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DETERMINING TOURISM CARRYING CAPACITY - IS THE CARIBBEAN APPROACHING ITS LIMITS?

ECLAC SIGNS MEMORANDUM OF UNDERSTANDING WITH CARIBBEAN CATASTROPHE RISK INSURANCE FACILITY
ABOUT ECLAC/CDCC

The Economic Commission for Latin America and the Caribbean (ECLAC) is one of five regional commissions of the United Nations Economic and Social Council (ECOSOC). It was established in 1948 to support Latin American governments in the economic and social development of that region. Subsequently in 1966, the Commission (ECLA, at that time) established the Subregional Headquarters for the Caribbean in Port of Spain to serve all countries of the insular Caribbean, as well as Belize, Guyana and Suriname, making it the largest United Nations body in the subregion.

At its sixteenth session in 1975, the Commission agreed to create the Caribbean Development and Cooperation Committee (CDCC) as a permanent subsidiary body which would function within the ECLA structure to promote development cooperation among Caribbean countries. Secretariat services to the CDCC would be provided by the Subregional Headquarters for the Caribbean. Nine years later, the Commission’s widened role was officially acknowledged when the Economic Commission for Latin America (ECLA) modified its title to the Economic Commission for Latin America and the Caribbean (ECLAC).

Key Areas of Activity

The ECLAC Subregional Headquarters for the Caribbean (ECLAC/CDCC secretariat) functions as a subregional think-tank and facilitates increased contact and cooperation among its membership. Complementing the ECLAC/CDCC work programme framework, are the broader directives issued by the United Nations General Assembly when in session, which constitute the Organization’s mandate. At present, the overarching articulation of this mandate is the Millennium Declaration, which outlines the Millennium Development Goals.

Towards meeting these objectives, the secretariat conducts research; provides technical advice to governments, upon request; organizes intergovernmental and expert group meetings; helps to formulate and articulate a regional perspective within global forums; and introduces global concerns at the regional and subregional levels.

Areas of specialisation include trade, statistics, social development, science and technology, and sustainable development; while actual operational activities extend to economic and development planning, demography, economic surveys, assessment of the socio-economic impacts of natural disasters, data collection and analysis, training, and assistance with the management of national economies.

The ECLAC Subregional Headquarters for the Caribbean also functions as the secretariat for coordinating the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States (SIDS POA). The scope of ECLAC/CDCC activities is documented in the wide range of publications produced by the subregional headquarters in Port of Spain.

MEMBER COUNTRIES:
Antigua and Barbuda
The Bahamas
Barbados
Belize
Cuba
Dominica
Dominican Republic
Grenada
Guyana
Haiti
Jamaica
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Suriname
Trinidad and Tobago

ASSOCIATE MEMBER COUNTRIES:
Anguilla
Aruba
British Virgin Islands
Cayman Islands
Montserrat
Netherlands Antilles
Puerto Rico
Turks and Caicos Islands
United States Virgin Islands

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Essentially, sustainable development encourages economic development without compromising environmental integrity. As countries are embracing sustainable development, the Caribbean region is forging towards attaining sustainable development of the Caribbean Sea (CS) through the work of the Caribbean Sea Commission of the Association of Caribbean States (ACS) and ECLAC.

These organizations are moving ahead with preparations for a report to be submitted to the United Nations General Assembly in 2010, regarding the case for the recognition of the Caribbean Sea by the international community as a “Special Area in the context of Sustainable Development”.

The Caribbean Sea Commission has been working to develop a holistic governance framework which will contribute to the implementation of the 2003 Resolution 57/261 of the United Nations General Assembly: “Promoting an integrated management approach to the Caribbean Sea area in the context of sustainable development.”

The adoption by the United Nations General Assembly in 2006 of a resolution entitled: “Towards the Sustainable Development of the Caribbean Sea for present and future generations” 63/214 marked a triumph for the ACS, as it highlighted the importance of protecting and preserving the Caribbean Sea for present and future generations.

With particular reference to paragraphs 12 and 13 of the resolution, which:

“12: Urges the United Nations system and the international community to continue to provide aid and assistance to the countries of the Caribbean region in the implementation of their long term programmes of disaster prevention, preparedness, mitigation, management, relief and recovery, based on their development priorities, through the integration of relief, rehabilitation and reconstruction into a comprehensive approach to sustainable development; and

13: Calls upon Member States to improve as a matter of priority their emergency response capabilities and the containment of environmental damage, particularly in the Caribbean Sea, in the event of natural disasters or of an accident or incident relating to maritime navigation;”

ECLAC Subregional Headquarters for the Caribbean, Port of Spain, outlined details of work conducted in these areas in preparation of the report for the 63rd session of the United Nations General Assembly.

Disasters and Risk Reduction
Disasters pose a tremendous threat to sustainable development in the region. As such strengthening Disaster Risk Reduction (DRR) strategies will mitigate the impacts of disasters. In 2009, ECLAC continued its work in disaster management in the Caribbean through the conduct of post-disaster assessments, capacity-building activities and preparation of technical information on disasters.

Training of regional experts in the post-disaster assessment methodology
Mitigation, preparedness, early warning capacity, increased public awareness, and the inclusion of risk management as part of the national planning process are among the guidelines set up by the Mauritius Strategy in the area of natural disasters. To this extent, a number of training workshops on the ECLAC Damage and Loss Assessment (DALA) methodology for the evaluation of natural disasters were held.

