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DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

THE BAHAMAS

RECONSTRUCTION WITH RESILIENCE IN THE ENERGY SECTOR IN THE BAHAMAS

(BH-G0003)

PROJECT PROFILE

This document was prepared by the project team consisting of: Malaika Masson, Team Leader, (ENE/CJA); Juan Paredes, Alternate Team Leader (INE/ENE); Maricarmen Esquivel, Alternate Team Leader (CSD/CCS) Marcelino Madrigal, Augusto Bonzi Teixeira, Emilio Angulo, Fabiola Baltodano, Alberto Elizalde (INE/ENE); Nalda Morales, Ana Gabriela Paz (VPC/FMP), Syreta Roberts (CCB/CBH); María del Pilar Jimenez (LEG/SGO); Alessandro Sidore (VPS/ESG); Kai Hertz (ORP/GCM); Amanda Beaujon (INE/INE); Pablo Pereira dos Santos (SPD/SPD)

PROJECT PROFILE

THE BAHAMAS

I. BASIC DATA

Project Name:	Reconstruction with Resilience in the Energy Sector in The Bahamas		
Project Number:	BH-G0003		
Project Team:	Malaika Masson, Team Leader, (ENE/CJA); Juan Paredes, Alternate Team Leader (INE/ENE); Maricarmen Esquivel, Alternate Team Leader (CSD/CCS); Marcelino Madrigal, Augusto Bonzi, Emilio Angulo, Fabiola Baltodano, Federico Goldenberg, Alberto Elizalde (INE/ENE); Nalda Morales, Ana Gabriela Paz Doblado (VPC/FMP); Syreta Roberts (CCB/CBH); Alessandro Sidore (VPS/ESG); Kai Hertz (ORP/GCM); Maria del Pilar Jimenez (LEG/SGO); Amanda Beaujon (INE/INE); Pablo Pereira dos Santos (SPD/SPD).		
Borrower:	The Commonwealth of The Bahamas		
Executing Agency:	Ministry of Finance (MoF)		
Financial Plan:	Inter-American Development Bank (IDB)	Equivalent US$	9,010,989[1]
	EU-CIF	[EUROS]	[8,200,000]
	Total:	US$	9,010,989
Safeguards:	Policies triggered:	OP-703, OP-102, OP-704, OP-761, OP-710	
	Classification:	Category B	

[1] Approximate amount: provided in Euros. This EU-CIF Grant of US$9,010,989 million or €8,200,000 includes the fee (US$219,780.22 or €200,000) to be received by IDB. The exchange rate used at the time of Eligibility Review Meeting on November 19th, 2020 was 0.91 € to US$ 1. The specific exchange rate for this project will be defined at the (POD)–QRR stage.

II. GENERAL JUSTIFICATION AND OBJECTIVES

2.1 On September 1st, 2019, The Bahamas was impacted by category-five Hurricane Dorian[2], the strongest on record for the country. Hurricane Dorian is not an isolated event but the latest case of recurrent extreme climate events that have impacted The Bahamas. Achieving resilience to Climate Change (CC) and extreme weather events will require prioritizing build-back strategies with resilient infrastructure, strengthening environmental protection, and advancing Renewable Energy (RE) as a cleaner, cheaper energy source.

2.2 The greatest impact from hurricane Dorian was felt on Grand Bahama and Abaco Islands. The latter comprises the main islands of Great Abaco and Little Abaco, along with smaller barrier cays covering in total a surface of 649 square miles. In Abaco, the hurricane mostly impacted the area along the middle of the island, namely Marsh Harbour, where most of the population is concentrated.

2.3 **The Electricity Sector in Abaco.** Annual electricity consumption, pre-Dorian, in Great Abaco amounted to 124.5 GWh in 2017 and its electricity supply is 100% reliant on diesel generation. The Bahamas Power and Light Company Ltd (BPL), in charge of the generation and distribution in the island, operates through two power stations: (i) the Marsh Harbour Power Station, with two 2.5 MW and two 4.4 MW diesel generators; and (ii) the Wilson City Power Plant with 12 MW diesel generators.

2.4 As a result of the severe impact on its transmission and distribution (T&D) systems, BPL lost most of its electricity consumers[3]. Pre-Dorian, BPL had approximately 8879 active customers in Abaco and its associated Cays, of which 8,182 would benefit from the reconstruction of the electricity T&D infrastructure[4]. While the utility's main generating plant at Wilson City was undamaged during the Hurricane, Marsh Harbour Power Station was severely damaged and is now inoperable. This plant was used as an emergency backup and for voltage support in the Marsh Harbour area. In the aftermath of the Hurricane, Abaco experienced a sharp drop in electricity demand because of limited generation and loss of electricity customers. Nonetheless, both are quickly returning to pre-hurricane levels, with just over 6500 customers reconnected to the grid. The goal is restoring infrastructure in a resilient manner, so that the existing and remaining 20-25% of customers benefit from reliable electricity service.

2.5 To stimulate the advancement of RE and break the strong dependance on fossil fuels, the Ministry of Finance (MoF) is leading the national effort, acting by corralling stakeholders towards RE in the country. The Bahamas has a historic opportunity to transform its energy matrix in the aftermath of Hurricane Dorian by addressing structural challenges that have made electricity costly and unreliable, constraining

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[2] The Bank activated the contingent Loan for Natural Disaster Emergencies (BH-O0003) of US$100 million, with funds from the Contingent Credit Facility (CCF) for natural disaster emergencies, to help finance humanitarian and rehabilitation efforts in The Bahamas.

[3] Belinchon P, Schierhorn P, 2021, Techno-economic assessment of the Marsh Harbour microgrid, Abaco Island. Draft Report.

[4] According to estimates provided by BPL.

economic growth and dampening the quality of life for its population. The reconstruction and modernization of the archipelago's energy system is an opportunity to strengthen isolated and interconnected grid networks with resilient RE resources, coupled with conventional power systems designed to withstand the increasing frequency and severity of extreme weather events. It also presents an opportunity to raise awareness of RE as a new energy subsector, and the skills employment and economic opportunities this presents for Bahamian citizens. Finally, it will contribute to reducing the island's use and dependency on fossil fuels, therefore increasing energy security, and avoiding CO_2 emissions.

2.6 To support The Bahamas reconstruction efforts, the IDB approved in January 2019 a Conditional Credit Line for Investment Projects (CCLIP) "Advancing Renewable Energy in The Bahamas" (BH-O0006) for US$170 Million, to be executed in three operations within a period of 8 to 10 years. It was approved together with the first operation "Reconstruction with Resilience in the Energy Sector in The Bahamas" (4978/OC-BH) for US$80 million with the objective to support the GoBH with the rehabilitation of critical energy infrastructure and restoration of electricity service in islands heavily affected by hurricane Dorian, while facilitating the integration of RE.

2.7 The European Union's Caribbean Investment Facility (EU-CIF) is a regional blended finance facility aimed at mobilizing resources for development projects by combining grants with other resources, such as loans, to leverage additional financing in infrastructure and clean energy. The EU resources are channeled through a Project Specific Grant to the IDB pursuant to the terms of the Framework Administrative Agreement between the EU and the IDB, signed on September 29, 2020 (GN-2605-5).

2.8 For this operation, the EU-CIF grant will provide additional resources to expand the program already approved by the IDB of US$80 million by approximately €8.2 million (or US$9,738,659 million). The financial leverage or ratio of the EU-CIF funds with respect to the first operation is approximately 1:10. The outcome expected is that these grant resources will enable approximately a 50% increase in RE installed and battery storage capacity for additional resilience, together with the corresponding GHG emissions avoided per year.

2.9 **Objective** The objective of this grant is to support the GoBH with the rehabilitation of critical energy infrastructure and restoration of electricity service in targeted islands heavily affected by hurricane Dorian, while facilitating the integration of variable RE. The specific objectives of the EU-CIF grant are to: (i) promote the adoption of solar Photovoltaic (PV) technologies in New Providence and Family Islands; and (ii) develop local skills for installation, maintenance and other services related to solar PV generation systems.

2.10 **Strategic Alignment.** This operation is aligned with the country's priority areas established in the IDB Group Country Strategy with the Commonwealth of The Bahamas 2018-2022 (GN-2920-1). This includes supporting resilient infrastructure for growth, specifically by contributing to the strategic objective of strengthening the institutional capacity to regulate and modernize the energy sector. The operation is also consistent with the Updated Institutional Strategy 2020-2023 (AB-3190-2), specifically with the development challenge of Productivity and Innovation, by promoting advanced RE technologies such as microgrids with storage capacity and

rooftop systems. Moreover, the operation is also aligned with the cross-cutting themes of: (i) Gender Equality and Diversity, since it will promote women participation in the energy sector through training activities and the promotion of hiring women in technical and professional positions; and (ii) Climate Change and Environmental Sustainability, in line with the Bank's CC Sector Framework Document (GN-2835-3), as it will promote initiatives to reduce carbon emissions and increase climate resilience. It is also aligned with the Bank's Disaster Risk Management Policy (GN-2354-5) and it is consistent with the Sustainable Infrastructure for Competitiveness and Inclusive Growth Sector Strategy (GN-2710-5) and with the Energy Sector Framework (GN-2830-8) through the development of RE sources, improvement of energy security and sustainability and strengthening of the institutional framework. According to the joint MDB approach on climate finance tracking, 100% of total IDB funding for this operation results in climate change mitigation and adaptation activities. This contributes to the IDBG's climate finance goal of 30% of combined IDB and IIC operational approvals by year's end 2021.

2.11 **Component 1. Reliable and Renewable Electricity in New Providence and Family Islands (EUR7,508,000 / US$8,250,549.45 equivalent).** This component will finance the deployment of decentralized solar PV plants, rooftop systems and innovative microgrids with battery storage capacity, together with grid modernization technologies to improve the reliability and resiliency of the power network in the islands.

