post Dorian restoration. At a minimum, The Bahamas should, as proposed by former Minister of State for Finance James Smith, seek to restructure its debt with bondholders and lenders by extending the maturity dates to reduce debt servicing to enable the Government to fund essential services, before the International Monetary Fund imposes a stabilization plan on The Bahamas which may cause the devaluation of the Bahamian dollar.

### **Climate Justice Claims**

The evacuation and long displacement of the residents of Ragged Island after Hurricane Irma, without a clear policy of relocation, reduction of vulnerability and timely restoration demonstrate the urgent need for a national policy on climate warming adaptation and hurricane risk reduction measures in The Bahamas.

Global warming is caused primarily by the developed countries, through large-scale industrial production, deforestation and agriculture. These industrial processes produce unprecedented quantities of greenhouse gases (GHGs, especially carbon dioxide CO<sub>2</sub> from the burning of fossil fuels) and increased global temperatures. Increased temperatures have caused glaciers to melt and sea levels to rise resulting in catastrophic flooding, more intense hurricanes, landslides and desertification damaging the natural ecosystems and humanity.

While developed countries have created the largest concentrations of GHGs, countries in the Caribbean produce the least GHGs, but are the most vulnerable to climate change.

According to the UN Framework Convention on Climate Change (“UNFCCC”), 1992, low-lying and small island countries, low-lying coastal, arid and semi-arid areas are liable to floods, droughts and desertification are particularly vulnerable to dangerous anthropogenic interference with the climate system. The Bahamas, as a low-lying small islands state, with low-lying coastal areas and a touristic economy dependent on the

heavy consumption of fossil fuels, is particularly vulnerable to the adverse effects of climate change.

The objective of the UNFCCC is to provide a global framework to stabilize greenhouse gas concentrations at a level to prevent unsustainable disruption of vulnerable countries, such as The Bahamas. Under clause 4 of the UNFCCC, developed countries, such as the United Kingdom, the United States, the European Union members, Canada and Russia agreed to financially assist vulnerable countries, such as The Bahamas, to meet the cost of adapting to the adverse effects of global warming.

The UNFCCC reflects well established customary International Law principles. In a famous arbitration case, Canada was held liable, under customary international law, for a Canadian smelter that was emitting fumes into the United States during the 1930s. The case, entitled **The Trail Smelter Arbitration**, 3 R. Int'l Arb. Awards 1938 (1941), held that: **“The Tribunal . . . finds that, under the principles of international law, as well as the law of the United States, no state has the right to use or permit the use of its territory in such a manner as to cause injury by fumes or in the territory of another or the properties or persons therein, when the case is of serious consequence and the injury is established by clear and convincing evidence. Considering the circumstances of the case, the Tribunal holds that the Dominion of Canada is responsible in international law for the conduct of the Trial Smelter. Apart from the undertakings in the Convention, it is, therefore, the duty of the government of the Dominion of Canada to see to it that this conduct should be in conformity with the obligation of the Dominion under international law as herein determined.”**

On December 12, 2015, the Paris Agreement, which was adopted by consensus, directed that greenhouse-gas emissions be limited 1.5-degree centigrade as a mitigation, adaptation measure. Further, developed countries pledged to mobilize \$100 billion a year by 2020 until 2025 to enable developing countries to finance climate change adaptation and mitigation. G7 countries, for example, committed to initiatives such as Climate Risk Insurance and the Climate Risk and Early Warning Systems. In 2018, at the 73<sup>rd</sup> Session of the UN General Assembly, UN Secretary General, Antonio Guterres, requested Prime Minister Andrew Holness and President Emmanuel Macron to lead the global mobilization of effort to get governments and the private-sector to raise US\$100 billion per year in climate change finance by 2020.

The case for climate justice for The Bahamas was forcefully made by the Secretary General of the United Nations, Mr. Antonio Guterres, who stated on September 14, 2019, after he had visited Abaco and saw the devastation of Hurricane Dorian: **“First, is that we need to stop climate change. We need to make sure that we reverse the present trend where climate change is running faster than what we are. And second, that countries like the Bahamas that do not contribute to climate change, but are in the first line of the devastating impacts of climate change, deserve international support, to be able to fully respond to the humanitarian emergency**

**but also for the reconstruction and the building of resilience of their communities and their islands.”** Further, the Secretary General revealed that the United Nations is pursuing the following mitigation measure: **“We have been working in the United Nations with three governments in the Caribbean to present proposals aiming at a swap between parts of the debt and the investments in resilience and reconstruction. And we hope that international financial institutions will be able to agree that this is one very interesting way for the international community to support countries in the reconstruction and in creating the conditions for them to be more resilient under these circumstances.”**

Clearly, The Bahamas should be a part of this UN initiative to swap parts of its national debt for investments in resilience and reconstruction.

I recommend that climate justice should be a core part of the foreign policy of The Bahamas. The Bahamas has a valid climate justice claim for climate grants, technical assistance and restoration financing from the developed countries, based on climate justice, pursuant to the UNFCCC, the Paris Agreement and Customary International Law, for economic and non-economic loss and damage suffered by The Bahamas and the victims of Hurricanes Dorian and Irma.

### **Research & Innovation**

The establishment of the Climate Change Adaptation and Resilience Research Centre (“CCARR”) at the University of The Bahamas in November 2019 is a welcomed response to Dorian. This Centre will ensure more evidence based decision-making and informed public policy in climate adaptation, innovation and resilience. The Centre, led by Bahamian scholar Dr, Adelle Thomas, a human-environment geographer, is intended to be the primary national resource for research, innovation and community engagement on long term approaches to anticipating the adverse effects of climate change on human systems; taking appropriate actions to prevent or minimize the damage; identifying the impacts of climate change; and proposing systematic approaches to assessing, responding to, recovering from and reducing the risks of disaster

I recommend, in the national security interest of The Bahamas, a robust public/private commitment to fund the Climate Change Centre. Sufficient funding should be raised to establish a permanent endowment for a professorship/chair for Dr. Adelle Thomas and successors, visiting professorships, fellowships and student grants to facilitate research, publications and advisory services for the public and private sectors, based on global best practices, in climate change. A well-resourced Climate Change Centre, focused on Bahamian vulnerabilities, capacity and security, will inform public policy and enable The Bahamas to build a safe future for its residents and a global model of sustainability and resilience.