The cumulative impacts of disasters
Although the initial impact of a single disaster could be devastating to Small Island Developing States (SIDS), the cumulative impact of multiple disasters could be crippling for these vulnerable economies. The results of an historical analysis of impact of natural disasters on Caribbean economies during the period 1990-2008 show that the Caribbean countries are vulnerable to natural disasters primarily in terms of their economic and social vulnerability. The former referring to sectoral impacts: tourism, manufacturing, industry and commerce, and the latter referring to loss in housing stock and settlements, health, education and infrastructure. The results are summarized in Tables 1 – 3. Table 1 tracks natural disasters by country between 1990 and 2008, Table 2 summarizes the share of total regional damage borne by individual Caribbean countries while Table 3 disaggregates the share of regional damage costs borne by countries across economic, social, infrastructural and environmental damage.

Disaster Risk Reduction in the Education Sector
In refining DRR strategies, it is important to consider it within the context of the education sector. Through such reflection and study, a number of salient issues in disaster risk reduction in the education sector have been identified for the attention of policymakers in Caribbean SIDS. Such issues include the safety of schools, the use of schools as shelters, the knowledge of DRR of students and teachers, and the psychosocial trauma of children.

One foundation area in DRR is that of the management of infrastructure. Where construction of new infrastructure is the issue, strengthened compliance with the building codes for the Caribbean is necessary. This, combined with more widespread use of vulnerability assessments to ensure best use of locations appropriate for new educational facilities, would go a long way in addressing the DRR needs of the infrastructure in the education sector. Where there are already existing
structures, retrofitting with mitigation may be required and more rigorous attention to maintenance schedules would need to be established and observed.

A second area of focus is on the ability of the sector to fulfill its primary role of imparting knowledge to its beneficiaries. Included in this measure of knowledge management is the notion of facilitating education during times of emergency. A third area of focus is strengthening the capacity to monitor and evaluate the level of success in implementing the DRR measures within the sector and the impact of extreme events on the school population.

Enabling the fulfilment of such an agenda in the Caribbean requires formal recognition by governments and ministries of education of the importance and urgency to include DRR as a priority for the development policy of these ministries, the inclusion of DRR in school curricula and the scaling up of DRR knowledge management.

Policymakers in Caribbean SIDS already recognize the possibilities which technology and innovation play in enhancing the development potential of their societies. Such technologies can be applied to achieve greater accessibility to DRR knowledge.

**Progress with relevant international agreements**

United Nations resolution 63/214 also calls upon Member States to become contracting parties to relevant international agreements to enhance maritime safety and promote the protection of the marine environment of the Caribbean Sea from pollution, damage and degradation from ships and ship-generated waste (Paragraph 7).

The United Nations International Maritime Organization (IMO) promotes the adoption of some 50 conventions and protocols and over 1,000 codes and recommendations concerning maritime safety and security, the prevention of pollution and associated liability and compensation for damage caused by ship1.

All countries, except Costa Rica, have become contracting parties to at least two instruments, while 55% of countries are contracting parties to all the mandatory instruments. Of the 29 ACS countries, Costa Rica, Haiti and Turks & Caicos are contracting parties to only one instrument, namely the London Convention, while Grenada has yet to access/ratify a single one. As has been the case for the maritime safety instruments, most ratifications/accessions to marine pollution conventions have taken place in the last decade (around 24%). In particular Colombia, Cuba, El Salvador, Jamaica, Saint Vincent & the Grenadines, Aruba and the Netherlands Antilles have become contracting parties to a number of conventions and protocols since 2008. These efforts have brought the total proportion of marine pollution convention ratifications/accessions to 63%.

Further to this, the Wider Caribbean Region (WCR) has been designated a “Special Area” under regulation 5(1)(h) of MARPOL Annex V, which enables the provision of a higher level of protection to the region than other areas of the sea. In January 2010, the WCR parties to the MARPOL Convention notified the IMO of having met the discharge requirements for the WCR Special Area2. The IMO have since set a date of 1 May 2011 for which the discharge requirements shall take effect, but have encouraged the parties to comply immediately on a voluntary basis3.

Paragraph 10 of United Nations Resolution 63/214 invites Member States and intergovernmental organizations within the United Nations system to continue their efforts to assist Caribbean countries in becoming parties to the relevant conventions and protocols concerning the management, protection and sustainable utilization of Caribbean Sea resources and in implementing them effectively.

**United Nations Environment Programme (UNEP) – Caribbean Environment Programme (CEP)**

As a member of the Caribbean Sea Commission, the UNEP Caribbean Environment Programme (CEP) based in Kingston, Jamaica, has continued to

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1 International Maritime Organization: http://www.imo.org/
2 IMO MEPC 68/8/2, 2010b
3 IMO C.1/3053, 2010c
4 Information for this section was extracted from: UNEP CEP Report on measures taken in support of resolution 61/197 (2010a).
take an active part in the follow-up and implementation of the 2006 resolution “Towards the Sustainable Development of the Caribbean Sea for present and future generations”. CEP also continues its active support to the implementation of actions pursuant to the Barbados Programme of Action (BPOA) for SIDS and follow-up to the Mauritius Strategy of Implementation (MSI) and has carried out a range of activities supporting the mandate established in the Cartagena Convention and its three protocols: Oil spills, Land-based Sources of Pollution (LBS) and Specially Protected Areas and Wildlife (SPAW). The Contracting Parties to the Cartagena Convention (23 States from the Wider Caribbean), through its intergovernmental meeting, actively support resolution 61/197 through innovative partnership arrangements and resource mobilisation to ensure that programmes and project activities contribute to poverty alleviation, social resilience and economic and environmental sustainability.