2.12 The grant resources will contribute to an increased scope of the Solarization Program of the Abaco Island. It will include the installation of 2.25 MW of Solar PV plant and an equivalent capacity of battery energy storage (occupying an area of 5 hectares of governmental land) to primarily supply the Marsh Harbour Government Complex and the Hospital of the Abaco Island. Additionally, the grant will finance a Solar PV plant of approximately 0.25 MW for the Coopers Town Medical Clinic, which will include a storage capacity of close to 2 MW.

2.13 Furthermore, this component will finance the deployment of 3 decentralized solar PV plants in New Providence, which will add an approximate capacity of 1.10 MW. The EU grant contribution will expand the scope of the existing rooftop program initiated by the IDB and financed by operation 4978/OC-BH, which is currently in the development phase but about to start in Q2 2021. There is no previous grant program in The Bahamas for distributed generation.

2.14 The specific activities related to component 1 will be measured using results indicators like annual RE generation, new RE capacity installed and storage capacity added to the system in Abaco and New Providence.

2.15 **Component 2. Support the strengthening skills for the development of new installed RE (EUR310,000 / US$340,659.34 equivalent)** This component will finance training activities in installation and maintenance of solar PV systems, services in supply chain and solutions within the solar industry to foster local participation in these services, with an emphasis on services provided to women and vulnerable communities and local contractors.

2.16 Funding from the EU-CIF will double the number of training workshops originally planned in the IDB loan program from 7 to 14, an increase of 100 percent. This is a key aspect of the program as it ensures local participation, fosters gender

participation and project sustainability with the availability of local RE services. These activities will be measured by registering the number of beneficiaries that receive training and a technical certification. An expected target of at least 25% of the people trained should be women.

2.17 **Other costs (EUR382,000 / US$419,780.22 equivalent).** EUR 200,000 (US$219,780.22 equivalent) will be allocated for the IDB lead fees and EUR 182,000 (US$200,000 equivalent) will be used for consulting services related to PEU (Project Execution Unit) supervision of the microgrids and rooftop projects, as well as communication and dissemination of the program's deliverables.[5]

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

3.1 **Execution.** The expected execution of this operation is four years. As for the 4978/OC-BH operation, the Executing Agency (EA) will be the MoF, which will coordinate the activities of the operation with other institutions in The Bahamas such as Bahamas Power and Light Company Ltd, Ministry of Public Works, Utilities Regulation and Competition Authority, Disaster Recovery Authority and other local authorities. The executing capacity of the EA will be strengthened with the establishment of the Project Execution Unit (PEU). With the support of the MoF and the Bank, the PEU shall define in more detail interactions and coordination mechanisms with stakeholders.

3.2 **Technical and Economic Feasibility.** A techno-economic assessment was undertaken to confirm the suitability of the microgrid project in Abaco. Ten different scenarios were modelled depending on the operation of the microgrid, including scenarios with and without the battery energy storage system (BESS), different CAPEX sensitivities and grid tied and off grid scenarios in case of extreme weather events and unavailability of the main transmission grid (increasing resiliency).

3.3 **Resiliency and isolated operation**. The operation in off grid modus due to unavailability of the main grid was also analyzed. Some level of oversizing of the BESS is justified in order to provide resiliency to these critical facilities (Hospital and Government complex) in case of extreme weather events so they can further operate and eventually also provide emergency electricity supply to other critical facilities around Marsh Harbour (assuming interconnection is intact).

3.4 **Bank's Experience and Lessons Learned.** The IDB has been playing an active role in supporting the energy sector transformation in Latin America and the Caribbean. The Bank has considerable experience in financing and executing RE and resilient T&D operations. Some of these are relevant especially for this grant's context, such as the Investment Loan "National Sustainable Electrification and Renewable Energy Program (PNESER)" (2/JA-NI-NCP2) in Nicaragua, which financed actions to improve the sustainability of the isolated systems operated by the power company through training and promotion of the use of RE in Corn Island and San Juan de Nicaragua. It was accompanied by investments to improve transmission

[5] EU funds will not cover for evaluation and audit expenses. The evaluation and audit expenses will be financed with resources from the loan 4978/OC-BH.

infrastructure, modernize equipment, and install RE generation solutions such as resilient microgrids, which have been successful in withstanding the damage caused by hurricane Eta in November 2020. PNESER achieved an electrification of 92.8% by September 2020, compared to 54% in 2006[6]. In 2019, The Bank approved two technical co-operations to support governments in the Caribbean[7], totaling US$ 1,200,000, supporting a comprehensive renewable energy program and institutional reform to enable cheaper, more sustainable electricity provision.

3.5 The Bank also has experience working with the EU-CIF in the energy sector and will build upon ongoing positive experiences in Barbados with “Sustainable Energy Investment Program (Smart Fund II)” (GRT/ER-17578-BA) and Jamaica´s “Energy Management and Efficiency Program” (GRT/ER-16412-JA).

3.6 The operation is consistent with the criteria and principles of the Public Utility Policy– PUP (GN-2716-6), as there is an expected increase in efficiency and quality of the public utility through a more reliable and quality service to the user. A PUP analysis will be established during development of the POD and a synthesis will be included in this document.

IV. ENVIRONMENTAL SAFEGUARDS & FIDUCIARY SCREENING

4.1 In accordance with the Environment and Safeguards Compliance Policy (OP-703), the BH-G0003 is classified as Category "B".[8]

4.2 This classification is driven by the extent and context of the activities required for the implementation of Component 1 within the Abaco Island (i.e. the installation of approximately 2 MW of Solar PV plant capacity), to which the most relevant ESHS risks of the Operation are associated. In addition to the OP-703, the implementation of the following Policies should be considered for the Operation: (i) Policy OP-102 (on Disclosure of Information); (ii) Policy OP-704 (on Natural and Unexpected Disasters); and (iii) Policy OP-761 (on Gender Equality).

4.3 The activation of the Policy OP-710 (Involuntary Resettlement) has been ruled out at this stage but will be monitored during the POD preparation phase. The activation of Policy OP-765 (Indigenous People) has also been ruled out.

4.4 In accordance with Directives B.3 and B.5 of the OP-703, the Borrower will be required to carry out the following environmental and social documentation before the approval of the operation:

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6 Comisión de Integración Energética de Centroamérica y el Caribe - Central America and Caribbean Regional Energy Integration Commission (CECACIER).

7 Supporting Energy Transition Implementation and Smart Energy Technology Expansion in Barbados (ATN/KK-17697-BA) and Supporting a Comprehensive Renewable Energy Program and Institutional Reform in the Bahamas (TN/AC-17795-BH, ATN/CO-17793-BH, ATN/OC-17794-BH).

8 Category B operations are defined as projects that are likely to cause mostly local and short-term negative environmental and associated social impacts and for which effective mitigation measures are readily available.

a. An Environmental and Social Analysis (ESA), applicable to the relevant activities of Component 1 in the Abaco Island.

b. An Environmental and Social Management Plan (ESMP), addressing the impacts identified in the ESA; specific Health & Safety measures will be included in the ESMP for the management of COVID-related risks.

c. A Consultation Plan, addressing relevant consultation and disclosure requirements of the IDB policy OP-703 and OP-102 for the Operation. A natural Disaster Risk Analysis (DRA) in accordance with the OP-704 (Operational Policy on Natural Disaster Risk Management and Guidelines).[9]

4.5 Further details regarding the environmental and social strategy proposed for the management of the Operation is provided in Annex III (Environmental and Social Strategy or ESS).

4.6 On the Fiduciary side, as mentioned before, the execution will be held by the PEU in charge of the 4978/OC-BH loan, with a dedicated team of experts who will execute the components and activities funded and have responsibilities for all Project administration.

4.7 As determined in the Institutional capacity assessment for the 4978/OC-BH loan, the Fiduciary Risk is Medium, and the PEU will need continuous support in fiduciary aspects.

The main fiduciary risks identified are potential delays in procurement due to limited experience applying IDB procurement policies and procedures and limited familiarity with the EU requirements such as eligibility of expenses criteria, restrictive measures, data privacy, bi-currency accounting and reporting (dollars and euros), and the submission of audit financial statements in both currencies in different due date of the Loan Contract 90 days after the end of each fiscal year or 90 days after the end of the execution period. The mitigation actions include providing training in fiduciary aspects and, in particular, about the EU requirements to the Financial and Procurement Specialists, and the rest of the PEU.

V. OTHER ISSUES

5.1 **Risks**. The main risk of the operation is associated with the geographic location of the Bahamas and its vulnerability to new climatic phenomena, which could affect the infrastructure financed by the grant. Moreover, the project has execution risks associated with low institutional capacity and inexperience of the EA with regards to managing projects financed by the European Union. The following risks were identified:

[9] The expected disaster risk - type 1, for this Operation is deemed to be high, in light of the likelihood of occurrence of hurricanes and storm surges.

Classification	Risk	Mitigation
High	**Environmental and Social Sustainability** The Bahamas and its tourist economic activities are located in a geographic area vulnerable to climate hazard, such as hurricanes, which could affect infrastructure financed by this project.	A Manual will be developed for the PEU to be able to follow protocols and implement measures to protect the investments. Those protocols and measures will be included in the bidding documents, such that the infrastructure financed by the Grant is capable of withstanding a Category 5 hurricane.
Medium	**Fiduciary, Monitoring and Accountability** Potential delays in: (i) procurement, due to limited experience applying IDB procurement policies and procedures, as well as limited familiarity with the EU requirements such as eligibility of expenses criteria, restrictive measures, data privacy, etc. (ii) financial and accounting bi-curency reporting due to limitated capacity of the country financial management system and the lack experience of PEU personnel applying IDB and EU financial management policies and procedures.	The PEU has a dedicated financial and procurement specialists and a monitoring and evaluation specialist. All will receive support and training provided by the Bank (ORP/GCM). Additionally, the team is working closely with FMP and LEG to include all exceptions and special conditions both in the POD and the Contract. Additionally, a consultant with experience in projects financed by the European Union will support the PEU in the supervision and reporting tasks. The accounting will be prepared in a commercial financial management bi-currency system. (Quickbook or similar)
	Public Management and Governance 1. Weak coordination among the Government representatives due to the current emergency situation related to the reconstruction works in Abaco and the COVID-19 crisis. 2. Weak participation in the project of key stakeholders could delay the eligibility and efficient implementation of the project	The IFI unit in the MoF will support the execution and a multi-institutional committee will be created that will meet periodically to follow-up on implementation. The EU will be included in this committee. Remote communication channels between stakeholders shall be reinforced and virtual meetings shall be periodically scheduled. Technical and institutional agreements will be established with key stakeholders (electricity utility, regulator, others) to ensure their active involvement.

