

TC Document

I. Basic Information for TC

▪ Country/Region:	BAHAMAS
▪ TC Name:	Support to Public Procurement Strengthening in The Bahamas
▪ TC Number:	BH-T1108
▪ Team Leader/Members:	Harper, Leslie Elizabeth (IFD/FMM) Team Leader; Veyrat-Pontet, Alexandre (IFD/ICS) Alternate Team Leader; Bonilla Merino Arturo Francisco (LEG/SGO); Blanco Urbina Luz Inmaculada (IFD/FMM); Williams, Derise Avione (VPC/FMP)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	28 Mar 2024.
▪ Beneficiary:	The Government of The Bahamas
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Institutions(W2C)
▪ IDB Funding Requested:	US\$100,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months that includes the disbursement period
▪ Required start date:	July 2024
▪ Types of consultants:	Individual Consultants
▪ Prepared by Unit:	IFD/FMM-Fiscal Management Division
▪ Unit of Disbursement Responsibility:	CCB/CBH-Country Office Bahamas
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the IDB Group Institutional Strategy: Transforming for Scale and Impact:	Environmental sustainability; Gender equality; Institutional capacity and rule of law

II. Objectives and Justification of the TC

- 2.1 **Objective.** The objective of this Technical Cooperation (TC) is to increase the efficiency of public spending through the strengthening of the public procurement system in the Bahamas.
- 2.2 The Government of The Bahamas has embarked on a major public procurement reform program, which includes the development of a new procurement act. This Act is important as it will help ensure that the government will obtain goods and services at the best value for taxpayer money, promote competition and result in higher transparency and accountability. However, the Act being passed does not guarantee its success and is only one step in the modernization and reform process. In order to successfully implement this Act, the government will need to develop procurement regulations, manuals and standard bidding documents to accompany the law. These tools will help the procuring units to adhere to the new legal and regulatory environment correctly and effectively.
- 2.3 **Justification.** The public sector plays a critical role in Latin America and the Caribbean as a consumer of goods, services and public works, representing around 4.7% of

GDP.¹ As a result, public procurement is a major area where governments in the region are striving to improve effectiveness in the delivery of public services and at the same time to serve them efficiently according to their national budgets.

- 2.4 In the case of the Bahamas, public procurement accounts for approximately 8% of GDP.² Despite this importance in the economy and recent advances in the legal and regulatory environment, there are still areas which need to be addressed including gaps in the organizational structure of the procurement unit and processes for warehouse management as well as manuals to support staff in the implementation of the new legislation.³
- 2.5 In addition, there are gaps in gender in the Bahamas. According to a United Nation's report on human development, there is a more than 33 percent income disparity between the sexes, with the country ranking 76 out of 189 countries on its gender inequality index (GII). The gender disparity in the labor market participation rate is just under 14 percent in 2019, with men at 81.6 percent and women at 68.1 percent.⁴ In terms of climate change, as a low-lying small island archipelago, the country is highly vulnerable to climate change impact such as rising sea levels, hurricanes and coral reef degradation which threaten tourism, airports, road networks and seaports. The country has experienced, for three successive years, 3 major hurricanes of category 3 or higher at a total cost of US\$678 million or 5% of GDP.⁵
- 2.6 This TC will help address the above-mentioned gaps by supporting the country with the tools and capacity needed to be in line with a modern and sustainable procurement system. Bringing the country up to international standards should result in short and longer-term benefits including costs savings in purchases (both purchase price and transaction costs) that could conservatively reach 5-10% of spending.⁶ In addition, it will strengthen national capacity for leveraging the purchasing power of the government to drive positive social and environmental impacts.⁷

¹ IDB (Inter-American Development Bank). 2016. Better Spending for Better Lives: How Latin America and the Caribbean Can Do More with Less.

² IDB (Inter-American Development Bank). 2016. Better Spending for Better Lives: How Latin America and the Caribbean Can Do More with Less.

