



**Skills for Current and Future Jobs in the Bahamas
reformulated to
Support to Vulnerable Populations through the Tax
Credit and Tax Deferral Employment Retention
Program in Industries affected by the Coronavirus**

(BH-L1037 / 3787/OC-BH)

**Project Completion Report
(PCR)**

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Electronic Links

1. [Development Effectiveness Matrix \(DEM\) Summary](#)
2. [Changes to the Results Matrix](#)
3. [Final version of the Progress Monitoring Report \(PMR\)](#)
4. [PCR Checklist](#)

Optional Electronic Links

1. [Ex post Cost-Analysis Report](#)
2. [Proposed Reformulation of the project 3787/OC-BH, approved by Resolution DE-85/16, to Finance the Support to Vulnerable Populations through the Tax Credit and Tax Deferral Employment Retention Program in Industries Affected by the Coronavirus](#)
3. [Board of Executive Directors of the Bank approved a Reformulation Proposal via Resolution DE-98/20](#)

Acronyms and Abbreviations

C	Component
DIR	Department of Inland Revenue
DOL	Department of Labour
DOS	Department of Statistics
ESA	Environmental and Social Assessment
ESMP	Environmental Social Management Plan
ESMR	Environmental and Social Management Report
GDO	General Development Objective
GDP	Gross Domestic Product
GoBH	Government of The Bahamas
I	Indicator
IDB	Inter-American Development Bank
KP	Key Product
NPV	Net Present Value
TC&TDER	Tax Credit and Tax Deferral Employment Retention Program
LFS	Labor Force Survey
MLNI	Ministry of Labour and National Insurance
MIRR	Marginal Investment of Return Rate
MOF	Ministry of Finance
NIB	National Insurance Board
SO	Specific Objective

BASIC PROJECT INFORMATION

^BH-L1037 Skills for Current and Future Jobs in the Bahamas

Country Beneficiary Bahamas	Loan Instrument Investment Loan	Borrower BH-BH - THE COMMONWEALTH OF THE BAHAMAS	Loan(s) 3787/OC-BH	Sector Social Investment	Sub-Sector Vocational And Workforce Training
Date of Board Approval Nov 02, 2016	Date of Eligibility for First Disbursement Jan 17, 2019	Date of Closure (CO) Feb 26, 2021	Loan Amount - Original 25,000,000.00	Loan Amount - Current 19,840,895.27	Pari Passu
Total Project Cost 20,000,000.00	Months In Execution from Approval 51	Months In Execution from First Disbursement 19	Original Date of Final Disbursement Jul 26, 2024	Actual Date of Final Disbursement Jul 26, 2024	Cumulative Extension(Months)
Total Amount Disbursed 19,840,895.27	Total Percentage of Disbursement 79%				

^ Ratings of project Performance in PMRs



Has This Project Received Funds from another Project? ☐ Yes ☒ No

Has This Project Sent Funds to Another Project? ☐ Yes ☒ No

Development Effectiveness Classification Partly Successful

No	PMR Date	PMR Stage	Classification	Disbursement Percentage (As of Dec 31)
1	Apr 30, 2020	Second period Jan-Dec 2019	Satisfactory	2%
2	Apr 19, 2021	Second period Jan-Dec 2020	Satisfactory	2%
3	Apr 25, 2022	Second period Jan-Dec 2021	Satisfactory	100%

^ Bank Staff



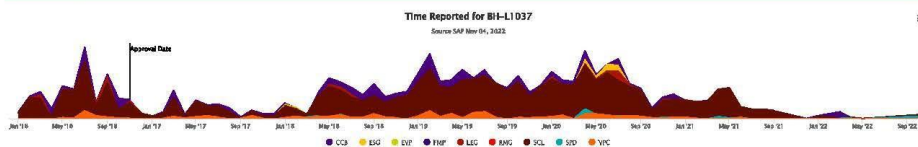
Positions	At PCR Feb 26, 2021	At Approval Nov 02, 2016
Vice-President VPS	Lopez, Benigno	Levy,Santiago
Vice-President VPC	Martinez, Richard	Rosa,Alexandre Meira
Country Manager	Turner-Jones,Therese (CCB/CCB)	Turner-Jones,Therese (CCB/CCB)
Sector Manager	Cabrol,Marcelo E. (SCL/SCL)	Salazar Sanchez,Hector (SCL/SCL)
Division Chief	Ripani, Laura (SCL/LMK)	Pages-Serra,Carmen (SCL/LMK)
Country Rep	Carrera Marquis,Daniela (CCB/CBH)	Attademo-Hirt,Maria Florencia (CCB/CBH)
Project Team Leader	Pavon,Fernando Yitzack (LMK/CME)	Pavon,Fernando Yitzack (LMK/CJA)
PCR Team Leader	Pavon,Fernando Yitzack (LMK/C)	Pavon,Fernando Yitzack (LMK/CME)

^ Staff Time and Cost



Stage Project Cycle	# of Staff Weeks	USD (including Travel and Consultant Costs)
Preparation	46.5	212,023.22
Supervision	126.7	763,771.30
Total	173.2	975,794.52

^ Time



I. Introduction

On November 2, 2016, the Bank approved the operation 3787/OC-BH (BH-L1037): “Skills for Current and Future Jobs in the Bahamas” for US\$20M with the objective of increasing the employability and the quality of employment of beneficiaries by improving access to quality jobs in The Bahamas, especially for youth. By August 2019, the project had disbursed 2.43% due to turnover in the Executing Agency and the lack of a program coordinator in the Executing Unit. On March 17, 2020, The Bahamas confirmed its first case of COVID-19 and recorded the first death on April 1, 2020. The measures implemented by the government worsened their fiscal balance. In August 2020, the Inter-American Development Bank approved the loan reformulation to use the available resources amounting to US\$19M to finance the support to vulnerable populations through the Tax Credit and Tax Deferral Employment Retention Program.

The acute economic slowdown caused by the COVID-19 pandemic hit the economy of The Bahamas, with the country already experiencing persistent low growth rates over the past decade. Predominantly dependent on tourism, financial services, and real estate services, economic activity in The Bahamas plummeted as cycles of lockdowns and containment measures were required to cope with the spread of COVID-19 in the country to minimize potential cases and deaths among the population. Consequently, the labor market suffered great distress with rising unemployment, affecting especially vulnerable workers in the formal and informal sectors. At the time, estimated formal job losses for The Bahamas ranged between 9% to 18% urging the need for policy action to preserve employment and sustain incomes¹.

Against this backdrop, the Government of The Bahamas (GoBH) reacted rapidly and decisively launching several countermeasures to mitigate the effects on poor and vulnerable people with fiscal support putting a constraint in the public finances. Given the slow-paced disbursements of BH-L1037, the GoBH requested a reformulation of the loan to approve the Tax Credit and Tax Deferral Employment Retention Program (TC&TDER) in April 2020 aimed to protect jobs, provide businesses with payroll support, and discourage layoffs. The eligible firms would agree to retain 80% of pre-pandemic staff levels until October 31, 2020. To fund part of this relief program, the GoBH requested to use undisbursed resources of the IDB approved program “Skills for Current and Future Jobs in The Bahamas” (3787/OC-BH) to be assigned to the new initiative. In this sense, in August 2020, the Board of Executive Directors of the Bank approved a Reformulation Proposal² authorizing the use of the remaining funds (up to US\$ 19,513,464), setting new general and specific objectives for the operation, and eliminating the counterpart financing.

