

BAHAMAS

DESIGN AND IMPLEMENTATION OF A NATIONAL TRADE STRATEGY FOR THE BAHAMAS: BUILDING ECONOMIC RESILIENCE AND REDUCING THE COST OF LIVING

(BH-T1138)

PROJECT DOCUMENT

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BH-T1138		
PROJECT SUMMARY		
Operation Type:	Technical Cooperation	
Sector:	TRADE	
Subsector:	TRADE AND INVESTMENT AGREEMENTS AND REGULATIONS	
TC Taxonomy:	Client Support	
Project Number under the Operational Support Taxonomy:	N/A	
Technical Responsible Unit:	PTI/TIN-Trade and Investment Division	
Unit with Disbursement Responsibility (UDR):	PTI/TIN-Trade and Investment Division	
Executing Agency:	Inter-American Development Bank	
PROJECT OBJECTIVE		
To support The Bahamas in elaborating a National Export Strategy by identifying, validating, and prioritizing export sectors with strong potential for development.		
FINANCIAL INFORMATION		
Financing Type	Fund	Amount in US\$
TCN - Nonreimbursable	P3B - OC SDP Pillar 3 - Productive Development and Innovation through the Private Sector	100,000
Total IDB Financing		100,000
Counterpart Financing		0
Total Project Budget		100,000
Donors:	N/A	
Disbursement Period:	24 months	
Execution Period:	24 months	
ADDITIONAL FINANCIAL INFORMATION		
N/A		

I. JUSTIFICATION AND OBJECTIVE

- 1.1 **Diagnostic.** The Bahamas is a highly open, services intensive economy, with tourism and financial services as core pillars. The country posted record visitors of 11.22 million in 2024, underscoring the centrality of services and tourism-adjacent opportunities (e.g., creative industries, health/education services, digital financial services). However, merchandise exports remain concentrated and of low value, and trade is highly dependent on the U.S. (≈83% of imports; ≈65% of exports), exposing firms to external shocks and policy shifts. Latest official trade statistics show imports of ~US\$4.94B and total exports (domestic and re-exports) of ~US\$689M in 2024, implying a merchandise trade deficit of more than US\$4.25B. Concurrently, geopolitical uncertainty has heightened the importance of food security, trade diversification, and resilience.
- 1.2 The policy landscape is undergoing significant change. First, market access under the EPA with the EU and UK continues to serve as a key anchor for goods and services trade—including cultural cooperation—while offering Caribbean Forum (CARIFORUM) states the advantages of asymmetric liberalization. Second, The Bahamas' ongoing World Trade Organization (WTO) accession process (observer since 2000, Working Party established in 2001, not yet a member) limits its ability to adjust Most Favourable Nation (MFN) treatment and adds complexity to broader tariff negotiations. Third, the modernization of the intellectual property regime—through new Patents, Copyright, and Trade Marks Acts that took effect on February 1, 2025, with implementing regulations enforced since May 2025—enhances the enabling environment for creative and knowledge-based exports. Finally, the removal of the U.S. de minimis threshold on August 29, 2025, increases compliance and documentation requirements for small-parcel exports, heightening the importance of Delivered Duty Paid (DDP) services and consolidated logistics solutions for Bahamian micro, small and medium enterprises (MSMEs).
- 1.3 The Government adopted a National Trade Policy (2023) aimed at expanding and diversifying exports and strengthening competitiveness. Recognizing the challenges of a changing trade environment and the accession of new technologies including artificial intelligence, digital and climatic related products and services and logistics, a draft National Export Strategy (NES) was prepared. The NES sought to provide practical policy prescriptions over the short term (2026-2030) with specific sector export strategies (creative industries, rum exports) being developed with international partners, such as International Trade Centre. The NES 2026–2030 draft identifies priority sectors (professional services, digital financial services, creative industries, shipping and logistics, fisheries and aquaculture, agriculture, and value-added manufacturing), and sets out proposals for consultation on export identification, institutional reforms, market access and export support, and human capital. The focus is on sectors with existing skills, production capacity, and near-term export potential, rather than long horizon aspirational sectors.
- 1.4 **Request.** The Government of Bahamas submitted a request to the IDB on January 9, 2026 that seeks support for elaboration of the NES with a focus on the following proposal themes: (i) export sector prioritization and value chain analyses;