ECLAC - Implementation of the Mauritius Strategy for the Further Implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States

ECLAC Subregional Headquarters for the Caribbean has been providing support to SIDS in implementation of MSI since 1999. This support has come in two main forms: (a) Structural support through the appointment of an ECLAC post for a Regional Adviser in 2007 who acts as the Regional Coordinator of the Regional Coordinating Mechanism (RCM) established by the CDCC member countries; and (b) Implementation of activities on selected themes of BPOA and MSI. In particular, ECLAC has assumed the lead role in the execution and coordination of the technical work to be undertaken in the elaboration of a work programme and in reporting on progress in implementation with respect to the work of the Caribbean Sea Commission in 2006.  

Table 2: Share of total natural disaster damage costs borne by individual Caribbean Countries 1990-2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Total National Damage Costs as a % of Total Regional Damage Costs from Disasters (1990 – 2008)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anguilla</td>
<td>0.06%</td>
</tr>
<tr>
<td>Bahamas</td>
<td>0.39%</td>
</tr>
<tr>
<td>Belize</td>
<td>0.08%</td>
</tr>
<tr>
<td>Belize</td>
<td>0.24%</td>
</tr>
<tr>
<td>Cayman Islands</td>
<td>3.78%</td>
</tr>
<tr>
<td>Guyana</td>
<td>0.20%</td>
</tr>
<tr>
<td>Dominica</td>
<td>0.09%</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>1.01%</td>
</tr>
<tr>
<td>Grenada</td>
<td>1.32%</td>
</tr>
<tr>
<td>Haiti</td>
<td>12.70%</td>
</tr>
<tr>
<td>Haiti</td>
<td>14.05%</td>
</tr>
<tr>
<td>Jamaica</td>
<td>25.36%</td>
</tr>
<tr>
<td>Jamaica</td>
<td>0.14%</td>
</tr>
<tr>
<td>Jamaica</td>
<td>1.55%</td>
</tr>
<tr>
<td>Netherlands Antilles</td>
<td>0.1%</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>1.15%</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>0.02%</td>
</tr>
<tr>
<td>Suriname</td>
<td>37.64%</td>
</tr>
<tr>
<td>Turks and Caicos</td>
<td>0.22%</td>
</tr>
</tbody>
</table>

Table 3: Summary impacts of natural disasters on Caribbean economies, 1990-2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Disaster Event</th>
<th>Total National Infrastructure Damage as a % of Total Regional Infrastructure Damage</th>
<th>Total National Economic Damage as a % of Total Regional Economic Damage</th>
<th>Total National Social Damage as a % of Total Regional Social Damage</th>
<th>Total National Environmental Damage as a % of Total Regional Environmental Damage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anguilla</td>
<td>Hurricane Luis (1995)</td>
<td>0.2%</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Bahamas</td>
<td>Hurricane Frances and Jeanne (2004)</td>
<td>1.3%</td>
<td>0.4%</td>
<td>0.3%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Belize</td>
<td>Hurricane Dean (2007)</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.13%</td>
</tr>
<tr>
<td>Belize</td>
<td>Hurricane Keith (2000)</td>
<td>0.4%</td>
<td>0.3%</td>
<td>0.1%</td>
<td>0.81%</td>
</tr>
<tr>
<td>Cayman Islands</td>
<td>Hurricane Ivan (2004)</td>
<td>6.1%</td>
<td>2.6%</td>
<td>4.8%</td>
<td>0.53%</td>
</tr>
<tr>
<td>Cayman Islands</td>
<td>Hurricane Paloma (2008)</td>
<td>0.2%</td>
<td>0.1%</td>
<td>0.3%</td>
<td>0.36%</td>
</tr>
<tr>
<td>Dominica</td>
<td>Hurricane Dean (2007)</td>
<td>0.5%</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>Hurricane Frances &amp; Jeanne (2004)</td>
<td>3.5%</td>
<td>1.4%</td>
<td>0.1%</td>
<td>0.04%</td>
</tr>
<tr>
<td>Grenada</td>
<td>hurricane Ivan (2004)</td>
<td>1.6%</td>
<td>0.6%</td>
<td>2.1%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Guyana</td>
<td>Floods (2005)</td>
<td>14.2%</td>
<td>8.1%</td>
<td>18.3%</td>
<td>0.08%</td>
</tr>
<tr>
<td>Haiti</td>
<td>Hurricane Jeanne (2004)</td>
<td>9.8%</td>
<td>21.3%</td>
<td>7.7%</td>
<td>0.69%</td>
</tr>
<tr>
<td>Haiti</td>
<td>Tropical Storm Fay, Gustav, Hanna, Ike (2008)</td>
<td>50.8%</td>
<td>26.0%</td>
<td>15.1%</td>
<td>92.10%</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Hurricane Michelle (2001)</td>
<td>1.1%</td>
<td>0.1%</td>
<td>1.3%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Hurricane Ivan (2004)</td>
<td>3.8%</td>
<td>1.2%</td>
<td>1.3%</td>
<td>4.16%</td>
</tr>
<tr>
<td>Netherlands Antilles</td>
<td>Hurricane Luis, Marilyn (1995)</td>
<td>0.8%</td>
<td>1.8%</td>
<td>0.6%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>Hurricane Dean (2007)</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.01%</td>
</tr>
<tr>
<td>Suriname</td>
<td>Floods (2006)</td>
<td>4.8%</td>
<td>35.8%</td>
<td>49.0%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Turks and Caicos</td>
<td>Hurricane Hanna, Ike (2008)</td>
<td>0.7%</td>
<td>0.0%</td>
<td>0.3%</td>
<td>1.09%</td>
</tr>
</tbody>
</table>

Source: Derived from ECLAC Assessments, 1990 – 2008
The delegates to the Session approved resolutions in support of ECLAC follow-up work on the compliance of the Millennium Development Goals and the implementation of agreements emanating from international conferences on economic and social issues, as well as the work of the Latin American and Caribbean Institute of Economic and Social Planning (ILPES), the Caribbean Development and Cooperation Committee (CDCC) and the Special Committee on Population and Development.

