

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

THE COMMONWEALTH OF THE BAHAMAS

**EUROPEAN UNION CARIBBEAN INVESTMENT FACILITY (EU-CIF)
RECONSTRUCTION WITH RESILIENCE IN THE ENERGY SECTOR IN
THE BAHAMAS**

(BH-G0003)

NON-REIMBURSABLE INVESTMENT FINANCING

GRANT PROPOSAL

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REQUIRED ELECTRONIC LINKS (REL)	
REL#1	Pluriannual Execution Plan (PEP) / Annual Operational Plan (AOP)
REL#2	Monitoring and Evaluation Plan
REL#3	Environmental and Social Management Report (ESMR)
REL#4	Procurement Plan (PP)

OPTIONAL ELECTRONIC LINKS (OEL)	
OEL#1	Cost Effectiveness Analysis (CEA)
OEL#2	Public Utilities Policy (PUP)
OEL#3	Climate Change and Resiliency Annex
OEL#4	Project Operation Manual (POM)
OEL#5	Communication and Visibility Plan
OEL#6	Gender Annex
OEL#7	Government Request
OEL#8	Safeguard Policy Filter (SPF) and Safeguard Screening Form (SSF)

ABBREVIATIONS	
AOP	Annual Operational Plan
BAU	Business as Usual
BESS	Battery Energy Storage Systems
BHPS	Blue Hills Power Station
BPL	Bahamas Power and Light Company Ltd.
CC	Climate Change
CCLIP	Conditional Credit Line for Investment Project
CEA	Cost Effectiveness Analysis
CO ₂	Carbone Dioxide
CoBH	The Commonwealth of The Bahamas
COE	Cost of Energy
CPPS	Clifton Pier Power Station
DALA	Damage and Loss Assessment
DEM	Development Effectiveness Matrix
DRA	Disaster Reconstruction Authority
EA	Executing Agency
EGB	East Grand Bahama
ESA	Environmental and Social Analysis
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESMR	Environmental and Social Management Report
EC	European Commission
EU	European Union
EU-CIF	European Union Caribbean Investment Facility
EUR	Euros
FFPA	Financial Framework Partnership Agreement
FI	Family Islands
FM	Failure Mode
GB	Gran Bahamas
GDPR	EU General Data Protection Regulation
GHG	Greenhouse Gases
GoBH	Government of The Bahamas
ICAP	Institutional Capacity Assessment Platform for Sovereign Guaranteed Operations
IFI	International Financial Institutions
IDB	Inter-American Development Bank
IDBG	Inter-American Development Bank Group
IRENA	International Renewable Energy Agency
IRR	Internal Return Rate
kW	Kilowatt

ABBREVIATIONS	
kWh	kilowatt-hour
LCOE	Levelized Cost of Electricity
M&E	Monitoring and Evaluation
MDB	Multilateral Development Banks
MHHC	Marsh Harbour Healthcare Center
MoEH	Ministry of Environment and Housing
MoF	Ministry of Finance
MPW	Ministry of Public Works
MW	Megawatt
MWh	Megawatt-hours
NP	New Providence
O&M	Operation & Maintenance
OC	Ordinary Capital
PNESER	National Sustainable Electrification and Renewable Energy Program
PEP	Pluriannual Execution Plan
PEU	Project Execution Unit
PMDU	Prime Minister's Delivery Unit
POM	Program Operation Manual
PP	Procurement Plan
PUP	Public Utilities Policy
PRAG	Practical Guide to Contract Procedures for EU External Actions
PV	Photovoltaic
PWD	Persons with Disabilities
RE	Renewable Energy
RESG	Renewable Energy Self-Generation
SSRG	Small-Scale Renewable Generation
T&D	Transmission and Distribution
URCA	Utilities Regulation and Competition Authority
US\$	Dollars of the United States of America

PROJECT SUMMARY
THE COMMONWEALTH OF THE BAHAMAS
EUROPEAN UNION CARIBBEAN INVESTMENT FACILITY (EU-CIF)
RECONSTRUCTION WITH RESILIENCE IN THE ENERGY SECTOR IN THE BAHAMAS
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(BH-G0003)

Financial Terms and Conditions				
Beneficiary: The Commonwealth of The Bahamas			European Union – Caribbean Investment Fund ^(a)	
			Amortization Period:	N/A
Executing Agency: Ministry of Finance (MoF)			Original WAL:	N/A
			Disbursement Period:	4 years
Source	Amount	%	Grace Period:	N/A
IDB (EU-CIF) in Euros (€):	8,200,000 ^(a)	100	Supervision and Inspection Fee:	N/A
[US\$ equivalent]	9,010,989 ^(b)	100	Interest rate:	N/A
Total in €:	8,200,000	100	Credit Fee:	N/A
			Currency of Approval:	Euros (€)
Project at a Glance				
Project Objective/Description: The objective of this operation is to support the CoBH restore and enhance security of the electricity service through the adoption of climate-resilient renewable energy infrastructure. The specific objectives are: (i) promote the adoption of resilient Solar Photovoltaic (PV) technologies; (ii) develop local skills for services related to solar PV generation systems, fostering participation of women and PWD.				
Special Contractual Clauses prior to the first disbursement: the CoBH will provide evidence to the satisfaction of the Bank of the entry into force of the Program Operation Manual (POM) according to the terms and conditions previously agreed with the Bank. See paragraph (¶3.12).				
Special Contractual Clauses of execution: See environmental and social contractual conditions of execution in Annex B of the Environmental and Social Management Report (ESMR)				
Exceptions to Bank Policies: None.				
Strategic Alignment				
Challenges ^(d) :		SI <input checked="" type="checkbox"/>	PI <input checked="" type="checkbox"/>	EI <input type="checkbox"/>
Cross-Cutting Issues ^(e) :	GE <input checked="" type="checkbox"/> and DI <input checked="" type="checkbox"/>	CC <input checked="" type="checkbox"/> and ES <input checked="" type="checkbox"/>	IC <input type="checkbox"/>	

^(a) Grant resources to be provided by the EU are subject to availability and approval by the EU. The funds will be administered by the Bank through a Project Specific Grant (PSG) that will be administered by the Bank according to Document SC-114 and under the terms of the 2020 "Financial Framework Partnership Agreement" (GN-2605-5). As contemplated therein, the commitment from the EU will be established through a separate Contribution Agreement. EU resources will be available for disbursement once the Contribution Agreement has been signed between the EU and the Bank, and the funds from the EU are received by the Bank. The Bank will charge a lead fee for administration of the EU resources of 2% of the PSG amount or a minimum of EUR200,000, the latter being the fee amount for this project.

^(b) The exchange rate used on November 19th, 2020 was 0.91 to one US Dollar. The EU PSG contribution payments will be made in Euros (€), and immediately converted to US Dollars when received by the Bank's Finance Department. The Finance Department will inform the Project Team of the exchange rate at which each contribution is converted.

^(c) Documentation shall only be retained after the period of five years if, before the expiration of such period the Bank is notified of an on-going audit, verification or investigation by the European Anti-Fraud Office (OLAF), or a claim directly related to the activities financed by the EU.

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

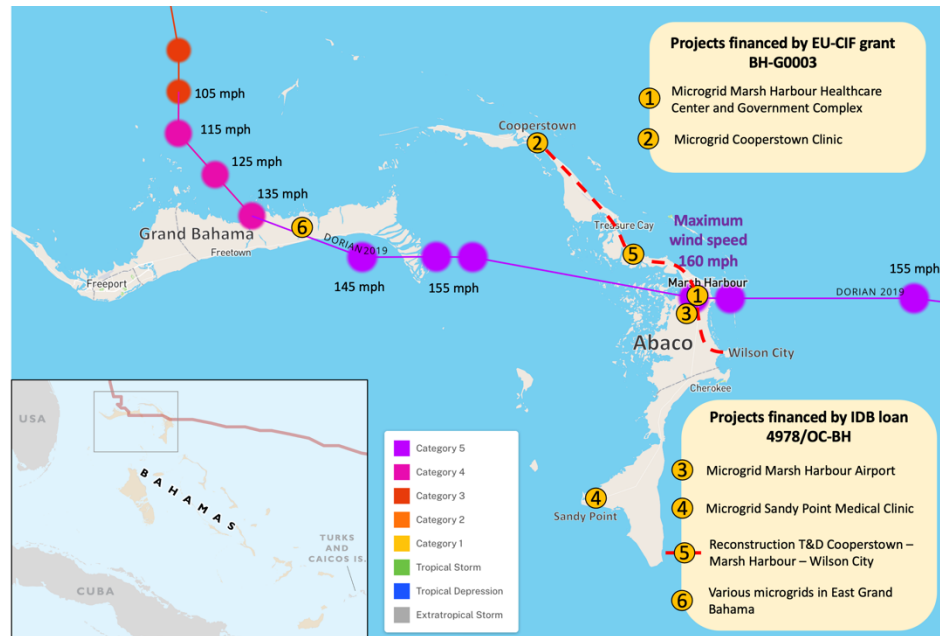
^(e) GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. PROJECT DESCRIPTION AND RESULTS MONITORING

A. Background, Problem Addressed, and Justification

- 1.1 The Bahamas is made up of approximately 700 islands of which around 30 are inhabited. Covering a surface of 80 square miles, the capital New Providence (NP) is the most populous island in The Bahamas with 246,329 inhabitants (+70% of its population).¹ On September 1st, 2019, The Bahamas was impacted by category-five Hurricane Dorian, the strongest on record for the country. This is not an isolated event but the latest case of recurrent extreme climate events that have impacted The Bahamas.
- 1.2 The greatest impact from hurricane Dorian was felt on Abaco and Grand Bahama (GB), although some impact also occurred on the island of New Providence (NP). Abaco comprises the main islands of Great Abaco and Little Abaco, along with smaller barrier cays covering a surface of 649 square miles. In Abaco, the Hurricane mostly impacted the area along the middle of the island, Marsh Harbour, where most of the population is concentrated. According to the Damage and Loss Assessment ([DALA](#)) following hurricane Dorian, the power sector experienced 54% of the total infrastructure impacts sustained, estimated at US\$206 million, with Abaco facing 87% and GB 13% of the total power sector damages.

