

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BAHAMAS

**CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP) LOCAL SUSTAINABLE
PRODUCTIVE DEVELOPMENT**

(BH-O0011)

LOCAL SUSTAINABLE PRODUCTIVE DEVELOPMENT OF THE BLUE ECONOMY

(BH-L1058)

PROJECT PROFILE

This document was prepared by the project team consisting of: Claudia Stevenson (IFD/CTI), Team Leader; Gerard Alleng (CSD/CCS), Alternate Team Leader; Sylvia Dohnert, Matteo Grazzi, Rafael Anta, Vanderleia Radaelli, Geovana Acosta, Gina Cardenas, Sandra López, Andre Cazor, Edwin Goni, Natalia Amarante, Mayrett Sierra (IFD/CTI); Hori Tsuneki (CSD/RND); Roberto Aiello (ENE/INE); Nicolas Romano (INE/CAR); Mauricio Tapia, Adriana Zambrano (VPS/ESG); Sara Vila (LEG/SGO); José Luis Saboin, Syreta Roberts (CCB/CBH); Nalda Morales, Ana Paz (VCP/FMP); Chris Persaud, Patricia Scholl (INE/TSP); Luciana Etcheverry (SCL/GDI).

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PROJECT PROFILE

THE BAHAMAS

I. BASIC DATA

Project Name: Conditional Credit Line for Investment Projects (CCLIP) Local Sustainable Productive Development, and First Individual Operation Local Sustainable Productive Development of the Blue Economy

Project Number: CCLIP: BH-O0011; First Individual Operation BH-L1058

Project Team: Claudia Stevenson (IFD/CTI), Team Leader; Gerard Alleng (CSD/CCS), Alternate Team Leader; Sylvia Dohnert, Matteo Grazzi, Rafael Anta, Vanderleia Radaelli, Geovana Acosta, Gina Cardenas, Sandra López, Andre Cazor, Edwin Goni, Natalia Amarante, Mayrett Sierra (IFD/CTI); Hori Tsuneki (CSD/RND); Roberto Aiello (ENE/INE); Nicolas Romano (INE/CAR); Mauricio Tapia, Adriana Zambrano (VPS/ESG); Sara Vila (LEG/SGO); José Luis Saboin, Syreta Roberts (CCB/CBH); Nalda Morales, Ana Paz (VCP/FMP), Chris Persaud, Patricia Scholl (INE/TSP); Luciana Etcheverry (SCL/GDI).

Borrower: The Commonwealth of The Bahamas

Loan Modality: Specific Investment Loan

Executing Agency: Ministry of Economic Affairs

	CCLIP (BH-O0001)	First Individual Operation (BH-L1058)
Financial Plan:	IDB (OC): US\$60,000,000	US\$30,000.000
	Total: US\$60,000,000	US\$30,000,000

Safeguards: Risk Classification: Substantial

Impact classification: B

Processing track: Standard Special

Country Strategic Alignment: GN-2920-1

Strategic Alignment:

Challenges: Social Inclusion Productivity and Innovation Economic Integration

Crosscutting: Gender Equality Diversity Environmental Sustainability Climate Change Institutional Capacity and Rule of Law

II. GENERAL JUSTIFICATION AND PROGRAM STRATEGY

- 2.1 **Background.** The Bahamas' Exclusive Economic Zone (EEZ) covers 260,000 square miles, of which 5% is land and 95% is sea,¹ providing unique possibilities for the Blue Economy² if properly managed and protected. Its contribution is estimated at 21.5% of the GDP, and up to 50% including the indirect impacts and encompassing: (i) the harvesting of living resources (seafood and marine biotechnology); (ii) the extraction of nonliving resources (mineral, energy and freshwater); (iii) tourism and trade (transport, tourism and recreation); and (iv) the indirect contributions (carbon sequestration, coastal and biodiversity protection, and ocean monitoring and surveillance).³ Although the majority of the population lives in New Providence (74.26%) and Grand Bahama (11.89%),⁴ the islands (Family Islands) comprise 700 islands and 2000 cays across approximately 100,000 square miles (38% of the EEZ) and provide a diversity of marine species that support the tourism industry, the commercial fishing industry and subsistence fishing,⁵ as well as nature-based defences for coastal protection, fish nurseries, water quality regulation, recreational and cultural assets.⁶ The marine protected areas and national parks are populated with pine forests, seagrasses, mangroves, the third largest coral reef in the world,⁷ and extensive biodiversity, contributing to global scientific knowledge and scientific efforts.⁸
- 2.2 The low density of the population of the Family Islands, combined with the relatively large marine space, and the vulnerability to climate change and natural disaster hazards, (i.e., temperature rise, stronger and more frequent tropical cyclones, increased storm surges, sea-level rise, coral bleaching, and propagation of invasive species),⁹ create special challenges and opportunities for their productive development under a sustainable framework.¹⁰
- 2.3 Even though The Bahamas has more innovative firms¹¹ (54%) than most Caribbean countries (40%); It is below the average for green innovative firms¹² in the region (42% vs 50%), 78% of its firms are owned by men, while 22% are women-owned, similar to the Caribbean context (81% of men-owned firms).

¹ Convention on Biological Diversity, 2022. [Bahamas CBD](#).

² The Blue Economy is defined as the simultaneous promotion of economic growth, environmental sustainability, and strengthening of oceans ecosystems by optimizing the use of marine resources. Organisation for Economic Co-Operation and Development (OECD), 2019.

³ [Multi Criteria \(MCRIT\)](#), 2020.

⁴ Bahamas National Institute of Statistics. Census, 2022.

⁵ Arkema, Katie. 2021| [Integrated innovative scenario approaches for sustainable development planning in the Bahamas](#). Sherman, K et al., 2017. [Contemporary and emerging fisheries in the Bahamas. Conservation and management challenges, achievements, and future directions](#).

⁶ Zedler and Kercher, 2005; Status, Trends Ecosystem Services, and Resilience. [Annual Review of Environment and Resources](#), Barbier et al., 2008; [Coastal Ecosystem-Based Management with Nonlinear Ecological Functions and Values](#).

⁷ This program will be expanding the Coral Restoration Initiative funded by Compete Caribbean.

⁸ Including endangered species such as turtles, iguana, sharks, marine mammals, and flamingos. Heargreaves-Allen, 2010. [An Economic Valuation of the natural Resources of Andros Islands](#).

⁹ [Updated Bahamas NDC](#), 2022.

¹⁰ [Andros Master Development Plan, 2017](#).

¹¹ Innovative firms are the set of firms that introduced at least one of the following innovations on: goods, improved methods or improved services.

¹² Green innovative firms innovate in: reduced material use; reduced energy use; reduced Carbon Dioxide (CO₂) 'footprint'; replaced materials with less polluting or hazardous substitutes.

However, The Bahamas has more women-owned innovative firms (60% of women-owned firms are considered innovative) than the average of the Caribbean (41%), ([See Link](#)).

- 2.4 **Blue Economy firms in the family islands face higher costs and risks.** The geographic conditions of The Bahamas create higher costs of doing business and high vulnerability of the coastal ecosystems.¹³ Licensed firms on the Family Islands are 5% of the total licensed firms¹⁴ mostly engaging in nature-based tourism, (recreational fishing, bird touring and diving), and represent 25% of visitors and 32% of tourism expenditures of The Bahamas.¹⁵ Business growth in the Family Islands has been hampered by an undersupply of public goods and the need to improve digital and technical capacities and training, coupled with conservation measures.¹⁶ The Island Andros encompasses 40% of the land and has the potential for supplying agricultural products for the Bahamian population, is already producing agricultural products that are exported to New Providence. These agricultural value chains are incipient and have the potential to improve and scale up cluster and value chains in areas such as conch management,¹⁷ sponge value chains and coral restoration clusters.
- 2.5 **Sustainable infrastructure to support tourism activities needs to be strengthened.** Tourism activity in the Family Islands needs greater supporting climate resilient infrastructure. In Islands such as Andros and Abaco, where nature-based tourism is the primary focus there is a need for the establishment of visitor's centers, clear signage for attractions, birding towers, and infrastructure to ensure safe exploration of Blue Holes. Tourist operators have identified the need for more tourist guides for fishing, nature, birding, and diving.¹⁸ Many dock facilities in Andros and Abaco need repair, which is both a safety and an economic issue. Modern, safe, green dock facilities are needed to support connectivity by water between Andros and Abaco and the rest of the nation and to spur overall economic development.
- 2.6 **The role of The Bahamas Marine and Agriculture Science Institute (BAMSI) in promoting agriculture development and marine research is still incipient.** BAMSI operates an experimental farm in agriculture and mariculture in Andros, and develops human capital in agricultural and marine science, as well as fly-fishing and nature guides for the tourism sector. However, BAMSI needs to upgrade and modernize the infrastructure that supports its role as an experimental farm and to expand its capacities for marine research.¹⁹
- 2.7 **High vulnerability to climate disasters and fragile ecosystem that supports economic activity.** The Family Islands need to strengthen current conservation measures to preserve its natural assets.²⁰ The low-lying nature of the islands and

¹³ Arkema, 2021.

¹⁴ Administrative Records Inland revenue show 44,000 licensed firms in 2022.

¹⁵ Visitors on the Family Islands in average stay longer and spend more than Nassau or Grand Bahama. Ministry of Tourism, 2023.

¹⁶ Andros Cluster Development Plan, 2023. Pilot to be replicated in other islands.

¹⁷ "Community-based Conch Management in the Family Islands" ([ATN/JO-16554-BH](#), approved in 2017).

¹⁸ Andros Cluster Development Plan.

¹⁹ [Natural Capital Project. Ecosystem Based Development for Andros.](#)

²⁰ Of the three MPAs managed by the Bahamas National Trust (BNT) in Andros, that houses the two largest MPAS, only one has a management plan and there are only two wardens to monitor the area.

its widespread spatial distribution within the hurricane zone requires measures to reduce this risk.²¹ The sustainability of the nature-based tourism industry in the Family Islands is challenged by visitor's impact on the ecosystem, coral decline and disease, unregulated construction and lack of adequate waste, wastewater, and freshwater water management.²² These challenges have been partially mitigated by the establishment of Marine Protected Areas (MPAs). Currently, 21 MPAs have management plan, but many of these need support for active implementation.

- 2.8 The Family Island with the largest economy, Abaco, houses several parks and marine reserves that support nature-based tourism and the unique Bahama Parrot.²³ It was affected by Hurricane Dorian, a category 5 hurricane, that damaged the protected areas, as well tourism infrastructure (facilities, landscape, and marinas, among others). Small business suffered the greater impact, exacerbated by the COVID-19 pandemic shortly afterwards.²⁴ Abaco, Andros, and Grand Bahama provide a source of fresh water for the archipelago from Blue Holes and water lenses. These freshwater ecosystems also generate important nature-based tourism and tourism activities.
- 2.9 The program will tackle the challenge of promoting economic development while harnessing the Family Islands' natural assets and preserving their fragile ecosystems. This challenge will be addressed under an integrated set of interventions aimed at improving local firms' productivity, and the availability of human capital while addressing the optimal use of land and marine resources under a conservation framework.
- 2.10 **Strategic alignment.** The program is aligned with the Second Update of the Institutional Strategy (UIS) (AB-3190-2), through the development challenge of Productivity and Innovation by promoting sustainable economic development in the blue/sustainable economy; and through the cross-cutting issues of: (i) Gender Equality, as it will enhance opportunities for women researches and women-led entrepreneurs in the Blue Economy; (ii) Climate Change, as the program will support investments for climate-change resilience and climate innovations; (ii) Environmental Sustainability, as the activities of the program contribute to the maintenance and restoration of natural parks; (iii) Institutional Capacity and the Rule of Law, as it supports the strengthening of institutions in charge of research and human capital development, such as BAMSI. The program will contribute to the Inter-American Development Bank (IDB) Group Corporate Results Framework 2020-2023 (GN-2727-12) with the following output indicators: (i) Productivity and Innovation as enterprises will be provided with technical assistance; (ii) Climate Change and Environmental Sustainability: habitat that is sustainably managed applying ecosystem-based approaches; and (iii) Women beneficiaries of economic empowerment initiatives, to target more women participation in SMEs and research. The program is consistent with the Innovation, Science, and the Technology Sector Framework (GN-2791-13), as it promotes science and technology for the proper use of marine resources and is

²¹ IDB, 2021. [Impact of Hurricane Dorian in the Bahamas.](#)

²² Army Corps of Engineer, 2004. [Water Resources Assement in the Bahamas.](#)

²³ IDB, 2021. Assessment of the Effects and Impacts of Hurricane Dorian in the Bahamas.

²⁴ Firms' contribution to economic activity decreased by 50% between 2019 and 2021 in Abaco. Administrative Records from Inland Revenue.

aligned with the IDB's Group Climate Change Action Plan 2021-2025 (GN-2848-9), the Climate Change Sector Framework Document (GN-2835-8) and the forthcoming draft of the Action Plan for Mainstreaming Biodiversity and Natural Capital. Finally, it is aligned with the strategic objectives of the IDB Group Country Strategy with the Commonwealth of The Bahamas 2018-2022 (GN-2920-1)²⁵ to promote innovative practices in traditional (e.g. sustainable tourism) and non-traditional (e.g. agroindustry, blue economy and manufacturing) areas, as it promotes productivity in different sectors of the Blue Economy. It is also aligned with The Bahamas National Development Plan Vision 2040 that sets inclusive economic growth and a sustainable resilient environment as priorities. It is also aligned with the Bahamas Blueprint for Change and the Economic Plan, as it includes priorities to Blue, Green and Orange Economy, food security, a Plan for Each Island and new tourism models (nature based and community tourism) as its priorities.