³ IDB Fiduciary Note. 2024

⁴ UNDP Gender Social Norms Index. Breaking Down Gender Biases Shifting social norms towards gender equality (2023) [gsni202303.pdf \(undp.org\)](#)

⁵ United Nations. The Bahamas Voluntary National Review on the Sustainable Development Goals to the High Level Political Forum of the United Nations Economic and Social Council.

⁶ [Does e-procurement save the state money?](#)

⁷ The challenges of gender inequality and climate change are interconnected with the efficiency of a procurement system in the following ways: 1) Supplier Diversity and Inclusion: A gender-responsive procurement system can promote diversity by encouraging the inclusion of women-owned businesses and enterprises led by marginalized groups. This can contribute to broader economic empowerment and resilience against climate change impacts, as diverse suppliers may bring innovative solutions and perspectives to environmental challenges.; 2) Product and Service Specifications: Integrating gender considerations into procurement specifications can lead to the procurement of goods and services that are more sustainable and resilient to climate change impacts. For example, specifying energy-efficient products or eco-friendly materials can reduce carbon footprints and enhance environmental sustainability, benefiting both genders equally; 3) Impact on Vulnerable Groups: a gender-responsive procurement system can address disparities by prioritizing climate adaptation and resilience measures that benefit vulnerable communities, thereby promoting equity and reducing gender gaps exacerbated by environmental challenges; and 3) Policy Alignment: Aligning procurement practices with broader gender equality and climate action goals can foster synergies across policy areas.

- 2.7 **Strategic Alignment.** The TC is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (GN-3159-11) and is aligned with the objectives of: (i) reducing poverty and inequality; and (ii) addressing climate change by improving public procurement, which is critical for ensuring the quality of the country's public goods and access to services which are essential for addressing poverty and inequality; and strengthening public expenditure management agencies in the mainstreaming of climate change objectives in the reform of public procurement. The TC is also aligned with the operational focus areas of: (i) biodiversity, natural capital and climate action; (ii) gender equality and inclusion of diverse population groups; and (iii) institutional capacity, rule of law, and citizen security. Finally, it is consistent with the Sectoral Framework Document for Fiscal Policy and Management (GN-2831-13) promoting medium-term fiscal sustainability through improvements to public procurement.
- 2.8 It will also contribute to the Strategy for Strengthening and use of Country Systems (GN-2538-31) with regards to the cross-cutting issues in terms of helping countries close gaps with international standards and adopt best practices. It is also in line with the Fiscal Management Sector Framework Document (GN-2831-13) document as the program will support activities aimed at strengthening public procurement and digitalization.
- 2.9 Finally, the program is in line with the objectives and activities of the priority area of "Effective, Efficient and Transparent Institutions" of the Strategic Program for Development Financed with Ordinary Capital (GN-2819-14), which has the following expected results: (i) strengthen the quality of institutions and policies as well as the provision of services and implementation of policies, to improve public management; and (ii) leverage digital transformation to promote more effective, efficient and transparent governments, better and more equitable opportunities for citizens, and more productive and innovative companies.
- 2.10 **Country Strategy.** The TC is aligned with the Country Strategy for the Bahamas (GN-3198-1), specifically with regards to the strengthening of public sector governance and the strengthening of national systems.
- 2.11 **Contribution to the Bank's operational program.** By strengthening public procurement in the country, the TC will complement the programs related to public sector reform and modernization as well as digitalization currently under execution, including: Government Digital Transformation to Strengthen Competitiveness (4549/OC-BH); and Performance Monitoring and Public Financial Management Reform (3340/OC-BH). In addition, it will complement the regional TC program Integrating Climate Action into Public Procurement in the Caribbean (ATN/FC-20408-RG).

III. Description of activities/components and budget

- 3.1 **Component 1. Institutional strengthening. (US\$40,000).** The objective of this component is to support the Ministry of Finance (MOF) in the assessment of their Central Procurement Unit (CPU) and to provide support regarding their warehouse management. This component will finance the following consulting activities: (i) a diagnostic assessment for the CPU; and (ii) an action plan for warehouse management improvement.