Figure 1. Hurricane Dorian, route and wind speed, September 2019



Source: United States National Oceanic and Atmospheric Administration (NOAA)

- 1.3 With the passage of Hurricane Dorian, the government faced the challenge of having to accommodate thousands of displaced persons mostly from Abaco in shelters across NP², in some cases up to two months after the hurricane. Achieving resilience to Climate Change (CC) and extreme weather events will

¹ 2010 Census. Department of Statistics, Government of The Bahamas.

² The Department of Rehabilitative Welfare Services in New Providence recorded 6,854 evacuees entering Nassau by air from September 5–13, 2019 (*The Eleutheran Newspaper*, September 16th, 2019, eleutheranews.com/?p=21454).

require prioritizing build-forward strategies with resilient infrastructure, strengthening environmental protection, and advancing Renewable Energy (RE) as a cleaner and cheaper energy source.

- 1.4 **Resilient and Green Energy Sector Transformation.** To achieve a green and resilient recovery, the Ministry of Finance (MoF) is taking action in bringing together key stakeholders towards a sustained effort, aiming to transform the Energy Sector. To support these efforts, the IDB approved in January 2020 a Conditional Credit Line for Investment Projects (CCLIP) “Advancing Renewable Energy in The Bahamas” for US\$170 million. It was approved together with the first operation “Reconstruction with Resilience in the Energy Sector in The Bahamas” (4978/OC-BH) for US\$80 million financed through a Multiple-Works Instrument, and with the objective to support the CoBH with the rehabilitation of critical energy infrastructure and restoration of electricity service in islands heavily affected by hurricane Dorian, while facilitating the integration of RE.
- 1.5 To extend the scope and depth of the reconstruction with green and resilience efforts noted above with the Loan program without incurring additional costs to the Government, the IDB sought the support of the European Union – Caribbean Investment Facility (EU-CIF). The EUCIF is a regional blending facility aimed at mobilizing resources for development projects by combining grants with other resources, such as loans, to leverage additional financing in infrastructure. As per a CoBH’s request on October 2020 directed to the country representative in The Bahamas ([OEL#7](#)), the EU resources would be channeled through a Project Specific Grant through the IDB. In the EU terminology, this agreement is known as the Contribution Agreement and it will be subject to the terms of the Financial Framework Partnership Agreement (FFPA) between the EU and the IDB, signed on September 29, 2020 (GN-2605-5).
- 1.6 **Institutional Framework in The Bahamas.** The energy sector in The Bahamas is largely managed by the public sector. The Ministry of Public Works (MPW) oversees the energy sector including Bahamas Power and Light Company Ltd (BPL), which is a wholly owned subsidiary of the state-owned enterprise Bahamas Electricity Corporation. BPL activities include generation, transmission and distribution (T&D) of electricity in the country, except in Grand Bahama island. On the operational side, BPL has faced difficulties with frequent power outages, low quality of service to customers, and challenges to introduce RE.
- 1.7 On the policy side, to coordinate the financing of both reconstruction efforts as well as the Renewable Energy (RE) transformation agenda, the MoF has been ensuring that energy stakeholders are aligned on investments management. In 2019 the GoBH created a new Ministry of Disaster Preparedness, Management and Reconstruction to break down silos in the coordination of planning and recovery, and in the case of the power sector, to create a greener, more efficient utility infrastructure in the damaged areas.
- 1.8 Along with the Prime Minister’s Delivery Unit (PMDU), a key objective of GoBH is advancing energy reform ensuring challenges are addressed in a timely way. The Ministry of Environment and Housing (MoEH) is also key actor for the RE agenda, as it has the responsibility for international treaties and protocols related to the environment. Utilities Regulation and Competition Authority (URCA) is the independent regulator and competition authority for the Electricity Sector in The

Bahamas. URCA's powers and functions are set out in the Electricity Act 2015, which includes the power to issue licenses and regulations. A feature of the current institutional setup is limited integrated energy planning and coordination to streamline energy infrastructure investments and prioritize RE and resilience. There are two RE regulations for projects below 1MW, relevant for this operation: (i) Small Scale Renewable Generation (SSRG) Program for projects below 100 kW; and (ii) Renewable Energy Self-Generation (RESG) Projects for projects from 100 kW to 1MW.

- 1.9 **The Electricity Sector in Abaco and New Providence.** Electricity demand in The Bahamas is concentrated in NP³, representing 75% of the consumption in the country, followed by GB. Remaining demand comes from the Family Islands (FI)⁴. Bahamas Power & Light Company Ltd. (BPL), a state-owned electric company, provides service to approximately 100,000 customers in The Bahamas.
- 1.10 In New Providence, the main island, close to 280,000 residents, are served. New Providence has a peak demand of approximately 260 MW. This load is supplied by two main stations, Clifton Pier Power Station (CPPS), operating on heavy fuel oil, and Blue Hills Power Station (BHPS), running on light fuel oil. CPPS is located on the west end of the island and currently has a capacity of 200 MW, with a planned capacity increase to 300 MW. With the arrival of displaced people after Dorian, NP experienced a slight increase in the electricity demand, only stopped when COVID-19 started to impact the country. As a result of the COVID-19 lockdowns and the decline in economic and tourism activities⁵, electricity demand in NP decreased around 10% from March to April 2020 but then recovered by Q4 2020 with the reopening of the economy. In the long run, electricity demand in NP and across the country is expected to experience a sustained increase⁶. Even before hurricane Dorian struck the Bahamas, there were apparent challenges to the operation of the electricity grid during the summer months of peak-time usage: "In 2014, the system was encountering load shedding during summer times when the loads were at maximum and when a diesel generator at a power station failed".⁷
- 1.11 Pre-Dorian in Abaco, annual electricity consumption amounted to 124.5 GWh with electricity supply still 100% reliant on diesel generation. BPL operates two power stations: (i) the Marsh Harbour Power Station, with two 2.5 MW and two 4.4 MW diesel generators; and (ii) the Wilson City Power Plant with 12 MW diesel generators. As a result of the severe impact on Abaco's transmission and

³ The NP power system is operated by BPL and has a peak demand of 260 MW, serving about 280,000 residents.

⁴ The Bahamas archipelago comprises more than 700 islands and islets, from which just around 30 are inhabited. The FI are islands that make up The Bahamas except for NP and GB.

⁵ The IDB analyzed the changes in the electricity demand in some countries of Latin America and the Caribbean observed between March and April 2020. IDB Energy Division Blog "¿Cómo se relaciona la demanda eléctrica con el coronavirus?", April 13th, 2020. <https://blogs.iadb.org/energia/es/como-se-relaciona-la-demanda-electrica-con-el-coronavirus/>. The Blog "La demanda de energía se recupera a niveles pre-COVID-19", published by the IDB Energy Division in November 2020, reviewed the recovery of the electricity demand in some countries of Latin America and the Caribbean in the second semester of 2020. <https://blogs.iadb.org/energia/es/la-demanda-de-energia-se-recupera-a-niveles-pre-covid-19/>.

⁶ According to a study conducted in 2019 by WSP, New Providence's system gross consumption is forecasted to increase from 1,521 (GWh) in 2019 to 1,948 GWh in the 2035 (average growth of 1.6 % per year under the Base Case).

⁷ Analysis of Distributed Generation Sources and Load Shedding Schemes on Isolated Grids Case Study: The Bahamas, Nadia Smith and Roy McCann, University of Arkansas, Oct 2014

distribution (T&D) systems, BPL lost most of its electricity consumers⁸. Pre-Dorian, BPL had approximately 8,879 active customers in Abaco and its associated Cays, of which 8,182 are envisioned to benefit from the reconstruction of the electricity T&D infrastructure.⁹ While the utility's main generating plant at Wilson City was undamaged during the Hurricane, Marsh Harbour Power Station was severely damaged and is now inoperable. This plant was used as an emergency backup and for voltage support in the Marsh Harbour area. In the aftermath of the Hurricane, Abaco experienced a sharp drop in electricity demand because of limited generation and loss of electricity customers. Nonetheless, both are quickly returning to pre-hurricane levels, with over 6,500 customers reconnected to the grid. The goal is restoring infrastructure in a resilient manner, so that the existing and remaining 20-25% of customers benefit from reliable electricity service.

- 1.12 **The Hospital and Government Complex in Abaco.** The Marsh Harbour Healthcare Center (MHHC), inaugurated in 2017, is the only medical facility open to the population located in Abaco's central area. As stated in the DALA Report, the MHHC is a good example of a structure that withstood the hurricane with great resilience, and most of its success came from proper design, construction methods and an ideal location on the island. Although it suffered significant internal damage, the MHHC served as a temporary shelter for over three days in the middle of the storm for a significant number of the affected population.
- 1.13 Adjacent to the hospital, the Government Complex in Abaco houses all the government entities in one building, including the Disaster Reconstruction Authority (DRA), Office of the Prime Minister, Royal Bahamas Police Force, Immigration Department, Judicial Courts, among other public institutions. After Dorian, the building was used as a command center with all key offices in one central location. According to the DALA Report, as of September 5, 2019, the hospital and government complex served as temporary shelter for approximately 2,000 displaced people. Currently, part of the Government Complex property is still being used as shelter for government workers displaced by hurricane Dorian¹⁰
- 1.14 **Rationale for intervention.** The devastation brought by Hurricane Dorian, especially in Abaco, has signaled a new sense of urgency for the need to craft a comprehensive and resilient reconstruction program that addresses the extreme weather challenges and long-standing high electricity costs, poor reliability, and high dependence on fossil fuels. Reconstruction investments should raise the country's preparedness for new climatic events, improving its capacity to manage crises through forecasting and disaster management capability. In that sense, public investments should target strategic infrastructure, such as hospitals and health centres that reach a wide selection of the population and also act as safe havens in times of a national disaster. Helping to keep the lights on with more efficient, reliable and cheaper energy, improves the operational cost profile of the facility, and those direct financial savings can be diverted back into the institution

⁸ Belinchon P, Schierhorn P, 2021, Techno-economic assessment of the Marsh Harbour microgrid, Abaco Island. Draft Report.

⁹ According to estimates provided by BPL.

¹⁰ See RESG in: <https://www.urcabahamas.bs/wp-content/uploads/2020/03/Statement-of-Results-and-Final-Decision-on-Renewal-Energy-Self-Generation-Projects-ES-03-2020.pdf> See SSRG Program in: <https://www.urcabahamas.bs/wp-content/uploads/2017/07/ES-022017-URCAs-Response-to-BPLs-SSRG-Submission-1.pdf>

for investments in improving patient care or updating other areas of the hospital complex.