- 2.11 **Strategic framework and justification of the Conditional Credit Line for Investment Projects (CCLIP).** The private sector in the Family Islands of The Bahamas has special challenges derived of the geographic conditions and logistics challenges of being part of an archipelago. The vulnerability of the ecosystem from which private activity is derived (e.g. nature based tourism, fisheries etc.) and the propensity for natural disasters requires interventions geared at the specific conditions of each island.²⁶ The use of the CCLIP under Modality I (MM-I) is justified by the need to address issues of local economic development and sustainability in an integrated and sequential manner, incorporating lessons learned and replicating best practices in other islands in the archipelago. This modality allows for concurrent interventions to improve in human capital, technical capacity, and infrastructure assets in an integrated manner. The CCLIP will have a sole Executing Agency (EA), the Ministry of Economic Affairs. It is envisioned that it will finance two individual operations for a total of US\$60 million from Ordinary Capital (OC) with an execution period of 10 years.
- 2.12 **General objective of the CCLIP.** The objective of the CCLIP is to contribute to the improvement of sustainable growth in The Bahamas, through the promotion of growth among The Bahamas Small and Medium-sized enterprises (SMEs) in the Blue Economy, facilitating growth in the sustainable tourism sector, and the development of agriculture, marine research and to strengthen MPAs.
- 2.13 **Objectives and components of the First Individual Operation.** The general development objective of the first individual operation is to improve sustainable growth in The Bahamas. The specific development objectives for this operation will be: (i) to promote growth among Bahamian Micro Small and Medium Enterprises (MSMEs) operating in the Blue Economy through technological extension, adoption, and innovation; (ii) to facilitate the growth of sustainable tourism-related businesses operating in the influence area of the project's investments in public infrastructure and human capital for tourism; (iii) to increase the development of agriculture and marine research and its absorption in the industry; and (iv) to

²⁵ The transition period of the IDB Group Country Strategy with the Commonwealth of The Bahamas 2018-2022 (GN-2920-1) was extended until May 2024.

²⁶ [The Bahamas Blueprint for Change 2021.](#)

promote sustainable growth of economic activity related to MPA strengthened by the project.

- 2.14 **Component 1. Promoting business growth in the Blue Economy (US\$17,360,000).** This component seeks to promote growth among Bahamian MSMEs operating in the Blue Economy through technological extension and adoption, and to facilitate the growth of tourism related business operating in the influence area of the project's investment in public infrastructure and human capital for tourism.
- 2.15 **Subcomponent 1.1. Technological extension, technology adoption and innovation (US\$9,050,000).** This subcomponent will finance: (i) business development grants in areas such as commercialization, branding, provision of digital services; (ii) innovation grants with focus on climate adaptation and mitigation in areas such as fresh water, waste water and waste management, logistics; and (iii) value chains and cluster development grants in areas such as agriculture and mariculture (improving the existing ones that BAMSI is managing and expanding the conch and sponge value chains that are operating, scaling up clusters such as coral restoration, among others).
- 2.16 **Subcomponent 1.2. Sectoral accumulation of public productive factors (US\$8,310,000).** It will finance: (i) investment in public specialized investment in green and climate resilient infrastructure for tourism, including building of visitor's centres,²⁷ intelligent signage, birding towers, docks, mooring and buoys and blue hole visitors' infrastructure; and (ii) investment in public specialized human capital for tourism including scholarships for training of tour guides.
- 2.17 **Component 2. Promoting applicable scientific development of the Blue Economy (US\$4,500,000).** This component seeks to increase the development of agriculture and marine research including climate change considerations and its adoption in the industry and will finance the improving of BAMSI's existing physical capital and the refurbishing of the new maritime location under a resilient and sustainable energy framework,²⁸ human capital training and applied research. BAMSI is already researching the use of resilient crops to changes in temperatures and precipitation patterns.
- 2.18 **Component 3. Promoting sustainability in the Blue Economy (US\$4,350,000).** This component will finance the implementation and improvement of the management of existing marine protected areas, including technological solutions for monitoring and enforcement of protected areas, equipment, data gathering for biological monitoring and community awareness and management.
- 2.19 **Component 4. Execution and evaluation (US\$3,790,000).** This component will finance the execution and coordination activities, audits baseline collection and midterm and final evaluation.
- 2.20 **Benefits and potential beneficiaries.** The beneficiaries will be MSMEs in the Family Islands that will benefit from increased capacity through technical

²⁷ The construction sites have been identified by the Ministry of Tourism.

²⁸ Initial estimates from BAMSI of the new facility of US\$900,000 including equipment.

assistance and increased productivity potential, by participating in value chains or clusters and public goods such as infrastructure and training. It is estimated that 150 SMES and 12 aggrupation of firms via value chains and cluster will benefit. The population of the Family Islands that will benefit by increased coastal protection, in particular in Andros and Abaco where the conservation activities will start (estimated at 25,000 inhabitants and 680,00 annual visitors). It will also enhance the protection of 1.5 million hectares. The expected results are: (i) increased growth in Bahamian firms in the Blue Economy and in tourism business that will benefit from investments in infrastructure; (ii) increase in research and absorption of the industry in agriculture and marine research; and (iii) promotion of sustainable economic activity in the strengthened MPAs. Public institutions such as BAMSI and the BNT will be benefited with institutional strengthening activities.

- 2.21 **Modality of the financial instrument.** The amount of the first individual operation will be US\$30 million financed by OC. The operation will be a specific investment loan with an execution period of 5 years. This instrument was selected due to the loan's comprehensive approach, in which the activities financed under Component 1 (¶2.14) are complemented by the investments associated with Component 2 (¶2.17) and 3 (¶2.18), reflecting the need for a joint approach for a conservation framework under the CCLIP.

III. SECTOR KNOWLEDGE AND PREPARATION PLAN

- 3.1 **Bank's experience in the country and in the sector.** The Bank has worked in the areas of economic development and promotion of the Blue Economy since 2018 through a series of technical cooperations,²⁹ the programmatic series "Boosting Resilient and Inclusive Growth in The Bahamas I and II ([5091/OC-BH](#), [5276/OC-BH](#), approved in 2020 and 2021, respectively), "Policy Based Guarantee Building a Social and Inclusive Economy in The Bahamas" ([5484/OC-BH](#), approved in 2022 for US\$200,000,000, 0% disbursed). The present operation complements this series by providing financing for the policy measures and reforms supported. It also complements the investment loans "Government Digital Transformation to Strengthen Competitiveness" ([4549/OC-BH](#), approved in 2018), and "Credit Enhancement Program for Micro, Small and Medium Enterprises" ([4846/OC-BH](#), approved in 2019) as it supports digital transformation in MSMEs and enhances their capacity to access the Credit Enhancement Program. The operation will benefit from the knowledge generated in the Competitiveness Technology and Innovation Division (CTI) on CLIPP lines: "General Program of Technological Innovation" ([AR-X1015](#)); "Innovation for Growth Program" ([BR-O0004](#)); "Boosting Innovation, Growth and Entrepreneurship Ecosystems" ([JA-O0010](#)); "Sector Innovation Program" ([PE-O0006](#)); and "Promote Innovation, Entrepreneurship, Human Capital and Research" ([UR-O1153](#)).
- 3.2 The program will also scale up two Compete Caribbean projects: "Capacity Building of the Caribbean Tourism Organization (CTO) to Implement

²⁹ "Support to Loan BH-U0001 Building a Social and Inclusive Blue Economy in The Bahamas" ([ATN/OC-18904-BH](#), approved in 2021), "Support for Economic Diversification in The Bahamas" ([ATN/CO-16734-BH](#); [ATN/OC-16732-BH](#); [ATN/OC-16733-BH](#), approved in 2018).

Community-Based Tourism Clusters and Stimulate Innovation in the New Normal” ([ATN/CO-18582-RG](#)) to implement community-based tourism clusters and stimulate innovation in the new normal and the Coral Restoration Cluster funded by “Strengthening the Implementation Capacity of Caribbean Blue Economy Clusters and Value Chains” ([ATN/CO-19210-RG](#)), and the “Community Based Conch Management in the Family Islands ([ATN/JO-16554-BH](#)). It will also complement the IDB Lab program “Accelerate Bahamas!” ([ATN/ME-17694-BH](#), approved in 2019), and the “Support for Mobilization of Private Investment in Resilient Infrastructure” ([ATN/OC-18583-BH](#), approved in 2021).

- 3.3 **Lessons learned.** Experiences from similar programs in the Caribbean, show that: (i) it is critical to link economic growth with environmental resilience in small island state;³⁰ and (ii) pilot projects in innovation, clusters and value chain can have a demonstrative effect that contributes to their sustainability.³¹ Experiences from similar programs in The Bahamas show: (i) the need to implement complex program in stages³² and challenges in coordination can be solved through multitiered coordination mechanisms.³³ The lessons learned will be incorporated into the program by: (i) the CLIPP modality that allows to implement complex programs in stages incorporating lessons learned; (ii) strengthening the coordination capacity of the Ministry of Economic Affairs and other stakeholders; and (iii) providing technical support in key areas.

IV. TECHNICAL ASPECTS, ENVIRONMENTAL RISKS AND EXECUTION AND FIDUCIARY ASPECTS

- 4.1 **Technical aspects and environmental and social risks.** The Environmental and Social Impact Classification (ESIC) of the operation is Category “B”, as it is expected to generate adverse impacts that are moderate in scope and temporary in duration and that may be readily managed through available mitigation measures. The main impacts are related to upgrading of existing buildings at The Bahamas Agriculture and Marine Science Institute (BAMSI); the refurbishment and upgrading of selected existing public and government docks in Andros and Abacos that were damaged during hurricane Dorian; and the construction of light tourism infrastructure (visitors’ centers, signage and trail maintenance), which will have: (i) potential minor pollution, noise generation, localized gas emissions, spills into nearby streams and sea; (ii) generate household and hazardous waste; (iii) temporary impacts related to vehicle and pedestrian access during construction; (iv) potential affectations to aquatic ecosystems from temporary disruption and alteration of dock-induced habitat from wood piling, pollution from wooden material treatments and coatings, increased turbidity during piling and dock constructions, and temporary impacts on aquatic ecosystems from dredging activities; and (v) temporary restrictions to dock users during refurbishment. Other potential affectations are associated to communities that depend on marine resources and that could be impacted from enforcement of marine protected areas. The upgrading of BAMSI’s buildings will not require the acquisition of additional lands. There are also environmental and social impacts associated with grants, since they will be supporting MSMEs and BAMSI in the development of

³⁰ “Sustainable Development Policy Program” ([4987/OC-BA](#), approved in 2020).

³¹ “Business Climate and Innovation Program I (SUBCIP I)” ([3401/OC-SU](#), [3402/OC-SU](#)).

³² “Social Safety Net Reform Program” ([2758/OC-BH](#), PCR approved in 2012).

³³ IDB Group Country Program Evaluation 2010-2017.

commercialization, branding and digital services; innovation with emphasis in climate change and resilience; and development of sustainable value chains and cluster activities in agriculture and mariculture.

- 4.2 The Environmental and Social Risk Rating (ESRR) has been assessed as “Substantial”, largely related to risks associated with typical construction’s short term, localized affectations; vulnerability to natural hazards and the EA capacity to manage Environmental and Social (E&S) aspects.
- 4.3 The Disaster Risk and Climate Change Risk Rating has been initially set to “High”, since The Bahamas is located directly in the Atlantic Hurricane Belt, which makes it extremely vulnerable to severe weather events. Other hazards (with and without climate change) in the broader geographical area include sea level rise and heatwave. Based on the available technical information, criticality of the proposed infrastructure (upgrading of existing buildings at BAMSI, and the construction of light tourism infrastructure) is classified initially as Moderate.
- 4.4 In order to meet the requirements established in the Environmental and Social Performance Standards (ESPS), the following actions will be carried out during the preparation of the operation: (i) prepare the Environmental and Social Management System (ESMS) for the operation, according to ESPS 1; (ii) prepare a Stakeholder Participation Plan; (iii) prepare and disseminate a Strategic Environmental and Social Assessment Study (SESA) and Environmental and Social Management Plan (ESMP) consistent with the ESPSs prior to the Analysis Mission; (iv) conduct a robust stakeholder engagement process; and (v) define socio-environmental eligibility criteria for the program’s grants to MSME.
- 4.5 **EA and execution mechanism.** The borrower will be the Commonwealth of the Bahamas and the EA will be the Ministry of Economic Affairs which will coordinate with other stakeholders involved (BAMSI, BNT and Small Business Development Centre (SBDC)), other public and local institutions, private sector, Non-Governmental Organization (NGO) and local communities. The recently formed Destination Stewardship Councils, aligned with the Global Tourism Council, work with the local communities in inclusive development at the community level will support community involvement³⁴ and the execution mechanism will incorporate the role of the NGOs that are active already working in the same objectives in the islands and that have execution capacity and capillarity.³⁵
- 4.6 **Institutional capacity of the EA.** The EA will be the Ministry of Economic Affairs, responsible for providing vision, strategic direction to economic diversification and growth. It is currently executing the “Government Digital Transformation to Strengthen Competitiveness” ([4549/OC-BH](#), approved in 2018). The Institutional Capacity Assessment Platform (PACI) will be applied, and its results will inform the

³⁴ The Ministry of Tourism, Investments and Aviation (MTIA) in partnership with the Global Sustainable Tourism Council (GSTC) developed The Bahamas Destination Stewardship Council (DSC) Program to assist communities in the preservation of cultural authenticity and promote more inclusive tourism development at the community level. to generate sustainable economic activity.

³⁵ The team will explore innovative execution mechanisms to incorporate and build on the activities that key NGOs are already doing in areas such as incorporating technological innovations and capacity to support execution in the islands, such as Friends of the Environment, Abaco Strong and Abaco Zero Waste.

risk analysis and actions for improvement as well as the execution arrangements and the necessary fiduciary actions to strengthen if needed, the procurement capacity. The EA has shown satisfactory execution of the current operation.

