TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BAHAMAS/CCB - Caribbean Group
▪ TC Name:	Supporting a Comprehensive Renewable Energy Program and Institutional Reform in the Bahamas
▪ TC Number:	BH-T1075
▪ Team Leader/Members:	MASSON, MALAIKA EBONY ANIETIA (INE/ENE) Team Leader; ESQUIVEL GALLEGOS, MARICARMEN (CSD/CCS) Alternate Team Leader; PAREDES, JUAN ROBERTO (INE/ENE) Alternate Team Leader; MADRIGAL MARTÍNEZ, MARCELINO (INE/ENE); BONZI TEIXEIRA, AUGUSTO CESAR (INE/ENE); JOHNSON NAVEO, ODILE IVETTE (INE/ENE); BARRAGAN CRESPO, ENRIQUE IGNACIO (LEG/SGO); MORALES VASQUEZ, NALDA ORFILIA (VPC/FMP); MARQUEZ BARROETA, FIDEL (INE/ENE); CABRERA BOTERO, MARIA MARGARITA (CSD/CCS); SWIFT, KIERON KERN EDWARD (IFD/CTI); GOLDENBERG LOPEZ, FEDERICO (INE/ENE)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	09 Oct 2019
▪ Beneficiary:	The Commonwealth of Bahamas
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US$750,000.00
▪ Local counterpart funding:	US$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	Energy
▪ Unit of Disbursement Responsibility:	Country Office Jamaica
▪ TC included in Country Strategy (y/n): ▪ TC included in CPD (y/n):	Yes No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Institutional capacity and rule of law; Environmental sustainability

II. Objective and Justification

2.1 The objective of the program is to support The Bahamas in its drive to transform the energy sector, supporting a comprehensive renewable energy program and institutional reform to enable cheaper, more sustainable electricity. The objective of this TC is to support the preparation of feasibility studies needed to boost renewable energy in The Bahamas and increase the security and reliability of the network, including its climate resilience.

2.2 The Bahamas, a small open archipelagic economy, has continued to experience low growth rates and rising debt levels since the global financial crisis. Fiscal deficits and national debt levels are deteriorating, and foreign direct investments have declined. Together with an old power generation infrastructure, The Bahamas suffers from a high fuel import bill (7% of Gross Domestic Product-GDP), high electricity prices as well as a large and financially challenged utility – The Bahamas Power and Light (BPL) which experiences frequent power outages, and elevated system losses. Volatile oil prices have contributed to make electricity tariffs among the highest in the Caribbean.

2.3 The Bahamas was impacted on September 1st by catastrophic category 5 Hurricane Dorian, the strongest hurricane in modern history of the country. Abaco and the East Grand Bahama are among the most critically affected areas. In Abaco Island, 90% of housing and infrastructure is damaged or destroyed. These areas are also two of the fastest-growing travel destinations in a country with an economy that is mainly driven by the Service Sector (79.1% of its GDP in 2018), due to tourism.

2.4 At the global level, after years of steady cost decline for solar and wind technologies, renewable power is becoming an increasingly competitive way to meet new generation needs. The Bahamas ranks lowest in the region for Renewable Energy (RE) penetration in its generation mix despite of possessing ample RE resources. Accelerating the transition to a renewables-based energy system represents a unique opportunity for The Bahamas and other Caribbean countries to meet climate change mitigation goals while fueling economic growth, creating new employment opportunities and enhancing human welfare. To address these challenges and opportunities, the Bahamian National Energy Policy 2013-2033 established in 2014 as a core objective the increasing inclusion of sustainable RE sources into the generation mix to approximately 30% by 2033 in The Bahamas. In 2015, the Electricity Act of 1956 was repealed to allow for RE utility-scale generation as well as self-generation. In recent years, there have been enquiries by commercial entities which are seeking to pursue RE self-generation projects selling excess energy to BPL for use in its system. However, market governance and regulatory related challenges continue to be among the hindrances to the implementation of several energy projects, especially with respect to RE and private sector participation.