- 1.15 To stimulate the advancement of RE and break the strong dependance on fossil fuels, the MoF is leading the national effort, acting by corraling stakeholders towards RE in the country. The reconstruction and modernization of the archipelago's energy system, with a strong focus on the health facilities, is an opportunity to strengthen isolated and interconnected grid networks with resilient RE resources, coupled with conventional power systems designed to withstand the increasing frequency and severity of extreme weather events. It also represents an opportunity to raise awareness of RE as a new energy subsector, and the skills employment and economic opportunities this presents for Bahamian citizens. Finally, it will contribute to reducing the island's use and dependency on fossil fuels, therefore increasing energy security, and avoiding CO₂ emissions.
- 1.16 **Bank experience.** The IDB has been playing an active role in supporting the energy sector transformation in Latin America and the Caribbean. The Bank has considerable experience in financing and executing RE and resilient T&D operations. Some of these are relevant especially for this operation's context, such as the Investment Loan "National Sustainable Electrification and Renewable Energy Program (PNESER)" (2/JA-NI-NCP2) in Nicaragua, which financed actions to improve the resiliency, sustainability of the isolated systems operated by the power company through training and promotion of the use of RE in Corn Island and San Juan de Nicaragua, similar to what both components of this Grant will be financing. PNESER was a national program that transformed the power sector in Nicaragua and included components to increase electricity access, diversification of the energy matrix with RE, improve transmission infrastructure, and develop RE generation solutions in isolated places such as resilient microgrids, which have been successful in withstanding the damage caused by hurricanes Eta and IOTA in November 2020. The operation was closed in 2019.¹¹
- 1.17 Furthermore, aligned with the current context of The Bahamas, the IDB has experience in supporting relief efforts in the energy sector affected by natural disasters such as the "Program for the Reconstruction of Electricity Infrastructure in Areas Affected by the Earthquake in Ecuador (3906/OC-EC) approved after an earthquake of 7.8 magnitude, which heavily impacted the electricity distribution system. The agencies involved in the reconstruction process sought a resilient and reliable infrastructure system that would facilitate coordination of sub-T&D, thus increasing disaster resilience and the capacity for a rapid restoration of service. The IDB's involvement in this operation is relevant for the EU-CIF Grant for the experience gained in emergency rehabilitation of T&D infrastructure while focusing in resilience as a key factor during this restoration to avoid any service interruptions in climate-vulnerable regions and countries. Operation 3906/OC-EC is currently in execution phase and it is expected to close by April 2022.
- 1.18 The Bank also has worked with the EU-CIF in the energy sector and will build upon ongoing positive experiences in Barbados with "Sustainable Energy Investment Program (Smart Fund II)" (GRT/ER-17578-BA) and Jamaica's "Energy Management and Efficiency Program" (GRT/ER-16412-JA).

¹¹ See PNESER's [Project Completion Report](#), IDB (2021).

- 1.19 **Lessons Learned.** Based on the aforementioned experiences, the Bank will apply the lessons learned to this operation by: (i) incorporating in the bidding documents the key elements identified so that the financed infrastructure is resilient to extreme weather events¹²; (ii) applying an early execution mechanism, consistent with electrical service restoration works after natural disasters¹³ (see PEP/AOP and PP); and (iii) strengthening the Executing Agency (EA) through the incorporation of personnel with experience supervising projects financed by the European Union.¹⁴
- 1.20 **Country Strategy.** This operation is aligned with the country's priority areas established in the IDB Group Country Strategy with the Commonwealth of The Bahamas 2018-2022 (GN-2920-1), specifically through the objective of supporting resilient infrastructure for growth, by contributing to the continuity of electrical service in key buildings for the population during and after a climate event. The operation is aligned with the Strategic Objective of strengthening the institutional capacity to regulate and modernize the energy sector by increasing the contribution of clean energy sources, specifically photovoltaic. The operation is also included in the 2021 Country Programing Document (GN-3034).
- 1.21 **Strategic Alignment.** The operation is consistent with the Second Updated Institutional Strategy (UIS) 2020-2024 (AB-3190-2), specifically with the development challenges of: (i) Social Inclusion and Equality and (ii) Gender Equality and Diversity as described in 1.22 below, and with (iii) Productivity and Innovation, by promoting advanced RE technologies such as microgrids with storage capacity and rooftop systems. Moreover, the operation is also aligned with (iv) Climate Change and Environmental Sustainability, in line with the Bank's CC Sector Framework Document (GN-2835-3), as it will promote initiatives to reduce carbon emissions and increase climate resilience. It is also aligned with the (v) Bank's Disaster Risk Management Policy (GN-2354-5) and it is consistent with the (ii) Sustainable Infrastructure for Competitiveness and Inclusive Growth Sector Strategy (GN-2710-5) and with the (vi) Energy Sector Framework (GN-2830-8) through the development of RE sources and improvement of energy security. According to the [joint MDB approach on climate finance tracking](#), 100% of total IDB funding for this operation result in climate change mitigation and adaptation activities. This contributes to the IDBG's climate finance goal of 30% of approvals annually. The operation is also aligned with the Gender Action Plan for Operation 2020-2021 (GN-2531-19) through specific actions that promote economic opportunities for women by developing their technical and strategic capacities in the energy sector.
- 1.22 **Employment, Gender and Diversity.** The International RE Agency (IRENA) notes that the adoption of RE employed 11,000,000 people globally, and solar PV was the top employer among RE technologies. A study conducted by the agency also found that women represent 32% of the RE workforce.¹⁵ In the period 2000-2017, the labor force participation gap between women and men in The Bahamas increased 2 percentage points.¹⁶ The country has a deep gender occupational segregation: 96% of total employed women ages 15+ works in the service sector,

¹² For details, see paragraphs: 2.27-2.28, 2.47, 4.7-4.9 and Climate Change and Resiliency Annex ([OEL#3](#)).

¹³ See PEP/AOP ([REL#1](#)) and PP ([REL#4](#)) for details.

¹⁴ For details, see paragraphs: 3.15-3.16, 4.1.

¹⁵ IRENA. 2019. [Renewable Energy: A Gender Perspective](#).

¹⁶ Idem.

- in comparison to 69% of the total of employed men ages 15+. ¹⁷ Regarding women's participation in the energy sector in New Providence, the mining, quarrying, electricity, gas and water industry has a total of 1,750 employees, of which 19% are women (325). ¹⁸ More information on the labor force participation gap in The Bahamas in the Gender Annex ([OEL#6](#)).
- 1.23 Regarding persons with disabilities (PWD), according to the 2010 Census of Population and Housing, there were 10,138 PWD in The Bahamas, of which two thirds lived in New Providence. Of this population, 47.4% had secondary level education and 7.6% had college/university education. However, only 17% of the PWD in the country was employed ¹⁹. Not only does exclusion create a significant economic burden for individuals and their families, but it can also carry substantial costs to societies at large and limit national economic growth. ²⁰
- 1.24 **Regulatory Framework and Sustainability of the Electricity Sector.** This operation is consistent with the Public Utilities Policy (OP-708) as it will: (i) increase the efficiency and quality of the public utility by delivering a more reliable and quality service to users meeting minimum standards that are viable and consistent with a cost-effectiveness analysis; and (ii) the sustainability of the public sector will be promoted in two ways: (a) financing Solar PV generation at lower costs than in the commercial financial market will support reducing fuel imports; and (b) the operation will support public institutions to deploy distributed generation solutions contributing to the objective of reducing costs and fuel imports and to the growth of local capabilities for RE deployment. The environmental and social sustainability of the Public Utilities Policy (PUP) ([OEL#2](#)) will also be secured by the provision of all Bank's safeguards mechanisms, including the introduction of resilient infrastructure.
- 1.25 **Innovation and Digitalization.** As more renewable energy is added to the grid, different services and options are enabled for users, and new approaches are required to handle the complexity of the grid and scale. Digitization is transforming the energy sector with the potential to lower the costs of service provision and increase resilience, quality, and improve affordability for the most vulnerable. ²¹ In addition, digitization is essential for the management and rapid responses to the variability of the inclusion of renewable energies (such as solar and wind). Solar PV microgrids in combination with battery energy storage systems (BESS) are more often the best option to harness renewable energy resources to create a more robust and resilient grid in particular in the Caribbean.
- 1.26 The Project will promote innovative practices taking advantage of technological advances in digitization, including the implementation of: (i) for resiliency purposes, all microgrids to be financed will be able to operate in an islanded mode, so appropriate digital control systems will be needed to manage the hybrid PV-BESS system and match the local load. Also, the technical specifications in the tender documents of each microgrid do include requirements on higher sampling rates to

¹⁷ Idem.

¹⁸ Idem.

¹⁹ <https://www.bahamas.gov.bs/wps/wcm/connect/>

²⁰ https://www.iapb.org/wp-content/uploads/CBM_Costs-of-Exclusion-and-Gains-of-Inclusion-Report_2015.pdf

²¹ Chapter 9 of the IDB publication, Development in the Americas 2020, [From Structures to Services, The Path to Better Infrastructure in Latin America and the Caribbean](#), highlights the importance of digitalization and decentralization of production and how this will result from the reduction in cost and deployment of small-scale power generation and storage technologies. Cavallo et al 2002.

track electricity production and cloud services; (ii) use of digital meters which will allow remote recording of electricity flows to and from microgrids; and (iii) a state of the art of technology that allows a high level of automation on the services so the solar plants could provide support to the electrical grid when connected to the main transmission grid. In the case of a natural disaster such as a hurricane, the solar PV can produce electricity and supply it during the hours the grid is down. Even in the absence of solar resources, the BESS can provide balancing services thus reducing stress on the existing generation. Additionally, the BESS converters and solar PV can provide voltage support in case of a lack of reactive generation from the synchronous generation or resulting from a weak grid.