	Macroeconomic and Fiscal Sustainability 1. Change of government support priorities to the Energy sector given other priority needs for the reconstruction 2. Risk that other reconstruction aspects in Abaco and general preferences of population will result in a sharp reduction or increase in power infrastructure needs .	1. Continued dialogue with Ministry of Finance 2. A Multi-institutional committee to supervise status of implementation, together with Reconstruction efforts and providing feedback and guidance to BPL.

VI. RESOURCES AND TIMETABLE

6.1 The preparation of the grant will require administrative resources of US$36,308, in addition to US$60,000 financed by TC BH-T1075 and US$50,000 financed by TC RG-T3328. The proposal for Operation Development (POD) will be distributed to the Quality and Risk Review (QRR) by March 8th, 2021 and for consideration by the Bank's Board of Executive Directors on May 19th, 2021.

CONFIDENTIAL

[1] The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.

Safeguard Screening Form

Operation Information

Operation		
BH-G0003 Reconstruction with Resilience in the Energy Sector in The Bahamas		
Environmental and Social Impact Category	High Risk Rating	
B	Substantial	
Country	Executing Agency	
BAHAMAS	BH-MF - MINISTRY OF FINANCE	
Organizational Unit	IDB Sector/Subsector	
Energy	ENERGY EFFICIENCY AND RENEWABLE ENERGY IN END USE	
Team Leader	ESG Primary Team Member	
MALAIKA EBONY ANIETIA MASSON	ALESSANDRO SIDORE	
Type of Operation	Original IDB Amount	% Disbursed
Investment Grants	$9,010,989	0.000 %
Assessment Date	Author	
1 Feb 2021	ASIDORE ESG Primary Team Member	
Operation Cycle Stage	Completion Date	
ERM (Estimated)	4 Dec 2020	
QRR (Estimated)	08 Mar 2021	
Board Approval (Estimated)	19 May 2021	
Safeguard Performance Rating		
Rationale		

Operation Classification Summary

Overriden Rating	Overriden Justification
A	Reduce: other (enter details in comments)
Comments	
The category A was triggered given the high level of natural disaster risk. This category (which reflects the overall potential env & social impact of the operation) was overridden in light of the nature of the project - given that solar plants have little E&S related impacts, most of the impacts are indirect and related to the environmental and social context (sanitary and H&S risks). Solar plants to be built mostly on governmental land free of occupation and on top of existing governmental buildings imply limited earthworks, no resettlement, limited to no vegetation clearance. On the other hand, specific assessments are being carried out by IDB's CCS team to address the natural disaster risk.	

Conditions / Recommendations

Category "B" operations require an environmental analysis (see Environment Policy Guideline: Directive B.5 for Environmental Analysis requirements)

The Project Team must send to ESR the PP (or equivalent) containing the Environmental and Social Strategy (the requirements for an ESS are described in the Environment Policy Guideline: Directive B.3) as well as the Safeguard Policy Filter and Safeguard Screening Form Reports. These operations will normally require an environmental and/or social impact analysis, according to, and focusing on, the specific issues identified in the screening process, and an environmental and social management plan (ESMP). However, these operations should also establish safeguard, or monitoring requirements to address environmental and other risks (social, disaster, cultural, health and safety etc.) where necessary.

Summary of Impacts / Risks and Potential Solutions

Third party employment practices are inadequate.

Achieve Consistency in Applying Labor Practices: The borrower should be required to improve employment and employment rights for non employees including: (a) clarification of employment practices and terms; (b) support of collective bargaining; (c) approaches to workers' organizations; (d) non-discrimination and equal opportunity; (e) development of appropriate grievance mechanisms (for contract workers only). Depending on the financial product, requirements should be referenced in appropriate legal documentation (covenants, conditions of disbursement, project completion tests etc.).

A natural hazard is likely to occur or be exacerbated due to climate-related changes and the likely severity of the impacts to the project is moderate.

A Disaster Risk Assessment, that includes a Disaster Risk Management Plan (DRMP) may be necessary, depending on the complexity of the project and in cases where the vulnerability of a specific project component may compromise the whole operation. The DRMP should propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project itself to exacerbate risks to people and the environment during construction and operation. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards and other related regulations. For details see the DRM policy guidelines.

A natural hazard is likely to occur or be exacerbated due to climate-related changes and the likely severity of the impacts to the project is significant or extreme.

A Disaster Risk Assessment that includes a Disaster Risk Management Plan (DRMP) must be prepared. The DRMP should focus on the specific risks the natural hazard poses to the project under climate change, and propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project to exacerbate risks to people and the environment during construction and operation. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards and other related regulations. For details see the DRM policy guidelines.

Borrower is committed to complying with applicable ILO requirements (including commitment to non-discrimination, equal opportunity, collective bargaining and rights of association) and national employment in relation to working conditions but does not fully address all employment requirements.

Confirm Labor Practices are Adequate: The borrower should be required to improve employment and employment rights including (as appropriate): (a) clarification of employment practices and terms; (b) support of collective bargaining; (c) approaches to workers' organizations; (d) non-discrimination and equal opportunity; (e) fair and transparent retrenchment/redundancy amongst workers; and (f) development of appropriate grievance mechanisms. These issues should be defined in a human resources policy. Depending on the financial product, requirements should be referenced in appropriate legal documentation (covenants, conditions of disbursement, etc).

Generation of solid waste is moderate in volume, does not include hazardous materials and follows standards recognized by multilateral development banks.

Solid Waste Management: The borrower should monitor and report on waste reduction, management and disposal and may also need to develop a Waste Management Plan (which could be included in the ESMP). Effort should be placed on reducing and re-cycling solid wastes. Specifically (if applicable) in the case that national legislations have no provisions for the disposal and destruction of hazardous materials, the applicable procedures established within the Rotterdam Convention, the Stockholm Convention, the Basel Convention, the WHO List on Banned Pesticides, and the Pollution Prevention and Abatement Handbook (PPAH), should be taken into consideration.

Potential to introduce gender differentiated health and safety risks, or to increase the risk of violence, sexual exploitation, human trafficking or sexually transmitted diseases

Incorporation of gender analysis into its social impact and risk assessments: Where project has the potential to introduce gender differentiated health and safety risks, or to increase the risk of violence, sexual exploitation, human trafficking or sexually transmitted diseases, project preparation and implementation should include specific analysis and consultation regarding these issues and the social impact and risk assessment and associated mitigation framework must address them specifically. The mitigation framework will be referenced in the legal documentation (covenants, conditions of disbursement, etc.), require regular reporting, frequent and independent monitoring, and independent review of implementation.

Potential to introduce conditions that restrict the participation of women or men based on pregnancy, maternity/paternity, marital status

Incorporation of gender analysis into its social impact and risk assessments: Where project has the potential to introduce conditions that restrict the participation of women or men based on pregnancy, maternity/paternity, marital status, project preparation and implementation should include specific analysis and consultation regarding these issues and the social impact and risk assessment and associated mitigation framework must address them specifically. The mitigation framework will be referenced in the legal documentation (covenants, conditions of disbursement, etc.), require regular reporting, frequent and independent monitoring, and independent review of implementation.

Potential to introduce unpaid work unevenly between men and women (volunteer work or community participation).

Incorporation of gender analysis into its social impact and risk assessments: Where project has the potential to introduce unpaid work unevenly between men and women (volunteer work or community participation), project preparation and implementation should include specific analysis and consultation regarding these issues and the social impact and risk assessment and associated mitigation framework must address them specifically. The mitigation framework will be referenced in the legal documentation (covenants, conditions of disbursement, etc.), require regular reporting, frequent and independent monitoring, and independent review of implementation.

Potential to negatively impact the right to equality between women and men, or the specific rights of women under applicable law

Incorporation of gender analysis into its social impact and risk assessments: Where project impacts affect the rights to equality between women and men, or the specific rights of women under applicable law, project preparation and implementation should include specific analysis and consultation/good faith negotiations regarding these issues and the social impact and risk assessment and associated mitigation framework must address them specifically. The mitigation framework will be referenced in the legal documentation (covenants, conditions of disbursement, etc.), require regular reporting, frequent and independent monitoring, and independent review of implementation.

The project includes dangerous and hazardous working conditions where there could be significant negative impacts to workers or communities.

Ensure that the borrower Addresses Occupational Health and Safety: The borrower should provide details of how occupational health and safety issues will be addressed (including those found in the supply chain as appropriate) in a timely and efficient manner as a condition of disbursement and annual audits by third party experts should be considered. This should be addressed using an occupational health and safety management plan.

The project is in an area prone to hurricanes or other tropical storms and the likely severity of the impacts to the project is significant or extreme.

A Disaster Risk Assessment that includes a Disaster Risk Management Plan (DRMP) must be prepared. The DRMP should focus on the specific significant or extreme risks hurricanes pose to the project, and propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project to exacerbate risks to people and the environment during construction and operation. This must take into consideration changes in the frequency and intensity of hurricanes that is occurring with climate change. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards and other related regulations. For details see the DRM policy guidelines.

The project is located in an area prone to coastal flooding from storm surge, high wave activity or erosion and the likely severity of the impacts to the project is significant or extreme.

A Disaster Risk Assessment that includes a Disaster Risk Management Plan (DRMP) must be prepared. The DRMP should focus on the specific risks coastal flooding poses to the project, and propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project to exacerbate risks to people and the environment during construction and operation. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards, coastal retreat and other land use regulations and civil defense recommendations in coastal areas.

The project is located in an area prone to coastal flooding from storm surge, high wave activity, or erosion and the likely severity of the impacts to the project is moderate.