- 4.7 **Retroactive financing and expense recognition.** The Bank may retroactively finance from the resources of the loan, up to the sum of 20% of the proposed loan amount (US\$6 million), eligible expenses incurred by the Borrower prior to the date of the approval of the loan such as the Subcomponent 1.2 (¶2.16) and Component 3 (¶2.18), provided that the requirements shall be in accordance with those set out in the loan contract. Such expenses must have been incurred from July 28th 2023, but under no circumstances will expenses incurred more than 18 months before the loan approval date be incurred.
- 4.8 **Risks.** The medium-high governance system risk level derived from the weak institutional capacity of the different stakeholders may cause delays during preparation and execution. This risk will be mitigated by providing technical assistance for institutional strengthening (through [ATN/OC-18904-BH](#)). The medium-high implementation risk derived from the logistics challenges involved in addressing preparation and execution activities in the Family Islands may cause difficulties in coordination and community involvement. This risk will be mitigated by working together with the destination stewardship councils in consultation with the communities and support for execution. Through the PACI, Risk Analysis, the fiduciary team will identify the financial and procurement capacity and main fiduciary risks to recommend a proposal of execution mechanism and actions to strengthen weaknesses found. The activities will be part of Annex III, Fiduciary Arrangements.

V. ELIGIBILITY CRITERIA

- 5.1 **Compliance with the CCLIP eligibility criteria.** The CLIPP complies with the applicable eligibility criteria for Modality I (MM-I) of the GN-2246-13 policy, and its operative guides (GN-2246-15), as its objectives are included in the priorities defined in the IDB Group Country Strategy with the Commonwealth of The Bahamas 2018-2022 (GN-2920-1),³⁶ and its cross-cutting areas and dialogue topics.
- 5.2 **Compliance with the eligibility criteria of this operation.** The first individual operation under the CCLIP complies with the eligibility criteria as: (i) the EA will undergo an analysis of the PACI; (ii) its objective contributes to the achievement of the objectives of the CCLIP; (iii) the operation falls under the sectors and components defined under the CCLIP; and (iv) the loan proposal will include the required actions for improvement identified in the PACI.

VI. RESOURCES AND TIMETABLE

- 6.1 The following timeline is expected: Distribution of the Proposal for Operation Development (POD) to the Quality and Risk Review (QRR) is expected to take place on September 15th, 2023; approval by the Operations Policy Committee (OPC) on September 29th, 2023; and consideration of the Loan Proposal (LP) by

³⁶ The transition period of the IDB Group Country Strategy with the Commonwealth of The Bahamas 2018-2022 (GN-2920-1) was extended until May 2024.

the Board of Executive Directors on December 13th, 2023. The resources needed for project preparation are estimated at US\$115,172 (from administrative funds). Time needed for project preparation will be 2.63 FTEs (see [Annex II](#)).

Annexes:

- I. Summary of the Environmental and Social Review
- II. Timetable and Preparation Resources
- III. Filters for determining the processing track

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK



BAHAMAS
LOCAL SUSTAINABLE PRODUCTIVE DEVELOPMENT OF THE BLUE ECONOMY
BH-L1058

INITIAL ENVIRONMENTAL AND SOCIAL REVIEW SUMMARY (ESRS)
07/13/2023

This document was prepared by:
Mauricio Tapia Alba (VPS/ESG)
With the support of the Project team:
Claudia Stevenson (IFD/CTI), Christopher Persaud (INE/TSP), Adriana Zambrano (VPS/ESG)

Initial Environmental and Social Review Summary	
Operation Data	
Operation Number	BH-L1058
IDB Sector/Subsector	Private Firms and SME Development / Enterprise Development, Clusters and Innovation (IFD/CTI)
Type of Operation & Modality	Specific Investment Operation (LON/ESP)
Initial E&S Impact Classification (ESIC)	B
Initial E&S Risk Rating (ESRR)	Substantial
Initial Disaster and Climate Change Risk Classification (DCCRC)	High
Borrower	Ministry Of Finance
Executing Agency	Bahamas National Trust (BH-BNT)
IDB Loan Amount (and total project cost)	\$30,000,000.00 (\$30,000,000.00)
Applicable ESPs's with requirements	ESPS 1; ESPS 2; ESPS 3; ESPS 4; ESPS 6; ESPS 9; ESPS 10
Executive Summary	
<p>The Environmental and Social Impact Classification (ESIC) of the operation is Category “B”, as it is expected to generate adverse impacts that are moderate in scope and temporary in duration and that may be readily managed through available mitigation measures. The main impacts are related to upgrading of existing buildings at the Bahamas Agriculture and Marine Science Institute (BAMSI); the refurbishment and upgrading of selected existing public and government docks in Andros and Abacos that were damaged during hurricane Dorian; and the construction of light tourism infrastructure (visitors’ centers, signage and trail maintenance), which will have: (i) potential minor pollution, noise generation, localized gas emissions, spills into nearby streams and sea; (ii) generate household and hazardous waste; (iii) temporary impacts related to vehicle and pedestrian access during construction; (iv) potential affectations to aquatic ecosystems from temporary disruption and alteration of dock-induced habitat from wood piling, pollution from wooden material treatments and coatings, increased turbidity during piling and dock constructions, and temporary impacts on aquatic ecosystems from dredging activities; and (v) temporary restrictions to dock users during refurbishment. Other potential affectations are associated to communities that depend on marine resources from enforcement of marine protected areas. The upgrading of BAMSI’s buildings will not require the acquisition of additional lands. There are also environmental and social impacts associated with grants, since they will be supporting Micro, Small and Medium Sized Enterprises (MSMEs) and BAMSI in the development of commercialization, branding and digital services; innovation with emphasis in climate change and resilience; and development of sustainable value chains and cluster activities in agriculture and mariculture.</p> <p>The DCCRC has been initially set to “High”, since Bahamas is located directly in the Atlantic Hurricane Belt, which makes it extremely vulnerable to severe weather events and since, based on the available technical information, criticality of the proposed infrastructure is classified initially as Moderate. Other hazards (with and without climate change) in the broader geographical area include sea level rise and heatwave (see Annex A). Exacerbation of these risks and the level of interaction between the activities of the project with these hazards will be confirmed during due diligence.</p>	

In order to meet the requirements established in the Environmental and Social Performance Standards (ESPS) of the Environmental and Social Policy Framework (ESPF), the following actions will be carried out during the preparation of the operation: (i) preparation of the Environmental and Social Management System (ESMS) for the operation, according to ESPS 1; (ii) preparation and dissemination of a Strategic Environmental and Social Assessment Study (SESA) and Environmental and Social Management Plan (ESMP) consistent with the ESPSs prior to the Analysis Mission and including a Stakeholder Participation Plan; (iii) conduct a robust stakeholder engagement process; and (iv) definition of socio-environmental eligibility criteria for the Program's grants to MSMEs.

Operation Description

The general development objective of the first individual operation (BH-L1058) is to improve sustainable growth in the Bahamas. The specific development objectives for this operation will be: (i) to promote growth among Bahamian Micro Small and Medium Enterprises (MSMEs) operating in the blue economy through technological extension, adoption, and innovation; (ii) to facilitate the growth of sustainable tourism-related businesses operating in the influence area of the project's investments in public infrastructure and human capital for tourism; (iii) to increase the development of agriculture and marine research and its absorption in the industry; and (iv) to promote sustainable growth of economic activity related to Marine Protected Areas (MPA) strengthened by the project..

The operation has three components:

Component 1. Promoting business growth in the Blue Economy. This component seeks to promote growth among Bahamian MSMEs operating in the Blue Economy through technological extension and adoption and to facilitate the growth of tourism related business operating in the influence area of the projects' investment in public infrastructure and human capital for tourism.

Subcomponent 1.1. Technological extension, technology adoption and innovation. This subcomponent will finance: (i) Business development grants in areas such as commercialization, branding, provision of digital services; (ii) innovation grants with focus on climate adaptation and mitigation in areas such as water management, waste management, logistics; and (iii) value chains and cluster development grants in areas such as agriculture and mariculture (improving the existing ones that BAMSI managing and expanding the conch and sponge value chains that are operating, scaling up clusters such as coral restoration, among others.

Subcomponent. 1.2. Sectoral Accumulation of public productive factors. It will finance: (i) investment in public specialized green and climate resilient infrastructure capital for tourism, including building of visitor's centres, intelligent signage, birding towers, mooring and buoys and blue hole visitors' infrastructure; and (ii) investment in public specialized human capital for tourism including scholarships for training of tour guides financed.

Component 2. Promoting applicable scientific development of the Blue Economy. This component seeks to increase the development of agriculture and marine research including climate change considerations and its adoption in the industry and will finance the improving of BAMSI's existing physical capital and the refurbishing of the new maritime location, human capital training and applied research.

Component 3. Promoting Sustainability in the Blue Economy. This component will finance the implementation and improvement of the management of existing Marine Protected Areas, including

technological solutions for monitoring and enforcement of parks, equipment, data gathering for biological monitoring and community awareness and management.

The operation will finance:

- i) the construction of two new 3,500 sq ft Visitors Centers in Andros (for which there the locations have not yet been fully defined); other small scale visitor infrastructure associated to blue holes and birding areas; and signage, mooring and buoys (for which the locations have not yet been determined).
- ii) the refurbishment of two facilities of the BAMSI: the marine field station at Stafford Creek and the Bartard Building in North Andros. The upgrades will include the installation of energy efficient AC units and solar panels; the refurbishment of restrooms, resting and recreation areas (pools, courts, trails), gazebos, bus stops and signage; acquisition of lab and classroom equipment and furniture, vehicles and aquatic vessels; and the installation of hurricane resistant materials and windows.
- iii) the refurbishment and upgrading of 4 to 5 (yet to be) selected existing public and government docks (from a pool of 12, see table below and Annex A) in Andros and Abacos, that were damaged during hurricane Dorian, to up to a total of 2.5 million USD. Works will include demolishing, piling replacement, concrete slabbing and structure, steel structure reinforcements, construction (and relocation) of new timber dock structure, minor dredging, and debris disposal.

Structure Name	Island	Additional Comments	ASSET IMPORTAN CE FACTOR: 1 Secondary/ 2 Main /3 Strategic	CONDITION RATING (rating over 60 classified as critical works required)	Main required works	Estimated cost for repair [USD]
Cedar Harbour Government Dock	Abaco North	Works recommended	2	40.2	Concrete slabbing, steel structure reinforcing, dredging, debris and waste disposal.	90,000.00
Conch Sound Dock	Andros North	Dock Replacement Required	3	89.1	Timber piling, concrete slabbing, steel structure reinforcing, debris and waste disposal.	150,000.00
Green Turtle Cay Government Dock #1		Cargo slab area and timber ferry dock both damaged by			Concrete slabbing, steel structure reinforcing, dredging, debris disposal.	
New Plymouth	Abaco Cay's	Hurricane Dorian	3	75.6		2,500,000.00
Lowe Sound Fisherman Dock	Andros North	Dock Replacement Required	3	80.1	Timber piling, concrete slabbing, steel structure reinforcing, debris disposal.	250,000.00
Lowe Sound Public Dock	Andros North	dock replacement/ ramp upgrade	3	80.1	Timber piling, concrete slabbing, debris disposal.	250,000.00
Nicholls Town Government Dock	Andros North	dock replacement/ ramp upgrade	3	89.1	Timber piling, concrete slabbing, steel structure reinforcing, debris disposal.	165,000.00
Red Bays Fisherman's Dock	Andros North	Dock and ramp Replacement Required	3	66.6	Timber piling, concrete slabbing, steel structure reinforcing, debris disposal.	150,000.00
Sandy Point Fisherman Dock	Abaco South	decking in poor condition	3	53.1	Timber piling, debris disposal.	100,000.00
The Crossing Government Dock #2	Abaco Central	Works recommended	3	69.6	Concrete slabbing, new location timber dock structure, steel structure reinforcing, dredging, debris disposal.	300,000.00
Treasure Cay Government Dock	Abaco Central	Works recommended	3	65.7	Concrete slabbing and walls, new timber dock structure, steel structure reinforcing, debris disposal.	560,000.00
Union Jack Government Dock #3					Concrete structure, new location timber dock structure, steel structure reinforcing, debris disposal.	
Union Jack	Abaco Central	Works recommended	3	58.5		210,000.00
White Sound Dock	Abaco Cay's	Damaged following Hurricane Dorian	3	89.1	Concrete structure, new location timber dock structure, steel structure reinforcing, debris disposal.	225,000.00
			12			4,950,000.00

- iv) the support to MSMEs through business development grants; innovation grants and value chains and cluster development grants. The specific locations, sectors or specific typologies of the individual MSMEs to be supported under the Program are not known at this time;
- v) the implementation and improvement of the management of existing Marine Protected Areas (MPAs).