Delegates shared in general terms the focus on development as set forth in the main working document, Time for equality: closing gaps, opening trails which addresses the current socio-economic situation in the region and the medium- and long-term challenges in terms of macroeconomic policies, structural heterogeneity and productivity gaps, territorial disparities and convergence, employment and labour institutions, social gaps and the role of the State and taxation.

The ECLAC document lays out a broad set of State policies to help spur growth, foment productivity, contribute to greater territorial articulation, generate better employment and labour institutions and provide public goods and social protection with a clear universalist and redistributive focus.

This new approach is founded on six main pillars:
1) Macroeconomic policy for inclusive development
2) Productive convergence with equality
3) Territorial convergence
4) More and better employment
5) Closing social gaps
6) Fiscal covenants as key to recreating the link between State and equality

ECLAC also stresses the importance of constant and stable growth as the only means to address the enormous social inequalities in the region.

The recent financial crisis interrupted an auspicious cycle of economic growth and stability begun in 2003. Now, the State has the inalienable duty to ensure a macroeconomic environment that encourages investment, innovation and decent job creation.

ECLAC recommends that States should:
- Develop countercyclical capabilities to address external turbulence and moderate the social consequences of
economic cycles caused by changes in the economic environment.

- Seek a new fiscal agreement that balances the tax burden with the needs for expenditure and public investment for economic growth and general welfare.
- Strengthen the soundness and technical independence of central banks, while expanding their mission so that monetary policy take into account inflation as well as employment levels in decision-making criteria.
- Align monetary and exchange rate policies with fiscal policy so that markets may promote stability and employment while also supporting export development.
- Strengthen public banking, particularly development banks, as a way to foment and democratize access to credit, especially long-term and that used for financing investment.

A Fiscal Covenant Is Crucial To Closing Social Gaps

Despite a slight trend towards better income distribution between 2003 and 2008, due largely to improvements in employment and income, social gaps in Latin America and the Caribbean continue to be enormous.

Since the mid-1990s, States have boosted their policies to reduce inequality and poverty, using direct income transfers, social protection nets and subsidies to social security and health care contributions.

However, a high proportion of the population in most countries in the region does not generate an adequate minimum income, due basically to three reasons: unemployment, low wages and inactivity.

Education plays a decisive role in attaining greater equality. A pro-equality agenda should seek to expand coverage of pre-school education, extend the school day in public schools, improve secondary school completion rates in socio-economic sectors with lower achievement levels and reduce the learning and knowledge gaps.

Social investment must be steered towards the lowest-income groups, with long-term countercyclical policies and with explicit guarantees and assured quality levels. Social protection and promotion systems require, however, financial security and institutional stability, and for this they need to be backed by a social covenant.

Taxation is essential for the State to count with the capacity to finance policies aimed at diminishing social gaps, but tax structures in Latin America do not have the same redistributive effects as tax systems in developed countries.

Three factors influence tax collection capacity and the way in which tax revenues are distributed: the tax burden, tax structure and control of tax evasion. Most countries in the region have serious difficulties with some or all of these.

Although the tax burden in Latin America rose from an average 12.8% of GDP in 1990 to 18.4% in 2008, it continues to be very low and not very progressive.

Less than a third of tax revenues comes from direct taxes (progressive), while most is collected by means of consumer taxes and other indirect taxes with scant redistributive effect. In addition, tax evasion rates in the region are considerably high: between 40% to 65%.

Whereas productive convergence is the basis for attaining more equality in a sustainable way in society, the State’s most immediate and redistributive tools available continue to be tax reform and the allocation of social expenditures.

In this context, what is needed is a fiscal covenant between public and private agents that may improve income distribution as well as reduce the enormous structural heterogeneity in the region, providing the State with greater capacity to collect and redistribute resources.

The fiscal covenant should include at least the following:

- A gradual commitment to increasing the tax burden.
- A clear path for the State to improve tax collection by reducing and controlling evasion.
- Reform of the tax structure aimed at raising income tax rates.
- A shared platform which correlates changes in the tax burden and structure with the way the higher taxes will be allocated to fund public policies.

(continued on page 11)
Perhaps more than any other region in the world, the Caribbean depends heavily on its tourism sector as a driver of economic activity. This sector which began to be formally organized in the region some 40 years ago has seen consistent growth since that time. By the mid-1980s tourism had become the main economic sector contributing more than 30% to annual GDP for countries such as the Bahamas, Barbados, Jamaica, Saint Lucia and the British Virgin Islands, and over 65% of GDP in some selected cases. Related to this, tourism has also become a significant employer with employment shares closely matching those of GDP for many countries (Table 1).