This document summarizes the outcomes of such reformulated operation. *Section II Relevance* describes how the project was aligned with the country’s development needs and the logic behind the design aiming to protect formal jobs during the COVID-19 crisis. *Section III Effectiveness* presents the project main outcomes. It is based on 58 enterprises supported from a pool of 4,697 established businesses to achieve at least 80% in the short and medium term, while maintaining the number of unemployment claims at 4,421 contributing to a minimum level of quality for formal worker during COVID. The extent to which the outcomes related labor income who managed to keep their jobs in the short term and potentially long term are attributed to the program based on the evidence and the literature is analyzed in this section also. *Section IV Efficiency* presents the Ex-Post Economic Analysis, to demonstrate that the program has been profitable from a social perspective: the estimated NPV (US\$ 2,854,102) is high and the MIRR (25.9%) surpasses the

¹ In 2020, the loss in Bahama’s GDP proved to be the largest in a single year in recorded history (-14.8%), with the unemployment rate reaching 14.4% in the same year.

² [Resolution DE-98/20](#).

12% opportunity cost of capital used to discount flows of costs and benefits. In addition, the BC ratio (1.10) exceeds the unity, showing that the flow of benefits is higher than the flow of costs of the Program, and the results proved to be robust to the underlying uncertainty of a set of parameters and more adverse conditions. However, as *Section V Sustainability* affirms, an opportunity cost remains for GoBH to measure long term impact of subsidies programs that are often used as a fast response to crisis but can nevertheless offer positive long-term impacts in the Bahamian workforce. *Section VI Non-Core Criteria* summarizes the assessment of the performance of the country and the Bank. Finally, *Section VII Findings and Recommendations* concludes with the lessons learned in three dimensions: organizational and administrative, technical, and sectoral, and public processes and actors.

After the analysis of the core evaluation criteria (relevance, effectiveness, efficiency, and sustainability), the general performance of the reformulated program is considered Partly Successful.

II. Core Criteria

2.1 Relevance

a. Alignment with country development needs

Background. The Bahamas is a service-based economy, which has been experiencing low growth over the past decade. Economic activity is concentrated in a small number of service sectors, notably tourism, financial and real estate services, which jointly accounted for 37% of GDP in 2018.⁵ Average real GDP growth per decade has fallen over the past thirty years, reaching 0.8% growth between 2010 and 2019. The country had also experienced widening fiscal deficits in the past two decades (from 1.5% of GDP FY2000/01-FY2009/10 to 3.3% of GDP FY2010/11-FY2018/19) and a growing debt-to-GDP ratio (which increased at an average yearly rate of 5.4% between 2000 and 2019).⁶ This macroeconomic context coupled with a diagnostic of skills mismatches, motivated the design of the “Skills for Current and Future Jobs in The Bahamas” (original loan). At the moment of design, the program was aligned with the National Employment Programme (NEP) launched in 2016 to improve employment opportunities by coordinating stakeholders’ efforts and setting a national employment agenda.

Original loan. On November 2, 2016, the Bank approved the operation 3787/OC-BH (BH-L1037): “Skills for Current and Future Jobs in The Bahamas” for US\$20M. The total cost of this operation was US\$50 million; US\$20M from the IDB and US\$30M from the Government of The Bahamas (GoBH) as local counterpart. The original program aimed to tackle three problems that influenced unemployment and low productivity: (i) skills shortages that prevented employers from finding the specific skills required due to the disconnection between training provision and the private sector needs; (ii) limited capacity of jobseekers to connect with labour market opportunities; and (iii) insufficient generation and use of labour market information to inform decision-making. The objective was to increase employability and the quality of employment of beneficiaries by improving access to quality jobs in The Bahamas, especially for youth. The specific objectives were to: (i) increase relevant skills and employability in productive jobs of the operation beneficiaries; (ii) improve the effectiveness of the Public Employment Services (PES); and (iii) enhance the capacity of the labor market’s intelligence system.

Progress prior to COVID-19. The original date for the Program's last disbursement was July 26th, 2024. Of the total amount of US\$20 million of IDB financing for the Program, the project had disbursed US\$486,536 (2.43%) as of July 2021, and US\$19,513,464 remained available and uncommitted from Bank resources. The operation was signed by the GoBH on July 26, 2018, and became eligible for disbursement in January 2019. Since its eligibility, the operation had little progress due to delays in

leadership changes within the Executing Agency (EA) and the lack of a program coordinator within the Program Executing Unit.

Disasters management for Hurricane Dorian and COVID-19 Pandemic. In 2019 the effects of Hurricane Dorian in The Bahamas were among the worst experienced for any natural disaster in the country putting at halt any project activities for several months. According to *The Assessment of the Effects and Impacts of Hurricane Dorian in The Bahamas* (2020), total damages and losses reached an estimated US\$3.4 billion (27% of GDP). Towards 4Q of 2019, the GoBH considered that recovery support could be delivered with BH-L1037. Notwithstanding, a decision was pending shortly before COVID-19. On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a pandemic. The first cases in Latin America and the Caribbean were reported in late February. On March 17, 2020, The Bahamas confirmed its first case of COVID-19 and recorded the first death on April 1, 2020. Thereafter the Government of The Bahamas implemented several measures to safeguard lives.⁸

The authorities rolled out a wide range of response measures, but these worsened the GoBH's fiscal stance.¹¹ **At early stages of the pandemic,** it was expected that lower revenues and higher spending would hinder the Government's fiscal stance, which was expected to widen from -3.4% of GDP in FY2018/19 to -7% in FY2019/20. Furthermore, it was expected that the economic downturn would continue in 2021, as economic stagnation in key source markets for investment, as well as supply chain disruptions, will likely have had further negative externalities on the economy. Foreign direct investment (FDI) was reduced and, together with lower tourism receipts, had negative effects on the level of reserves, which reached US\$1.7 billion (approximately 15 weeks of import cover) at the end of 2019.

Loan Reformulation. In August 2020, the Inter-American Development Bank approved the loan reformulation to use the available resources amounting to US\$19,5M to finance the support to vulnerable populations through the Tax Credit and Tax Deferral Employment Retention Program.

Problem to be addressed. The health measures necessary to fight COVID-19, particularly social distancing, had immediate impact and will have lasting consequences in the countries of the region. The economic impacts of the coronavirus are associated with the necessary changes in people's behavior to "flatten the curve" of coronavirus progression, which sought to help save lives. These behaviors may be the result of government mandates (closing schools, canceling public events, etc.), decisions made by companies and other institutions (teleworking, cutting back production, etc.), and decisions made by consumers (reducing social contact). This led to a very significant economic downturn with immediate manifestations and lingering effects, even once the health emergency is over.

The Bahamas was facing a rapid loss of employment as an immediate consequence of the economic downturn stemming from COVID-19. According to Altamiro, Azuara y González (2020),¹³ a loss of formal jobs could occur after the pandemic, affecting between 5.4 million and 18 million workers in the region. Estimated formal job losses for The Bahamas ranged between -9.3%¹⁴ and -17.7%. A survey conducted by the IDB in April 2020 shows that the largest share of households losing jobs in the first six weeks of the pandemic earned below the minimum wage.¹⁵ The unemployment rate was rapidly growing and was expected to reach 15.2% in 2020, compared to 13.4% recorded in 2019 and around 10% recorded in 2017 and 2018. The formal sector is thus a highly vulnerable sector because liquidity constraints may cause firms to reduce employment demand,¹⁸ causing a general effect on the economy. Fewer jobs would result in reduced consumption levels,¹⁹ lower expected quality of life due to lower labor market returns²⁰ and lower tax contributions in the future. If the liquidity constraint in these firms is not addressed, they would be forced to reduce their workforce and, in some cases, completely halt operations.