- (ii) institutional strengthening/coordination; (iii) market access and trade facilitation tools; (iv) small and medium enterprises (SME) export readiness; (v) export finance and risk instruments; and (vi) human capital alignment and targeted skills attraction. This TC responds directly to theme (i) and to the NES consultation agenda by providing the technical analysis and stakeholder engagement needed to finalize the strategy and justify government resource allocation. As part of the annual dialogue between the Bank and IDB borrowing member countries to establish the operational program, the operation has been selected to be processed and approved.
- 1.5 **Objective.** This TC aims to support The Bahamas in elaborating a NES by identifying, validating, and prioritizing 3–5 realistic export sectors with strong potential for development. The specific objectives of the TC are: (i) conduct stakeholder consultations to gather insights, validate assumptions, and ensure alignment with national development priorities; (ii) collect and analyze relevant data to assess the feasibility and competitiveness of potential export sectors; and (iii) carry out deeper value-chain and competitiveness assessments of the shortlisted sectors to determine their constraints, opportunities, and readiness for scaling. The final product will be an elaborated NES with an action plan for the prioritized sectors that are government endorsed, implementable, and aligned with capacity, logistics realities, and national development goals.
- 1.6 **Complementarity.** This TC is directly aligned with several ongoing IDB initiatives within **The Bahamas** that strengthen the policy and institutional foundations for trade, value-chain development, and export competitiveness. It complements the active TC BH-T1133 ([ATN/CO-22266-BH](#)): *Strengthening Institutional Capacity and Market Systems for Climate-Smart Agriculture in The Bahamas*, which focuses on strengthening institutional and market systems for climate-smart agriculture and advancing integrated agrifood policy reforms—key for developing resilient, diversified, and competitive export value chains. The TC is further reinforced by BH-L1058: *Local Sustainable Development in the Blue Economy (US\$30M)*, which supports Bahamian SMEs in aquaculture, mariculture, and sustainable tourism; strengthens the Bahamas Agriculture and Marine Science Institute's (BAMSI) institutional capacity; and enhances climate and ecosystem resilience—important pillars for building sustainability-oriented export sectors. Beyond The Bahamas, the TC aligns with regional operations that advance complementary trade and integration objectives. Notably, the regional TC RG-T3826 ([ATN/OC-19011-RG](#), [ATN/OC-20452-RG](#)): *Connecting the Caribbean to Digital Regional and Global Value Chains* supports digital trade facilitation and the development of legal frameworks that expand SME participation in global value chains. It also aligns with the program RG-T4429 ([ATN/OC-20947-RG](#)): *Supporting Food Security in CARICOM through Trade and Integration* which enhances the reliability of food imports, diversifies regional trade partnerships, and strengthens supply-chain resilience across CARICOM. The TC additionally draws on lessons from institutional reforms under TT-T1121 ([ATN/OC-19569-TT](#)): *Support for Restructuring the Export and Investment Architecture in Trinidad and Tobago*, which contributed to establishing “Global Trinidad and Tobago” as a unified and modernized trade and investment facilitation agency. Lastly, ongoing efforts in Barbados under BA-T1126 ([ATN/OC-21632-BA](#)): *Strengthening Trade, Business and Investment Policies in Barbados* to develop a National Trade Policy further reinforce the broader regional shift toward more coherent and modernized trade

and investment ecosystems, strengthening the complementarity of this TC across the Caribbean.

- 1.7 **Strategic Alignment.** The TC aligns with the IDB Group Institutional Strategy: Transforming for Scale and Impact 2024-2030 (CA-631) objective (iii) bolster sustainable regional growth by supporting a National Export Strategy designed to empower the private sector to drive productivity and innovation, and enhance regional integration. It is also aligned with the operation focus areas of productive development and innovation through the private sector (Operation Focus Area 5.24.1 and 5.24.3) by facilitating trade and removing obstacles to business development; and regional integration (Operation Focus Area 5.28.2) by crafting a trade policy that increases opportunities for participation in regional and global value chains. Further, it will contribute to the IDB Group 2024-2030 Impact Framework (GN-3195-8) goal bolster sustainable regional growth and indicator 1.12 export growth rate of differentiated goods and knowledge-based services (%). This TC is not aligned with the objective of gender equality and inclusion of diverse population groups, as there are no specific activities dedicated to this. It will be determined by the Government as to whether they would like to align their National Trade Policy with these objectives.
- 1.8 This TC is aligned with the *IDB Group Country Strategy with the Commonwealth of The Bahamas 2024–2028* (GN-3198-1), specifically the pillar on Boosting Private Sector Competitiveness and specific objective 3.1 to improve the business climate, as it will identify and validate export sectors critical to diversification of the external and domestic economy. This TC also aligns with the Integration and Trade Sector Framework Document (GN-2715-11), including all four of its lines of action related to trade facilitation, investment promotion services, transparency of information, and improving access to finance. Additionally, the program is aligned with the ONE Caribbean (Partnering for Caribbean Development Framework) (GN-3201-5), third priority on private sector engagement, by increasing opportunities for investment and trade, and the fourth priority by crafting trade policies that support food security. This TC is aligned with Ordinary Capital Strategic Development Program (OC SDP) (GN-2819-25) Productive development and innovation through the private sector (P3B) by facilitating trade and removing obstacles to business development.
- 1.9 The TC is aligned with the NES 2026–2030 and the National Trade Policy (NTP) (launched in 2023) to diversify the economy and lower the trade deficit; as well as Vision 2040/National Development Plan objectives on competitiveness, inclusion and resilience.