A Disaster Risk Assessment, that includes a Disaster Risk Management Plan (DRMP), may be necessary, depending on the complexity of the project and in cases where the vulnerability of a specific project component may compromise the whole operation. The DRMP should propose measures to manage or mitigate these risks to an acceptable level. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards, coastal retreat and other land use regulations and civil defense recommendations in coastal areas.

The project is located in an area prone to droughts and the likely severity of the impacts to the project is moderate.

A Disaster Risk Assessment, that includes a Disaster Risk Management Plan (DRMP) may be necessary, depending on the complexity of the project and in cases where the vulnerability of a specific project component may compromise the whole operation. The DRMP should propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project itself to exacerbate risks to people and the environment during construction and operation. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards and other related regulations.

The project is located in an area prone to high winds, blizzards, wildfires, heat waves or cold waves, and the likely severity of impacts to the project is significant or extreme.

A Disaster Risk Assessment that includes a Disaster Risk Management Plan (DRMP) must be prepared. The DRMP should focus on the specific risks posed by any of these natural hazards to the project, and propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project to exacerbate risks to people and the environment during construction and operation. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards and other related regulations. For details see the DRM policy guidelines.

The project is located in an area prone to hurricanes or other tropical storms and the likely severity of the impacts to the project is moderate.

A Disaster Risk Assessment, that includes a Disaster Risk Management Plan (DRMP), may be necessary, depending on the complexity of the project and in cases where the vulnerability of a specific project component may compromise the whole operation. The DRMP should propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project itself to exacerbate risks to people and the environment during construction and operation. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards and other related regulations.

Disaster Risk Summary

Disaster Risk Level

High

Disaster / Recommendations

The reports of the Safeguard Screening Form (i.e. of the Safeguards Policy and the Safeguard Classification Filters) constitute the Disaster Risk Profile to be summarized in and annexed to the Environmental and Social Strategy (ESS).The Project Team must send the PP (or equivalent) containing the ESS to the ESR.

The Borrower should consider including disaster risk expertise in the organization of project oversight, e.g. in the project's panel of experts. For the Bank's requirements, the Borrower addresses the screened disaster risks in a Disaster Risk Management Summary reviewing disaster and climate change risks associated with the project on the basis of a Disaster Risk Assessment (DRA). Based on the specified hazards and the exposure of the project area, it demonstrates the potential impact of the rapid onset events and/or slow inset changes for the project and its area including exacerbated risks for people and environment, given local vulnerability levels and coping capacities. Furthermore the DRM Summary presents proposed measures to manage or mitigate these risks in a Disaster Risk Management Plan (DRMP). The DRA /DRMP to which the DRM Summary refers may be a stand-alone DRA document (see Directive A-2 of the DRM Policy OP-704) or included in other project documents, such as feasibility studies, engineering studies, environmental impact assessments, or specific natural disaster and climate change risk assessments, prepared for the project. These documents should be accessible for the Project Team.

The Project Team examines and adopts the DRM summary. The team remits the project risk reduction proposals from the DRMP to the engineering review by the sector expert or the independent engineer during project analysis or due diligence, and the financial protection proposals to the insurance review (if this is performed). <br/ ><br/ >The potential exacerbation of risks for the environment and population and the proposed risk preparedness or mitigation measures are included in the Environmental and Social Management Report (ESMR), and are reviewed by the ESG expert or environmental consultant. The results of these analyses are reflected in the general risk analysis for the project. Regarding the project implementation, monitoring and evaluation phases, the project team identifies and supervises the DRM approaches being applied by the project executing agency.

Climate change adaptation specialists in INE/CCS may be consulted for information regarding the influence of climate change on existing and new natural hazard risks. If the project requires modification or adjustments to increase its resilience to climate change, consider (i) the possibility of classification as an adaptation project and (ii) additional financing options for climate change, and consult the INE/CCS adaptation group for guidance.

Disaster Summary

Details

The project has been classified initially as high disaster risk because the likely severity of impacts from at least one of the natural hazards is significant or extreme. During the disaster risk assessment the project may be reclassified. Please contact ESG or a Disaster Risk Management Specialist for guidance.

Actions

Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s). Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PP (or equivalent) and Safeguard Screening Form to ESR.

Safeguard Policy Filter Report

Operation Information

Operation		
BH-G0003 Reconstruction with Resilience in the Energy Sector in The Bahamas		
Environmental and Social Impact Category	High Risk Rating	
B	Substantial	
Country	Executing Agency	
BAHAMAS	BH-MF - MINISTRY OF FINANCE	
Organizational Unit	IDB Sector/Subsector	
Energy	ENERGY EFFICIENCY AND RENEWABLE ENERGY IN END USE	
Team Leader	ESG Primary Team Member	
MALAIKA EBONY ANIETIA MASSON	ALESSANDRO SIDORE	
Type of Operation	Original IDB Amount	% Disbursed
Investment Grants	$9,010,989	0.000 %
Assessment Date	Author	
1 Feb 2021	ASIDORE ESG Primary Team Member	
Operation Cycle Stage	Completion Date	
ERM (Estimated)	4 Dec 2020	
QRR (Estimated)	08 Mar 2021	
Board Approval (Estimated)	19 May 2021	
Safeguard Performance Rating		
Rationale		

Potential Safeguard Policy Items

[No potential issues identified]

Safeguard Policy Filter Report

Safeguard Policy Items Identified

B.1 Bank Policies (Access to Information Policy– OP-102)

The Bank will make the relevant project documents available to the public.

B.1 Bank Policies (Disaster Risk Management Policy– OP-704)

The operation is in a geographical area exposed to natural hazards (Type 1 Disaster Risk Scenario). Climate change may increase the frequency and/or intensity of some hazards.

B.1 Bank Policies (Disaster Risk Management Policy– OP-704)

The sector of the operation is vulnerable to natural hazards. Climate change may increase the frequency and/or intensity of some hazards.

B.1 Bank Policies (Disaster Risk Management Policy– OP-704)

The operation includes activities related to climate change adaptation, but these are not the primary objective of the operation.

B.1 Bank Policies (Gender Equality Policy– OP-761)

The operation will offer opportunities to promote gender equality or women's empowerment.

B.2 Country Laws and Regulations

The operation is expected to be in compliance with laws and regulations of the country regarding specific women's rights, the environment, gender and indigenous peoples (including national obligations established under ratified multilateral environmental agreements).

B.3 Screening and Classification

The operation (including associated facilities) is screened and classified according to its potential environmental impacts.

B.4 Other Risk Factors

The borrower/executing agency exhibits weak institutional capacity for managing environmental and social issues.

B.5 Environmental Assessment Requirements

An environmental assessment is required.

B.6 Consultations

Consultations with affected parties will be performed equitably and inclusively with the views of all stakeholders taken into account, including in particular: (a) equal participation by women and men, (b) socio-culturally appropriate participation of indigenous peoples and (c) mechanisms for equitable participation by vulnerable groups.

B.7 Supervision and Compliance

The Bank is expected to monitor the executing agency/borrower's compliance with all safeguard requirements stipulated in the loan agreement and project operating or credit regulations.

B.15. Co-financing Operations

The operation or any of its components is being co-financed.

B.17. Procurement

Suitable safeguard provisions for the procurement of goods and services in Bank financed operations may be incorporated into project-specific loan agreements, operating regulations and bidding documents, as appropriate, to ensure environmentally responsible procurement.

Recommended Actions

Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s). Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PP (or equivalent) and Safeguard Screening Form to ESR.

Additional Comments

[No additional comments]

Environmental and Social Strategy (ESS)	
Operation Name	European Union Caribbean Investment Facility (EU-CIF) Reconstruction with Resilience in the Energy Sector in The Bahamas
Operation Number	BH-G0003
Prepared by	Alessandro Sidore – VPS/ESG Unit
Operation Details	
IDB Sector	INE/ENE
Type of Operation	Project Specific Grant
Environmental and Social Classification	Category B
Disaster Risk Rating	Type 1 Risk: High (Type 1)
Environmental and Social Risk Rating	Substantial
Borrower	The Commonwealth of The Bahamas
Executing Agency	Ministry of Finance
IDB Loan US$ (and total project cost)	EUROS[8,200,000][1] Equivalent US$ 9,010,989
Applicable Policies/Directives	• OP-703 (Environment and Safeguards Compliance Policy); Directives: B.2, B.3, B.4, B.5, B.6, B.7, B.8, B.9, B.10, B.11, B.12, B.13, B.15, B.16, B.17 Procurement. • OP-102 (The Disclosure of Information Policy). • OP-704 (The Natural and Unexpected Disasters Policy). • OP-761 (Gender Equality Policy). • OP-710 (Involuntary Resettlement Policy)

[1] Approximate amount: provided in Euros. This EU-CIF contribution of US$10 million or €8,200,000 includes the fee (US$235,294 or €200,000) to be received by IDB. The exchange rate used at the time of Eligibility Review Meeting on August 3rd, 2020 was €0.85 to one US$. The specific exchange rate for this project will be defined at the (POD)–QRR stage.

Operation Description

The Grant (hereinafter also referred as "the Project") represents an additional source of funding, offered by the EU-CIF under the Framework Administrative Agreement signed between the EU and the IDB, to expand the scope of the IDB's Conditional Credit Line for Investment Projects "Advancing Renewable Energy In The Bahamas" (approved by the IDB in January 2020 and coded as BH-O0006).