The magnitude of the problem can be reflected in the potential loss of employment in a group of sectors that represent one third of total employment. In May 2019, employment in the country reached

214,890 workers. From August to September 2019, The Bahamas suffered the impact of Hurricane Dorian, which did not allow for the LFS to be implemented in Grand Bahama and Abaco. According to our own estimates, employment in The Bahamas for December 2019 would have reached 194,605 individuals approximately, 33.36% of which work in the highlighted industries. This is 64,925 persons employed in the selected industries. Between March and April 2020, the NIB received 27,870 unemployment claims,²¹ compared to 973 claims received in the same period of 2019.¹³

The *Tax Credit and Tax Deferral Employment Retention Programme* (TC&TDER Programme) in The Bahamas was designed to support businesses' liquidity constraints and risk of ceasing operations (Chodorow-Reich, 2014) by offering workforce subsidies from April to October 2020. An average of \$1,115 dollars subsidy per employee was granted, and the number of employees covered by the program ranged from 3 up to 799 per industry. The program was able to finance subsidies for 58 companies who were able to retain on average 93% of their staff until October 2020. This type of subsidies has proved effective in reducing the number of dismissals and maintaining formal employment levels during economic crisis (Kapteyn, Kalwij, and Zaidi 2000; Robalino and Banerji, 2009; Bruhn, 2020).

b. Strategic Alignment

The reformulated program design and execution has been consistent with the second Update to the Institutional Strategy (document AB-3190-2) and aligned with the challenges of: (i) social inclusion and equality, through support for maintaining minimum levels of income and welfare for the populations most vulnerable to COVID-19, and ii) productivity and innovation, through actions to maintain employment levels and preserve human capital. The program has contributed to the Corporate Results Framework 2020-2023 (document GN-2727-12) through indicator 2.7 *beneficiaries of employment support initiatives*. The program is aligned with the Strategy on Social Policy for Equity and Productivity (document GN-2588-4) in the areas of enhancing equity and supporting vulnerable populations. It is also consistent with the Social Protection and Poverty Sector Framework Document (document GN-2784-7), which underscores the importance of supporting vulnerable populations, particularly from external shocks, through responsive social protection policies, and with the Labor Sector Framework Document (document GN-2741-7) through the following dimensions of success: (i) the region's citizens have more, and more equitable, opportunities to access formal jobs with better wage expectations. This program is consistent with the Proposal for the IDB Group's Governance Response to the COVID19 Pandemic Outbreak (document GN-2996) and the IDB response to the pandemic in other countries such as the "Program to Strengthen Fiscal Policy and Management in Response to the Health and Economic Crisis Caused by COVID 19 in Paraguay II (PR-L1179). Lastly, the reformulation was consistent with the need of an emergency loan to react to the crisis initiated by COVID-19 and with the IDB's Group Governance Response to the COVID-19 Pandemic Outbreak (GN-2996), and consequently, the requirement of consistency with the Country Strategy is irrelevant due to the emergency nature of the situation.

c. Relevance of Design

Rationale and strategy. Policies are needed to protect formal employment and income during periods of decreased economic and business activity that resulted from social distancing measures to respond to COVID-19. Areas of intervention are: i) protect jobs and discourage layoffs to minimize long-term unemployment and avoid potential drop-offs in labor productivity; and ii) support labor demand such as wage subsidies to maintain formal employment levels and/or promote the formal recruitment of vulnerable

groups. The latter may be of two types: (i) direct transfers to enterprises; or (ii) reduction of non-wage labors costs such as postponement in social security contributions or tax deductions/credits/deferrals.

GoBH's strategy against COVID included a set of measures oriented at health and economic sectors. On the one hand, measures like the Emergency Powers promoted social distancing and self-isolation. To tackle the economic implications of pausing the economy, GoBH implemented a set of measures to deter productivity plunge. For employees, the NIB issues benefits for sickness for those with COVID-19 that needed to quarantine and unemployment benefits for those temporarily laid off and the self-employed persons in the tourism sector. The strategy also included the productive sector. Through the Small Business Development Center, the GoBH provided loans to micro, small and medium sized enterprises (MSMEs) for working capital to help overcome the temporary loss of revenue. The ***Tax Credit and Tax Deferral Employment Retention Programme*** (TC&TDER Programme) on the other hand was designed to support businesses with an annual turnover above \$3 million and with a staff of 25 or more²⁴. The program started in April 2020 and sought to maintain formal employment levels and minimize layoffs of vulnerable workers²⁵ through the provision of wage subsidies. Qualifying firms would commit to the utilization of tax credits and tax deferrals for the sole purpose of covering its non-executive payroll and would agree to retain 80% of staff levels at February 29, 2020, through October 31, 2020.²⁶ If the program were not implemented, these selected sectors would have been at risk of losing up to 8,974 jobs, as companies would have been forced to lay off workers to face fixed costs in the face of lower revenues.

Objectives. The general development objective of the reformulated programme is to contribute to ensuring minimum levels of quality of life for formal workers amid the crisis caused by COVID-19. The specific objective is to support formal employment levels in specific industries³² affected by the coronavirus in the immediate period.

The reformulated operation had a single component. Protection for the vulnerable population not on the rosters of transfer programs, working in the formal sector (US\$19,363,464). The component financed actions to shield formal sector jobs. Specifically, the operation financed subsidies to formal sector enterprises, to maintain formal employment levels, and minimize layoffs of vulnerable workers through tax credits and deferrals, which targeted sectors impacted by the crisis. The *Tax Credit and Tax Deferral Employment Retention Programme* was delivered by The Ministry of Finance. The component provided reimbursement of expenses of the tax expenditures^{33 34} for money that the GoBH ceased to receive due to the tax deferrals granted for firms to maintain formal employment levels or minimize layoffs of vulnerable workers.

Tax Deferral Employment Retention Programme³⁵ announced by the Office of the Prime Minister on March 30th, 2020. Eligible firms committed to retain 80% of staff levels as of February 29, 2020, levels, through to October 31, 2020; and committed to the utilization of tax credits solely for purposes of covering nonexecutive payroll³⁶. Approved businesses were allowed to: i) apply any outstanding business license fees to the approved tax relief, with the first fifty 50% as a non-reimbursable credit and the remainder as a deferred tax, with payments to begin in 2021 and ii) withhold value added tax payable as a tax credit³⁷.

Beneficiaries. The actions in this operation directly targeted formal enterprises in specific industries³⁹ affected by a potential loss of employment by COVID-19. The programme aimed to have a positive effect on formal workers from these industries by preserving jobs. **The programme supported 58 enterprises⁴¹ from a pool of 4,697 established business in agriculture, hunting, forestry, and fishery; mining, quarrying, electricity, gas, and water; manufacturing; construction; transport, storage, and communication.**

Vertical Logic. As illustrated by Table 1 and Figure 1, the project’s outputs included at least 53 companies that received workforce subsidies to workers during IDB project (KPI1). The same companies aimed to achieve 80% average staffing levels by October 31, 2020, relative to the ones when selected for the programme (KPI2). Therefore, the workforce subsidies had the immediate objective of allowing companies to keep their staff at an 80% level by October 2020. Both outputs were designed to contribute to achieving 80% total (short term) employment three months after the social distancing period at formal sector enterprises supported by the project compared with precrisis total employment at those enterprises (R1.2.1). By keeping job dismissals at this level, we also expected no more than an estimated 4,421 unemployment claims filed from individuals previously working in the participating industries during a period of twelve months (R1.2.2); which translated to a 64% total (medium term) employment twelve months after the social distancing period at formal sector enterprises supported by the project compared with precrisis total employment at those enterprises (R1.2.3). Lastly, all outcomes aimed at maintaining a postcrisis total employment at formal sector in the specific industries supported by the project compared with post-crisis total employment at those industries at an 80%.