1.27 **Resilient Energy Infrastructure.** A qualitative disaster and climate change risk analysis (DRA) of the proposed solar photovoltaic (PV) plant in Marsh Harbour was conducted, a project selected from among the representative sample of projects in the renewable energy component. This assessment was carried out through a failure mode (FM) identification process and a collaborative workshop, which took place on December 14, 2020, with the participation of IDB²² and experts from the Bahamian government. After analyzing available technical information, the IDB and the group of experts conducted a Failure Modes (FM) identification participatory process, to analyze the factors that make failure more or less likely to occur. As a result of this process, they identified 13 FMs for the solar PV plant: 3 produced by rainfall, 5 due to high winds, 2 due to storm surge, and 3 other general ones.

1.28 The consequences of these FMs are mainly limited to the project itself, which if materialized, would require medium or major rehabilitation. In this sense, the FMs classification show that the combination of probability and consequences result, for the most part, in a level of risk that can be managed at tolerable risk levels, if the recommendations proposed are followed. As shown in the Climate Change and Resiliency Annex [\(OEL#3\)](#) the main recommendations focus on reinforcing the plant design against strong winds and floods by designing strong panel structures and foundations, implementing anti-corrosion measures, using underground cables, avoiding the exposure of live parts (electric conductors, buses, terminals, or components that are uninsulated or exposed and a shock hazards exists), and implementing watertight connections.²³

B. Objective, Components, and Cost

1.29 **Objective.** The objective of this operation is to support the CoBH restore and enhance security of the electricity service through the adoption of climate-resilient renewable energy infrastructure. The specific objectives are: (i) promote the adoption of resilient Solar Photovoltaic (PV) technologies; (ii) develop local skills for services related to solar PV generation systems, fostering participation of women and PWD.

1.30 **Component 1. Reliable and Renewable Electricity in New Providence and Family Islands (€7,508,000 / US\$8,250,550 equivalent).** This component will

²² The IDB developed in 2018 a framework that defines the term sustainable infrastructure and proposes methodologies to incorporate the dimensions of sustainability (economic, financial, environmental, and social) in planning and project design (Watkins et al., 2017).

²³ Chapter 1 of IDB publication, [Development in the Americas 2020. From Structures to Services](#), emphasizes the importance of climate change in planning decisions, and how planning must take into account the uncertainty of climate change and the need to make new infrastructure as resilient as possible. Serebrisky et al 2020.

finance the deployment of decentralized solar PV plants, rooftop systems and innovative microgrids with battery storage capacity, together with grid modernization technologies to improve the reliability and resiliency of the power network in the islands.

- 1.31 The non-reimbursable resources will increase the scope of Abaco's Solarization Program financed by the 4978/OC-BH loan, that will fund 6.75 MW of solar PV capacity and 6.75 MW of BESS capacity (see Figure 1). The EU-CIF grant will include the installation of a Solar PV plant of around 2.25MW and an equivalent capacity of battery energy storage to primarily supply the Marsh Harbour Healthcare Center and the Government Complex in central Abaco²⁴. Additionally, the non-reimbursable resources will finance a Solar PV plant of approximately 0.25 MW for the Coopers Town Medical Clinic, located in northern Abaco, which will include a storage capacity of around 2 MW. With this two microgrids, the Solar PV capacity of IDB interventions in Abaco will be expanded by 37% (2.5MW) to totalize 9.25 MW and the storage capacity by 63% (4.25 MW) to a total of 11MW. The two microgrids will be operated and maintained by the EPC contractor during the two first years. Starting in the third year, BPL will be in charge of the operation and maintenance (O&M).
- 1.32 Component 1 will finance approximately 4.25 MW of BESS, strategically located in central and northern Abaco. The storage capacity is expected to provide greater resiliency and flexibility to the electric system in Abaco, backing up the Wilson City Power Plant, as well as for voltage support, especially in the Marsh Harbour area. This BESS capacity is somewhat oversized for the purpose of operating in grid-tied mode and for isolated mode as well. It could however be used to facilitate integration of additional RE projects in the future. The recommendations described in (¶1.28) to improve the resiliency of the microgrid hybrid plants financed through this component will be integrated into the technical specifications of the associated tender documents. In addition, the PEU is working with Rocky Mountain Institute (RMI), who developed the prefeasibility studies of the microgrids for BPL, in order to evaluate the most appropriate resiliency measures and standards that should be included in the bidding documents, given RMI's previous experience with similar projects in The Bahamas and The Caribbean.²⁵
- 1.33 The direct beneficiaries of the hospital and the government complex microgrid is the population of Abaco's central area, which includes Marsh Harbour, Central Pines, Treasure Cay, Dundas Town, Murphy Town, Spring City and surrounding cays. Approximately 13,000 people are currently living in this area of the island and it is expected that pre-Dorian levels of 17,000 will be reached in the near future. Regarding Coopers Town, it is Abaco's northernmost settlement, with a population of 1,025 people according to the 2010 census.
- 1.34 Furthermore, this component will finance the deployment of 3 rooftop solar PV plants in New Providence, which will add an approximate capacity of 407 kW. The tentative projects to be included are: (i) University of The Bahamas with 291 kW; (ii) C.I. Gibson Senior High School with 49 kW and; (iii) Customs Headquarters with 67 kW. The EU non-reimbursable resources will expand the scope of the

²⁴ Note that as highlighted above, a qualitative disaster and climate change risk assessment has been conducted for the solar PV plant at Marsh Harbour. See the Climate Change and Resiliency Annex in [OEL#4](#).

²⁵ See report [Solar Under Storm](#), Rocky Mountain Institute (2020). The report includes best practices for solar PV installations facing hurricane-force winds.

existing rooftop program financed by operation 4978/OC-BH (1,183 kW) by approximately 34%. Both interventions will total 1,590 kW. These rooftop solar projects financed by the EU-CIF grant shall follow the same O&M scheme than microgrids in Abaco, but the Renewable Energy Entity or the building's owner shall operate and maintain the solar facilities beginning the third year. There are no overlaps between the investments included in this component and the ones that the 4978/OC-BH Loan is already financing.

- 1.35 **Component 2. Support the strengthening skills for the development of new installed RE (€310,000 / US\$340,659 equivalent).** This component will finance training activities in installation and maintenance of solar PV systems, services in supply chain and solutions within the solar industry to foster local participation in these services, with an emphasis on services provided by women and vulnerable communities (such as PWD) and local contractors. The resources for training purposes in this operation represent around 4.5 times the resources committed under IDB loan 4978/OC-BH (US\$75,000). Both operations total about US\$415,000 dedicated to training Bahamians in services associated with solar PV.
- 1.36 Funding from the EU-CIF will train 30 people, of which 50% will be women. This is a key aspect of the program as it ensures local involvement, fosters gender and vulnerable people participation, as well as project sustainability with the availability of local RE services.
- 1.37 Due to the very low rate of economically active PWD (¶1.21), this operation will promote their inclusion in the energy sector, to the extent possible. More specifically, this operation will: (i) ensure that the training program complies with the principles of universal design to ensure access to everyone so that it can be completed by PWD; (ii) carry out an analysis to identify the different work, per type of disability, that could be performed by PWD. This will allow a matching of individuals' aptitudes and job requirements, including both their existing skill sets and their job preferences of the real potential candidates; and (iii) design and implement an apprenticeship program, based on the results of the analysis just mentioned, not only to incentivize PWD to participate into the trainings but also to promote their incorporation into the workforce throughout the value chain of solar PV systems, by promoting the job placement of these trained individuals to support the solar PV systems described in component 1 and other energy-related activities. It is expected to undertake this program in partnership with local institutions or NGOs working with PWD, for a better understanding of the local situation and to improve the employment outcome.
- 1.38 **Gender specific actions.** This operation will contribute to closing the gender labor force participation gaps by implementing the following activities: (i) promote the participation of women in the labor force of the RE sector by implementing a training program on in installation, maintenance and other services related to solar PV generation systems with gender parity (part of component 2); (ii) design and implement a paid internship program of at least 3-months in the energy sector for a selected number of women who completed the training (part of component 2). Additionally, the project will promote conducting gender sensitive procurement processes, for example, giving bonus points in the selection process to contracting companies which have goals for hiring women, equal pay for the same work and/or gender-sensitive job advertisements (part of component 1).

- 1.39 **Other costs and IDB lead fees (€382,000 / US\$419,780 equivalent).** €182,000 (US\$200,000 equivalent) will be used for consulting services related to PEU (Project Execution Unit) supervision of the microgrids and rooftop projects, as well as communication and dissemination of the program's deliverables²⁶. €200,000 (US\$219,780.22 equivalent) will be allocated for the IDB lead fees.

C. Key Results Indicators

- 1.40 **Expected results.** As indicated in Annex II, this non-reimbursable investment financing is expected to finance around 2,907 kW of RE new capacity, of which 2,500 kW correspond to microgrids with storage capacity and 407 kW to solar rooftop projects. This new RE capacity is expected to generate approximately 4,954 MWh per year, assuming a capacity factor of 18.34%²⁷. Since current electricity generation in Abaco and NP is mostly based on diesel, an emission factor of 0.889 tCO₂/MWh is considered²⁸. According to simulations that include both the PV generation and the effect of using the BESS, the project is expected to avoid approximately 4,656 tons of CO₂ per year during its lifetime²⁹. The EU-CIF funds are expected to enable nearly 30% increase in RE installed capacity with respect to the IDB loan 4978/OC-BH, together with a similar increase in the corresponding GHG emissions avoided per year.
- 1.41 Results of component 2 will be measured by registering the number of beneficiaries that receive training and a technical certificate, of which 50% should be women. Likewise, component 2 includes a paid internship program for around 10 women and a pilot project for training and job placement of PWD in the country's energy sector.
- 1.42 **Economic Analysis.** A techno-economic assessment was undertaken to confirm the suitability of the largest microgrid project in Abaco corresponding to the Marsh Harbour Government Complex and Hospital. Being part of the same interconnected system the outcome of this analysis in terms of its financial feasibility will be representative for the smaller system at the Coopers Town Medical Clinic. Ten different scenarios were modelled depending on the operation of the microgrid, including scenarios with and without the battery energy storage system (BESS), different CAPEX sensitivities and cases of extreme weather events and unavailability of the main transmission grid (off grid operation).
- 1.43 In all modelled scenarios considering the additional microgrid the resulting Cost of Electricity (COE) for the Abaco power grid is lower than the COE from the Business as usual (BAU) scenario which is based on a 100% diesel-based generation. The cost savings are relatively low (up to 1.3% in the average CAPEX scenario) due to the small size of the microgrid assets compared to the whole Abaco system. However, this shows the general tendency when introducing cheaper solar generation in a more expensive fossil fuel dominated system. In this case LCOE

²⁶ EU funds will not cover for evaluation and audit expenses. The evaluation and audit expenses will be financed with resources from the loan 4978/OC-BH.