Rationale for Classifications/Rating

<p><i>E&S Impact Classification</i></p>	<p>The Environmental and Social Impact Classification (ESIC) of the operation is Category “B”, as it is expected to generate adverse impacts that are moderate in scope and temporary in duration and that may be readily managed through available mitigation measures. The main impacts are related to upgrading of existing buildings at the Bahamas Agriculture and Marine Science Institute (BAMSI); the refurbishment and upgrading of selected existing public and government docks in Andros and Abacos that were damaged during hurricane Dorian; and the construction of light tourism infrastructure (visitors’ centers, signage and trail maintenance), which will have: (i) potential minor pollution, noise generation, localized gas emissions, spills into nearby streams and sea; (ii) generate household and hazardous waste; (iii) temporary impacts related to vehicle and pedestrian access during construction; (iv) potential affectations to aquatic ecosystems from temporary disruption and alteration of dock-induced habitat from wood piling, pollution from wooden material treatments and coatings, increased turbidity during piling and dock constructions, and temporary impacts on aquatic ecosystems from dredging activities; (v) temporary restrictions to dock users during refurbishment; and (vi) potential affectations to communities that depend on marine resources from enforcement of marine protected areas. The upgrading of BAMSI’s buildings will not require the acquisition of additional lands. There are also environmental and social impacts associated with grants, since they will be supporting MSMEs and BAMSI in the development of commercialization, branding and digital services; innovation with emphasis in climate change and resilience; and development of sustainable value chains and cluster activities in agriculture and mariculture.</p>
<p><i>E&S Risk Rating</i></p>	<p>The Environmental and Social Risk Rating (ESRR) has been assessed as “Substantial”, largely related to risks associated with typical construction’s short term, localized impacts that can be mitigated with standard and known measures; vulnerability to natural hazards and the executing agency’s (EA) capacity to manage environmental and social (E&S) aspects.</p>
<p><i>DCC Risk Classification</i></p>	<p>The DCCRC has been initially set to “High”, since Bahamas is located directly in the Atlantic Hurricane Belt, which makes it extremely vulnerable to severe weather events and since, based on the available technical information, criticality of the proposed infrastructure is classified initially as Moderate. Other hazards (with and without climate change) in the broader geographical area include sea level rise and heatwave (see Annex A). Exacerbation of these risks and the level of interaction between the activities of the project with these hazards will be confirmed during due diligence.</p>

Use of Borrower E&S Framework	<i>No</i>
The operation does not consider the use of the Borrower's E&S Framework.	
Is a framework approach applied?	<i>No</i>
The operation does not consider a Framework Approach.	
Will the operation be co-financed or is there a possibility of being co-financed?	<i>No</i>
This Operation is not expected to involve co-financing.	
Environmental and Social Performance Standards (ESPSs) that apply to the proposed project	
ESPS-1. Assessment and Management of E&S Risks and Impacts	<i>Yes</i>
<p>The Executing Agency (EA) for the Program is the Ministry of Economic Affairs. The EA has experience executing other (digitalization) Programs with the Bank; however, it has limited organizational capacity and competency for managing environmental and social issues. The EA will coordinate with other stakeholders like the BAMS and the Destination Stewardship Council (part of the Ministry of Tourism Investments & Aviation), which also have weak institutional capacities, although they promote environmental safeguarding, sustainable tourism and stewardship in the Bahamas. The Platform for the Analysis of Institutional Capacity (PACI) will be applied, and its results will inform the risk analysis and actions for improvement, as well as the execution arrangements and the necessary actions to strengthen the E&S management capabilities of the EA if needed.</p> <p>The EA does not have an E&S management system in place. The Bank will support the preparation of an ESMS for the Program, according to the requisites of the Environmental and Social Performance Standard (ESPS) 1 and taking into consideration the required 7 pillars (see below).</p> <ul style="list-style-type: none"> (i) The Project will be framed within the applicable national and subnational legislation, the international agreements signed by Bahamas and the ESPSs of the Bank's ESPF. (ii) The procedures for the identification and evaluation of risks and impacts will be defined by the following products: the Strategic Environmental and Social Assessment (SESA) and the Environmental and Social management Plan (ESMP). The ESMP will also include defined eligibility criteria for the development grants. (iii) The procedures for management measures will be included in SESA/ESMP and will include the requirements for its execution. (iv) Regarding the capacity of the EA, the operation will be executed by the Ministry of Economic Affairs. The PACI will be applied to determine the actions necessary for it to be strengthened in terms of its E&S management capacities. (v) Regarding response measures to emergency situations, adequate procedures will be defined within an Emergency Response Plan included in the ESMP, as well as Natural Disasters Management Plan. (vi) A Stakeholder Engagement Plan will be prepared that includes the identification of interested parties and the necessary arrangements to ensure continuous communication during the life of the Project. The engagement Plan will also include a grievance redress mechanism that will allow the reception of concerns, doubts and claims from the potentially affected parties and the workers. This Plan will be publicly disclosed prior to the Bank's Analysis Mission. (vii) The monitoring, follow-up, and evaluation of the socio-environmental performance of the Program will be considered in the ESMP. <p>A Strategic Environmental and Social Assessment (SESA) and an Environmental and Social Management Plan (ESMP) will also be developed in accordance with the 10 ESPSs.</p>	

ESPS-2. Labor and Working Conditions	Yes
<p>It is expected that most of the labor for the construction phase of the infrastructure to be financed by the Program will be short-term. Although there is a low risk of forced or child labor in the context of the project, there is a substantial risk of poor working conditions and/or terms of employment, and/or a lack of implementation of existing occupational health and safety regulations and standards. There is also a moderate risk of labor discrimination according to sex, gender, race, age, or other factors. As part of the SESA, an analysis of risks and potential impacts related to labor issues will be carried out, including the risk of child labor in the operation.</p> <p>Labor Management Procedures (LMP) will be included in the SESA/ESMP to mitigate these risks and included in the ESMS. Likewise, other potential risks related to working conditions and terms of employment will be evaluated in terms of non-discrimination and equal opportunities based on inherent requirements for the execution of the works, the existence of grievance mechanisms available to workers and the provision of safe and healthy work environments, given the characteristics of the project.</p> <p>Supply chain risks will be analyzed in detail in the SESA/ESMP, in relationship to the provision of solar panels. If any risks are identified, the ESMP will also include a forced labor risk assessment to identify measures to continuously assess, prevent, mitigate, and monitor all risks and impacts related to the management of the workforce and the working conditions of workers hired directly by the contractor or through third parties, such as subcontractors and suppliers of polysilicon solar panels. The measures will be fully aligned with: (i) the IDB Group Measures to Address the Risk of Forced Labor in the Supply Chain of Solar Panels with Silicon Components; (ii) the applicable requirements of the ESPF of the Bank; and (iii) the Bank's procurement and contracting policies.</p>	
ESPS-3. Resource Efficiency and Pollution Prevention	Yes
<p>Construction works are expected to generate typical impacts associated with edification activities. Potential moderate risks related to the use of hazardous materials such as pesticides, fuel, solvents and others have also been identified associated with the construction of the visitors' centers, the refurbishment of the BAMSI's facilities and of the docks to be selected in Abaco and Andros. There are also potential impacts related to the use of heavy machinery, vehicle transit and hand tools, and to the activities of construction personnel in general during the preparation of work areas. These risks and impacts are mainly related with contamination of soils, surface or underground water, sedimentation of water courses, generation of waste and effluents, and impacts on air quality due to the generation of dust and suspended material and noise pollution due to use of heavy machinery.</p> <p>Regarding resource efficiency, the operation will propose the incorporation of sustainable criteria and energy efficiency and the application of measures such as the use of recovered or recycled material.</p> <p>Gross estimates of GHG emissions expected from the project will be calculated prior to the Analysis Mission, estimated around September 2023, for the known interventions.</p> <p>The SESA and ESMP will confirm the above risks, impacts, and mitigation measures.</p>	
ESPS-4. Community Health, Safety, and Security	Yes
<p>There are moderate health and safety risks for the surrounding communities within which works are to be carried out. Moderate risks associated with the presence of workers from outside the communities are also present, like risks of sexually transmitted diseases, increased traffic, unattended machinery and material storage and earth moving. Activities from restoration and upgrading of docks could also pose</p>	

moderate risks for fishermen, tourists and general public. These risks will be evaluated, and mitigation measures will be proposed as part of the SESA/ESMP.

The DCCRC has been initially set to “High”, since Bahamas is located directly in the Atlantic Hurricane Belt, which makes it extremely vulnerable to severe weather events and since, based on the available technical information, criticality of the proposed infrastructure is classified initially as Moderate. Other hazards (with and without climate change) in the broader geographical area include sea level rise and heatwave (see Annex A). Exacerbation of these risks and the level of interaction between the activities of the project with these hazards will be confirmed during due diligence. The SESA/ESMP will address disaster risk and climate change assessment in accordance with the [Bank's Disaster and Climate Change Risk Assessment Methodology](#). If necessary, provisions will be put in place in the contract, the operating manual and/or the Environmental and Social Action Plan (ESAP) to include measures to complete any required studies before the start of works, to allow for the consideration of measures to counteract extreme weather events that could affect the physical security of the infrastructure, as well as disasters risk management programs.

No significant risks associated with the use of security forces is anticipated but the aspect will be evaluated during the elaboration of the SESA/ESMP.

ESPS-5. Land Acquisition and Involuntary Resettlement	<i>No</i>
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Preliminary data indicates that the areas where the north and south Andros visitor centers could be constructed (although there is no definition of the exact locations at the moment of the elaboration of this document) are government-owned, and as a result no land acquisition would be required. Refurbishment of the BAMSIs facilities will be performed in plots of land of its own property where no additional land will be required. The restoration and upgrading of public and government owned docks will be carried on already existing docking areas that were damaged during hurricane Dorian. Similarly, no economic displacement is expected from the interventions, although temporary restrictions for the use of docks under restoration may affect fishermen, ferries or other boat users and there can also be potential affectations to communities that depend on marine resources for subsistence, from enforcement of marine protected areas.

Any potential risks related to land acquisition, involuntary resettlement and economic impacts will be confirmed during due diligence.

The SESA/ESMP will include defined eligibility criteria related to economic or physical displacement for the selection of the development grants.

ESPS-6. Biodiversity Conservation and Sustainable Management of Living Natural Resources	<i>Yes</i>
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According to the preliminary data, the Program will finance specific activities within or near Key Biodiversity Areas (KBAs) and land and marine protected areas (See Annex A). Preliminary location area identified for the north visitor center in Staniard Creek may fall within the Stafford Creek to Andros Town KBA and would be located close to the Blue Holes National Park and the Andros Northern Marine Park. The South visitor center could be located close to the West national Park and the South Andros Island KBA. BAMSIs Bartard facilities are located close to the Owenstown KBA; and their maritime field station is close to Andros Northern Marine Park. Other (not yet defined) minor tourism infrastructure to be financed could also pose some moderate risks to biodiversity in marine and terrestrial protected areas

from overtourism (e.g. in blue hole areas). Moreover, although the restoration and upgrading of docks in Andros and Abacos will be executed in already existing sites and infrastructure, it may pose potential moderate risks to aquatic ecosystems. Potential affectations may include temporary disruption and alteration of dock-induced habitat from wood piling, pollution from wooden material treatments and coatings (e.g. creosote), increased turbidity during piling and dock constructions, and temporary impacts on aquatic ecosystems from dredging activities. From the preliminary information, none of the potential docks to be funded for restoration lie within a Marine Protected Area (See Annex A). The SESA/ESMP will evaluate those impacts, implement the mitigation hierarchy and, if necessary, put in place specific mitigation measures.

Additional risks may be associated with the grants to be awarded to MSMEs, since it is possible that some innovation grants and agricultural and maricultural development grants can cause disruption to marine life, access restrictions to fishermen, affectation of marine traffic and others. The Program will include eligibility criteria to exclude activities that can be identified as Category A according to the Bank's ESPF, and those that are included in the Exclusion List of Annex I. MSMEs and projects should only be considered for grants if they comply with a set of requirements like no adverse impacts, degradation or conversion of natural or critical habitats, or no violation of international and regional treaties on the protection and sustainable management of natural resources. The SESA/ESMP will also establish the mandatory compliance with the national socioenvironmental regulatory framework, especially that of the Bahamas Marine Protected Areas, fisheries regulations and fisheries management/conservation measures.

The Project is not expected to result in the introduction, spread, or promotion of any invasive exotic species and the SESA/ESMP will include measures to control and avoid the introduction of exotic species.

ESPS-7. Indigenous Peoples	<i>No</i>
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According to the preliminary data, the initial screening performed using ESG's GIS screening app shows that the project does not fall within any existing indigenous or afro descendant territory. The SESA/ESMP will verify the risk of direct or indirect negative impacts and propose any mitigation measures that may be required in compliance with the requirements of ESPS7.

ESPS-8. Cultural Heritage	<i>No</i>
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The initial screening did not identify any tangible or intangible cultural heritage in the Project area. This information will be confirmed in the SESA/ESMP.

ESPS-9. Gender Equality	<i>Yes</i>
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There are still differences in participation in the labor force in the Bahamas, with a labor force participation rate among females of 66.1%, and 79.1% among males (World Bank, 2022). Vulnerable employment among women is 6.9% and among men is 17% in The Bahamas (World Bank, 2021). The rate of vulnerable employment is lower for men and women in The Bahamas compared to the average rate in Latin America & Caribbean.

The Stakeholder Engagement Plan will include provisions to map and analyze the gender context and engagement methods to capture both men's and women's views, if necessary, through separate forums or engagements, and to reflect their different concerns and priorities about impacts, mitigation mechanisms, and benefits, where appropriate.

The SESA/ESMP will include a Code of Conduct for the works that include inputs to prevent or correct potential adverse impacts with a gender perspective for the population that could be employed in the works, preventing and sanctioning workplace harassment and gender violence and inputs to avoid gender discrimination for job applications.

ESPS-10. Stakeholder Engagement and Information Disclosure	Yes
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An analysis of key and vulnerable stakeholders and a Stakeholder Participation Plan will be prepared and disclosed prior to the Analysis Mission estimated around September 2023, including a strategy for meaningful consultation. A consultation process will be carried out for the Program, and the methodology of said process will be prepared as part of the engagement plan so that EA can carry out the consultation processes before the operation is presented to OPC (around October 2023). In addition, a Grievance Redress Mechanism will be prepared to be implemented by the EA.

IDB Environmental and Social Due Diligence

Strategy for Due Diligence

<i>E&S Assessment requirement</i>	<i>Status of development</i>	<i>Estimated resources to finalize (specify Bank or Borrower cost)</i>	<i>Estimated timeline to finalize (inc. consultation)</i>
Environmental and Social Management System (ESMS)	Starting the contractual arrangements with an environmental consultant and defining the project details.	Hiring of consultant(s) with existing resources from the IFD/CTI Division	Execution: 2 months
Consultation and Stakeholder Engagement Plan	Starting the contractual arrangements with an environmental consultant (with local support from a social consultant) and defining the project details.	Hiring of consultant(s) with existing resources from the IFD/CTI Division	Execution: 2 months
Strategic Environmental and Social Assessment Study (SESA) and Environmental and Social Management Plan (ESMP)	Starting the contractual arrangements with an environmental consultant (with local support from a social consultant) and defining the project details.	Hiring of consultant(s) with existing resources from the IFD/CTI Division	Execution: 2 months

Annexes

Annex A.	E&S Maps
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Annex A. E&S Maps



Figure 1. Map of the Bahamas Exclusive Economic Zone (EEZ).