Outcomes. The program contributed to ensuring minimum levels of quality of life for formal workers amid the crisis caused by COVID 19. The main expected outcome was to support an 80% of post-crisis total employment at formal sector in the specific industries supported by the programme compared with pre-crisis total employment at those industries. Moreover, the team included an expected outcome to support 64% of post-crisis total medium-term employment at formal sector in the specific industries supported by the program compared with pre-crisis employment at those industries. Long-term impact of disaster response programs is critical to understand that programs effectively comply with their mitigation role by reducing the long-term risk and harm to human life and property (Waugh and Hy, 1990).

Monitoring and Evaluation. The project team conducted a “before and after” assessment using time series on results indicators. They assessed that the feasibility of an impact evaluation given the availability of data and the capacity of the related government agencies were insufficient. The main reason to choose a non-experimental methodology was a higher feasibility of implementation and ensuring the generation of information that would allow to assess the outcomes. For Indicator 1, the executing agency (EA) collaborated with the National Insurance Board to extract the information. For Indicator 2, the EA captured information from participating firms after three months of social distancing measures, which have been defined as the reopening of hospitality and touristic services³. The original design also intended a follow up 12 months after the social distancing measures were lifted as indicated in Indicator 3 which was not conducted by the GoBH. Moreover, government has also expressed difficulties implementing the Labor Force Survey (LFS) given the sanitary and economic crisis. To show the outcomes in terms of employability in the participating sectors associated with the programme, the team added Indicator 4 based on the programme’s vertical logic and the available data. For supporting attribution, the theory of change has been supported by relevant evidence of comparable interventions.

The Relevance rating is Excellent. The program development objectives and vertical logic were aligned with country development needs and the IDB strategy. The vertical logic demonstrates a clear link between the causal chain of the intervention and the objectives.

Table 1. Results Matrix (@ approval, Startup plan and @exit)

Indicators	At approval	Startup plan	At project completion (PCR)	Comments

³ Emergency Powers (COVID 19 pandemic) No. 2 Order, 2020. Retrieved from: <https://www.bahamascustoms.gov.bs/covid-19-emergency-orders-and-powers-2020/>

	Unit of measure	Baseline	EOP (P)	Unit of measure	Baseline	EOP (P)	Unit of measure	Baseline	EOP (A)	
Specific Objective 1 The Programme will have the following specific objectives: (i) increase relevant skills and employability in productive jobs of programme beneficiaries; (ii) improve the effectiveness of the Public Employment Services; and (iii) enhance the capacity of the labour market's intelligence systems										
R.1.1 Indicator #1 Number of unemployment claims filed from individuals previously working in the participating industries during a period of twelve months.	#	0.00	4,421	#	0.00	4,421	#	0	5,143	Actual value represents the number of claims received from August 2020 to August 2021. Data provided by National Insurance Board (NIB) ⁴
R.1.2. Indicator #2 Total (short term) employment three months after the social distancing period at formal sector enterprises supported by the project compared with precrisis total employment at those enterprises.	%	0.00	80.00	%	0.00	80.00	%	0	93	By October 30 th , 2020, 4,733 out of 5,088 employees (or 93% of employees at baseline) remained employed in the participating enterprises.
R.1.3. Indicator #3 ⁵ Total (medium term) employment twelve months after the social distancing period at formal sector enterprises supported by the project compared with precrisis total employment at those enterprises.	%	0.00	64.00	%	0.00	64.00	%	0	ND	
R.1.4. Indicator #4 Total (medium term) employment twelve months after the social distancing period at formal sector industries supported by the program	%	0.00	64.00	%	0.00	64.00	%	0	66	According to ILO 2021 estimates, around 22,000 and 158,000 workers were employed in the industry and services sectors, accordingly. ⁶ Working age population in The Bahamas in 2021 was around 280,502

⁴ Provided on September 16, 2022.

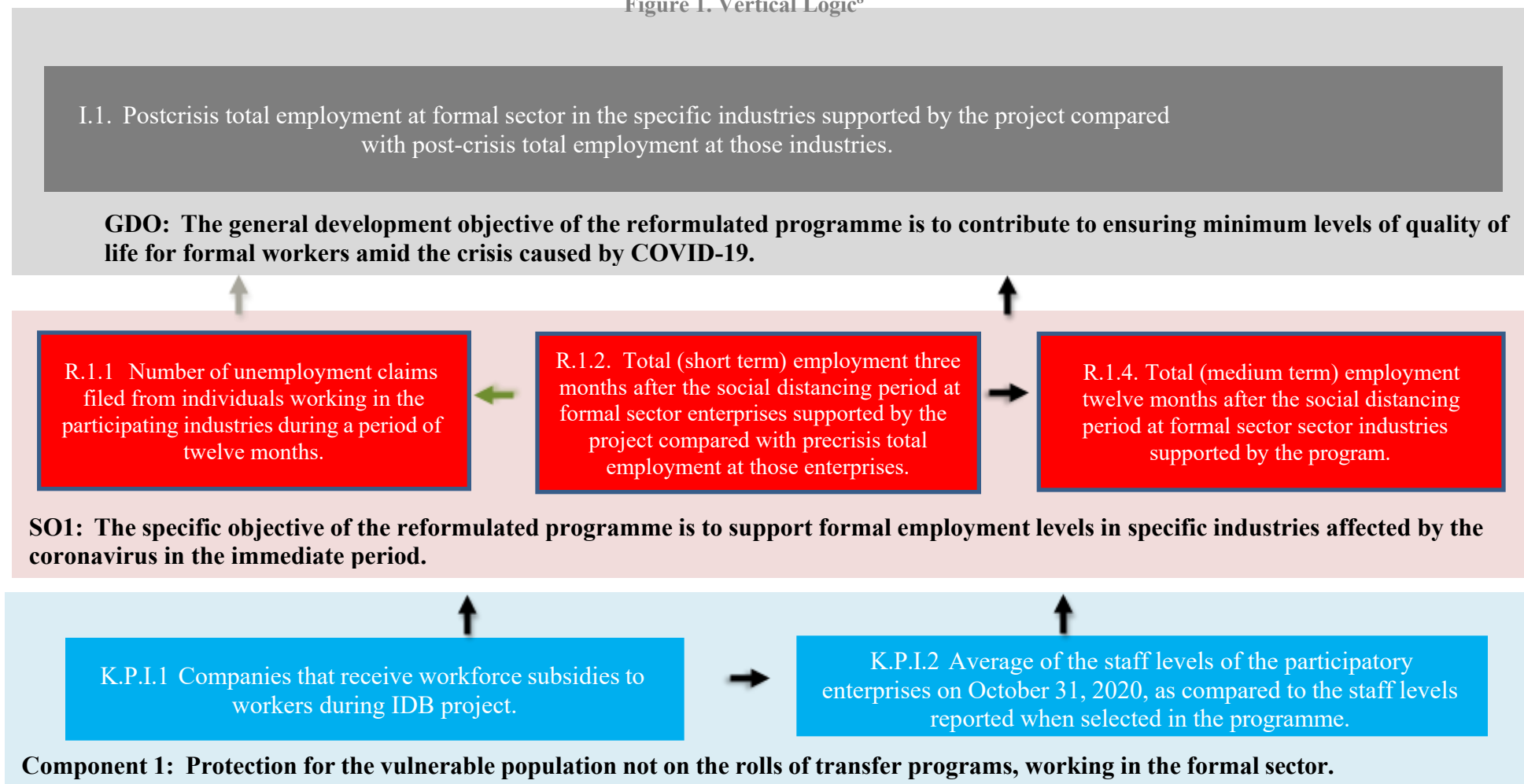
⁵ Indicator 1.3 that was eliminated from the Vertical logic diagram and indicator 1.4 was added. See eLink 2 "Changes to the Results Matrix"

⁶ We are excluding agriculture because although the program design included this sector, this was not included in the final list of supported industries. Further economic activity disaggregation was not accessible.