²⁷ According to the World Bank's Global Solar Atlas, Abaco has good PV resources, with a utility scale solar system in the central part of the island expected to yield an annual capacity factor of 18.34%. The same capacity factor is assumed for New Providence. See World Bank Global Solar Atlas, <https://globalsolaratlas.info/map?c=26.434917,-77.393188,10&s=26.513591,-77.074585&m=site&pv=ground,180,25,1000>

²⁸ Based on estimates provided by BPL and simulations.

²⁹ It includes emissions avoided due to the rooftop program. Further details: M&E Plan (REL#2), section 3.3.1.

prices for the solar PV plants range from US\$0.09-0.11 per kWh compared to US\$0.30 for diesel generated electricity.

- 1.44 Through a Cost Effectiveness Analysis (CEA), it was determined that the addition of a BESS to the microgrids in Abaco is also justified as it helps to provide grid services to the entire system, optimizing the operation and dispatch efficiency of the existing diesel gensets, therefore saving fuel. For the reference scenario this benefit amounts to US\$3 million in a conservative estimate as some flexibility is also added to the grid for future incorporation of more variable renewable generation. Further details are provided in (OEL#1). As for New Providence's rooftops, the CEA shows positive results, with an unlevered IRR of 12% and a simple payback of 9.5 years (25 year life).
- 1.45 **Resiliency and isolated operation.** The operation in off grid mode due to unavailability of the main grid was also analyzed. Some level of oversizing of the BESS is justified in order to provide resiliency to these critical facilities (Hospital and Government complex) in case of extreme weather events so they can further operate and eventually also provide emergency electricity supply to other critical facilities around Marsh Harbour (assuming interconnection remains intact after the extreme weather event). The microgrid capability of operating in autonomous mode improves the reliability and security of supply while also mitigating the revenue loss incurred during system outages as the loads connected to the microgrid will potentially continue being supplied by utility owned assets.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing Instruments

- 2.1 **Financing structure.** The proposed operation consists of a non-reimbursable investment financing for €8,200,000 (inclusive of fees) equivalent to US\$9,010,989, using the exchange rate 0.91 €/ per US\$ used on November 19th, 2020, to be provided by the European Union Caribbean Investment Facility (EU-CIF). EU contribution payments will be made in Euros (€), and immediately converted to US Dollars when received by the Bank's Finance Department³⁰. This non-reimbursable financing was identified by the CoBH as the most appropriate financial instrument as it provides timely resources allowing investment programs to have continuity and therefore the instrument supports the government's medium-term objectives to gradually transform the energy sector with a series of interventions.

³⁰ By means of a project specific grant, EU-CIF will transfer the funds to the Bank, as administrator. Except for the IDB lead fees, the Bank will then transfer the resources to the Beneficiary by means of a non-reimbursable financing agreement.

Table 1. Summary of Program costs

Components	Total IDB		%
	EUR (€)	US\$ Equivalent	
Component 1. Reliable and Renewable Electricity in New Providence and Family Islands	7,508,000	8,250,550	91.6
Component 2. Support the strengthening skills for the development of new installed RE	310,000	340,659	3.8
Other costs	182,000	200,000	2.2
a. Consulting services related to PEU	120,000	131,868	1.5
b. Consulting services related to communication and dissemination of the program's deliverables	62,000	68,132	0.7
IDB lead fees	200,000	219,780	2.4
Total	8,200,000	9,010,989	100.0

2.2 **Modality and Financial Structure.** The non-reimbursable investment financing, with a disbursement period of four years, is structured as a specific investment financing.

2.3 **Disbursement period.** It is expected that the resources will have a four-year disbursement period, considering that: (a) the operation has the highest priority to the Government due to the emergency condition of rehabilitation of the islands affected by Dorian; (b) the rooftop solarization process in New Providence is not expected to have large grid impacts in the short term, which will expedite the delivery of implementation; and (c) the PEU is already established.

Table 2. Project Disbursements

Disbursement	Year 1	Year 2	Year 3	Year 4	Total
Total EUR (€)	1,285,548	5,614,161	1,105,247	195,044	8,200,000
Total US\$ Equivalent	1,412,690	6,169,408	1,214,557	214,334	9,010,989
%	15.7	68.4	13.5	2.4	100.0

B. Environmental and Social Risks

2.4 In accordance with the Environment and Safeguards Compliance Policy (OP-703), the BH-G0003 is classified as Category "B". This classification is driven by the extent and context of the activities required for the implementation of Component 1 of the Grant within the Abaco Island (i.e. the installation of approximately 2 MW of Solar PV plant capacity), to which the most relevant environmental and social impacts of the whole Grant are associated; these are related to: (i) exposure to disaster risk due to natural hazards; (ii) lack of appropriate waste disposal facilities; (iii) limited access to freshwater resources; (iv) precarious health and sanitary conditions may impact health and safety conditions of workers; (v) project activities may present interferences with other ongoing rehabilitation and reconstruction activities (rehabilitation of roads and infrastructure and essential services, such as energy, water and food supply) controlled by NGOs, international organizations, emergency response groups, etc.; and (v) land clearance (limited to 5 ha) and

potential contribution to erosive processes and desertification. Further details regarding these risks and the associated mitigation and management strategies are provided in the ESMR ([REL#3](#)). On the other hand, no land acquisition nor physical/economical resettlement will be required, as all the required land is vacant and owned by the GoBH. Furthermore, the identified site will require minimal earthwork and vegetation clearance.

- 2.5 In addition to the OP-703, the implementation of the following IDB's Policies is applicable to the operation: (i) Policy OP-102 (on Disclosure of Information); (ii) Policy OP-704 (on Disaster Risk Management); and (iii) Policy OP-761 (on Gender Equality). On the other hand, the activation of the Policy OP-710 (Involuntary Resettlement) and of the Policy OP-765 (Indigenous People) has been ruled out. In accordance with Directives B.5 of the OP-703, the following environmental and social documentation was completed: (i) an Environmental and Social Analysis (ESA), applicable to the relevant activities of the Project; and (ii) an Environmental and Social Management Plan (ESMP), addressing the impacts identified in the ESA; specific Health & Safety measures have been included in the ESMP for the management of COVID-related risks.
- 2.6 Because The Bahamas is located in a geographic area vulnerable to climate hazard, such as hurricanes, the infrastructure financed by this project is exposed to a high risk of natural disasters (as reflected in the Risk Matrix). In compliance with the OP-704, the team has contracted the consulting firm iPresas to perform the following resiliency study "Failure Mode Identification of the Marsh Harbor Solar PV plant in Abaco". The assessment discusses several lessons learned from projects in similar areas and identifies specific mitigation measures and project design recommendations. Requirements to implement these measures in the operation have been included in the ESMR ([REL#3](#)) and in the POM. In turn, those protocols and measures will be reflected in the bidding documents for the appointment of the relevant EPC contractors.
- 2.7 The public consultation event was held on the 28th of April 2021, in accordance with the requirements of the Directive B.6 of the OP-703. This meeting aimed at (i) providing key project stakeholders and the wide community with an overview of the operation and its scope, including a summary of the ESA's findings and of the proposed environmental and social management approach for the operation; and (ii) gather community's concerns and expectations about the scope of the Grant. The event was delivered in a virtual format, in consideration of the current COVID-19 pandemic, following the protocol developed by the Bank for the delivery of public consultation in a virtual environment. Bespoke invitations were sent to a list of 114 individuals, including key governmental and local authorities, NGOs, member of the communities and local businesses. Furthermore, in order to reach out to the broad community, the event was advertised within the Ministry of Finance Facebook webpage (a page that counts with around 19,400 followers). The consultation event was delivered using two formats, via webinar and via Facebook live (the live stream service provided by this social media platform). The virtual event was attended by 65 participants participating via webinar and by around 240 attending via Facebook live. A recording of the event is publicly available at the following link: <https://www.facebook.com/FinanceBAH/videos/949345679208577/>. Following the presentation, a Question and Answer session was held. Questions mainly revolved around (i) the creation of economic opportunities for local business and the

community as a result of the operation (ii) where to locate further information regarding the project for future references. No significant environmental and social issues were raised by the stakeholders during the event. The consultation was delivered in a meaningful, inclusive, transparent, equitable and non-discriminatory manner; to this end a broad range of stakeholders' categories was invited.

- 2.8 The preliminary version of the ESA was first disclosed on the IDB website on the March 1st, 2021; a revised version was published on March, 31st. The final version of the ESA was published together with a consultation report, on April 29th, following the conclusion of the public consultation. The documentation summarized the consultation process undertaken for the operation. These reports confirm that the negative impacts triggered by the Project will be of short-term duration and manageable through the implementation of effective mitigation measures (consistent with the Category "B" classification).
- 2.9 Moreover, there's also another medium-high risk related to other reconstruction aspects in Abaco and general preferences of population could result in a sharp reduction or increase in power infrastructure needs. As a mitigation measure, a Multi-institutional committee to supervise status of implementation will be created, together with reconstruction efforts and providing feedback and guidance to BPL.

C. Fiduciary Risk

- 2.10 The program could experience potential delays in: (i) procurement, due to limited experience applying IDB procurement policies and procedures, as well as limited familiarity with the EU requirements such as eligibility of expenses criteria, restrictive measures, data privacy, etc; (ii) financial and accounting bi-currency reporting due to limited capacity of the country financial management system and the lack of experience of PEU personnel applying IDB and EU financial and management policies and procedures. Given this, there is a risk of EU resources unduly paid or incorrectly used by the Beneficiary, which may result in the EU recovering such funds (¶3.10). These risks have been classified as medium-high.
- 2.11 To mitigate potential delays in procurement, the PEU has dedicated financial and procurement specialists, an electrical engineer and a monitoring assistant. All will receive additional support and training provided by the Bank (ORP/GCM). To mitigate the risk of delays in financial and accounting bi-currency reports, the EA has hired a Financial Specialist. Besides, two consultants (a project manager and a financial assistant) with experience in projects financed by the European Union will support the PEU in the supervision and reporting tasks. The accounting will be prepared in a commercial financial management bi-currency system (Quickbook or similar).