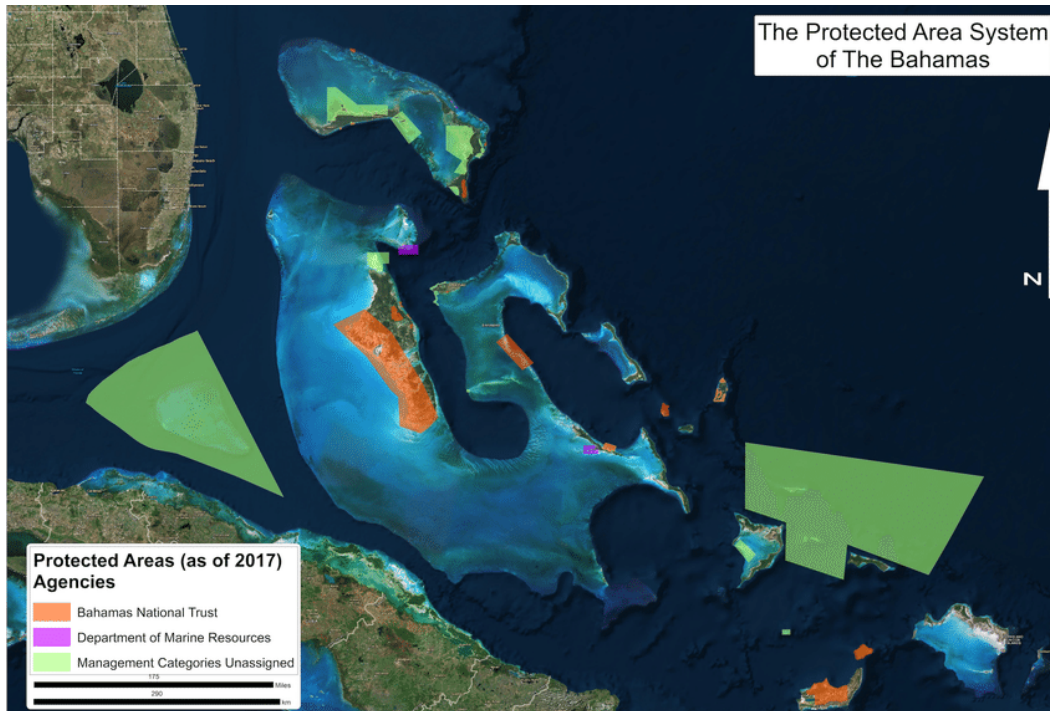
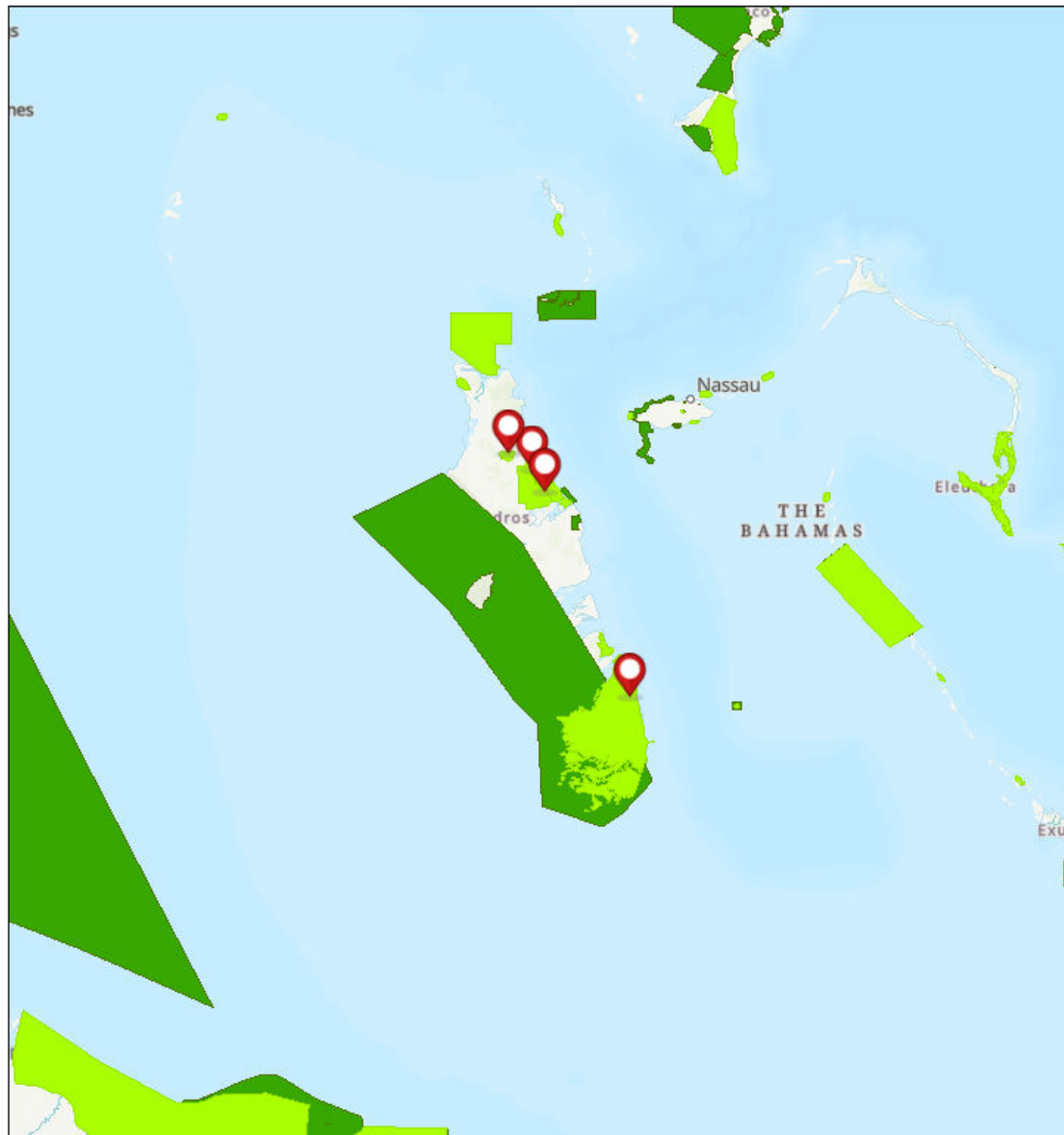
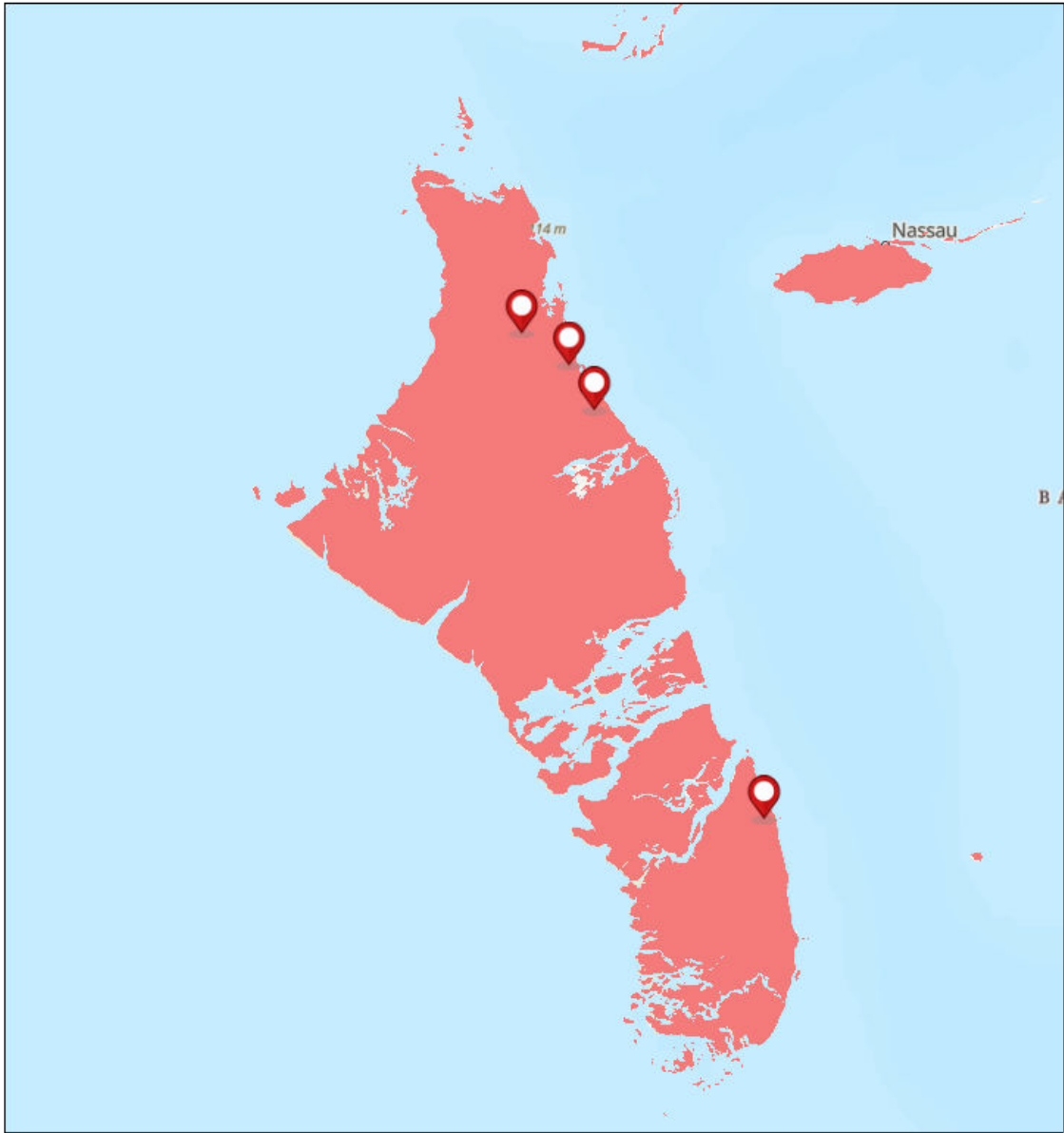


Figure 2. Map of the Bahamas National Protected Area System. Source: *Greater Effectiveness Through Co-Management of Marine Protected Areas: An Introductory Discussion for The Bahamas*, Brumbaugh, Daniel, 2017.



Esri, HERE, Garmin, FAO, NOAA, USGS, EPA, NPS, Esri, USGS

Figure 3. Map of Key Biodiversity Areas (KBA) and Protected Areas in the Project Area (placemarkers show the location of BAMSI's sites and potential available zones for the construction of Visitor's Centres).

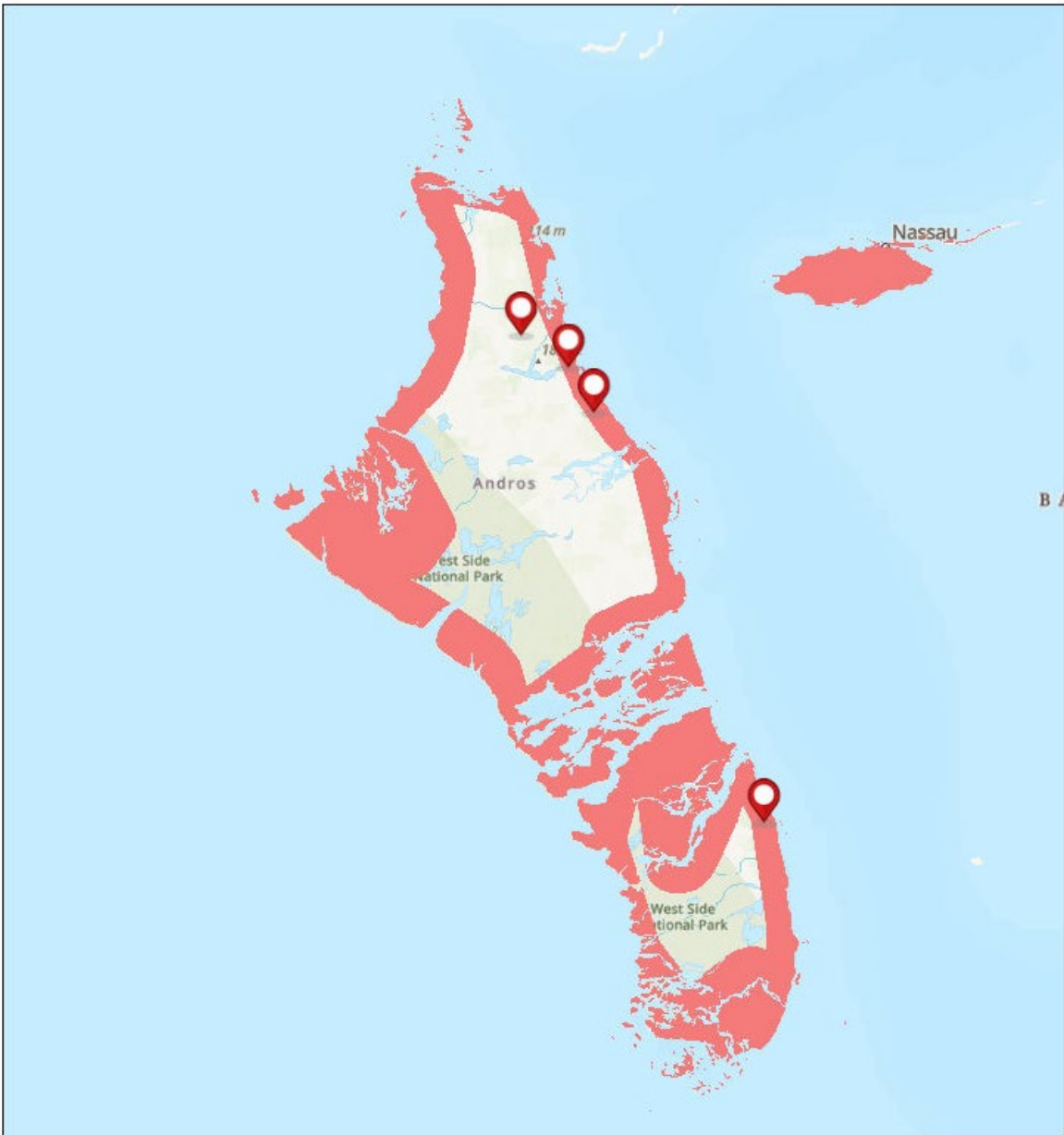


Hurricane _ Wind hazard
High

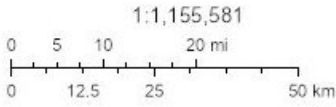
1:1,155,581
0 5 10 20 mi
0 12.5 25 50 km

Esri, HERE, Garmin, Foursquare, FAO, MET/NASA, USGS, EPA, NPS, Esri, CGIAR, USGS

Figure 4. Map of Hurricane hazards in the Project Area.