										<p>individuals. We estimate a working age population target for the program at 271,938 for selected sectors of industry and services. Therefore, employment rate can be estimated as follows $(158+22/180.5)^7$</p>
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⁷ Based on the methodological overview, ILO estimates based on three different models assessed by a cross-validation approach (ILO, 2022). Estimations can be found at: <https://ilostat.ilo.org/topics/employment/>

Figure 1. Vertical Logic⁸



Note: Elaborated by the authors. GDO: General Development Objective. SO: Specific Objective, C: Component. I: Indicator. KP: Key product. The grading of the error indicates the magnitude of the relationship, darkest tone reflects the strongest relationship.

⁸ Indicator 1.3 that was eliminated from the Vertical logic diagram and indicator 1.4 was added. See eLink 2 “Changes to the Results Matrix”.

2.2 Effectiveness

a. Statement of project development objectives.

According to the information from the Department of Inland Revenue and the National Insurance Board, 58 firms were approved for tax credits and tax deferrals totaling US\$ 21,220,356.94, of which US\$ 19,358,464.00 were financed by the Bank under BH-L1037, 109% relative to the target. The program benefited around 5,088 workers from a potential pool of 64,920 in the mentioned industries, contributing to ensuring a minimum level of formal employment for the country.⁴² Due to the program, enterprises were able to maintain 93% of their staff by October, 2020, three months after the social distancing measures were uplifted.

Objectives.

The reformulation modified the main objective of the Skills for Current and Future Jobs in The Bahamas. The general development objective of the reformulated programme was to contribute to ensuring minimum levels of quality of life for formal workers amid the crisis caused by COVID-19. The specific objective was to support formal employment levels in specific industries³² affected by the coronavirus in the immediate period.

b. Results Achieved

Table 2 Results Achieved Matrix

Outputs	Unit of Measure	Baseline value	Baseline year	Targets and Actual achievement	% Achieved	Means of verification
Component #1						
P.1.1. Output #1 Companies that receive workforce subsidies to workers during the IDB project	number	0	2019	P 53 P(a) 53 A 58	109.4%	Administrative records, Department of Inland Revenue
P.1.2. Output #2 Average of the staff levels of the participating enterprises on October 31, 2020, as compared to the staff levels reported when selected in the programme.	percentage	0	2019	P 80 P(a) 80 A 93	116%	Administrative records, Department of Inland Revenue

Table 3: Objectives/Indicators Achieved Matrix

Specific Objectives/Indicator	Unit of Measure	Baseline value	Baseline year	Targets and Actual achievement		% Achieved	Means of verification
Specific Objective #1: Support employment levels in selected industries in the formal sector for those affected by the coronavirus in the immediate period and during the recovery.							
R.1.1 Indicator #1 Number of unemployment claims filed from individuals previously working in the participating industries during a period of twelve months.	number	0.00	2020	P P(a) A	4,421 4,421 5,143	116%	Administrative records, National Insurance Board
R.1.2. Indicator #2 Total (short term) employment three months after the social distancing period at formal sector enterprises supported by the project compared with precrisis total employment at those enterprises.	percentage	0.00	2020	P P(a) A	80 80 93	116%	Administrative records, Department of Inland Revenue
R.1.3. Indicator Total (medium term) employment twelve months after the social distancing period at formal sector supported by the project compared with precrisis total employment at those enterprises.	percentage	0.00	2020	P P(a) A	64 64 -	-	Administrative records, Department of Inland Revenue
R.1.4. Indicator Total (medium – term) employment twelve months after the social distancing period at formal sector industries supported by the program	percentage	0.00	2020	P P(a) A	64 64 66	103%	ILO estimates

The specific development objective is to support formal employment levels in specific industries affected by the coronavirus in the medium period. The results were appropriately measured via three indicators that showed how unemployment risks due to the pandemic for individuals and enterprises were mitigated in the short and medium term:

- Indicator 1.1 identified the number of unemployment claims filed for individuals previously working in participating industries during a period of twelve months. The target of 4,421 for Indicator 1.1 (number of unemployment claims filed for individuals previously working in participating industries during a period of twelve months) was appropriate as it was based on estimations from the National Insurance Board of 18,000 claims due to COVID-19. From this estimate, we estimated that 6,005 referred to the selected industries. Due to the project, we estimated that at least 70% of the beneficiaries (or 2,730 workers) will maintain their jobs at the end of the year. This translated into an expected number of 3,275 claims. According to the NIB, 5,143 claims were filed between August 2020, and August 2021, resulting in an achieved outcome.
- Indicator 1.2 identified the total (short term) employment three months after the social distancing period at formal sector enterprises supported by the project compared with precrisis total employment at those enterprises. The target of 80% for Indicator 1.2 (total (short term) employment three months after the social distancing period at formal sector enterprises supported by the project compared with precrisis total employment at those enterprises) followed Government of The Bahamas' requirements that enterprises retain 80% of their workforce through October 31, 2020. According to the Department of Inland Revenue, 93% or 4,733 out of the 5,088 employees that received subsidy remained employed after restrictions lifted in July 2020. *The team uses "lifting of restrictions" based on when the restrictions were lifted for the hospitality services.*⁹
- Indicator 1.3 identified the total (medium term) employment twelve months after the social distancing period at formal sector enterprises supported by the project compared with precrisis total employment at those enterprises). The target of 64% for indicator 1.3 (total (medium term) employment twelve months after the social distancing period at formal sector enterprises supported by the project compared with precrisis total employment at those enterprises) was appropriate given the Government of The Bahamas' required enterprises to retain 80% of their workforce through October 31, 2020, and the assumption of a decrease of 20% after one year. The Department of Inland Revenue captured information of participating enterprises between April 2020 and October 2020. The team requested this information in September 2021 with no response offered about this item, and again in August 2022, when the Executing Agency confirmed that the information was only collected until October 2020. Moreover, The Bahamas has not been able to perform the Labor Force Survey since 2019, even if the program intended to support this action. After careful consideration, the Ministry determined not to conduct the Labor Force Survey (LFS) to Support the Tax Credit and Tax Deferral Employment Retention Program, notification to the bank on July 6th, 2021¹⁰.
- Indicator 1.4 proposes an alternative measure to Indicator 1.3, given that the Executing Agency did not collect needed data as detailed in the previous paragraph. Therefore, the team decided to include an alternative indicator that would show medium term (12 month) employment outcomes after the social distancing period at formal sector industries supported by the program (i.e., excluding agriculture). According to ILO 2021 estimates, which are the only available estimation for The Bahamas given the lack of official data from the country, around 22,000 and 158,000 workers were employed in the industry and services sectors, accordingly. These industries represent 96.7% of the employment estimate, the rest being represented by agriculture which was not included in the estimation as no firms from this sector participated in the programme. Working age population in The Bahamas in 2021 was around 280,502 individuals. We estimate a working age population target for the program at 271,938 for selected sectors of industry and services. Therefore, employment rate for the participating industries approximates 66%. This indicator was included after the start-up plan.

⁹ <https://www.bahamascustoms.gov.bs/covid-19-emergency-orders-and-powers-2020/>

¹⁰ Ministry of Finance of The Bahamas, notification No. FIN 201.74 (July 6th, 2021).