The Grant will support the following two Components of the CCLIP:

- **Component 1 Reliable and Renewable Electricity in New Providence and Family Islands to Support the Reconstruction Efforts (US$8,250,549.45)** This component will finance (i) the deployment of public decentralized solar PV plants, rooftop systems and innovative microgrids to improve the reliability and resiliency of the power network in the islands; and (ii) the establishment of a Grant program to incentivise the installation of rooftop and collective generation solar systems for Bahamian commercial and residential owners.
  More specifically, the Grant will contribute to the following scope of the Solarization Program of New Providence and the Abaco Island:
  - The installation of 4 MW of Solar PV plant and energy storage (occupying an area of ca 5 ha of governmental land) to primarily supply the Marsh Harbour Government Complex and the Hospital of the Abaco Island. This project will support the resilient reconstruction and rehabilitation efforts, following the destruction caused by Hurricane Dorian in 2019.
  - The financial subsidy of rooftop installations in New Providence, aimed at reducing installation costs for small solar plants (< 100 kW individual installations for a total system of up to 2.5 MW), to be installed in privately owned buildings, as follows:

    - 5 commercial installations of 50kW each;

    - 50 residential installations of 5 kW each;

    - 20 collective/community solar installation of 100 kW each.
  - **Component 2. Strengthening Skills for the Energy Reconstruction Effort Across the Bahamas (US$340,659.34)** This component will finance: (i) local workshops and trainings focused on installation and maintenance of solar PV, (ii) supply chain services and solution within the solar industry to foster local participation in this industry, with an emphasis on women and vulnerable communities, and (iii) capacity building for local contractors.

The funding from the EU-CIF will also allow to duplicate the amount of trainings workshops from 7 (as originally established within the CCLIP) to 14. An expected target of 35% of the people trained should be vulnerable populations/women.

Key Potential ESHS[2] Risks and Impacts

In accordance with the Directive B.3 of the Environment and Safeguards Compliance Policy (OP-703), the Operation is classified as Category "B", i.e. as an Operation that is *''likely to cause mostly local and short-term negative environmental and associated social impacts and for which effective mitigation measures are readily available''.*

This classification is driven by the extent and context of the activities required for the implementation of Component 1 within the Abaco Island (i.e. the installation of 4 MW of Solar PV plant), to which the most relevant ESHS risks of the Operation are related.

[2] Environment, Social, Health and Safety.

In particular, the following contextual factors of the Abaco Island have been considered:

- Sanitary and health conditions in Abaco may be unfavorable, as the island is still recovering from Hurricane Dorian; for instance, scarcity of potable water has been reported, together with a high risk of water-borne, rodent-borne and insect-borne diseases; this condition is further exacerbated by the current COVID-19 pandemic. Furthermore, the local hospital and clinics may be operating with limited capacity.
- it is possible that the project activities will be executed in parallel with other ongoing rehabilitation and recovery activities in the area and will require special coordination with other third parties (such as NGOs, international organizations, emergency response groups, etc.);
- Waste disposal capacity on the island may be under strain and inadequate.
- Presence of vulnerable communities in the area has been reported (Haitian immigrants, often unregistered).

With respect to the specific project site, it has been noted that the area to be intervened is governmental-land, vacant, and would require little or no vegetation clearing; furthermore, it has been noted that:

- the area to be intervened will not affect indigenous communities (therefore, the OP-765 will not be triggered);
- the area to be intervened will not require land acquisition or expropriation (therefore, the OP-710 will not be triggered);
- the area will not affect natural habitats or cultural sites, as such the requirements of the Directive B.9 of the OP-703 (Natural Habitats and Cultural Sites[3]) will not be triggered.

Risks and impacts envisaged during the construction and operation phases are associate with the following aspects:

- Residual Debris Removal and management during land clearing.
- Solid waste and hazardous waste management (handling, transportation, disposal) during construction.
- occupational health and safety.
- sanitary and COVID-related risks.
- worker influx.
- Community disturbance and health and safety.
- Potential risk of pollution from uncontrolled emissions during construction, such as dust, noise and potential spills.

Information Gaps and Strategy for Analysis and Management

The area to be intervened as part of Component 1 has been visited as part of the Analysis Mission of the CCLIP BH-O0006 and its first operation (BH-L1048) in November 2019 and preliminary assessed in the corresponding documentation (Strategic Environmental and Social Assessment and Environmental and Social Management Framework, as published in January 2020).
In line with this information and on the basis of the nature of the Project, it is anticipated that the negative impacts will be of short-term duration and manageable through the implementation of effective mitigation measures (consistent with the Category "B" classification).

[3] The Bank will not support operations that, in its opinion, significantly convert or degrade critical natural habitats or that damage critical cultural sites).

The ESG team will participate in the preparation phase, with a particular attention to the collection of additional environmental and social baseline information, to inform the relevant environmental and social assessments and to ensure that the scope of the safeguard policies is fully met.
In accordance with Directives B.3 and B.5 of the OP-703, the Borrower will be required to carry out an appropriate Environmental and Social Analysis (ESA) and prepare an Environmental and Social Management Plan (ESMP), with the objective of identifying and managing the environmental and social risks of the Operation. To comply with this requirement, the following environmental and social documentation will be prepared as part of the preparation phase:

- An Environmental and Social Analysis (ESA) applicable to the relevant activities of Component 1 in the Abaco Island.
- An Environmental and Social Management Plan (ESMP), addressing the impacts identified in the ESA; specific Health & Safety measures will be included in the ESMP to address the unfavorable sanitary conditions of the Abaco Island, exacerbated by the COVID-19 pandemic. These H&S measures may be extended to the whole Components of the Operation (i.e. Component 1 and Component 2).
- A Consultation Plan, addressing relevant consultation and disclosure requirements of the IDB policy OP-703 and OP-102 for the Operation. The main objective of the Consultation Plan will be to inform, collect comments and adjust the content of the ESA and ESMP accordingly. For this purpose, meaningful consultations will be undertaken and will target both the affected and interested parties of the Operation. A Stakeholder Management Plan and Grievance Mechanism will be implemented and will be continuously evaluated and improved in the different stages of the Operation.
- A natural disaster risk analysis to be included in the ESA; The expected disaster risk, type 1, for this Operation is deemed to be high, in light of the likelihood of occurrence of hurricanes and storm surges; to this end, the ESA will include a natural disaster risk analysis and the ESMP will include a Contingency Plan. Additionally, an analysis of natural disaster risks will be undertaken, in accordance with the OP-704 (Operational Policy on Natural Disaster Risk Management and Guidelines). On the other hand, it is not expected that the Operation will exacerbate the consequences of this occurrences, hence the type 2 disaster risk is deemed to be low.

The ESA and the ESMP should be disclosed prior to the Analysis Mission (refer to the IDB Operation's approval process) through the Borrower and the IDB website. Formal operation's public consultations should take place prior the formal approval of the Project by the Operations Policy Committee.

To assist the Executing Agency on these tasks, an environmental and social consultant should be hired as soon as possible.

It is possible that, given to the emergency nature of this task, some of the activities of Component 1 will commence before the formal Operation Approval. These activities will be considered as "Construction Activities" under the Directive B.12. For these activities, an assessment of the relevant compliance safeguard directives and policies will be undertaken and, should any gap be identified during this process, an action plan will be submitted to the Bank prior to Board approval of the Operation. The action plan shall define the actions and associated schedule for the timely resolution of such non-compliances and include sufficient funding for its implementation.

Finally, it is important to note that the content of the ESA and of the ESMP will be consistent with the ESHS documentation prepared within the scope of the previous BH-O0006 and the BH-L1048 operations, specifically with the:

- The Social and Environmental Strategic Assessment (SESA);
- The Environmental and Social Management Framework (ESMF).

Opportunities for IDB Additionality on Environment and Social matters (if any)

Opportunities for additionality will be assessed during the further stage of the preparation phase.

Resources and timetable

- The preparation of the operation will be supervised by the Bank's ESG team. An external consultant (ERM) is being contracted to undertake prepare the required environmental and social studies (the ESA, the ESMP, the Consultation Plan) and to support in the associated activities (including public consultation). A draft version of the environmental and social studies will be prepared by Analysis Mission (February 2021), while their final version is expected to be completed prior to Operational approval (planned for April 2021). Public consultation will be undertaken by OPC (also planned for April 2021).
- A second consulting firm has been appointed to carry out a Natural Disaster Risk Assessment for the area. This study is being coordinated and supervised by the Bank's CCS team.

Annex Table: Operation Compliance with IDB Safeguard Policies

See Table Annexed

Maps

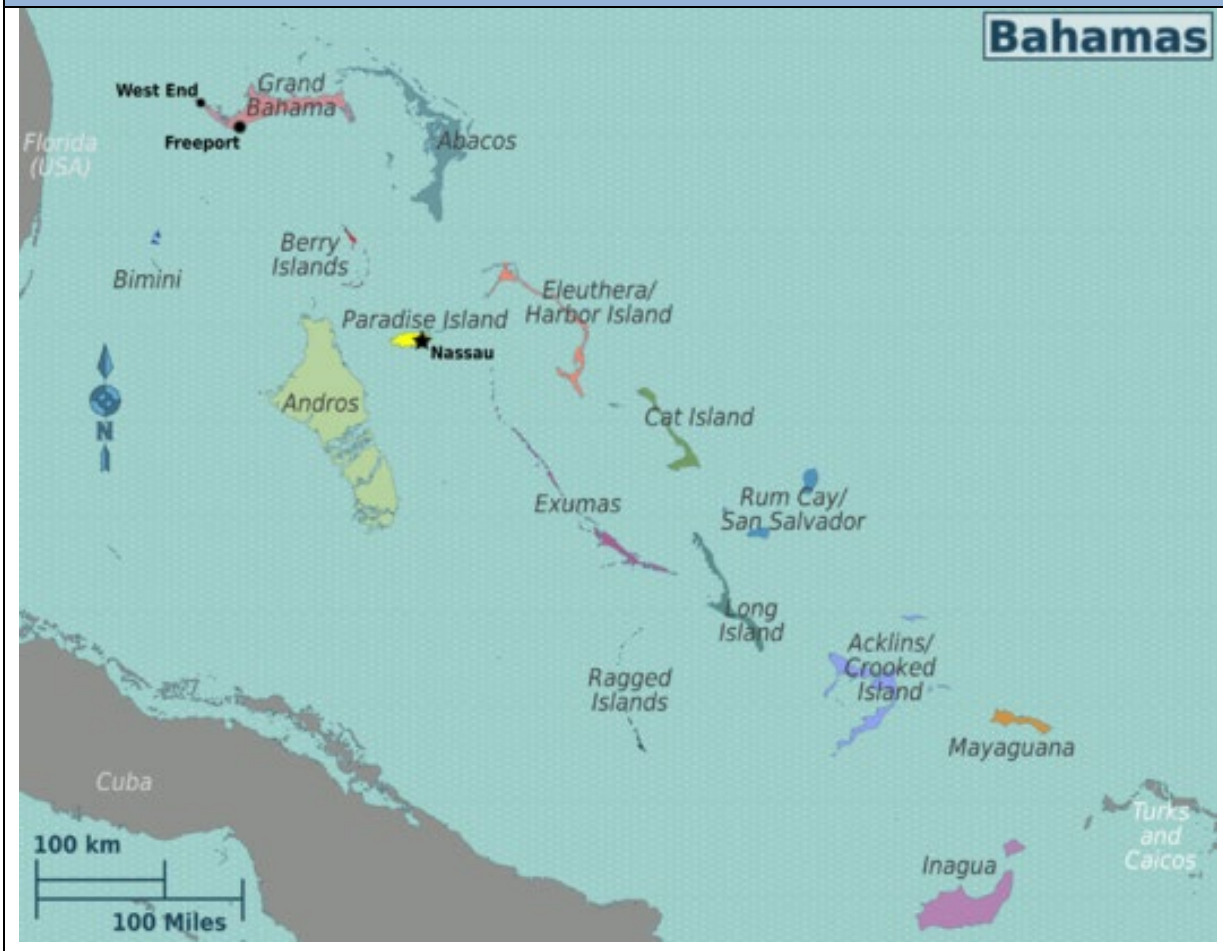

Figure 1 – The Bahamas – the most relevant interventions of the Project will be undertaken in Abaco Island (see red circle).