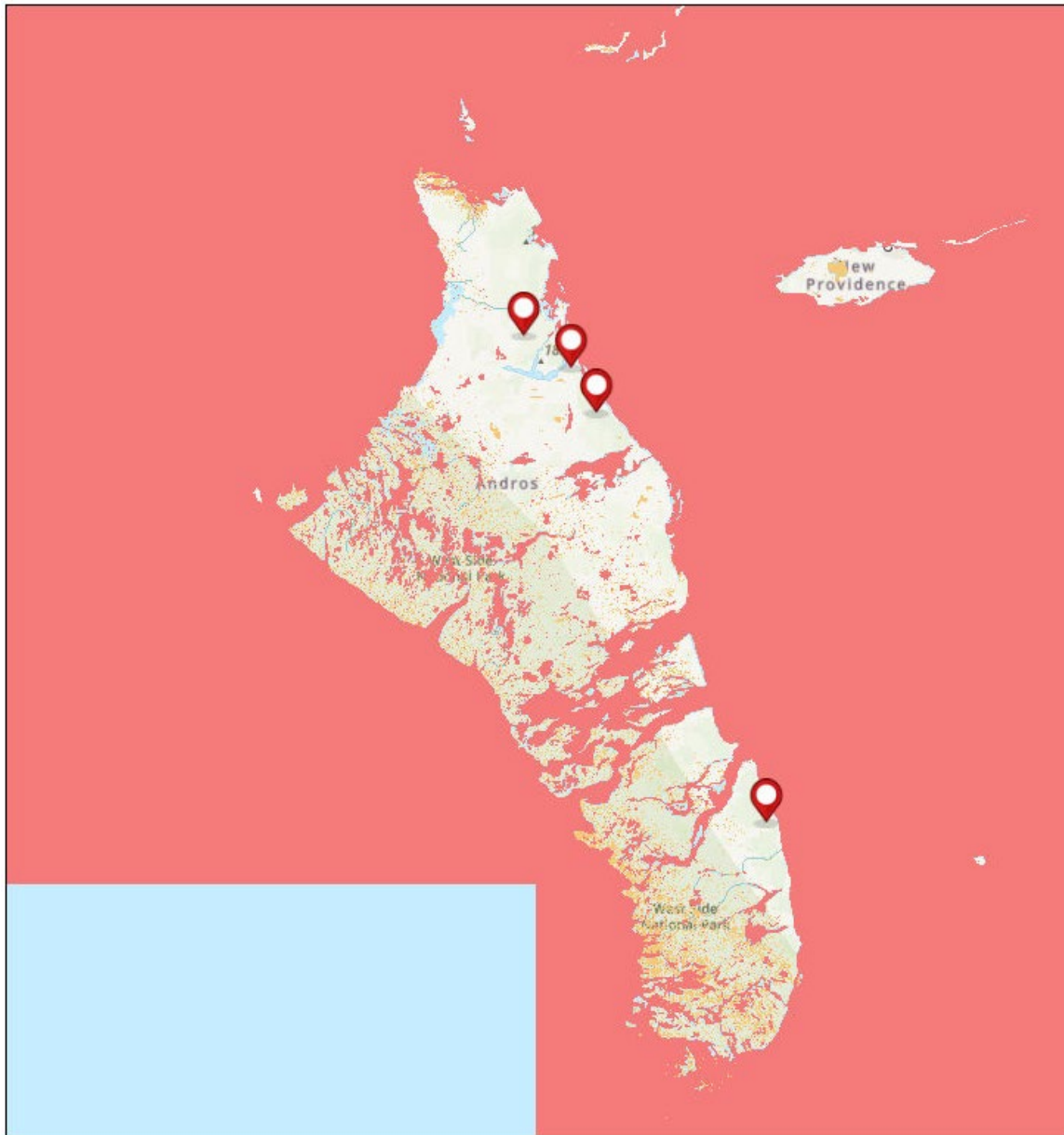


Hurricane _ Storm surge hazard
■ High



Esri, HERE, Garmin, Foursquare, FAO, MET/NASA, USGS, EPA, NPS, Esri, CGIAR, USGS

Figure 5. Map of hurricane storm surge hazards in the Project area.

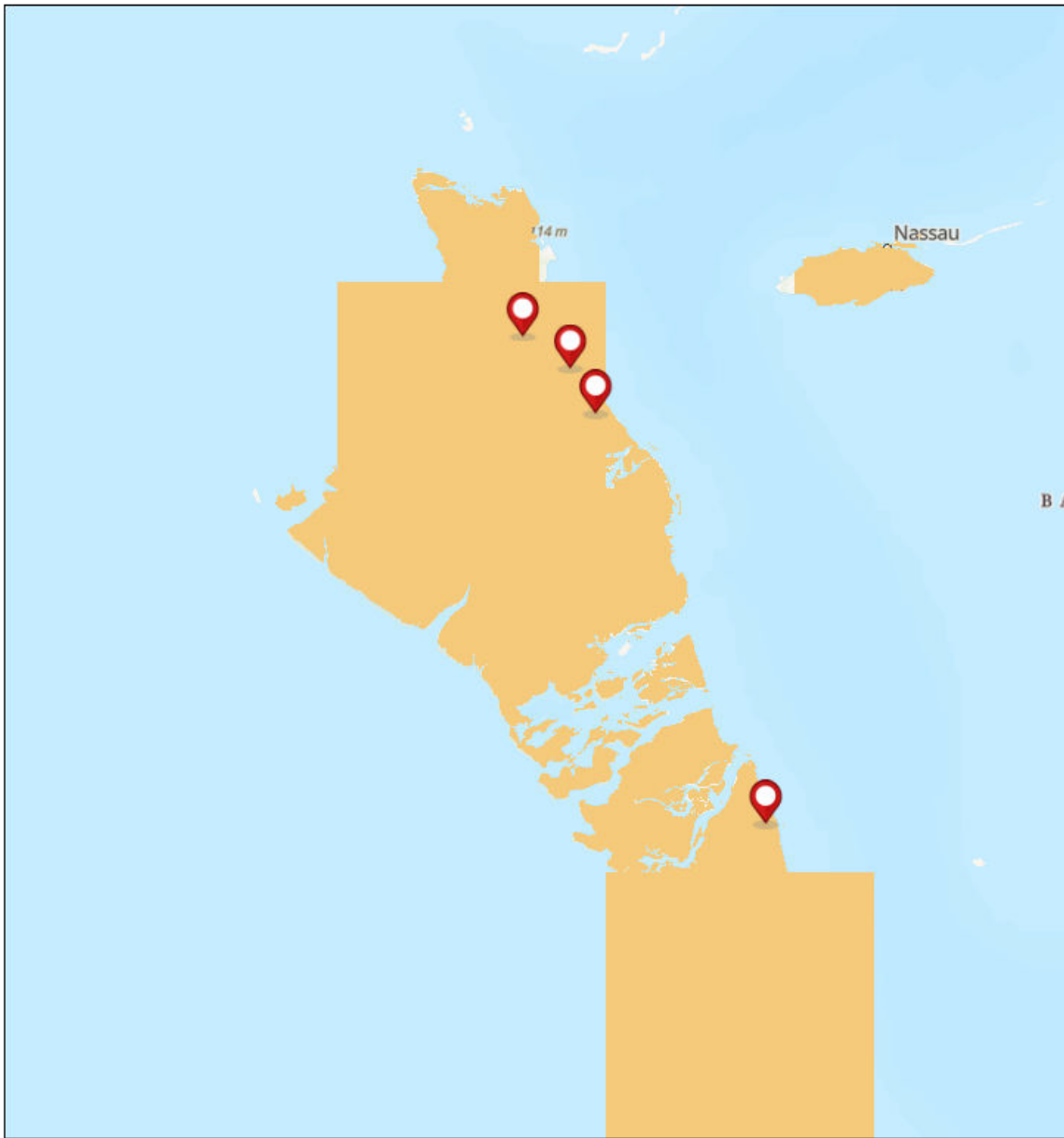


Sea Level Rise
Moderate
High

1:1,155,581
0 5 10 20 mi
0 12.5 25 50 km

Esri, HERE, Garmin, Foursquare, FAO, METI/NASA, USGS, EPA, NPS, Esri, CGIAR, USGS

Figure 6. Map of sea level rise hazards in the Project area.



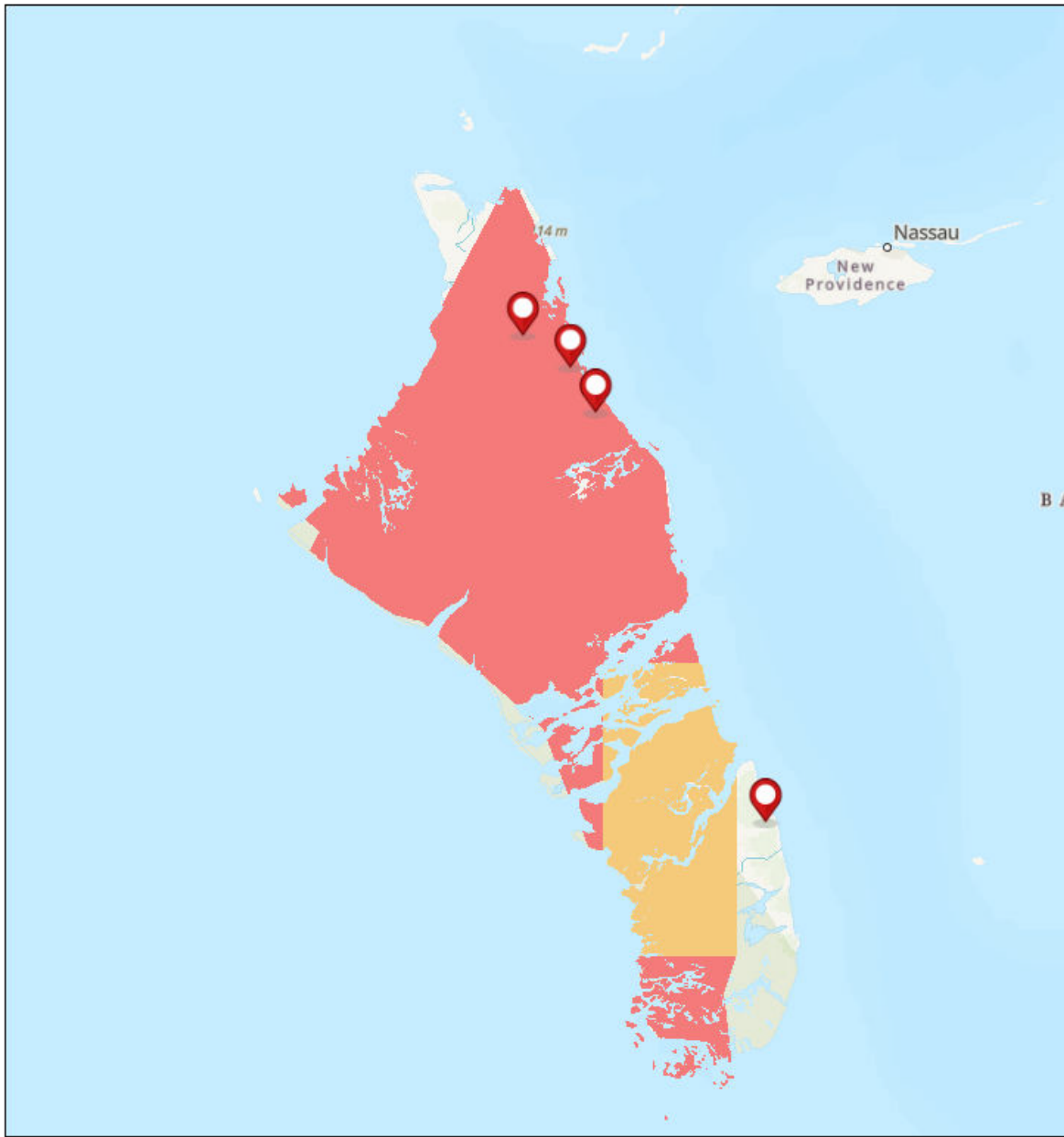
Drought hazard
 Moderate

Drought hazard with Climate Change
 Moderate

1:1,155,581
 0 5 10 20 mi
 0 12.5 25 50 km

Esri, HERE, Garmin, Foursquare, FAO, METINASA, USGS, EPA, NPS, Esri, CGIAR, USGS

Figure 7. Map of drought hazards (with and without climate change) for the Project Area.