The cruise sector is also a major sector of the Caribbean tourism market and, since 1974, has experienced steady growth in cruise passenger arrivals. After a peak of just over 19 million passengers in 2006, there has been a slightly marginal decline in the number of cruisers to the region. This notwithstanding, the Caribbean continues to lead the world in terms of the number of cruise visitors. Growth trends for cruise passenger arrivals are shown in figure 1.

The Caribbean’s appeal to the wider global market lies in its extraordinary natural beauty and diversity which include pristine beaches, verdant rainforests, and highly varied physical landscapes. These physical attributes are complemented by a warm climate, and friendly and culturally diverse peoples, thereby making the region highly sought after for vacations. As a result, over the last two decades, the Caribbean has experienced generally positive annual sector growth rates averaging 3% (UNWTO, 2009). The only exceptions to this trend during the period were the significant contraction occasioned by the terrorists attack on the United States in 2001, as well as the 2008/2009 global economic recession which provoked a 6% overall decline between 2008 and 2009.

In order to provide the myriad hospitality services, the tourism sector also generates considerable impacts, both on the natural and physical environment. These impacts manifest themselves in the consumption of resources such as water, energy, construction materials, and food, as well as in the generation of wastes, and other nuisances such as noise, and congestion. As noted by Trumbic (2005), the negative impacts of tourism on coastal areas are especially severe, and typically include: reduction of, and pollution of water resources; land pollution caused by inappropriate disposal of solid waste; marine pollution caused by untreated waste water; loss of space for other productive activities; biodiversity degradation; loss of habitats; coastal erosion caused by the

Table 1: Tourism GDP and employment for selected Caribbean countries: 2008/2009

<table>
<thead>
<tr>
<th>Country</th>
<th>Share of tourism in GDP (%)</th>
<th>Share of tourism in total employment (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anguilla</td>
<td>65.8</td>
<td>67.6</td>
</tr>
<tr>
<td>Antigua and Barbuda</td>
<td>73.5</td>
<td>80.6</td>
</tr>
<tr>
<td>Aruba</td>
<td>67.1</td>
<td>78.6</td>
</tr>
<tr>
<td>Bahamas</td>
<td>50.0</td>
<td>60.4</td>
</tr>
<tr>
<td>Barbados</td>
<td>39.0</td>
<td>43.7</td>
</tr>
<tr>
<td>Belize</td>
<td>29.7</td>
<td>29.8</td>
</tr>
<tr>
<td>Bermuda</td>
<td>12.0</td>
<td>14.3</td>
</tr>
<tr>
<td>British Virgin Islands</td>
<td>37.4</td>
<td>45.2</td>
</tr>
<tr>
<td>Cayman Islands</td>
<td>29.1</td>
<td>35.1</td>
</tr>
<tr>
<td>Cuba</td>
<td>9.6</td>
<td>8.2</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>15.9</td>
<td>13.8</td>
</tr>
<tr>
<td>Dominica</td>
<td>24.5</td>
<td>22.4</td>
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<tr>
<td>Grenada</td>
<td>25.0</td>
<td>23.7</td>
</tr>
<tr>
<td>Guyana</td>
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<td>9.0</td>
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<td>Jamaica</td>
<td>27.0</td>
<td>23.7</td>
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<td>Puerto Rico</td>
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<td>5.6</td>
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<td>Netherlands Antilles</td>
<td>23.1</td>
<td>30.6</td>
</tr>
<tr>
<td>Saint Kitts and Nevis</td>
<td>31.7</td>
<td>32.2</td>
</tr>
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<td>Saint Lucia</td>
<td>37.4</td>
<td>37.1</td>
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<tr>
<td>US Virgin Islands</td>
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<td>44.8</td>
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Sources: World Travel and Tourism Council (WTTC), 2009

1 Anguilla (65.8%), Antigua and Barbuda (73.5%) and Aruba (73.5%) , in 2008/2009
2 Source: UNEP-MAP Priority Actions Programme Regional Activity Center
construction of inappropriate marine structures; and increased urbanization’. Impacts also extend to the social sector resulting in loss of local traditions; abandonment of traditional economic activities; the creation of mono-cultural economic development; breaking up of social structure; and excessive immigration among others (ibid).

Since most of the Caribbean are Small Island Developing States, many of the effects identified above are relevant to these islands especially given their large coastal zones relative to landmass, as well as the general confinement of most social and economic development to the coastal zone regions. Moreover, with a generally fragile ecology and economy of the islands, questions are now being raised as to the sustainability of the growth of the Caribbean tourism sector in the long run. Similar questions arose in many European countries which experienced significant tourism growth in the 1960s and early 1970s, and prompted the promotion of the idea of tourism-carrying capacity as a construct for setting upper limits on the number of visitors to a tourism destination.

According to Pazienza (2004), tourism-carrying capacity may be defined as the maximum number of visitors that can be accommodated in a tourism destination at a particular time without irreversible or unacceptable deterioration of the physical environment and without considerably reducing user satisfaction. While several other definitions abound in the literature, the notion of tourism-carrying capacity holds the common elements of some critical environmental threshold beyond which visitor satisfaction begins to diminish, and the capacity of the ecological resource to rebound from user impact begins to be impaired. Typically, the need for tourism-carrying capacity assessment arises when tourism grows rapidly, thus affording little opportunity to plan for the required infrastructure, services, and regulatory controls necessary to guarantee sustainable sector development. As such, efforts at carrying capacity assessments have been documented for diverse destinations such as coastal regions of the Mediterranean, including Cyprus, Spain, Italy, and Portugal, as well as inland national park regions in South Korea, Vietnam, and India.