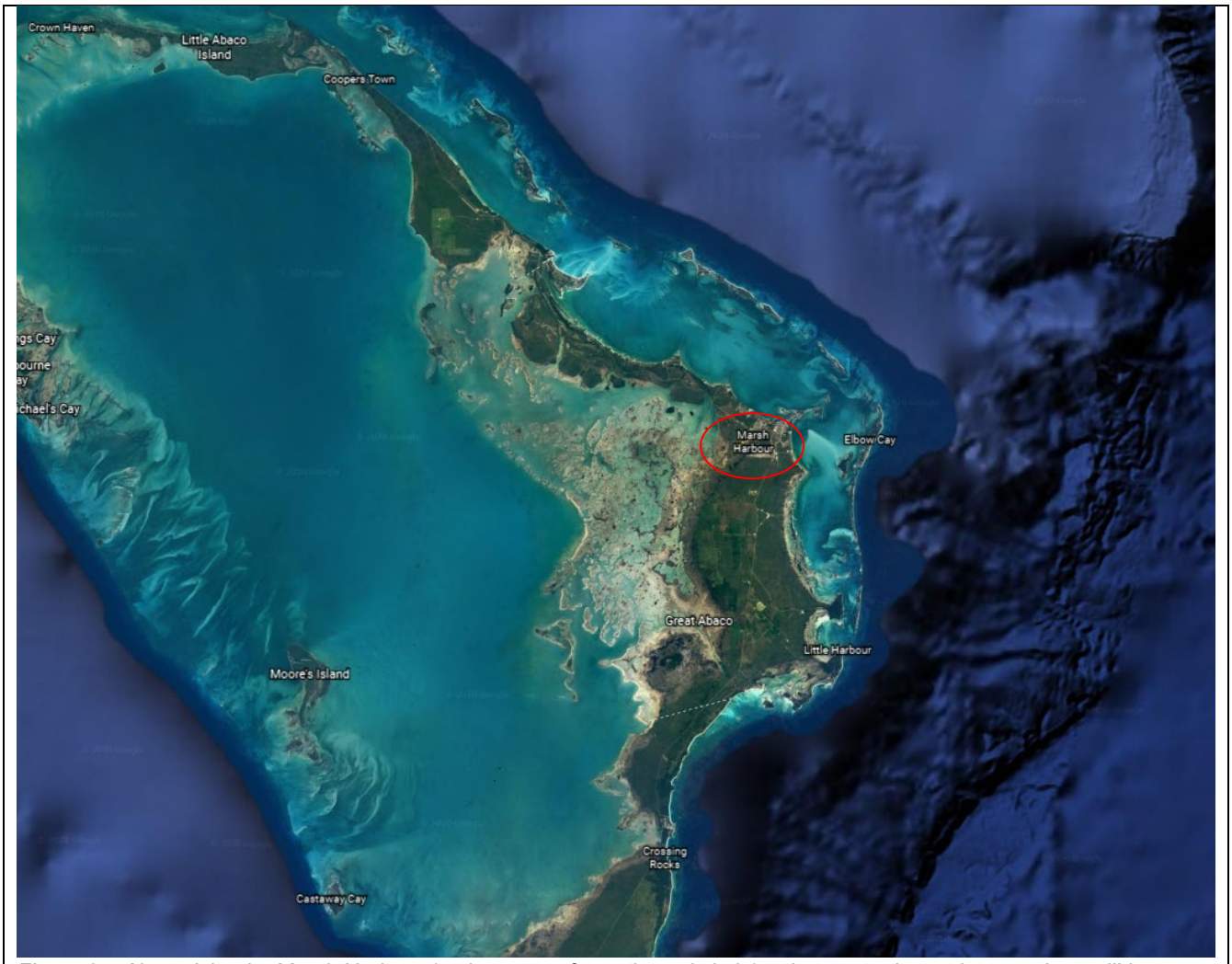

Figure 2 – Abaco Island – Marsh Harbour (main town, refer to the red circle) – the most relevant interventions will be undertaken between the main hospital and the government complex (see Figure 3)

Figure 3 – Abaco Island – location of the the main hospital and the government complex (see red circle)

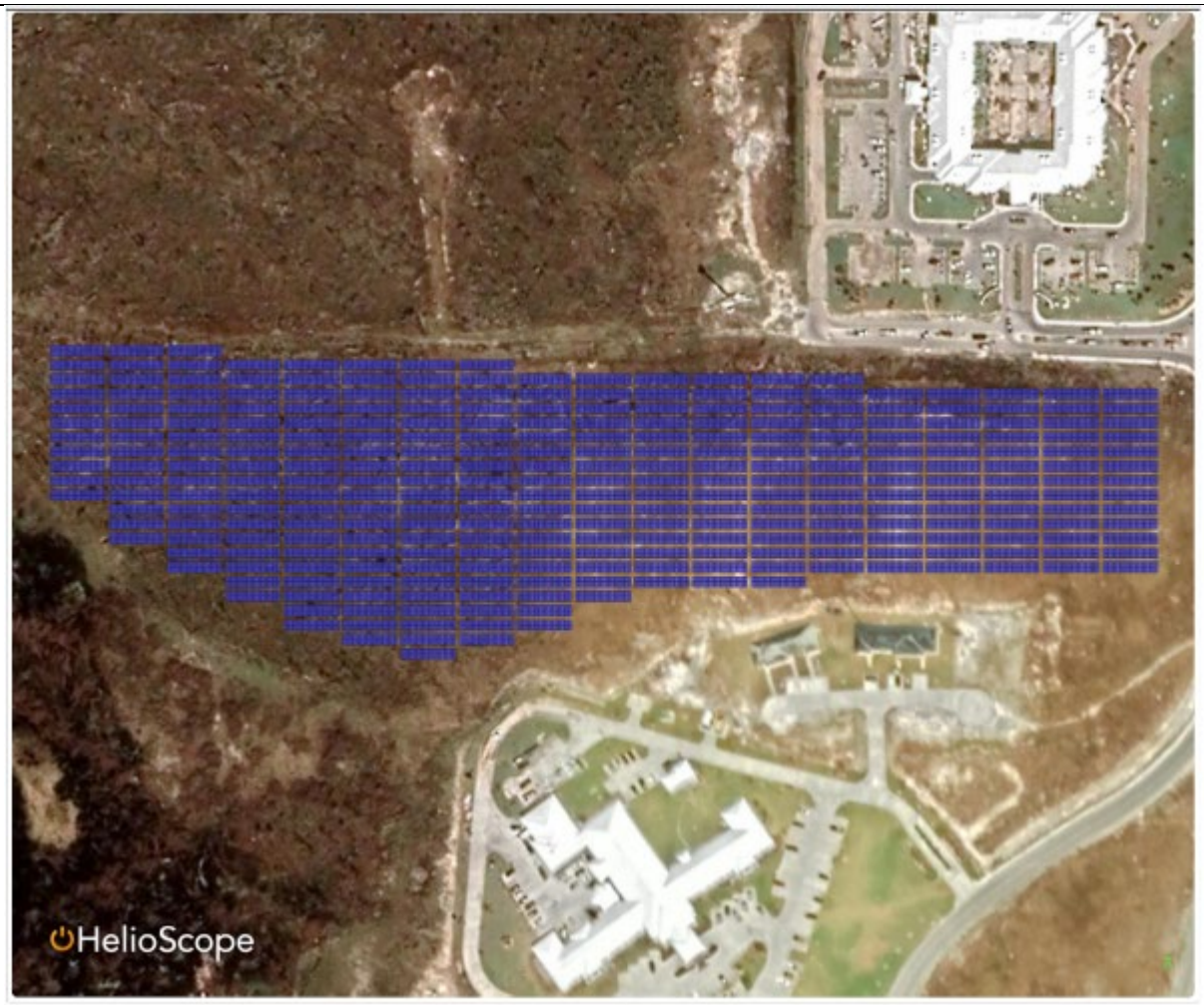

Figure 4 – Selected site for the microgrid ground-mounted PV installation in the Abaco Island between the main hospital and the government complex