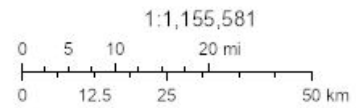
Heatwave hazard with Climate Change _ RCP 45

Moderate

High

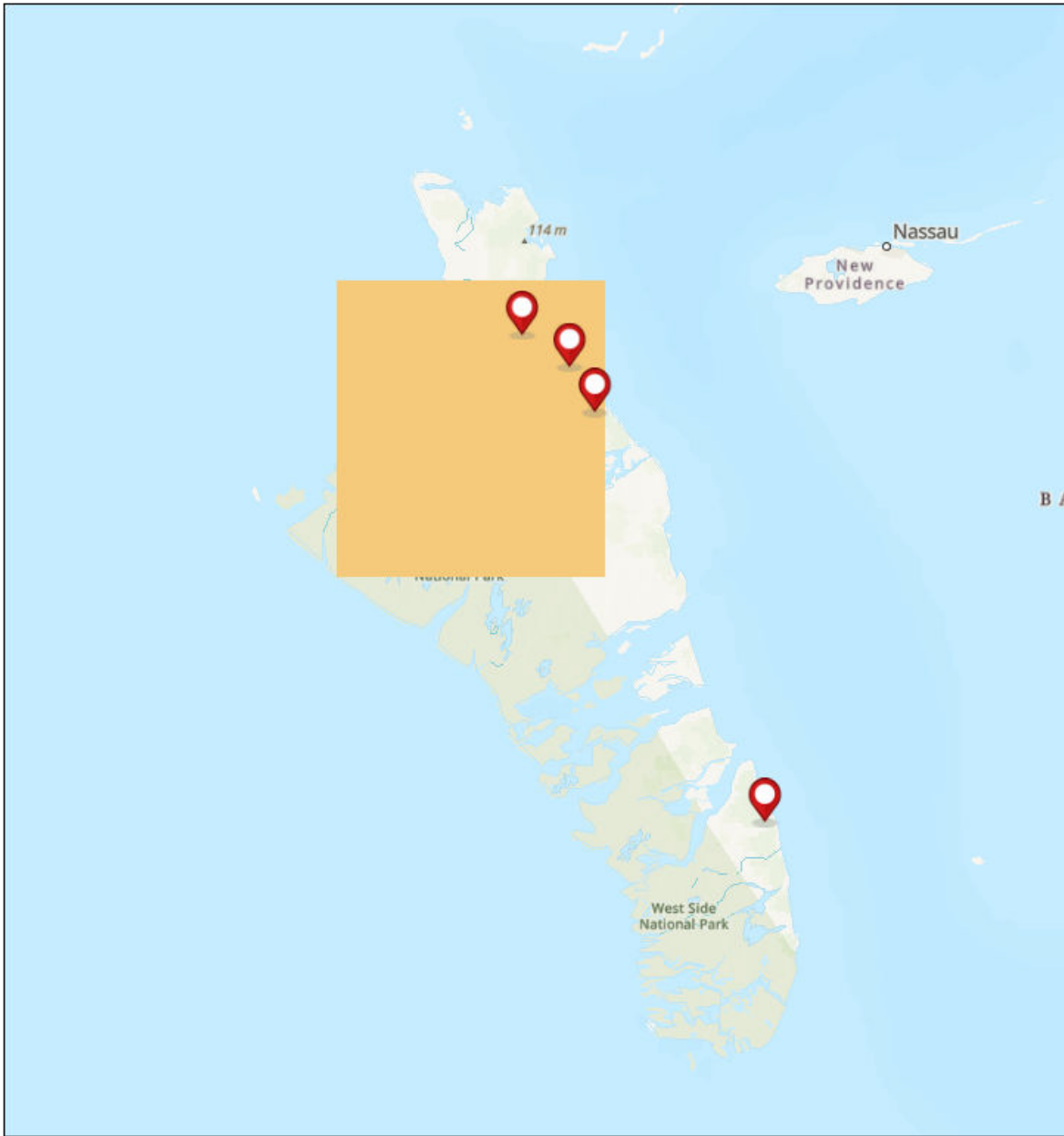
Heatwave hazard with Climate change _ RCP85

High



Esri, HERE, Garmin, Foursquare, FAO, MET/NASA, USGS, EPA, NPS, Esri, CGIAR, USGS.

Figure 8. Map of heatwave hazards (with and without climate change) in the Project Area.



Water Supply Scarcity hazard
Moderate

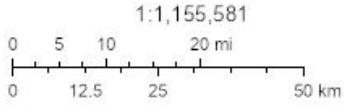


Figure 9. Map of water scarcity hazards in the Project Area.

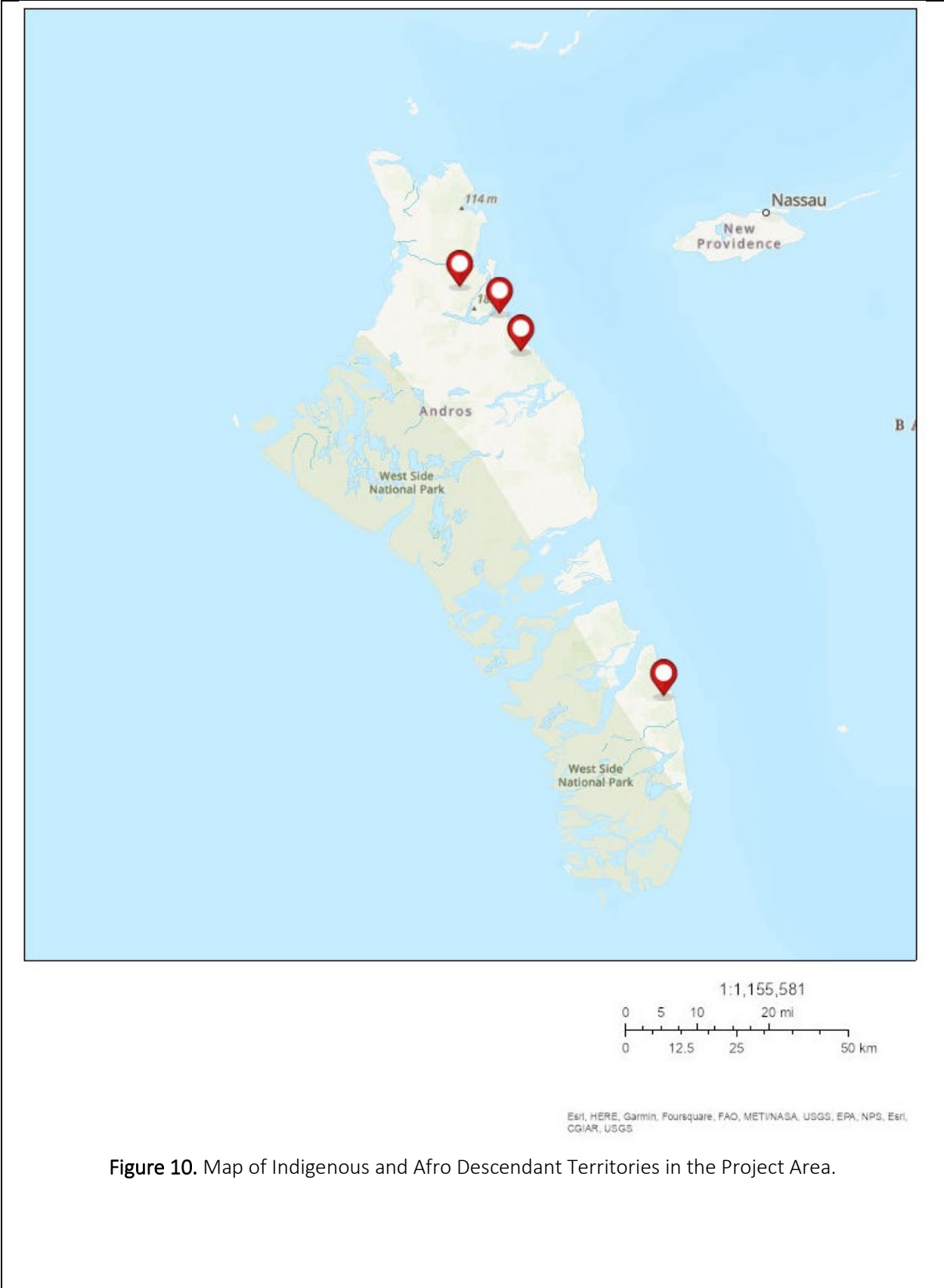
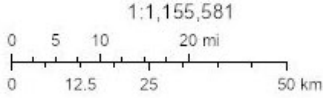
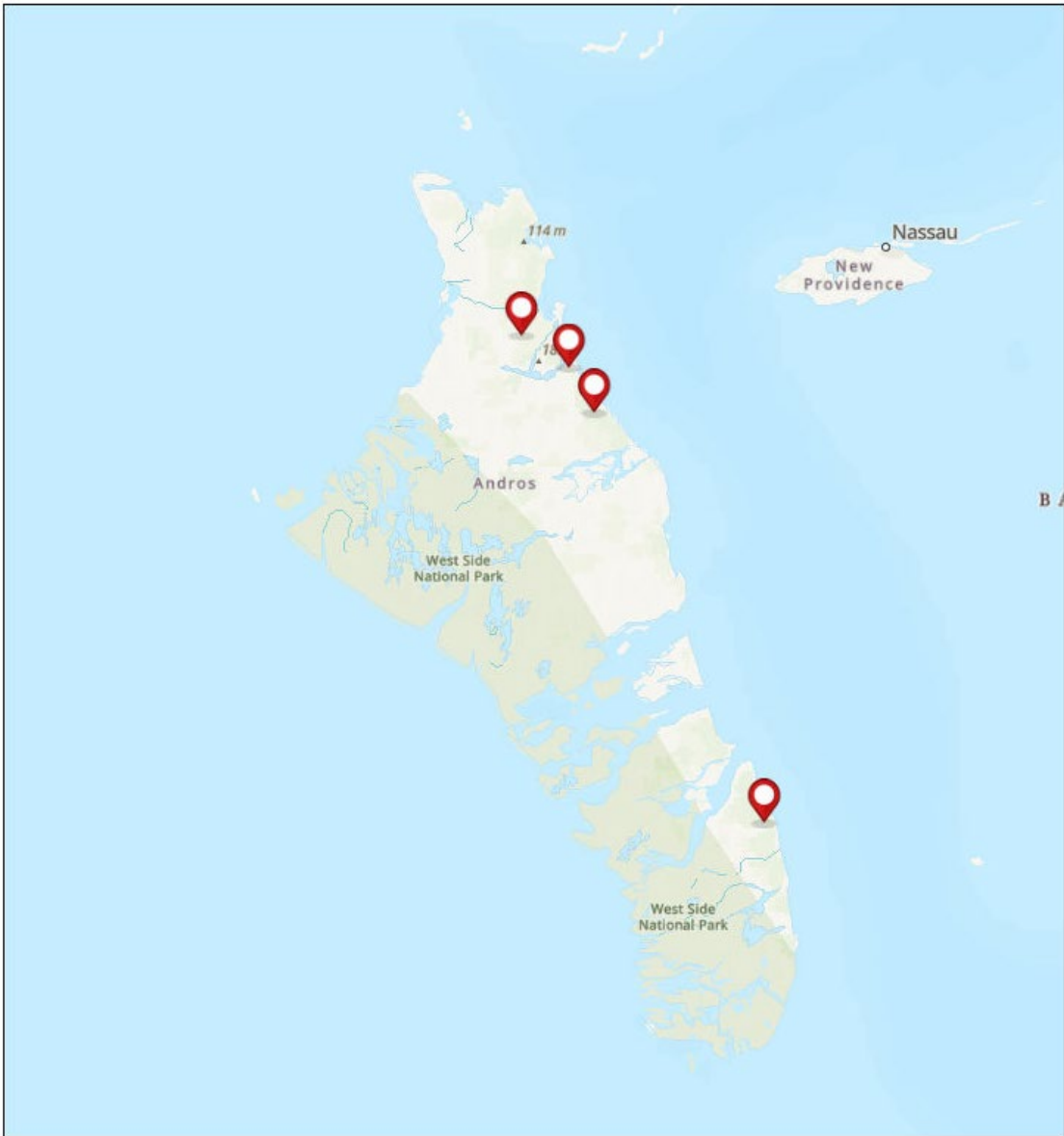


Figure 10. Map of Indigenous and Afro Descendant Territories in the Project Area.



Esri, HERE, Garmin, Foursquare, FAO, MET/NASA, USGS, EPA, NPS, Esri, CGIAR, USGS

Figure 11. Map of Cultural Heritage present in the Project Area.

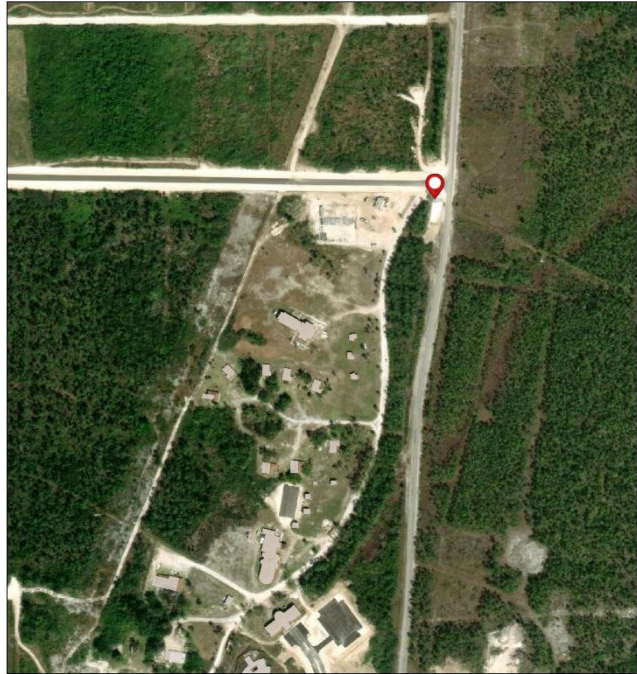


Figure 12. Building footprint in the Area of BAMSI's Bartard Campus (Queen's Highway).