D. Other Risks and Key Issues

- 2.12 **Risks.** As aforementioned, the main risk of the operation is associated with the geographic location of the Bahamas and its vulnerability to new climatic phenomena, which could affect the infrastructure financed by this operation. Moreover, the project has execution risks associated with low institutional capacity and inexperience of the EA with regards to managing projects financed by the European Union. The following additional risks were identified:

Classification	Risk	Mitigation
Medium high	Institutional environment <ol style="list-style-type: none"> 1. The current emergency situation related to the reconstruction works in Abaco and the COVID-19 crisis can cause weak coordination among the Government representatives. 2. Weak participation in the project of key stakeholders could delay the eligibility and efficient implementation of the project. 	<p>The IFI unit in the MoF will support the execution, and a multi-institutional committee will be created that will meet periodically to follow-up on implementation. The EU will be included in this committee. Remote communication channels between stakeholders shall be reinforced and virtual meetings shall be periodically scheduled.</p> <p>Technical and institutional agreements will be established with key stakeholders (electricity utility, regulator, others) to ensure their active involvement and will be included in the POM.</p>
	Political Environment <p>If there's a change in government, support priorities to the Energy sector given other priority needs for the reconstruction, the project execution could lose momentum and be delayed.</p>	Continued dialogue with Ministry of Finance

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of Implementation Arrangements

3.1 **Execution.** The estimated execution period of this operation is four years. The operation will be executed by the Ministry of Finance (MoF). In November 2019, the IDB conducted an Institutional Assessment of the MOF to ensure that it had in place a solid implementation framework to take on the responsibilities of an EA that would have responsibility for the execution and completion of the loan 4978/OC-BH. As a result, the Project Execution Unit (PEU) was established within the MoF in October 2020 for executing the loan and it will be responsible for the execution of the projects financed by the EU-CIF non-reimbursable resources. The PEU is made up of local and international experts who will execute the components and activities, managing all the matters related to the non-reimbursable financing, including responsibility for managerial, technical, economic, and administrative activities of the program. Non-reimbursable financing resources will be used to strengthen the PEU with personnel familiar with projects financed by the EU, especially for project management, financial and communication tasks.

3.2 **Progress on 4978/OC-BH loan execution.** The loan contract was signed on August 5th, 2020, and the operation reached eligibility on October 13th, 2020. The first disbursement of US\$15.4 million took place on December 7th, 2020 to fund

payments of transmission and distribution reconstruction works, as well as the installation of a BESS in New Providence, under the modality of advance contracting.

- 3.3 **Component 1: Immediate Rehabilitation of Resilient and RE Infrastructure in Abaco, East Grand Bahama (EGB) and New Providence.** BPL started rehabilitation in Abaco right after hurricane Dorian hit the Bahamas in September 2019. The PEU has analyzed and assessed more than 100 Purchases Orders (POs) related to BPL's Transmission and Distribution rehabilitation works in Abaco, in order to assess their technical justification and the alignment with the objectives of the loan. When completed, they will restore the layout of the system pre-Dorian with greater levels of resiliency. According to the PEU's latest estimate an amount of up to US\$ 20 million could be justified as Retroactive Financing and Advanced Contracting. Availability of POs information has been crucial to complete the eligibility analysis of expenditure to be considered under the loan scope.
- 3.4 **Component 2: Reliable and Renewable Electricity in New Providence and FI to Support the Reconstruction Efforts.** In New Providence, feasibility studies, technical specifications and bidding documents have been completed for the phase 1 of the rooftop solar projects in government buildings. Contract signature of the three first projects of this rooftop solar Program to be reached in May 2021. Furthermore, feasibility studies are in progress for two microgrids in Abaco: Marsh Harbour Airport and Sandy Point Medical Clinic. These experiences will be taken into account in the development of the grant rooftop solar and microgrids projects.
- 3.5 **Annual Reporting Requirements.** The EA is required to submit an annual report for each Reporting Period, as this period will be defined in the Contribution Agreement. The reports should include both a narrative and financial component that cover the totality of the Project, regardless of whether it is totally or partially financed with EU funds. These annual progress reports are required to be submitted before the Bank within **thirty (30) days** from the close of the Reporting Period. The final report will need to be submitted before the Bank, at the latest, **ninety (90) days** following the close of the Implementation Period of the Project, so the latter can forward it to the European Commission within the agreed term. The final report will include a list of the equipment/assets purchased with resources of the operation, their technical specifications, as well as transfers of those equipment/assets to the entity in charge of the O&M after the operation closes. The equipment, vehicles and remaining major supplies purchased with EU funds shall be transferred to or remain with the Executing Agency, local authorities, local grant beneficiaries or final beneficiaries, at the latest when submitting the final report.
- 3.6 The EA is required to submit to the Bank the following reports audited by an independent auditor acceptable to the Bank and hired following the Bank Regulations and Rules: (i) Audited Financial Statements of the Project (AFSs); and (ii) an assurance report with respect to the internal controls of the EA. The AFSs must cover the resources provided by the EU as well as the resources from any other source that are being used to finance the Project. The assurance report shall state whether the existing control systems work correctly and if the underlying operations are managed per the provisions of this Agreement. The AFSs and internal control report must be submitted within **ninety (90) days** from the closing date of the fiscal year of the EA, or the close of the Implementation Period of the

Project, as may be applicable. The reports must be submitted in US Dollars and its equivalent in Euros.

- 3.7 **Semi-annual Progress Report.** The EA, through the PEU, will send the Bank semi-annual progress reports to be submitted no later than sixty (60) days after the end of each semester, as defined in the M&E Plan ([REL#2](#)), section 2.3. Semi-annual progress reports will explain the degree of fulfillment of the output indicators and progress toward the outcomes of the Results Matrix making it possible for the Bank to monitor these indicators using the Bank's Project Monitoring Report tool. This semi-annual report will also consolidate all information collected during the semester, including audited financial statements, disbursement requests, the management declaration, the PEP, AOP and Procurement Plan. Semi-annual reports will include information of progress on 4978/OC-BH loan execution.
- 3.8 The AOP for the first 18 months of the execution of the project will be submitted within 60 days after the entry into effect of the non-reimbursable financing agreement. It will include: (i) an estimated budget; (ii) an updated PEP; (iii) expected indicators for the Result Matrix; (iv) planned activities; and (v) schedule of implementation. The AOPs for each of the subsequent years will be submitted for the Bank's non-objection before December 5th of each calendar year and will cover the activities to be carried out in the following year.
- 3.9 **Procurement policies.** The applicable procurement policies will be the Bank's policies for the procurement of goods and works (GN-2349-15) and for the selection and contracting of consultants (GN-2350-15), in accordance with the 2020 Financial Framework Partnership Agreement which establishes the following exceptions (approved by the Bank under document GN-2605-5, 4.14 and 4.15) to such policies, in order: (i) to allow goods, works or services originating from or rendered by nationals from IDB non-member countries be eligible for procurement activities to be financed with resources contributed by the EC under the FFPA, provided that the country of origin of the goods and the nationality of the suppliers, contractors and service providers is recognized as eligible by the EU under its applicable regulations. The EC publishes the list of eligible countries (or any updates thereto) as an annex to the "Practical Guide to Contract Procedures for EU External Actions" (PRAG), which is available on its Internet website³¹; (ii) to extend the retention period of project documentation required for executing agencies and the Bank, from three years to five or more years³²; and (iii) to recognize EU Restrictive Measures as an eligibility requirement to prevent awarding contracts to entities, individuals or groups of individuals subject to restrictive measures and identified in the list available at <http://www.sanctionsmap.eu/>
- 3.10 **Other EU requirements.** The Beneficiary shall execute a Communication and Visibility Plan ([OEL#5](#)), in order to publicize the fact that the Project has received funding from the EU. In addition to Bank eligibility rules, expenditures financed by EU resources shall meet specific EU criteria set forth in the Contribution Agreement. If the EU determines that the resources of their EU Contribution have been unduly paid or incorrectly used by the Beneficiary, the Executing Agency or

³¹ Follow this link to access the [Practical Guide to Contract Procedures for EU External Actions \(PRAG\)](#).

³² Documentation shall only be retained after the period of five years if, before the expiration of such period the Bank is notified of an on-going audit, verification or investigation by the European Anti-Fraud Office (OLAF), or a claim directly related to the activities financed by the EU.

their contractors, the EU may recover such funds from the Bank, who will, in turn, have the right recover them from the Beneficiary.

- 3.11 The Procurement Plan (PP) ([REL#4](#)) includes details on procurement for the first 18 months of execution. Activities may be amended accordingly, by agreement between the EA and the Bank. The EA will update the PP at least once every 12 months. The Procurement Supervision method will be ex-ante. Every year during the implementation of the Programme, the PEU will present an Annual Operation Plan (AOP) ([REL#1](#)) to the Bank for its no-objection. The AOP will detail the Programme's progress and execution of activities including goals, results, budget and implementation schedule for the year ahead. The Pluriannual Execution Plan (PEP) ([REL#1](#)) details the Programme's progress and implementation schedule for the outstanding years of the operation. An initial AOP was prepared for the first year of execution, whereas an initial PEP was prepared for the whole execution period.
- 3.12 **Special contractual clauses prior to first disbursement. The CoBH will provide evidence to the satisfaction of the Bank of the entry into force of the Program Operation Manual (POM) ([OEL#4](#)) according to the terms and conditions previously agreed with the Bank.** This will allow the EA proper execution of the program by detailing the guiding principles for execution and coordination of activities.