- 3.2 **Component 2. Legal and Regulatory Framework. (US\$40,000).** The objective of this component is to strengthen the institutional capacity of the MOF sustainable public procurement. This component will finance a consultancy to develop a secondary public procurement legislation comprised of manuals, standard bidding documents, etc., that will be needed as part of the new Act. The document will be developed with a climate mitigation and gender focus.
- 3.3 **Component 3: Outreach and Dissemination (US\$20,000).** The objective of this component is to carry out activities related to building awareness on the new procurement Act. This component will finance consultancies to develop: (i) a communications strategy; and (ii) stakeholder engagement workshops.
- 3.4 **Expected results.** After the program’s outputs are successfully implemented, the country will have a more transparent and efficient public procurement system.
- 3.5 **Indicative Budget.** The total cost of this TC is US\$100,000, which will be financed by the Bank through window 2, priority area 3: Effective, efficient, and transparent institutions (W2C), of the Strategic Development Program financed with Ordinary Capital (OC-SDP) (GN-2819-14). No local counterpart contribution is expected. The execution and disbursement period is 36 months.

Indicative Budget (US\$)

Activity/Component	Description	IDB/W2C	Total Funding
Component 1. Institutional Strengthening	Support for the assessment of the CPU and a strategy for warehouse management.	40,000	40,000
Component 2. Legal and regulatory framework	Support for the development of secondary procurement legislation.	40,000	40,000
Component 3. Awareness and dissemination	Support for a communications strategy and stakeholder engagement workshop.	20,000	40,000
Total		100,000	100,000

- 3.6 **Supervision, monitoring, and evaluation.** The project team leader of IFD/FMM will be responsible for supervising, monitoring and the financial execution of the operation. A project completion report will be prepared summarizing the activities carried out and the achievement of the expected results. This report will be shared through the Convergence system. The project team leader will closely coordinate the activities of this TC with the country office during the execution.
- 3.7 **Lessons learned.** In the monitoring and evaluation of the TC, the lessons learned, and good practices derived from the proposed interventions will be identified and systematized. These lessons learned will be disseminated in workshops and publications.

IV. Executing agency and execution structure

- 4.1 **Executing agency.** The Bank will be the executing agency through IFD/FMM at the request of the beneficiary country, in accordance with the Bank’s Technical Cooperation Policy (GN-2470-2) and the Procedures for the Processing of TC

Operations (OP-619-4). The MOF is requesting that the Bank execute the program given the Bank's highly specialized technical knowledge and experience implementing similar programs in the topic in the region.

- 4.2 **Structure.** The technical and fiduciary responsibility of this TC will be led by the team leader, who will coordinate closely with the MOF.
- 4.3 The knowledge products generated within the framework of this TC will be the property of the Bank and may be made available to the public under a Creative Commons license. However, at the beneficiary's request, the intellectual property of said products may also be licensed to the beneficiary through specific contractual commitments that will be prepared with the advice of the Bank's Legal area.
- 4.4 **Procurement.** All procurement to be executed under this Technical Cooperation have been included in the Procurement Plan (Annex IV) and will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650) and (b) Contracting of services provided by consulting firms in accordance with the Corporate procurement Policy (GN-2303-33) and its Guidelines.

V. Major issues

- 5.1 The main risk to the TC achieving its objective is that the country would not have the capacity to carry out the activities of this TC given the multiple demands on the MOF. This will be mitigated by the Bank executing the program as well as providing continuous technical support on behalf of the project team. In addition, the Bahamas participates in the regional program to support public procurement in the Caribbean (ATN/FC-20408-RG). This program facilitates south-south collaboration among the countries, which will enable the Bahamas to have the support of other Caribbean countries in their modernization process. Finally, this TC includes capacity building activities.

VI. Exceptions to Bank policy

- 6.1 The TC does not foresee any exceptions to Bank policy.

VII. Environmental and Social Aspects

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client_63927.pdf](#)

[Results Matrix_522.pdf](#)

[Terms of Reference_74203.pdf](#)

[Procurement Plan_46034.pdf](#)