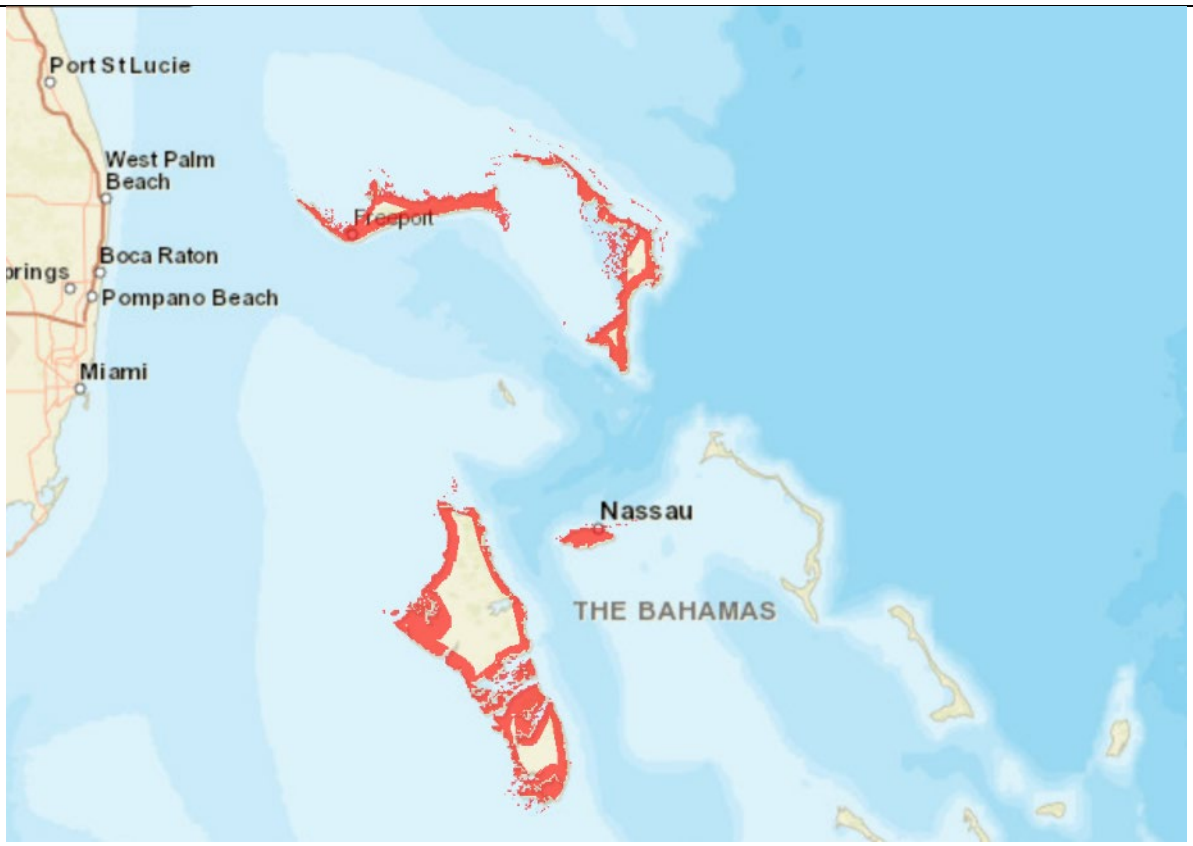

Figure 2 – map of the areas subject to hurricane storm surge hazard

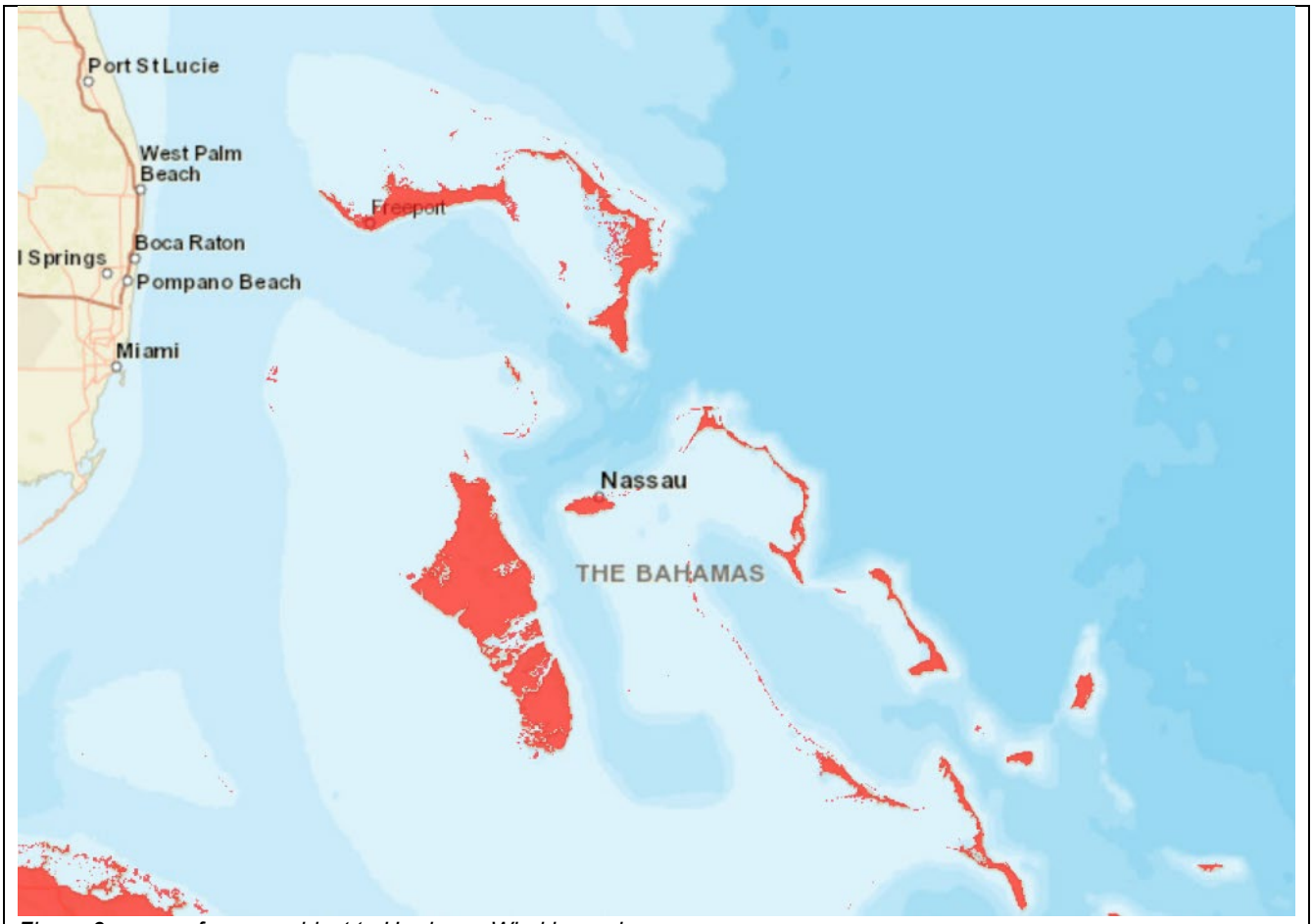

Figure 3 – map of areas subject to Hurricane Wind hazard

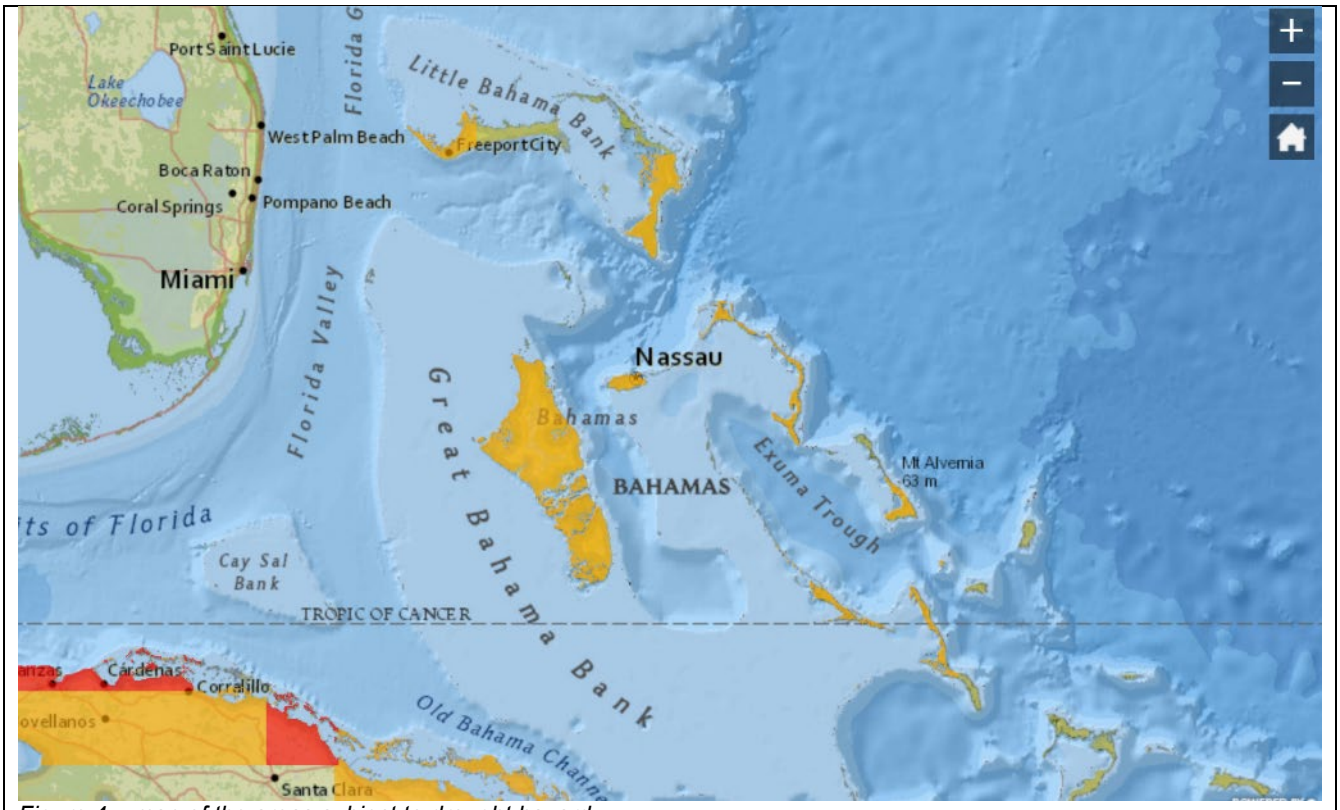

Figure 4 – map of the areas subject to drought hazard

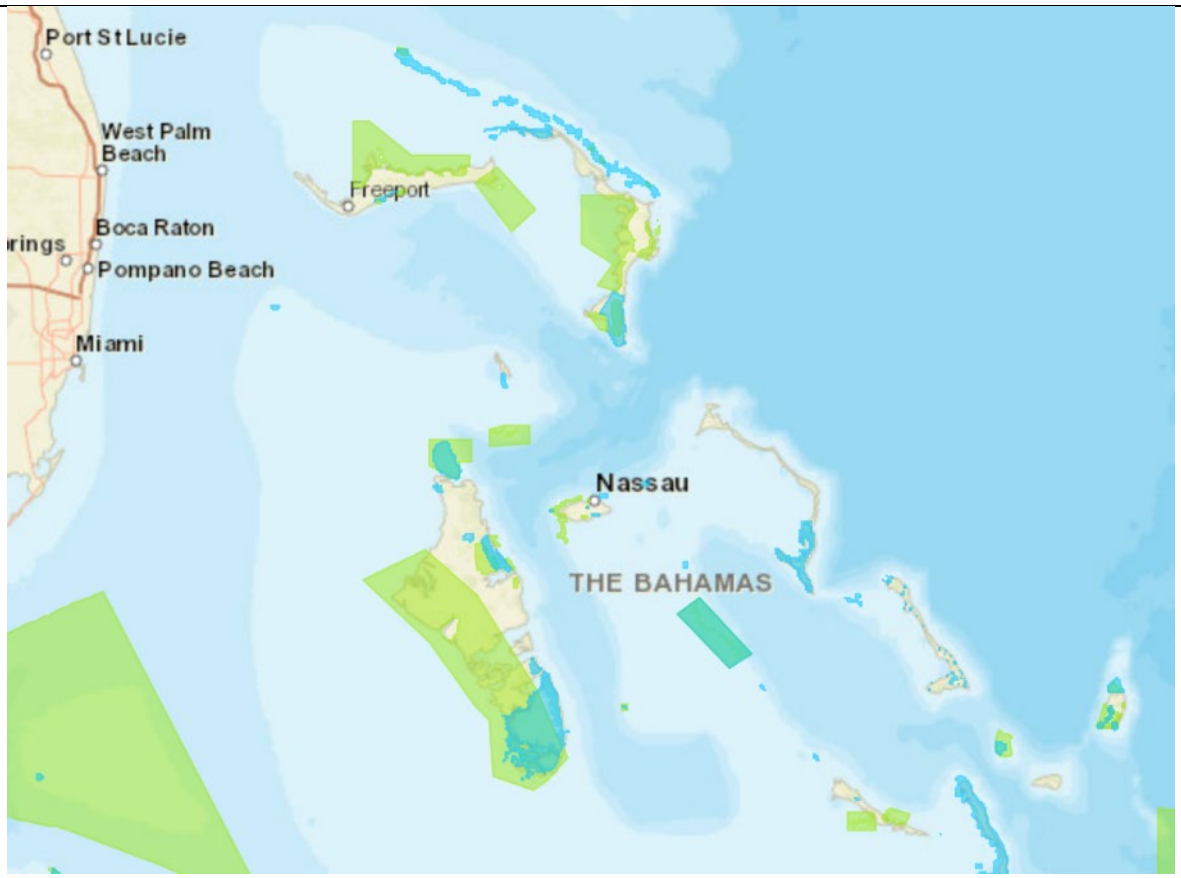

Figure 5 – Biodiversity Map – areas in light green are Protected Areas; areas in light blue are Key Biodiversity Areas

Annex Table: Operation Compliance with IDB Safeguard Policies

Policies / Directives	Policy / Directive Applicable?	Rationale for applicability of Policy / Directive	Actions required during Preparation & Analysis
OP-703 Environment and Safeguards Compliance Policy			
B.2 Country Laws and Regulations	*Yes*	The program will comply with the environmental and social regulation of the Commonwealth of The Bahamas.	Development of ESA, ESMP for each project
B.3 Screening and Classification	*Yes*	The Project was categorized as B	N/A
B.4 Other Risk Factors	*Yes*	During the preparation process, the institutional capacity of the Borrower will be evaluated. The Operation will be developed in potentially challenging health and sanitary conditions, exacerbated by the COVID-19 pandemic. security aspects to be investigated	The Borrower will guarantee sufficient organizational capacity to adequately manage all the ESHS aspects of the various projects (i.e. implementation of mitigation measures, ensure sufficient staff and resources, monitoring, etc.) Specific H&S measures will be included in the ESMP to address the unfavorable sanitary conditions in the Abaco Island, exacerbated by the COVID-19 pandemic. Security aspects to be assessed as part of standard procedures related to the environmental & social analysis process during project preparation
B.5 Environmental Assessment and Plans Requirements	*Yes*	ESA and ESMP for the Operation are necessary	The Borrower / Executing Agencies will develop the ESA and ESMP with the assistance of the Bank
B.6 Consultation	*Yes*	During preparation, meaningful consultations will be held for each project and the consultation plans will inform the project design and the ESMP.	During preparation, the IDB will evaluate the consultation process to ensure compliance with the requirements of the OP-703 / B.6.

			The consultation will be delivered before OPC in a virtual format (as per standard practice given the COVID-19 Pandemic).
B.7 Supervision and Compliance	*Yes*	The Operation will be supervised to ensure compliance with the guidelines and requirements agreed in the Loan Agreement and the ESMPs.	The IDB will verify that the scope and responsibilities for the supervision of the projects and the ESMP are correctly defined and implemented. Both the Executing Agency and the IDB will supervise the implementation of the projects.
B.8 Transboundary Impacts	*No*	N/A	N/A
B.9 Natural Habitats	*No*	N/A	Project siting for microgrid PV plants in the Family Islands will take into account and avoid impacts to natural habitats.
B.9 Invasive Species	*Yes*	Shipping of equipment, machinery and components from abroad may represent a vector for pest and invasive species	Invasive Species and Pest Management Control Practices and Processes will be accounted for in the ESMP documentation.
B.9 Cultural Sites	*TBD*	It is not expected that the Operation could impact cultural sites.	Project siting for microgrid PV plants in the Family Islands will take into account and avoid impacts to cultural sites.
B.10 Hazardous Materials	*Yes*	Construction work will include, handling, removal, disposal, use and generation of hazardous materials such as oils and lubricants, chlorine, exhausted batteries etc.	Specific procedures will be established in the ESMP for both construction and operations, for the management of hazardous materials. Specifically, a Waste Management Plan will be prepared, with a special focus on hazardous wastes (exhausted batteries).