Based on IDB's Institutional Capacity Assessment of the Ministry of Finance made in 2019 for the preparation the Reconstruction with Resilience in the Energy Sector in The Bahamas (BH-L1048) and CCLIP Advancing RE in The Bahamas (BH-O0006), the fiduciary risk to the reformulated operation was medium. However, delays in financial reporting due to limitations in personnel applying IDB financial management policies and procedures, evolved to "low" after applying mitigation actions: offering progressive financial management training to the Department of Inland Revenue of the Ministry of Finance for the consolidation of all financial program information and reporting.

c. Counterfactual Analysis

According to ILO's estimates, overall employment rate in The Bahamas might have plummeted from 65% in 2019 to 59% in 2021. To carry out the economic evaluation of the Program, the analysis compares the situation with project (in which the 4,733 benefited workers kept their jobs¹¹) with the situation without the project in which some of the workers of the beneficiary firms would have lost their jobs if the program would not have been implemented. To account for the proportion of workers who would have been laid off in the absence of the Program, The Bahamas' 2020 unemployment rate is considered. The International Monetary Fund estimates the unemployment rate in The Bahamas to have reached around 25.5% in 2020 (WEO, 2021). Therefore, the counterfactual scenario considers that 25.5% of the 5,088 formal workers benefited by the Program (i.e., around 1,300 workers) would have been terminated in 2020 if the Program had not been implemented. However, according to the data provided by the MOF, only 355 individuals did not retain their jobs even though the companies they were working for received the wage subsidy provided by the Program. This scenario is supported by evidence as, given the COVID-19 crisis; it is assumed that any worker becoming unemployed during 2020 would have not been able to get a new job before a period of 12 months after losing their previous job¹². Amarante et al. (2014) find wage reductions of workers experiencing unemployment episodes of about 14.5% one year after displacement and 2.4% after 5 years.

The project team understands that even if administrative expenses of the Department of Social Services approximately represent 26% of social assistance benefits distributed in cash by this public Agency (GoBH MOF, 2021), beneficiaries only participated in this programme. Results of the economic analysis show that results align to the literature as formal job losses for The Bahamas were expected in a range between 9.3% and 17.7% (Altamiro, Azuara y González, 2020). The following table summarizes the attribution analysis for each indicator:

Indicator	Theory of change	Internal validity	External validity
1.1 Number of unemployment claims filed from individuals previously working in the participating industries during a period of twelve months.	By receiving the subsidies, firms were not incentivized to dismiss employees to reduce costs. By maintaining employment, employees did not require unemployment benefits	(Désiage et al., 2010) find that subsidized French firms are more likely to survive after the first two years implementing a	Generalization of these results are moderate. Rigorous methodologies on this topic are limited and the availability of continuous administrative data constraints evaluations in developing countries.

¹¹ Based on data provided by Department of Inland Revenue.

¹² As the economic analysis points, this is a conservative assumption since according to the last available Labor Force Survey (May 2019), 5% of unemployed people in The Bahamas gets a job in less than a month, 13% between one and three months, 30% between three months and a year and, only for the remaining 52%, it takes more than 12 months to find a job.

	to smooth any potential earning losses.	matching propensity score. (Pellegrini & Muccigrosso, 2017) conduct a regression discontinuity design show a lower default risk in subsidized start-ups in Italy.	However, we argue that evidence can be extensible to The Bahamas given that the country counts with the institutional set up to provide unemployment benefits, unlike most countries in Latin America and Africa (OIT, 2000). The Bahamas with a GDP per capita of \$28.24 M has an economy closer to France (\$43.52M) and Italy (\$35.55) than other countries in the region such as Mexico (\$9.93M).
1.2 Total (short term) employment three months after the social distancing period at formal sector enterprises supported by the project compared with precrisis total employment at those enterprises.	By receiving the subsidies, firms were not incentivized to dismiss employees to reduce costs. Workers of the firms that received the subsidies maintained their employment levels.	(Bruhn, 2020) show a positive but not statistically significant effect of the wage subsidies on employment during the programme's eight-month duration in Mexico.	The Bahamas and Mexico, both located in the Latin American and the Caribbean region have some similarities such as: their primary export is petroleum, their dependency towards the tourism sector although with a clear diversification in case of Mexico (70% of GDO for The Bahamas and 8.5% for Mexico), and their strong relationship with the United States (85% of trade in the case of The Bahamas and 78% for Mexico).
1.3 Total (medium term) employment twelve months after the social distancing period at formal sector industries supported by the program	By not losing their job in the short term, employees were able to remain employed in the same companies or in others. There is evidence that interruptions to employment not only bring the obvious loss of current income during the period of unemployment but inflict a longer term 'scar' through the increased future incidence of unemployment and lower subsequent earnings in employment.		

d. Unanticipated outcomes

Given the nature of this program, where benefits were directly transferred to the beneficiaries to prevent unemployment due to the pandemic, there were no unanticipated outcomes.

75% of the matrix indicators were achieved as showed in the PCR Checklist. Indicator 1.4 was included to compensate for the lack of information for Indicator 1.3. The specific objective *Support employment levels in selected industries in the formal sector for those affected by the coronavirus in the immediate period and during the recovery* is rated as Partly Unsatisfactory. Therefore, the overall effectiveness rating is Partly Unsatisfactory.

2.3 Efficiency

The economic rationale for the proposed actions was based on the protection of livelihoods for sectors of the population who are at risk of losing their employment as a result of COVID-19 in selected industries. Income compensation for poor and vulnerable people amid the COVID-19 crisis will reinforce health measures and help families maintain minimum levels of wellbeing. Labor policies will help drive the recovery, by protecting jobs in the formal sector during the crisis and ensuring that vulnerable populations are able to move back into the job market during the recovery. Based on the foregoing, a cost-benefit analysis was conducted in which a MIRR of approximately 26% was estimated in the base case scenario, suggesting that the set of proposed actions are economically beneficial. The analysis also suggests that the sooner the reproduction number is reduced, the greater the cost-benefit ratio will be, since the effects on household income and interruptions to the school year will be lessened.

The methodological approach for the economic analysis follows the efficiency approach (Harberger, 1973; Fontaine, 1991), as explained in the Electronic Link Economic Analysis (Di Capua, 2021). Data related to the situation with project has been provided mainly by the GoBH, who oversaw implementing the Program. Nonetheless, information on employment at participating companies in a 12-month period was not available. The team therefore made assumptions based on partial information sent by government agencies, other public sources of information and evidence-based literature. The assumptions used are listed below:

- Effect of one year of unemployment on wages: 3.5%
- Reference salary: \$2,240.54
- Number of beneficiaries: 6,503
- Number of beneficiaries who would temporarily lose their jobs: 8,973. Between March and April 2020, the NIB (National Insurance Board) received 27,870 applications for unemployment benefits during the COVID-19 pandemic, compared to 973 applications received during the same period in 2019. Since eligible industries account for 33% of total employment, 8,974 are expected for them.
- Discount rate: 12%
- % of salary to be subsidized: 100%
- Formal employees in the targeted sectors: 64,925. As mentioned above, the government has chosen to focus the program on industries that exclude retail and wholesale stores, hotels and restaurants, financing, insurance, real estate and other business services and community, social and personal services.
- Beneficiaries for preserved employment: 3.4
- Total formal employees: 152,640
- Percentage of employees losing their jobs: 75%
- Months duration intervention: 3
- % of preserved jobs that prevent loss of skills: 80%
- % of jobs preserved that would prevent persistence of unemployment: 20%
- Horizon of analysis: 5 years for the effects of preserving human capital by formal jobs saved.