II. COMPONENTS

- 2.1 **Component 1: National Export Strategy Implementation (US\$85,000).** This component will help develop and strengthen policy frameworks to boost sustainable and diversified trade. It will finance two (2) consultants: (i) to run the national consultation process, collect and triangulate data, and identify 3–5 priority export sectors for deeper analysis; and (ii) to conduct deep-dive analyses of the shortlisted sectors to identify where The Bahamas can realistically scale production and exports in the short term. Priority sectors will also demonstrate the potential to expand through targeted public and private interventions, such as free-zone mechanisms, incentives, and improvements in coordinated border management. In addition, selected sectors must be capable of achieving international standards compliance with feasible upgrades and should stand to benefit from value-chain development opportunities, including enhanced processing, packaging, certification, and branding. The expected outputs of (i) include: Consultation plan and stakeholder map; summary of consultation findings (national and sector specific); screening matrix and short list of three to five priority sectors; prioritization report feeding into the NES. The expected outputs of (ii) include: full value chain assessment for each of the three to five prioritized sectors; competitive benchmarking; export standards compliance checklist per product category; and sector export roadmaps (short, medium, long term) with priority interventions for each sector (costed, where possible), integrated into the NES.
- 2.2 **Component 2: Stakeholder Engagement and Dissemination (US\$15,000).** This component will finance the stakeholder consultations for activities under Component I as well as a workshop for the elaboration of the NES. Procurement will be for non-consulting services. The expected outputs include: two consultations and one workshop.
- 2.3 **Expected Results.** Actionable export roadmaps guiding spending, programs and incentives for three to five priority export niches; and private sector engagement and buy-in with implementation steps.
- 2.4 **Beneficiaries.** The beneficiaries of this TC are the Government of Bahamas agencies involved in trade and investment, including the Ministry of Economic Affairs through the Bahamas Trade Commission, as well as private sector entities, including MSMEs, and other existing and potential traders.

III. BUDGET

- 3.1 **Budget.** The total cost of this TC will be US\$100,000, financed by the Ordinary Capital Strategic Development Program - Pillar 3 - Productive Development and Innovation through the Private Sector (OC SDP-P3B). Counterpart funding is not contemplated. The disbursement and execution period will be 24 months.

Budget in US\$		
Components	IDB OC SDP - P3B	Total
Component 1: National Export Strategy Implementation	85,000	85,000
Component 2: Stakeholder Engagement and Dissemination	15,000	15,000
Total	100,000	100,000

IV. EXECUTION STRUCTURE

- 4.1 The TC will be executed by the Inter-American Development Bank (IDB), based on a request by the beneficiary, in accordance with the Bank's Technical Cooperation Policy (GN-2470-2) and the Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4), through the Trade and Investment Division (PTI/TIN) of the Productivity, Trade and Innovation Sector (PTI/PTI) under the Vice-Presidency for Sectors and Knowledge (VPS). This TC will be executed by the Bank for the following reasons: (i) the IDB's previous experience and knowledge in the implementation of projects similar to the proposed operation; (ii) the limited human resource capacity of the beneficiary institutions in The Bahamas for timely execution; (iii) the conduct of constructive dialogue with the relevant authorities; and (iv) coordination with multiple agencies.
- 4.2 All procurement to be executed under this TC 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.
- 4.3 **Execution and Disbursement Period.** The execution and disbursement period for TC will be twenty 24 months, in accordance with the implementation periods considered in the Result Matrix and Procurement Plan.
- 4.4 **Monitoring and reporting arrangements.** The monitoring and reporting activities for this TC will be managed by PTI/TIN under the responsibility of the Project Team Leader. Monitoring of the planned activities in this TC will follow the TC Monitoring and Reporting System–TCM (OP-1385-4).

V. POTENTIAL RISKS

- 5.1 The principal risks to this operation stem from: (i) limited stakeholder engagement and buy in, driven by consultation fatigue and MSME time constraints, which could reduce the representativeness of inputs. This will be mitigated through targeted, sector specific outreach via chambers/associations, hybrid events to lower participation costs, and clear messaging that the NES focuses on short term, realistic export opportunities; (ii) insufficient or fragmented data on production, standards, and logistics, which could constrain evidence-based prioritization and

affect quality and scope. Mitigation includes triangulating data with rapid firm surveys/interviews, site visits, and validation workshops to confirm assumptions.

VI. EXCEPTIONS TO BANK POLICIES

6.1 No exceptions to Bank policy have been identified.

VII. ENVIRONMENTAL AND SOCIAL ASPECTS

7.1 This TC 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:

- Annex I: Request from Client
- Annex II: Results Matrix
- Annex III: Terms of Reference
- Annex IV: Procurement Plan