Figure 13. Building Footprint in the Area of the BAMSI's marine Field Station (Stafford Creek).



Building footprint CA OSM
house
Other

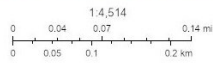


Figure 14. Building Footprint in the Area of Staniard Creek (North visitor Center).



Building footprint CA OSM
construction
Other

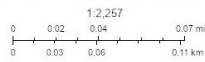


Figure 15. Building Footprint in the Area of Duncombe Coppice (South visitor Center).



Figure 16. Government docks at Cedar Harbour, Abaco, Bahamas. Source: Ministry of Works & Utilities.



P1 VIEW LOOKING AT PILES NORTH EAST



P2 LOOKING SOUTH EAST AT ABUTMENT SIDE



P3 VIEW LOOKING AT ABUTMENT NORTH WEST



P4 VIEW LOOKING SOUTH EAST

Figure 17. Conch Sound dock, North Andros, Bahamas. Source: Ministry of Works & Utilities.

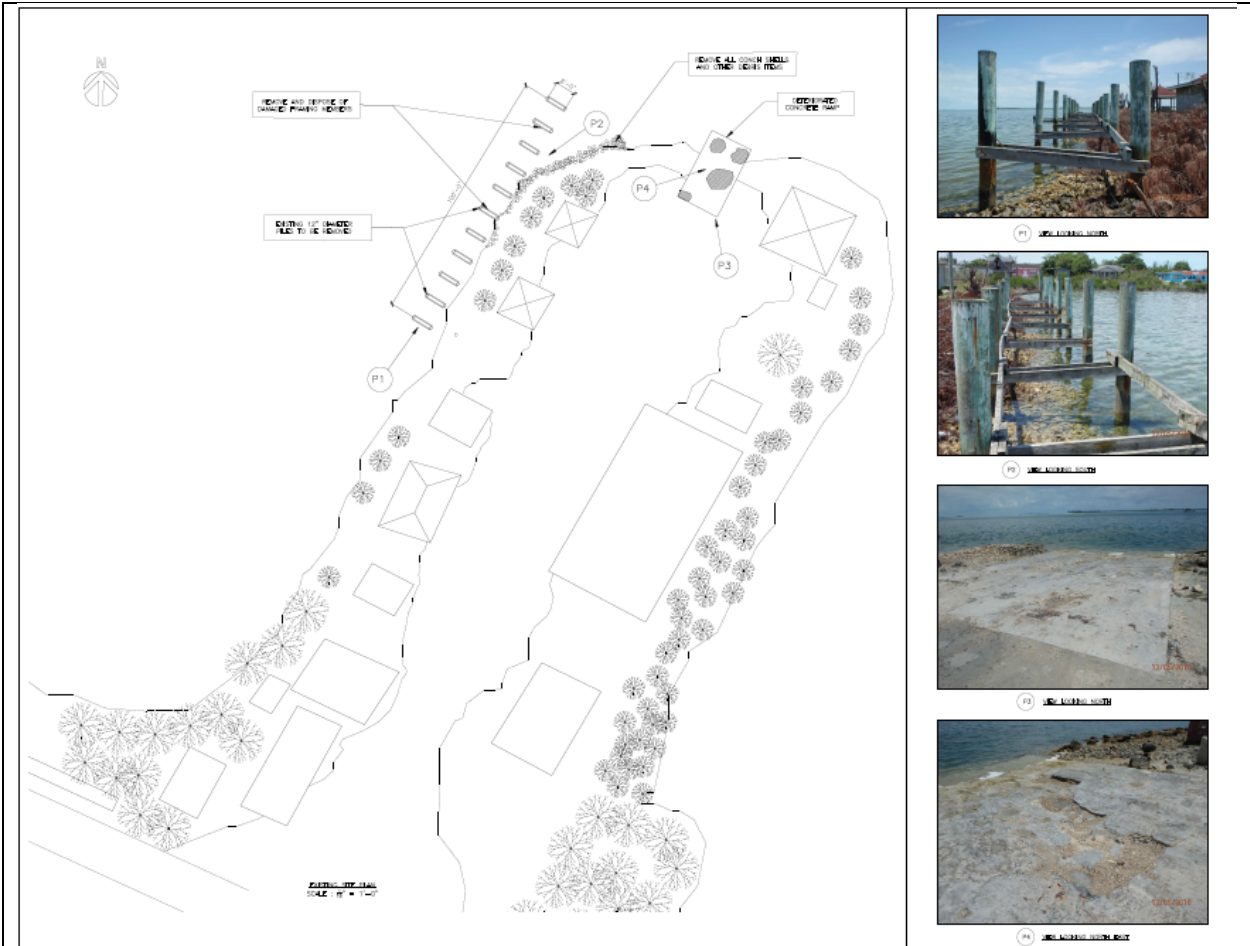


Figure 20. Low Sound dock, Andros, Bahamas. Source: Ministry of Works & Utilities.



Figure 21. Nicholls Town dock, North Andros, Bahamas. Source: Ministry of Works & Utilities.



P1 BIRD'S EYE VIEW OF DECK



P5 BIRD'S EYE VIEW OF ABUTMENT



P2 VIEW LOOKING AT ABUTMENT SOUTH WEST



P6 BIRD'S EYE VIEW RUMP

Figure 22. Red Bay's Fisherman dock, North Andros, Bahamas. Source: Ministry of Works & Utilities.



Figure 23. Sandy Point Fisherman dock, Abaco, Bahamas. Source: Ministry of Works & Utilities.

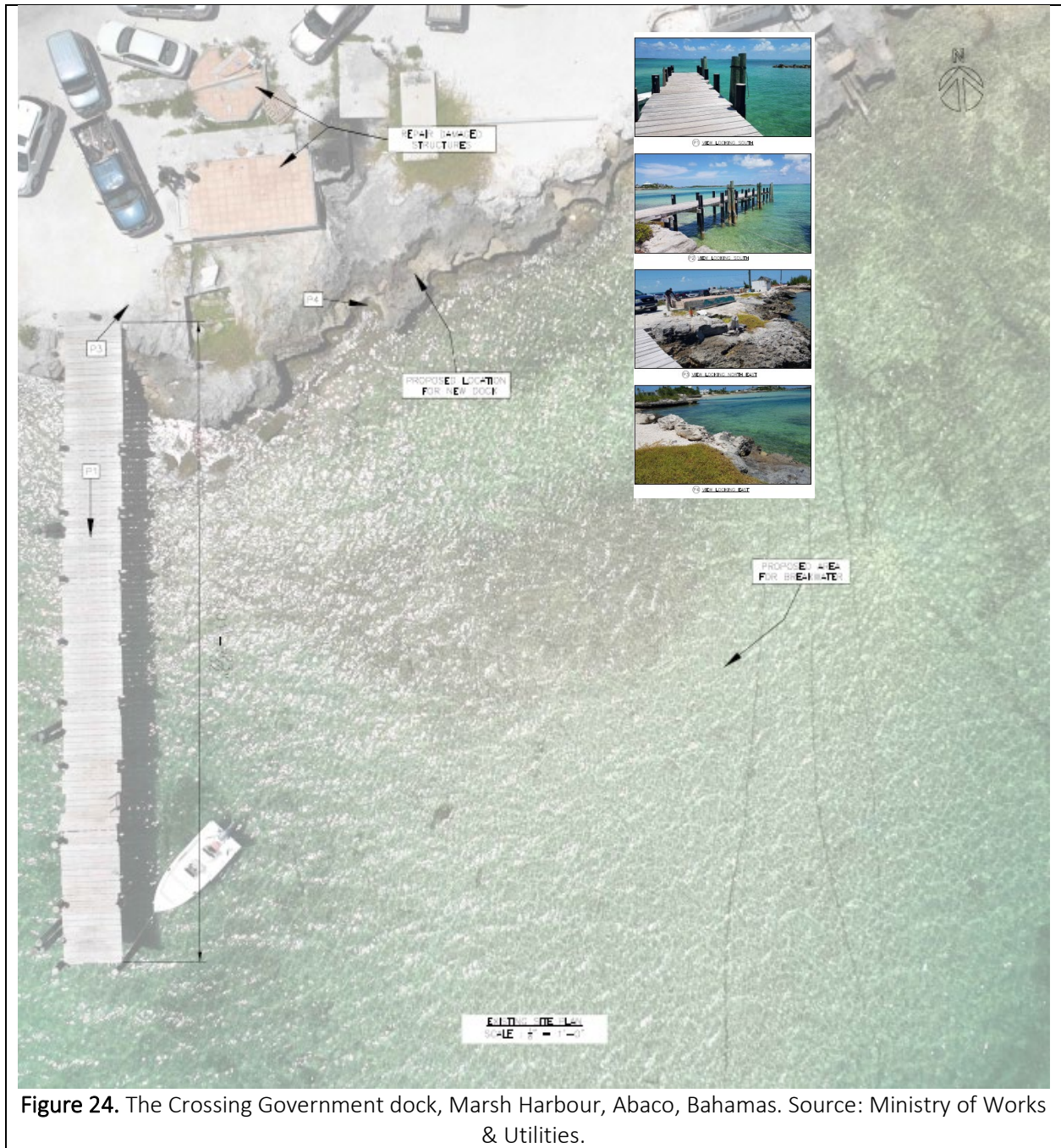


Figure 24. The Crossing Government dock, Marsh Harbour, Abaco, Bahamas. Source: Ministry of Works & Utilities.



Figure 25. Treasure Cay Government Ferry dock, Marsh Harbour, Abaco, Bahamas. Source: Ministry of Works & Utilities.



Figure 26. Union Jack Government dock, Marsh Harbour, Abaco, Bahamas. Source: Ministry of Works & Utilities.



Figure 27. White Sound dock, Marsh Harbour, Hope Town, Abaco, Bahamas. Source: Ministry of Works & Utilities.



South Berry Islands Marine Reserve

Figure 28. Docks in northern Andros to be considered for restoration and closeness to Marine Protected Areas.

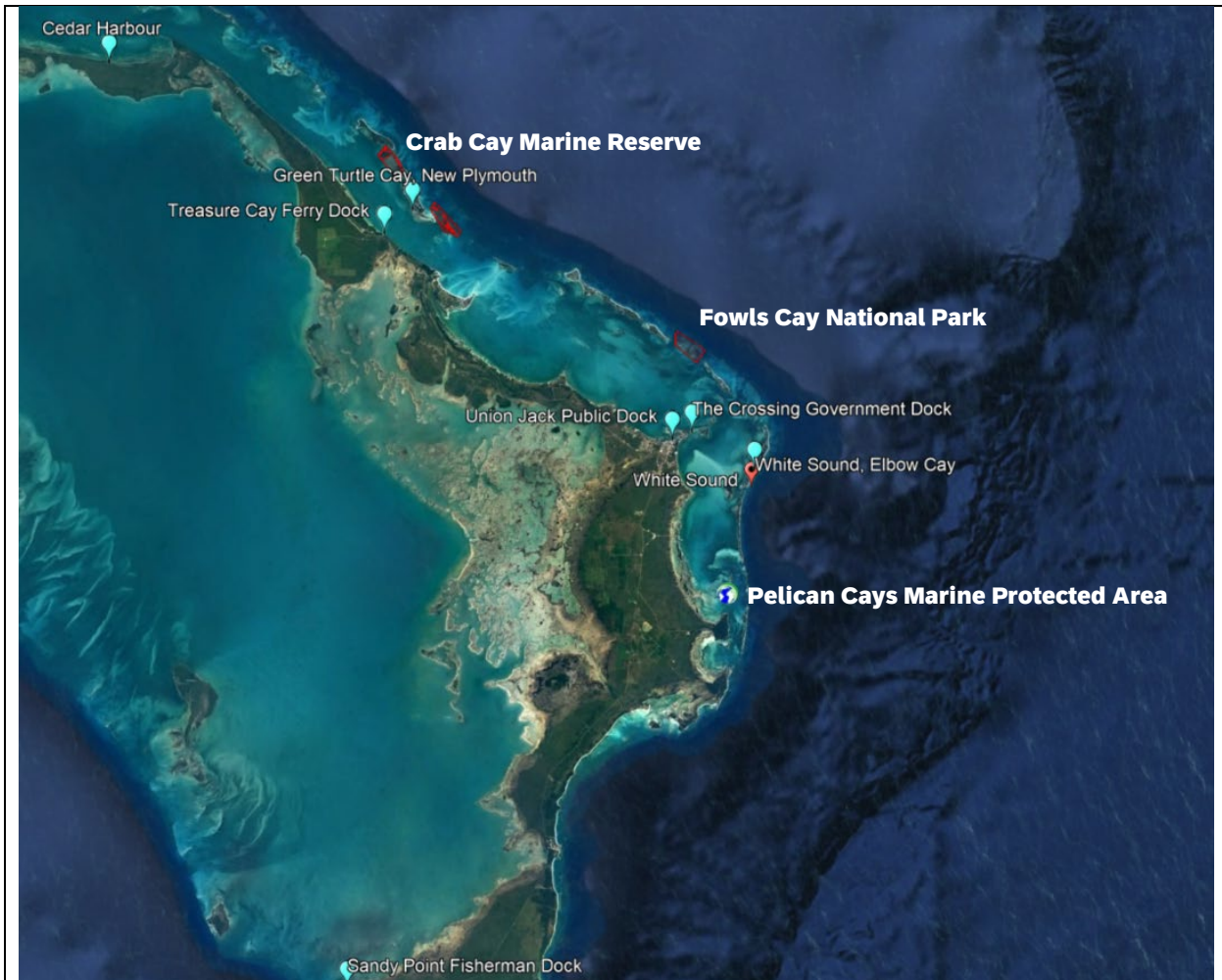


Figure 29. Docks in Abaco to be considered for restoration and closeness to Marine Protected Areas.

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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.

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