B. Summary of Arrangements for Monitoring Results

- 3.13 **Project Monitoring.** It will be based on the Result Matrix (Annex II), the Pluriannual Execution Plan ([REL#1](#)), the Monitoring and Evaluation Plan ([REL#2](#)), and the Procurement Plan ([REL#4](#)). The project will be monitored by the Project Execution Unit. The engineering, procurement and construction works of microgrids and rooftop solar projects will be supervised by firms/consultants that will be hired with resources from the operation 4978/OC-BH.
- 3.14 **Evaluation.** Within the context of the non-reimbursable financing, the PEU will select and contract external consulting services to undertake a Midterm Evaluation once 50% of the financing has been disbursed and justified, or after three years from the date of the first disbursement, whichever happens first. This evaluation will focus on analyzing progress achieved, aspects of coordination and execution, and recommendations to attain the proposed targets and investment sustainability. Also, a final evaluation to be submitted to the Bank no later than 120 days after the final disbursement justification. This evaluation will include: (i) the degree of fulfillment of the targets specified in the Results Matrix; (ii) an ex post cost-benefit analysis; (iii) an assessment of the performance of the EA; (iv) factors affecting implementation; and (v) lessons learned and recommendations for the design of future operations.
- 3.15 **Audit.** The external audit of the Project will be done by independent public accountants that are acceptable to the bank and will follow the guidelines set in the Bank's Financial Management Guidelines (OP-273-12) and Financial Reports and External Audits Handbook for Bank financed operations. Standard financial reporting requirements of the Bank will apply including: (i) Audited Financial Statements of the Programme, which include an opinion with respect to the internal controls of the EA, will be submitted to the EU within 90 calendar days following the end of each fiscal year of the EA through for the non-reimbursable financing operation, this timing is 90 calendar days from the EA to the Bank and 30 calendar

days from the Bank to the EU, 120 in total; and (ii) final audited financial statements: which will be submitted to the EU within 120 calendar days after the final implementation date as defined in the non-reimbursable financial agreement between the EA and the Bank. The costs for the audits will be financed with resources from the 4978/OC-BH loan operation. These audited financial statements are a key input for the signing of the Management Declaration.

Development Effectiveness Matrix		
Summary		BH-G0003
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Social Inclusion and Equality -Productivity and Innovation -Gender Equality and Diversity -Climate Change	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	Women beneficiaries of economic empowerment initiatives -Emissions avoided (annual tons CO2 equivalent) -beneficiaries of enhanced disaster and climate change resilience -Installed power generation capacity from renewable sources (MW) -Value of investments in resilient and/or low-carbon infrastructure	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2920-1	Resilient Infrastructure for Growth
Country Program Results Matrix	GN-3034	The intervention is included in the 2021 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		1.14 and 1.15
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		8.1
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		1.6
3.3 Results Matrix Quality		4.0
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		2.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		9.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		5.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		B
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury. Procurement: Information System.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	0

Evaluability Assessment Note: The Investment Grant for an amount of US\$9 million (€ 8.2 million), without local counterpart, has a general objective of supporting the Commonwealth of The Bahamas (CoBH) with the installation of climate-resilient energy infrastructure and restoration of electricity service in islands affected by hurricane Dorian, while facilitating the integration of RE. The specific objectives of this operation are to: (i) promote the adoption of solar Photovoltaic (PV) technologies in New Providence and Family Islands; and (ii) increase the levels of resilience of the electrical system to future climatic events in critical buildings in Abaco, such as health centers and government facilities, fostering participation of women and People with Disabilities (PWD). The operation will be executed by the Ministry of Finance (MoF).

The proposal presents a consistent diagnosis. Abaco and New Providence are vulnerable to severe hurricanes. The adoption of solar photovoltaic panels and electricity storage aims to increase resiliency to such events, by increasing the reliability of electricity supply. In parallel the project has a training and employment program designed to address gender inequalities in the job market of the intervened area. The proposed solutions are appropriate to address the identified problems and their contributing factors. The results matrix is consistent with the vertical logic of the project, presenting adequate results and impact indicators appropriately defined to measure the achievements of the program and the fulfillment of its specific objectives. The impact indicator is consistent with the grant's economic objectives of increasing power generation resiliency and reducing carbon emissions. The proposal does not present sufficient evidence of internal and external validity, which reduced its evaluability score by 1.9.

A cost-effectiveness analysis was performed. The analysis is robust and predicts lower electricity costs in comparison to the current diesel-based electricity generation matrix and a more efficient operation of the intervened microgrid. A sensitivity analysis is presented. The results hold in different modeled scenarios. The monitoring and evaluation plan proposes to carry out an ex-post CBA, and an assessment of the performance of outcome and output indicators using before and after methodology. The evaluation proposal is clear in defining the relevant questions. No attribution assessment is planned which reduced the monitoring and evaluation score. The main risk of the project is associated with low institutional capacity. Appropriate measures, such as the creation of a Project Execution Unit (PEU), are laid out to mitigate this and other identified risks.

RESULTS MATRIX

Project Objective:	The objective of this operation is to support the CoBH restore and enhance security of the electricity service through the adoption of climate-resilient renewable energy infrastructure. The specific objectives are: (i) promote the adoption of resilient Solar Photovoltaic (PV) technologies; (ii) develop local skills for services related to solar PV generation systems, fostering participation of women and PWD.
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EXPECTED IMPACT

Indicators	Unit of Measure	Baseline	Baseline Year	Year 1	Year 2	Year 3	Year 4	End of Project	Means of Verification	Observations
IMPACT #1. GHG emissions avoided with introduction of RE in The Bahamas										
<u>Indicator #1:</u> Emissions avoided annually due to RE generation	Ton CO ₂	0	2020	0	581	581	4,586	4,586	Report from PEU	See details in the M&E Plan (REL#2), section 3.3.1

EXPECTED OUTCOMES

Indicators	Unit of Measure	Baseline Value	Baseline Year	Year 1	Year 2	Year 3	Year 4	End of Project	Means of Verification	Observations
SPECIFIC OBJECTIVE #1										
<u>Outcome Indicator #1:</u> RE generated annually in NP and FI	MWh	0	2020	0	654	654	4,954	4,954	Report from GoBH designated authority	See details in the M&E Plan (REL#2), section 3.3.1
<u>Outcome Indicator #2:</u> Average Service Availability Index (ASAI)	%	95%	2020	95%	95%	95%	99%	99%	Report from GoBH designated authority	ASAI for Marsh Harbour Healthcare Center and Government Complex. Details in the M&E Plan (REL#2), section 3.4
SPECIFIC OBJECTIVE #2										
<u>Outcome indicator #3:</u> Women who complete Paid Internship Program after training	# interns	0	2020	0	5	5	0	10	Records of Internship Program	See M&E (REL#2)

OUTPUTS

Outputs	Estimated Cost (EUR €)	Unit of Measure	Baseline Value	Baseline Year	Year 1	Year 2	Year 3	Year 4	End of project	Means of verification	Observations
Component #1. Reliable and Renewable Electricity in New Providence and Family Islands											
Output #1: New RE power capacity installed with microgrids in Abaco	3,353,352	kW	0	2020	0	0	0	2,500	2,500	Certificate issued by independent engineer	Regarding Output 2, the design considers 2-hour lithium-ion BESS, with unitary cost of 361.8 USD/kWh. For details, see Table 4 of the Cost Effectiveness Analysis (OEL#1)
Output #2: Storage capacity installed in Abaco	3,075,300	kW	0	2020	0	0	0	4,250	4,250	Certificate issued by independent engineer	
Output#3: Digital control systems for isolated operation of hybrid solar PV/battery system	72,800	# systems	0	2020	0	0	0	2	2	Certificate issued by independent engineer	
Output #4: New RE power capacity installed with small-scale rooftop solar projects	1,006,548	kW	0	2020	0	407	0	0	407	Certificate issued by independent engineer	
Component #2. Support the strengthening skills for the development of new installed RE											
Output #5: Participants in training sessions certified in installation, maintenance and other services related to solar PV generation systems	226,320	# beneficiaries	0	2020	0	20	10	0	30	Registration records of training certificates	See M&E (REL#2)
Output #6: Participation of women in training sessions	43,680	% with respect to total participants	0	2020	0	50%	50%	0	50%	Registration records of training certificates	
Output #7: Apprenticeship program designed and implemented for PWD	40,000	# program	0	2020	0	0	1	0	1	Report from PEU	

Country: Bahamas

Division: INE/ENE

Operation No.: BH-G0003

Year: 2021

Fiduciary Agreements and Requirements

Executing Agency (EA): Ministry of Finance (MoF)

Operation Name: Reconstruction with Resilience in the Energy Sector in The Bahamas

I. Fiduciary Context of Executing Agency

1. Use of country system in the operation (Any system or subsystem that is subsequently approved may be applicable to the operation, in accordance with the terms of the Bank's validation).

<input checked="" type="checkbox"/> Budget	<input type="checkbox"/> Reports	<input type="checkbox"/> Information System	<input type="checkbox"/> National Competitive Bidding (NCB)
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> Internal audit	<input type="checkbox"/> Shopping	<input type="checkbox"/> Others
<input type="checkbox"/> Accounting	<input type="checkbox"/> External Control	<input type="checkbox"/> Individual Consultants	<input type="checkbox"/> Others

2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Co-Financing	4978/OC-BH. Reconstruction with Resilience in the Energy Sector in The Bahamas
<input checked="" type="checkbox"/>	Particularities of the fiduciary execution	In addition to the IDB fiduciary policies and guidelines, the program shall comply with the applicable European Union's fiduciary terms conditions.

3. Fiduciary Capacity

Fiduciary Capacity of the EA	The results of applying the ICAP for the BH-L1048 operation resulted in room for improvement regarding project execution. Therefore, an independent PEU with specialized staff dedicated full-time to the program was created for the BH-L1058 and will be the same structure in charge of the execution of this grant. Continued training is provided primarily by the Country Office to strength the fiduciary capacities of the team.
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4. Fiduciary risks and risk response

Area (Financial Management / Procurement)	Risk	Risk level	Risk response
Procurement	Potential delays in procurement due to limited experience applying IDB procurement policies and procedures and limited familiarity with the EU requirements such as eligibility of expenses criteria, restrictive measures.	Medium-high	The PEU has a dedicated procurement specialist, and a monitoring and evaluation specialist. All will receive support and training provided by the Bank (ORP/GCM).
Financial	Financial and accounting bi-currency reporting due to limited capacity of the country financial management system and the lack experience of PEU personnel applying IDB and EU	Medium-high	The Executing Agency has hired a Financial Specialist. Besides, two consultants (a project manager and a financial assistant) with experience in projects financed by the European Union will support the PEU in the supervision and

	financial management policies and procedures.		reporting tasks. The accounting will be prepared in a commercial financial management bi-currency system (Quickbook or similar).
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5. Policies and Guides applicable to operation: Procurement Policies GN-2349-15 for procurement of Works, Goods and Services Different of Consulting, GN-2350-15 for the selection and contracting of Consulting Services.