The economic evaluation bases on a counterfactual analysis, which compares the *situation with project* (in which the 4,733 benefited workers kept their jobs) with the *situation without project* in which some of the workers of the beneficiary firms would have lost their jobs if the program would not have been implemented. The counterfactual scenario considers the unemployment rate in 2020 (WEO, 2021) to account for the proportion of workers who would have been laid off in the absence of the Program (25.5%). Specifically, we assume that around 1,300 of the 5,088 formal workers benefited by the program would have been fired in 2020. As the analyst that developed the economic analysis mentions, *according to the data provided by the MOF, only 355 individuals did not retain their jobs even though the companies they were working for received the wage subsidy provided by the Program.*

The program benefits were estimated as the wage losses that would have otherwise occurred due to unemployment effects on the 945 workers who managed to keep their employments in attribution to the Program (this figure results from subtracting the 355 workers that lost their jobs despite belonging to companies assisted by the Program to the potential 1,300 workers that we estimated would have ended up unemployed if the Program had not existed). Lastly, a sensitivity analysis is carried out using a combination of the multidimensional and scenario methods to assess how changes in cost-benefit parameters can affect expected outcomes. The assumptions that have been subject to this sensitivity analysis are: the subsequent wage reductions of workers experiencing unemployment episodes (which in this case represent the flow of benefits of the Program), the unemployment rate affecting workers (which also has repercussions on the flow of benefits) and the percentage of the total amount disbursed as subsidies that accounts as implementing and monitoring costs of the Programs (which is the main cost of the Program, since subsidies to firms cancel down).

Results of this analysis show that the Program has been profitable from a social perspective. In fact, the estimated NPV (US\$ 2,854,102) is high; the MIRR (25.9%) widely surpasses the 12% opportunity cost of capital used to discount flows of costs and benefits; and the BC ratio (1.10) exceeds the unity, showing that the flow of benefits is higher than the flow of costs of the Program. Furthermore, these positive results sustain even when we account for the underlying uncertainty of some of the parameters used in the analysis and when we consider conditions that are more adverse. Lastly, even if revised literature supports the attribution of these benefits, final results should be interpreted with precaution given that the evaluation methodology did not allow for an unbiased estimation of the differential between the beneficiaries and a comparable group.

Table 3 Costs of the Project¹



Outputs - Financial Progress

Operation Number: BH-L1037

Component
Revised Cost
20,000,000.00

¹ Component: 1: Protection for the vulnerable population not on the rolls of transfer programs, working in the formal sector

	Output Definition		2019	2020	2021	2022	2023	2024	2025	Cost
1.1	Companies that receive workforce subsidies to workers during the IDB project	P		19,358,464.00	0.00	0.00	0.00	0.00	0.00	19,358,464.00
		P(a)		19,358,464.00	0.00	0.00	0.00	0.00	0.00	20,000,000.00
		A	486,536.00	19,358,464.00	155,000.00					20,000,000.00
1.2	Average of the staff levels of the participating enterprises in October 31st, 2020 as compared to the staff levels reported when selected in the program	P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		P(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		A	0.00	0.00	0.00					0.00

	Other Cost		2019	2020	2021	2022	2023	2024	2025	Cost
Audits		P		15,000.00	0.00	0.00	0.00	0.00	0.00	15,000.00
		P(a)		15,000.00	15,000.00	0.00	0.00	0.00	0.00	0.00
		A	0.00	0.00	0.00					0.00
Project Management		P		35,000.00	0.00	0.00	0.00	0.00	0.00	35,000.00
		P(a)		35,000.00	35,000.00	0.00	0.00	0.00	0.00	0.00
		A	0.00	0.00	0.00					0.00
Labour Force Survey		P	0.00	100,000.00	0.00	0.00	0.00	0.00	0.00	100,000.00
		P(a)		100,000.00	100,000.00	0.00	0.00	0.00	0.00	0.00
		A	0.00	0.00	0.00					0.00
Contingencies		P	0.00	5,000.00	0.00	0.00	0.00	0.00	0.00	5,000.00
		P(a)	0.00	5,000.00	5,000.00	0.00	0.00	0.00	0.00	0.00
		A	0.00	0.00	0.00					0.00

	Total		2019	2020	2021	2022	2023	2024	2025	Cost
Total Cost		P	0.00	19,513,464.00	0.00	0.00	0.00	0.00	0.00	19,513,464.00
		P(a)	0.00	19,513,464.00	155,000.00	0.00	0.00	0.00	0.00	20,000,000.00
		A	486,536.00	19,358,464.00	155,000.00					20,000,000.00

The original project cost was estimated at \$50 million, with \$30 million as a counterpart. Due to financial constraints, the counterpart was not disbursed, and the restructuring was set with IDB funding in \$19.5 million. The total amount of the reassigned funds was allocated to the subsidies delivered to companies to disincentivize unemployment, which is reflected in Output 1. Given the objective established by the project in the results matrix, the cost was reasonable to address the count of employees and firms required to meet the target. This programme was part of the economic package of social benefits that the country implemented after the pandemic started. Therefore, in the economic analysis we have included the administrative costs of the Department of Social Services that approximate to US\$ 3.5 million. See Economic Analysis.

The reformulated loan contemplated administrative and contingencies funding for US\$155,000. This included US\$100,000 for the Bahamas (COVID-19) Labor Force Survey, which would have assessed the impacts of the COVID-19 pandemic on households' wellbeing. It would have produced information about the effects of the crisis on employment, income, and consumption, and would have also probed on the households' coping strategies.

After careful consideration, the Ministry determined not to conduct the Labor Force Survey (LFS) to Support the Tax Credit and Tax Deferral Employment Retention Program, notification to the bank on July 6th, 2021¹³. In light of this, and in accordance with the general conditions of the Loan as it relates to article 4.01 (d) which states: "The Borrower, either directly or through the Executing Agency, as the case may be, shall have submitted in writing a disbursement request in accordance with the terms and conditions established in Article 4.01 hereof." requested that the Bank proceed with disbursement of the remaining \$155,000 initially allocated for administration (including the LFS) in support of Tax Credit and Tax Deferral Employment Retention Program for further subsidies.

The IRR of the economic analysis, whose assumptions were justified, exceed the discount rate used (26 versus 12%) and no other factors reduced efficiency of the program. Therefore, the efficiency rating is Excellent.

2.4 Sustainability

a. General Sustainability Aspects

This operation supported the efforts of the GoBH to respond to the pandemic and mitigate the economic impact on the population. Aligned to the economic analysis, we assess sustainability in a framework of five years based on the expected impact of benefits.

No additional risks have been identified from the risk matrix. The following table synthesizes the sustainability assessment for each indicator.

Indicator	Sustainability assessment	Analysis
1.1 Number of unemployment claims filed from individuals previously working in the	High	NIB has the capacity to monitor this information as an established institution in The Bahamas whose mandate is to provide this benefit to workers. ¹⁴

¹³ Ministry of Finance of The Bahamas, notification No. FIN 201.74 (July 6th, 2021).

¹⁴ For more information refer to: https://www.nib-bahamas.com/_m1730/Benefits-and-Assistance

participating industries during a period of twelve months.		
1.2 Total (short term) employment three months after the social distancing period at formal sector enterprises supported by the project compared with precrisis total employment at those enterprises.	High	The executing agency was able to monitor participants through the operation guidelines.
1.3 Total (medium term) employment twelve months after the social distancing period at formal sector industries supported by the program	Low	The executing agency did not monitor participants after the program completion. Moreover, the country has not showed the capacity of implementing other instruments to understand the employment status of Bahamian workers.