Because of the myriad complex of physical, social, ecological and economic considerations which operate in the provision of tourism destination services, the approach to assessing tourism-carrying capacity is also quite varied. Among the most common approaches is one developed by the UNWTO/UNEP Mediterranean Action Plan/Priority Actions Program (PAP) which employs elements an Environmental Impact Assessment (EIA) methodology to arrive at a range of sustainable tourism resource use levels over time. This method assesses two broad components, these being (a) descriptive and (b) evaluative. The descriptive component gathers both detailed and general information about how the tourism destination operates including physical, ecological, social and economic aspects, as well as constraints, bottlenecks, and impacts which affect the development of tourism in the destination. The evaluative component is more normative, as it identifies the desirable development outcomes which ought to be pursued given the findings of the descriptive component, as well as the related indicators, norms and management standards which should be adopted in order to ensure sustainable resource use. Ultimately, the UNWTO/UNEP approach does not necessarily seek a single threshold number of visitors identifiable as the carrying capacity of the destination. Instead, the method aims to establish a range of visitorship, which can be varied in a dynamic context, while manipulating a structured management regime in order to maintain sustainable use of the natural resource base in the tourism product.

A second broad approach to tourism-carrying capacity assessment is the application of mathematical methods in order to arrive at some parametric estimate of the optimum number of users of a tourism resource. These approaches include optimization of some

(continued on page 11)
The United Nations Economic Commission for Latin America and the Caribbean (ECLAC) and the Caribbean Catastrophe Risk Insurance Facility (CCRIF) have signed a Memorandum of Understanding which sets forth a framework for a collaborative alliance between CCRIF and ECLAC to assist the governments of Caribbean States to adopt policies on disaster risk reduction and mitigation that minimise the socio-economic, physical and environmental damage caused by natural disasters.

The signing took place on Tuesday 23 February, 2010 at the ECLAC Subregional Headquarters for the Caribbean, 1 Chancery Lane, Port of Spain. ECLAC Director, Neil Pierre, and CCRIF Chairman, Milo Pearson, signed on behalf of the two organizations.

The MoU signing formalized the partnership between both organization to facilitate capacity-building and to develop strategies for mitigating the physical and socio-economic impacts of natural disasters, such as hurricanes and earthquakes, on countries in the region.

This MoU will enable the countries of the region to benefit from:

- the development and enhancement of a knowledge base for key natural hazard risks;
- regional studies concerning the economics of climate change and the impact of natural disasters on particular sectors such as tourism;
- decision-making tools which might be developed by CCRIF and/or ECLAC to assist in mitigating the economic impacts of natural catastrophes; and
- climate change adaptation strategies to facilitate decision-making across the region.

CCRIF is the world’s first and only multi-national catastrophe risk fund utilizing parametric insurance, giving Caribbean Governments the unique opportunity to purchase earthquake and hurricane catastrophe coverage with lowest-possible pricing.

ECLAC Director, Neil Pierre noted that for more than 30 years the organization has been actively engaged in evaluating the macro socio-economic and environmental impacts of natural disasters in Latin America and the Caribbean. “The Damage and Loss Assessment (DALA Methodology) developed by ECLAC, was further adapted by this office about 10 years ago, for use in Small Island Developing States (SIDS) of the Caribbean,” he said. “Since then, the methodology has been used to measure impacts of disasters in Haiti, Jamaica, Belize, Saint Lucia, Grenada, Dominica, Guyana, Suriname, Cayman Islands and Turks and Caicos Islands to name a few of the countries.”

“The provisions of this MOU will enable ECLAC to work closely with CCRIF to determine how the original post-event economic impact estimates made by ECLAC compare to CCRIF’s model based loss estimates and to actual economic impacts six to nine months after an event; to determine the level of basic risk (if any) and whether or not short-term liquidity support would have helped to mitigate economic impact on the country; to undertake a further study on the cumulative macro socio-economic impacts of natural disasters on the Caribbean since 2004 and to explore future opportunities for collaboration on regional studies concerning the economics of climate change, as well as the impact of natural disasters on particular sectors as appropriate,” Mr. Pierre added.

CCRIF Executive Chairman, Milo Pearson, noted that the small size of the economies of the region, combined with existing physical vulnerabilities often result in an amplification effect of the impact of natural hazards. “We only need to look back a few years at Hurricane Ivan in 2004 which caused damage of almost 200% of annual GDP in each of two Caribbean islands, Grenada and the Cayman Islands, and were significant in Jamaica,” he said.

Mr. Pearson noted that countries must begin to address the potential effects of climate change and to focus on developing policies that enable various economic sectors to adapt to the impact of climate change.

“This requires governments to be more informed, through better data and information sharing,” he stated. “The MOU will help countries of the region have better tools and information to manage the socio-economic impacts of climate change.”

Both organizations welcomed the opportunity for collaboration in developing new and innovative products and solutions to meet the needs of the region and also to support the mutual goal of enhancing regional capacity for comprehensive disaster management (CDM) and coping with catastrophe risks as a result of natural disasters."
well-defined objective function subject to economic and environmental or ecological constraints (Pazienza, 2004); the use of adaptive eco-system models (AEM) to assess compliance of tourism eco-systems with bio-physical and social carrying capacities (Prato, 2001); a Limiting Factor approach to estimate Effective Real Carrying Capacity – ERCC (Nghi et al, 2007) or the application of discrete mathematical modelling – using a digraph approach (Sanal and Nanadamohan, 1999).