B.11 Pollution Prevention and Abatement	*Yes*	The Operation will generate a range of environmental impacts	The Borrower shall include in the ESMP specific measures and procedures for both construction and operations for the prevention and reduction of pollution.

B.12 Projects Under Construction	*Yes*	N/A	N/A
B.13 Noninvestment Lending and Flexible Lending Instruments	*No*	N/A	N/A
B.14 Multiple Phase and Repeat Loans	*No*	N/A	N/A
B.15 Co-financing Operations	*Yes*	The Project is co-financed by IDB and EU-CIF. IDB is directly and actively managing the compliance with the relevant safeguards.	IDB will directly and actively manage the compliance with the relevant E&S safeguards.
B.16 In-Country Systems	*No*	N/A	N/A
B.17 Procurement	*Yes*	The ESHS requirements should be included in the contracts of construction companies.	Requirements will be included in the OM to ensure that ESHS aspects are included in the contracts of construction companies.
OP-704 Natural Disaster Risk Management Policy			
A.2 Analysis and management of Type 2 risk scenario	*No*	It is not expected that the Operation will exacerbate disaster risk, type 2. Type 1 needs to be assessed.	A Disaster Risk Assessment will be prepared as part of the ESA.
A.2 Contingency planning (Emergency response plan, Community HS plan, OHS plan)	*Yes*	Disaster risk management procedures should be included in the ESMP	The Borrower will include an emergency management plan within the ESMP.
OP-710 Operational Policy on Involuntary Resettlement			
Involuntary Resettlement	*Yes*	It is understood that the land is fully owned by the government. Although the activation of OP-710 is not envisaged at this stage, the policy will be triggered as a precautionary measure, until aspects related to land tenure are fully confirmed.	N/A
OP-765 Operational Policy on Indigenous Peoples			

N/A			
OP-761 Operational Policy on Gender Equality in Development			
Consultation and effective participation of women and men	*Yes*	Women and Men should have the same opportunities and their participation in public consultations will be promoted	The consultations will be inclusive and will facilitate the participation of women and men
Application of safeguard and risk analysis	*Yes*	The ESA will analyze the risks of the Project	The ESA will ensure gender equality in the development of the Operation.
OP-102 Access to Information Policy			
Disclosure of relevant E&S Assessments Prior to Analysis Mission, QRR, OPC and submission of the operation for Board consideration	*Yes*	ESA and ESMP must be disclosed before analysis mission through the IDB and Borrower's web page.	The IDB and the Borrower will publish all necessary ESHS documents
Provisions for Disclosure of Environmental and Social Documents during Project Implementation	*Yes*	In the event that new relevant ESHS documents are prepared during the execution of the Program, they will also be made available to the public.	This will be included as specific conditions of the Loan Agreement

INDEX OF COMPLETED AND PROPOSED SECTOR WORK

Area	Description of Works	Dates
Technical Knowledge	Project's Strategic Environmental Assessment	Oct 2020 – Nov. 2019
Technical Knowledge	Building Back Better study to enhance Resilience of Energy System	Oct 2020 – Feb. 2021
Technical Knowledge	Environmental and Social Assessment	Nov 2020 – Feb. 2021
Technical Knowledge	Feasibility studies for microgrid in Abaco (Draft)	Nov 2020 – Jan. 2021
Institutional Assessment	Platform for the Analysis of Institutional Capacity of the Executing Agency	Feb. 2021

CONFIDENTIAL

[1] The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.