2.5 Recognizing this challenge, in June 2019, the Government of The Bahamas (GoBH) officially requested the Inter-American Development Bank (IDB) support for the country's RE transformation. In particular, the GoBH is pursuing: (i) a move towards a cleaner electricity matrix in its resource generation mix, (ii) improved energy security through the use of RE resources, (iii) increased electricity access and affordability, and (iv) strengthened private sector development by increasing electricity reliability.

2.6 As a respond to the government's request, the IDB is preparing the Conditional Credit Line for Investment Projects "Advancing Renewable Energy in The Bahamas" (BH-O0006) and the operation "Supporting Transformation and Renewable Energy in the Bahamas" (BH-L1048) that aims at supporting the GoBH in its drive to transform the energy sector.

III. Description of Activities and Outputs

3.1 **Component I: Immediate Rehabilitation of Resilient and Renewable Energy Infrastructure in Abaco and Grand Bahama.** Support restoration of basic energy services and rehabilitation, replacement and/or installation of new critical energy infrastructure affected by Hurricane Dorian in North Abaco and government-owned infrastructure in East& West Grand Bahama. Specifically, this component will be financing: (i) diagnostic studies for the reconstruction of electric infrastructure of Abaco & Gran Bahamas, and (ii) Engineering designs for the reconstruction of the electricity infrastructure, in a resilient manner.

3.2 **Component II: Reliable and Renewable Electricity in New Providence and Family Islands to Support the Reconstruction Efforts.** The component will support the introduction of new models to develop rooftop solar installations by financing consultancy services for: environmental and social analysis with individual Project's Management Plans, technical analysis (site boundary survey/topo, geotech & conceptual PV layout study, PV Airport Interference investigation, civil/site plan permits and works); identification of public land sites; New Providence SSRG tech support & coordination; and Gender/Social Inclusion Analysis

3.3 **Component III: Strengthening Resilience in the Regulatory Framework and Skills for the Energy Reconstruction Effort Across the Bahamas.** Support the institutional, legal and regulatory environment to promote resilient & distributed RE by financing consultancy services for: regulatory & legal framework for the integration of RE; certification & procurement training, building code adaption and listing of local contractors; legal design and structure of a SPV, coordination of its procurement and bidding process; preparation of a communication campaign, stakeholder engagement and coordination.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Total Funding
Immediate Rehabilitation of Resilient and Renewable Energy Infrastructure in Abaco and Grand Bahama	US$50,000.00	US$50,000.00
Reliable and Renewable Electricity in New Providence and Family Islands to Support the Reconstruction Efforts	US$280,000.00	US$280,000.00
Strengthening Resilience in the Regulatory Framework and Skills for the Energy Reconstruction Effort Across the Bahamas	US$420,000.00	US$420,000.00
Total	**US$750,000.00**	**US$750,000.00**

V. Executing Agency and Execution Structure

5.1 The Executing Agency (EA) of the TC will be the IDB, through the Energy Division (INE/ENE), in coordination with IDB Country Office in The Bahamas. In compliance with the Operational Guidelines for TC Products -Revised version (GN-2629-1), this TC is classified as Operational Support. The technical responsibility will be overseen by INE/ENE. The focal point designated and sector specialist responsible for executing this TC will be Malaika Masson, based in Jamaica, and will be supported by INE/ENE team based in Washington D.C.

5.2 The Ministry of Finance has expressed its interests in the IDB being the executing agency considering the Bank's experience on the topic and currently limited operational capacity to duly and timely execute the activities that are part of this TC.

VI. Project Risks and Issues

6.1 A potential risk associated with this TC is related to the lack of expertise to support key interventions required by energy actors (BPL, Ministry of Environment, Ministry of Works) in a timely fashion. The designation of a full-time technical expert dedicated to advising the Ministry of Finance and BPL on energy planning, governance and RE coordination to move forward the agenda will help mitigate this risk. Another general risk is the lack of understanding of RE issues which causes delays and a lack of buy-in on key energy activities. This risk is mitigated to the support provided to outreach, communications and raising-awareness among energy stakeholders.

VII. Environmental and Social Classification

7.1 The ESG classification for this operation is "undefined".