Although to date, there has been little application of tourism carrying capacity analysis in the Caribbean, there is a critical and urgent need to undertake these analyses in order to adequately inform both macro and sector development policies in the region.

Moreover, the fact that for many Caribbean islands, the visitor population often exceeds the resident population, as well as the growing competition for resources such as water, energy, and space for built development and waste disposal, makes a compelling case for this type of research.

It is in this regard, that ECLAC has recently partnered with the Pigeon Point Heritage Park of the Tobago House of Assembly, in order to provide technical assistance in the conduct of one such study. The approach seeks to combine the UNWTO/UNEP methodology with an optimization method to determine the optimum level of visitorship, and to inform a sustainable management strategy for what is one of Trinidad and Tobago’s flagship eco-resources. Hopefully this research experience could be replicated in other destinations in the Caribbean, where the need to sustainably manage the eco-resource base in the development of the tourism sector, remains just as critical.

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same token, the Chinese economy and lower retirement funds. By the prices, excessive household debt in the United States of America due to lower real estate spending in the United States of less dynamic private consumption economic growth, associated with new features. First, slower world will have at least two distinctive emerge after the Great Recession The new world economy to will not be capable of expanding at the same impressive rates observed since the 1980s led by its export sector, due to the lower import capacity of the rest of the world. The second main characteristic of the new world economy will be less globalization, that is, slower world trade growth as a direct consequence of a less dynamic global economy, coupled with less abundant foreign financing due to a smaller and more tightly regulated international financial system and less appetite for risk on the part of investors, bankers, savers and firms.

This new international setting will pose a number of challenges to Caribbean economies. Broadly speaking, there are two economic growth patterns in place. The first is based on the export of commodities, and is represented by Suriname and Trinidad and Tobago. The second is based on the export of tourism services (in all the others except Guyana) and financial services (the Commonwealth of the Bahamas and Barbados). Guyana, although an agriculture-based economy, shares with the services exporters the recurrent presence of massive current account deficits financed from abroad that have fuelled growth, in other words, debt-led or capital inflows-led growth.

One important characteristic of these perceptible external gaps is that they are not mainly fed by fiscal deficits but by private sector overspending. In the majority of countries, the rewards of these two strategies in terms of economic growth have been uneven and unsatisfactory.

This is a matter of concern, as in the new world economy the two growth patterns outlined above will only be capable of delivering growth rates slower than pre-2008 rates, because of lower demand for commodities and tourism services from the rest of the world. This calls for productive diversification, which becomes the main medium-term economic challenge for the Caribbean. However, this goal will prove to be hard to achieve in a macroeconomic context characterized by real exchange rate appreciations, limited fiscal space, excessive public debt stocks and/or massive triplet deficits (fiscal, private and on current account).

The services sector accounts for two thirds or more of GDP in all countries except Guyana and Trinidad and Tobago, whereas in Belize, Saint Kitts and Nevis, and Suriname, manufacturing represents 10% or more of output. Only in Belize, Dominica and Guyana is agricultural output above 10% of GDP.

Given the small share of agriculture and manufacturing in the majority of countries, most inputs for the tourism industry are imported, resulting in an enclave-like tourism sector with few or no value chains or productive linkages with the rest of the economy. This jeopardizes the potential of tourism as the engine of growth.

Looking ahead, Caribbean countries should pay more attention to domestic markets to enhance growth and productive diversification. A more balanced vision on the role of domestic markets in economic development is needed to complement the necessary outward orientation. However, the small size of national markets imposes the need to redouble efforts at regional integration both within and outside the Caribbean Community (CARICOM). The task is not to move away from tourism activities endowed with natural comparative advantages, but to increase the value added in the tourism industry through the generation of more sophisticated products and diversification in the supply of services. The promotion of value chains or linkages between agriculture, manufacturing and tourism are crucial in this effort.

The road towards productive diversification calls for a set of economic policies. On the fiscal policy side, Caribbean countries should keep securing official foreign lending to gain some fiscal space, in order to implement sectoral policies to promote productive diversification while at least maintaining the debt-to-GDP ratio constant. On the monetary policy side, it is essential that central banks keep inflation under control to prevent the real exchange rate from appreciating. On the financial
sector side, preferential credit needs to be allocated to priority activities through already existing public financial institutions.

Financial support should be granted conditional to performance goals related to productive diversification, and be renewed only on those grounds, and complemented by technical assistance on innovation and technology, and standardization, quality control and certification of agricultural and manufacturing products devoted to the tourism industry. On the institutional side, public-private partnerships (PPP) should be promoted to achieve long-term agreements on far-reaching development goals that are above the political cycle.

Last but not least, on the economic integration front, it is necessary to expand the demand for locally produced goods and services, both within the Caribbean and outside. In this context, the implementation of the Economic Partnership Agreement (EPA) between CARIFORUM (CARICOM plus the Dominican Republic) and the European Union regains importance, as do the negotiations with Canada towards a Free Trade Agreement. These and other potential integration schemes with Latin American countries such as Brazil and other emerging global players such as China and India should be integrated into the policy agenda towards productive diversification.

ANALYSIS OF EXTREME EVENTS IN THE CARIBBEAN 1990 – 2008

5 March 2010
LC/CAR/L.254

This study presents an analysis of extreme events in the Caribbean subregion for the period 1990 to 2008, and forms part of a similar, wider study focused on the Latin America and the Caribbean region (Central America and South America being the other two subregional components).