6. Exceptions to Policies and Rules: In accordance with the EU-IDB Framework Agreement from 2020 (GN-2605-5, 4.14 and 4.15) which establishes exceptions to the Bank's policies: (i) to allow that goods, works or services originating from or rendered by nationals from IDB non-member countries be eligible for procurement activities to be financed with resources contributed by the EC under the FFPA, provided that the country of origin of the goods and the nationality of the suppliers, contractors and service providers is recognized as eligible by the EU under its applicable regulations. The EC publishes the list of eligible countries (or any updates thereto) as an annex to the "Practical Guide to Contract Procedures for EU External Actions" (PRAG), which is available on its Internet website[1]; (ii) to extend the retention period of project documentation required for executing agencies and the Bank, from three years to five or more years[2]; (iii) to recognize EU Restrictive Measures as an eligibility requirement to prevent awarding contracts to entities, individuals or groups of individuals subject to restrictive measures and identified in the list available at <http://www.sanctionsmap.eu/>

[1] See the PRAG in: <https://ec.europa.eu/europeaid/prag/>

[2] Documentation shall only be retained after the period of five years if, before the expiration of such period the Bank is notified of an on-going audit, verification or investigation by the European Anti-Fraud Office (OLAF), or a claim directly related to the activities financed by the EU.

II. Aspects to be considered in the Special Conditions of the Loan Agreement

Special conditions precedent to first disbursement
The Exchange Rate applicable to justify expenses made in Euros and US Dollars will be the option (b)(ii) of Article 4.10 of the General Conditions of the Loan Contract. The exchange rate in force on the date of payment of the expenditure in the country' Local Currency.
Annual Financial Statements (AFS) in USD and Internal Control report, 90 days after the country fiscal year-end. The Final audited financial statement after 90 days of the end date of the implementation period.
No additional Special Conditions are required.

III. Agreements and Requirements for Procurement Execution

<input checked="" type="checkbox"/>	Bidding Documents	<p>For procurement of Works, Goods and Services Different of Consulting executed in accordance with the Procurement Policies (document GN-2349-15), subject to ICB, the Bank's Standard Bidding Documents (SBDs) or those agreed between EA and the Bank will be used for the particular procurement. Likewise, the selection and contracting of Consulting Services will be carried out in accordance with the Policies for the Selection and Contracting of Consultants (document GN-2350-15) and the Standard Request for Proposals (SRP) issued by the Bank or agreed between the EA and the Bank will be used for the particular selection.</p> <p>The Standard Bidding Documents will need to include reference to the EU's extended eligibility and EURM (The EURM are to prevent awarding contracts to entities, individuals or groups of individuals subjects to restrictive measures and identified in the EU sanctions list).</p> <p>The revision of the technical specifications, as well as the terms of reference of the procurements during the preparation of selection processes, is the responsibility of</p>
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		the sectorial specialist of the project. This technical review can be ex-ante and is independent of the procurement review method.		
<input checked="" type="checkbox"/>	Special Procurement Provisions Applicable to The Transaction	In accordance with the EU-IDB Framework Agreement from 2020 (GN-2605-5, 4.14 and 4.15) which establishes exceptions to the Bank's policies: (i) to allow that goods, works or services originating from or rendered by nationals from IDB non-member countries be eligible for procurement activities to be financed with resources contributed by the EC under the FFPA, provided that the country of origin of the goods and the nationality of the suppliers, contractors and service providers is recognized as eligible by the EU under its applicable regulations; (ii) to extend the retention period of project documentation required for executing agencies and the Bank, from three years to five or more years; (iii) to recognize EU Restrictive Measures as an eligibility requirement to prevent awarding contracts to entities, individuals or groups of individuals subject to restrictive measures.		
<input checked="" type="checkbox"/>	Procurement supervision	The supervision method is ex-ante.		
		Works	Goods/Services	Consulting Services
		\$8,250,549.45	N/A	Firms \$340,659.34 Singles \$298,901.1
<input checked="" type="checkbox"/>	Records and Archives	The MoF shall storage all supporting documents of procurements, disbursements, and payments in electronic means. The UE document retention period will be five (5) years.		

Main Acquisitions

Description of the procurement	Selection Method	New Procedures/Tools	Estimated Date	Estimated Amount US\$
Works				
New RE power capacity installed with microgrids in Abaco	International Competitive Bidding		August 2021	\$7,144,452.53
Works - New RE power capacity installed with small-scale rooftop solar projects	International Competitive Bidding		August 2021	\$1,106,096.92

To access, [18-month PA18 procurement plan here](#)

Other information relevant to the operation (BI)

IV. Agreements and Requirements for Financial Management

<input checked="" type="checkbox"/>	Programming and Budget	Budget Increase Act – Budget Reformulations. The fiscal year is inter-annual, going from July 1st to June 30th. Each year during its budget call, the Budget Department sends out its circular, including the required forms to be completed. For each fiscal year of program execution, the Ministry of Finance has committed to allocating adequate budgetary space to guarantee the program execution. The Financial
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		Management and Audit Bill (2010 and 2013 amendment) define the Public Financial Management of the country.
<input checked="" type="checkbox"/>	Treasury and Disbursement Management	<p>Exchange Rate: The Exchange Rate applicable to justify expenses made in Euros and US Dollars will be the option (b)(ii) of Article 4.10 of the General Conditions of the Loan Contract. That is, the exchange rate in force on the date of payment of the expenditure in the Local Currency of the Borrower's country.</p> <p>Disbursement Mechanism: Electronic using Online- Disbursement's IDB System.</p> <p>Bank Account: To establish a Special Account at the Central Bank of The Bahamas, denominated in US Dollars.</p> <p>The disbursement mechanism shall be electronic, using the IDB Online Disbursement System. The Borrower or Executing Agency will use the Advance of Funds based on a financial plan of at least 180 days, as the preference method to receive the resources. Other methods of disbursement will be considered on case-by-case basis. The minimum amount to justify receiving a new advance of funds will be 70% of the total accumulated balances pending of justification.</p>
<input checked="" type="checkbox"/>	Accounting, information systems and reporting	The national accounting system will be partially used. As the government accounting system does not provide the project reports to comply with IDB and the UE requirements, the PEU will use a Commercial bi- Currency Accounting System (Quick Book or similar).
<input checked="" type="checkbox"/>	Internal Control and Internal Audit	The internal control capacity is estimated to be low. To the extent possible, the internal audit unit will provide oversight to the program.
<input checked="" type="checkbox"/>	External control: external financial audit and project reports	<p>Type of Audit: Annual Financial Statements (AFS) in US Dollars and an Internal Control report, 90 days after the country fiscal year-end. The Final audited financial statement after 90 days of the end date of the implementation period.</p> <p>As agreed with the Bank and the UE, the Executing Agency will select an External Independent Auditor, eligible to the Bank. The Audit's scope and related considerations will follow the Financial Management Guidelines (Document OP-273-12) and the Financial Reports and Management of External Audit guide. The fiscal year will be from July 1st to June 30th of each year. The project will finance the audit costs.</p>
<input checked="" type="checkbox"/>	Project Financial Supervision	Financial, Accounting and Institutional Inspection visits or meetings will be performed to: (i) Review of the Reconciliation and supporting documentation for disbursements; (ii) Compliance with IDB and UE financial and procurement procedures; (iii) Review of compliance with the agreement criteria; and (iv) Follow up on audit findings and recommendations. The Financial Specialist will join IDB and UE administration missions and other project supervision activities. The review of disbursement supporting documents will be ex-post made by the external auditors.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/21

Bahamas. Nonreimbursable Investment Financing GRT/ER-____-BH
Reconstruction with Resilience in the Energy Sector in The Bahamas

The Board of Executive Directors

RESOLVES:

1. That the President of the Inter-American Development Bank (“Bank”), or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreement or agreements as may be necessary with The Commonwealth of The Bahamas, for the purpose of granting it a nonreimbursable investment financing for a sum of up to €8,200,000, chargeable to the resources to be granted by the European Union Caribbean Investment Facility, pursuant to the agreement or agreements specified in paragraph 2 below, and to adopt any other measures as may be pertinent for the execution of the project proposal contained in document AT-_____.

2. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreement or agreements with the European Union as may be necessary to receive and administer resources, subject to the terms of the Financial Framework Partnership Agreement between the European Union and the Bank dated 29 September 2020, for the purposes described in the project proposal specified in paragraph 1 above, and to adopt any other measures as may be pertinent for the execution of said agreement or agreements.

3. That the authorization granted in paragraph 1 above will be effective once the Bank and the European Union have entered into the corresponding agreement or agreements to which reference is made in paragraph 2.

(Adopted on ____ 2021)

RECONSTRUCTION WITH RESILIENCE IN THE ENERGY SECTOR IN THE BAHAMAS

BH-G0003

CERTIFICATION

The Grants and Co-Financing Management Unit (ORP/GCM) certifies that the referenced operation¹ will be financed through:

Funding Source	Fund Code	Currency	Amount Up to
EU-IDB Financial Framework Partnership Agreement (2020)		EUR (USD eq)	8,200,000 (9,010,989)

The agreement with the executing agency or the commitments to be entered into by the Bank of the resources corresponding to this certification must be made in the currency of the fund that finances each budget line. No resources of the fund may be used to cover amounts greater than the certified amount for the implementation of this operation. Amounts greater than the certified may originate from commitments stipulated in contracts that are denominated in a currency other than the currency of the fund, which may result in losses due to currency exchange rate fluctuations, representing a risk that will not be absorbed by the fund.

Certified by:

Signed Original

04/19/2021

Maria Fernanda García

Date

Chief

Grants and Co-Financing Management Unit
ORP/GCM

¹ For operations financed by funds where the Inter-American Development Bank (IDB) does not control liquidity, the availability of resources is contingent upon the request and the receipt of the resources from the donors. Additionally, in case of operations financed by funds that require a post-approval agreement with the donor, the availability of resources is contingent upon the signature of the agreement between the Donor and the IDB. (i.e.: Project Specific Grants (PSG), Financial Intermediary Funds (FIF), and single donor trust funds).