The low capacity of the country to implement the Labor Force Survey (LFS) may have a potential impact on the assessment of long-term effects of the programme as measured by Indicator 3, as well as other interventions aimed at promoting formal employment. However, this risk transcends the scope of this project. Given to COVID-19, the 2020 Census was to be carried out in September 2021 (delayed) which entailed a “pre-listing” prior to the Census taking place. This limited the Department of Statistics’ (DOS) capacity to carry out the LFS during the execution of the Programme. Furthermore, even after the Census was carried out, DOS expressed the issue of “additional burden to the respondents” which forced further delays. The main factor that could impact the outcomes sustainability is the continuation of the COVID measures as the probability of another crisis is higher than 0 although almost impossible to estimate. Due to this risk, the Bahamas continuously monitors the development of COVID cases to mitigate the severity of new cases and limit the potential impact on the economy.¹⁵

b. Environmental and Social Safeguards

In accordance with Directive B.3 of the Bank’s Environment and Safeguards Compliance Policy (Operational Policy OP-703), the Program associated with the Original Loan Agreement was classified as category “B”. In conformity with the Bank policies for Category “B” projects, an Environmental and Social Assessment (ESA) and an Environmental Social Management Plan (ESMP) were prepared for the operation. The Original Loan Agreement included an Environmental and Social Management Report (ESMR), that reflected the content of the ESA and ESMP and established specific requirements in respect to the former Component 2 of the Program, and particularly to the construction of the new DoL facility. The ESMR and its conditions are no longer applicable, as: i) the Proposed Reformulation of the Program entails the cancelation of the activities of Components 2; and ii) none of the activities envisaged under Component 2 were commenced.

The program is not associated with any unmitigated risks and overall, results are expected to be sustainable. Thus, the sustainability rating is Excellent.

¹⁵ For more information refer to: <https://www.bahamas.com/travelupdates>

III. Non-Core Criteria

3.1 Bank Performance

At design, the Bank demonstrated a satisfactory performance by connecting relevant stakeholders and activities required to improve the labour market, such as the Ministry of Labour and National Insurance (MLNI) and the Department of Labour (DoL) while seeking to improve the country's own Public Employment Service and continue with the government efforts. Upon reformulation, the execution of programme was transferred to Department of Inland Revenue (DIR) which showed superior execution capacity. The reformulation entailed funds to hire a financial management specialist within the DIR to have a dedicated focal point for data collection and present supporting documentation for the Tax Credit and Tax Deferral Employment Retention Program. The execution agency however, opted not to pursue such hiring. This later on presented a challenge to be able to secure data or identify setbacks in collection of such. The Bank could have presented a more compelling case in requiring such counterpart to mitigate data collection or identifying issues early on. Notwithstanding, the Bank's financial and management team (FMP) facilitated additional support in the process to be able to push towards a proper project completion.

The Bank also identified the need to support the implementation of the Labor Force Survey (LFS) to support program's evaluation and overall employment monitoring and included the resources as part of the programme. But most relevant is how the Bank showed a prompt response and flexibility to the country's needs after the pandemic by reforming the programme during supervision. The Bank aligned to the government's reestablishment of priorities thinking forward on the need to maintain formal employment to mitigate the economic effects of the pandemic. Notwithstanding such efforts to secure the contracting of the firm with programme funds and carrying out the LFS, the GoBH opted not to carry out such Survey hindering Bank's effort to collect valuable data.

Given the Bank's efforts to ensure data quality and the close supervision, we rate its performance as Satisfactory.

3.2 Borrower Performance

Within the Ministry of Finance (MoF) as Executing Agency, the Financial Secretary provided strategic direction and technical oversight to the program while the Department of Inland Revenue (DIR) assumed responsibility for the execution of the program, including the submission of financial reports and audits.

The Ministry of Finance (MoF) brought knowledge and familiarity with IDB policies and loan operations gained through the implementation of the: Performance Monitoring and Public Financial Management Reform (3340/OC-BH), Contingent Credit Facility for Natural Disaster Emergencies-CCF (4853/OC-BH) and the Reconstruction with Resilience in the Energy Sector in The Bahamas (4978/OC-BH). Given the Bank's prior work with the MoF in The Bahamas, significant risks that could have affect execution were not identified as the Ministry had sufficient capacity to execute the program. The Department of Inland Revenue brought technical knowledge of tax administration and audit requirements.

One of the main challenges was the lack of a programme coordinator and financial management specialist that would have facilitated required data for program assessment within the EA. This factor limited the EA's ability to respond to the team's request and to monitor the program's medium term results. This resulted in substantial delays in the submission of critical data for project completion. It is important to highlight that this, however, did not affect the programme's implementation itself. Critical data had been

required for measuring results matrix indicators. For this reason, the borrower's performance is assessed as partly unsatisfactory.

IV. Findings and Recommendations

4.1 Dimensions 1 to 5

Table 4
Findings and Recommendations

Findings	Recommendations
Dimension 1: Organizational and administrative	
Finding # 1 Change is constant and impacts national strategies and development priorities.	Recommendation # 1 The Bank may strengthen its strategic position in the region through the design of projects that allow responsiveness, flexibility, and adaptability to changes in client needs and priorities.
	Recommendation # 2 The Bank may benefit from formally adapting an agile approach to project management that prioritizes the delivery of products and the validation of same in shorter time boxes than required in waterfall methodologies.
	Recommendation # 3 The Bank may use project's budget and institutional agreements (e.g., MOUs) to reduce the risk of government missing mechanisms and data that allow for gold standard evaluations. However, the Bank should also understand and incorporate in its evaluation's standards the challenges of the project's life cycle. If a project does not have resources beyond the project to implement long term follow up, it would be very difficult to conduct an impact evaluation.
Finding # 2 Understanding of potential long-term benefits of disaster relief and cash transference programs is essential.	Recommendation # 4 The GoBH could benefit from given higher importance to long term assessments and accountability of social programs, especially those that result in extensive use of resources.
	Recommendation # 5 Develop proper mechanisms to capture information to measure long term results, allowing for the implementation of more rigorous evaluation methodologies.
Dimension 2: Technical-sectoral	
Finding # 3: The development of prototypes and expedited procedures facilitates responsiveness to client requests.	Recommendation # 5 Sectors may benefit from enhanced coordination, collaboration, and innovation through the implementation of design teams that focus on assessing core challenges in the region and designing prototypes that may then be customized to reflect country specific contexts.
	Recommendation # 6 The Bank has an opportunity to integrate lessons learnt and best practices from the administration of prototypes into the timelines and processes for non-prototype operations.

Finding # 4: Subsidies programs can be useful to mitigate external shocks, an aspect that is important in the Bahamian economy that is propense to natural disasters such as hurricanes.	Recommendation # 7 The GoBH could use mechanisms such as the TC&TDER Programme to mitigate external shocks such as hurricanes that shut down industries (i.e., Tourism). Notwithstanding, given the limitation of available data on tracking the firms that participated, a more rigorous analysis is required to better understand the benefits of its replicability in other scenarios.
Dimension 3. Public processes or actors	
Finding # 5 The borrower's performance during execution is correlated to the institutional capacity of the executing agency to implement project deliverables.	Recommendation # 8 The Bank has an opportunity to develop, implement, and assess a strategic plan to enhance the technical and operational capacity of executing agencies in the Caribbean.
	Recommendation # 9 The Bank may realize enhanced efficiencies through strategic partnerships with project management offices which have developed centers of excellence which can be leveraged and replicated for the implementation of similar development projects in the region.

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