It explores the economic costs of climate change through an examination of adaptation costs to extreme events. ECLAC, through its Subregional Headquarters for the Caribbean, is pleased to have been able to undertake this study with the financial support of DFID and to have ensured its successful execution in collaboration with technical expertise from the University of the West Indies.

The primary data on which this study is based comes, in the main, from disaster evaluations undertaken by ECLAC using its Damage and Loss Assessment (DALA) methodology. This methodology was developed by ECLAC in collaboration with other partners and is now used widely in other regions as the standard method for evaluating disaster impacts. It is hoped that the findings of this study will add to the stock of knowledge on the impact of disasters in the region and assist in informing policymaking to reduce risk.

There is concurrence by ECLAC with the literature on disasters and development that disasters are not simply the result of potent natural hazards, but are often manifestations of unresolved problems of development. The study reiterates the important notion that the analysis of the impact of disasters should not be limited to the stark evidence on economic costs or lost lives but should also address the possible impact on the developmental trajectory of a particular country.

Disasters often aggravate macroeconomic problems. The study suggests that declines in real GDP and employment in some sectors following disasters temporarily set back living standards in affected countries. It argues that a most serious challenge relates to external debt and notes that for all of the countries reviewed, their external debt increased in the year of the disaster (compared to the year prior to the disaster). This is an important concern, as the expansion of debt is also triggered by normal infrastructure and development needs and other economic shocks.

KNOWLEDGE MANAGEMENT FOR DEVELOPMENT: TOWARDS A PRACTICAL APPROACH FOR THE CARIBBEAN

11 March 2010
LC/CAR/L.234/Rev.1

The objective of the Economic Commission for Latin America and the Caribbean (ECLAC) Subregional Headquarters for the Caribbean in the area of knowledge and information management is to continue exploring the developments in information and communications technologies (ICT) as a means of overcoming the limitations of small size, commercial isolation and bolstering inclusive economic and social development, while capitalizing on the knowledge base and potential of the subregion.

In line with this objective, ECLAC Subregional Headquarters for the Caribbean has undertaken to explore a number of key issues revolving around the topic of knowledge management and its potential contribution to the development of the subregion. The results of this research and analysis are summarized in this report.

The role of knowledge and innovation in economic growth is now widely acknowledged, as knowledge has come to be accepted as the key driver of competitiveness and economic growth. The elaboration of appropriate and efficient policies to capitalize on this knowledge has proven to be a challenging process in most of the developing world, and the Caribbean subregion is no exception. The reasons being a more complex political, social and economic environment which over the last years has been compounded by the effects of the world financial crisis, the escalation in food prices and global warning.

The challenges facing the Caribbean subregion are, therefore, many and the development of a knowledge management framework in the Caribbean is seen by ECLAC as a key contributor to overcoming pressing...
economic, social and environmental challenges. Two main aspects are being carefully considered: (a) the existence of a rich cultural heritage and traditional knowledge in the Caribbean that can lead to potential contributions to the development of the subregion; and (b) the development of a regional knowledge management framework as a potential key contributing factor towards the achievement of the Millennium Development Goals, by the establishment of a “methodology” for locating, capturing, creating, sharing, applying and storing information, knowledge and experiences from within and outside the subregion.

This report aims to raise awareness among policy and decision makers in the Caribbean of the importance of knowledge management as a tool to promote economic development, environmental protection and social empowerment. It also aims to advance a knowledge-based management for development framework (for the Caribbean subregion), an approach in which practical tools and measures on how to implement and effectively use knowledge (based) management strategies could be derived. It draws from examples of models, frameworks and initiatives developed worldwide, with particular emphasis on those of the Latin American and Caribbean region.

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Strategy and Results Framework for stakeholder consultations, adopted a dwelling places damaged. A total of 28 reported deaths and 28,000 population affected, 17 deaths reported and 49,882 dwelling places were damaged. This could be compared with Haiti where 4% of the places were damaged. In 2004, the population resulted and 13,535 dwelling affected by Hurricane Ivan in the hurricanes. In 2004, the population to be affected by tropical storms and these are usually the first locations in the eastern Caribbean, the physical terrain and the natural hazards. In some of the islands of the areas that are vulnerable to these natural disasters, the creation of centres of population in these areas of risk reduction and vulnerability has led to the expansion and/or may be streamlined and/or strengthened. It is desirable that in promoting a holistic approach to disaster management particularly in the region precludes its susceptibility to these impacts that may be exacerbated by impending climate change. Recognising vulnerable economies of these islands, socio-economic impacts on the already impacted negatively on the economic, social and environmental strata of these regions. However, the magnitude of impacts set back the Dominican Republic by US $551 million in the Bahamas while Hurricane Frances and Jeanne resulted in losses of $890 million respectively; Hurricanes Ivan and Georges resulted in losses of US $3.5 million, US $600 million and US $296 million in the Cayman Islands, Jamaica and Grenada as a result of Hurricane Ivan were recorded at US $600 million and severely setting back the process of development. In this regard, the DFID’s involvement of aid to poor countries and works to get rid of extreme poverty. DFID’s involvement as the UK Government that manages Britain’s aid to poor countries and works to get rid of extreme poverty. DFID’s involvement of aid to poor countries and works to get rid of extreme poverty. DFID’s involvement of aid to poor countries and works to get rid of extreme poverty. DFID’s involvement of aid to poor countries and works to get rid of extreme poverty.