

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**THE COMMONWEALTH OF THE BAHAMAS**

**BUILDING A SOCIAL AND INCLUSIVE BLUE ECONOMY IN THE BAHAMAS**

**(BH-U0001)**

**PROJECT PROFILE**

This document was prepared by the project team consisting of: Claudia Stevenson (IFD/CTI), Team Leader; Gerard Alleng (CSD/CCS), Alternate Team Leader; Hori Tsuneki (CSD/RND), Alternate Team Leader; Joan Prats, (IFD/CMF), Alternate Team Leader; Leonardo Corral (SPD/SDV); Geovana Acosta; Matteo Grazzi; Edwin Goni; Rafael Anta; Sylvia Dohnert; Hugo Tuesta; Yohana Gonzalez (IFD/CTI); Cloe Ortiz de Mendivil (CCB/CBA), Marisela Canache (CCB/CCB), Navita Anganu,(IFD/CMF), Sergio Lacambra; Santiago Bucaram; Juliana Bettini (CSD/RND); Inga Carey (CBH/CBH);Andre Delgado, Oswaldo Rubio, Arturo Pita, Laura Fan (FIN/TRY); Maria del Pilar Jimenez de Arechaga and Natalia Almeida (LEG/SGO).

Under the Access to Information Policy, this document is subject to Public Disclosure.

## PROJECT PROFILE

### THE COMMONWEALTH OF THE BAHAMAS

#### I. BASIC DATA

<b>Project Name:</b>	Building a Social and Inclusive Blue Economy in The Bahamas		
<b>Project Number:</b>	BH-U0001		
<b>Project Team:</b>	Claudia Stevenson (IFD/CTI), Team Leader; Gerard Alleng (CSD/CCS), Alternate Team Leader; Hori Tsuneki (CSD/RND), Alternate Team Leader; Joan Prats, (IFD/CMF), Alternate Team Leader; Leonardo Corral (SPD/SDV); Geovana Acosta; Matteo Grazzi; Edwin Goni; Rafael Anta; Sylvia Dohnert; Hugo Tuesta; Yohana Gonzalez (IFD/CTI); Cloe Ortiz de Mendivil (CCB/CBA), Marisela Canache (CCB/CCB), Navita Anganu, (IFD/CMF), Sergio Lacambra; Santiago Bucaram; Juliana Bettini (CSD/RND); Inga Carey (CBH/CBH); Andre Delgado, Oswaldo Rubio, Arturo Pita, Laura Fan (FIN/TRY); Maria del Pilar Jimenez de Aréchaga and Natalia Almeida (LEG/SGO).		
<b>Guarantor:</b>	The Bank		
<b>Counter-Guarantor:</b>	The Commonwealth of The Bahamas		
<b>Executing Agency:</b>	Ministry of Finance		
<b>Financial Plan:</b>	IDB (OC):	US\$	200.000.000
	Total:	US\$	200.000.000
<b>Safeguards:</b>	Policies Triggered:	OP-102 y OP-703 (B1; B3; B4; B.13)	
	Classification:	B.13	

#### II. GENERAL JUSTIFICATION AND OBJECTIVES

- 2.1. The Bahamas' Exclusive Economic Zone (EEZ) covers 260,000 square miles, of which 5% is land and 95% is sea,<sup>1</sup> representing the largest development space for the country.<sup>2</sup> The geographical and climate conditions of The Bahamas create unique possibilities for the Blue Economy (as defined below) if properly managed and protected. The economic contribution of the Blue Economy to The Bahamas has been estimated in 21.5% of the GDP, and up to 50% including the indirect impacts.<sup>3</sup> With 95% of the country's territory located in the marine habitat and around 70% of the country's population living on the coast, marine resources have the potential to become an important source of economic production.
- 2.2. **Blue Economy in The Bahamas.** The Blue Economy is defined as the simultaneous promotion of economic growth, environmental sustainability, and

<sup>1</sup> Convention on Biological Diversity.

<sup>2</sup> Roberts, J. 2014.

<sup>3</sup> MCRIT. 2020.

strengthening of oceans ecosystems by optimizing the use of marine resources.<sup>4</sup> The Blue Economy includes the development of new emerging uses of the ocean, such as aquaculture, new marine products, “blue’ biotechnology, among others.<sup>5</sup> In The Bahamas, some of these opportunities have not been fully developed. The health of the Blue Economy is linked to the viability of the marine and coastal environments. Some of the main challenges facing the sustainable development of the Blue Economy are discussed below.

- 2.3. **Higher costs of Doing Business.** The Bahamas as an Archipelago with hundreds of Islands, has limitations in its logistic infrastructure, imposing high costs for business transactions and limiting integration of the Family Islands with the rest of the economy. Many of the activities related to the Blue Economy are carried by MSMEs, that are hindered by high operation costs, partially due to the cost of transport between islands, the extra time and costs required to obtain permits and the lack of digital services. High transportation costs within islands, irregular schedules, costly financial transactions and the cost and timing of business procedures from remote locations impose an additional burden to the business environment as maritime transportation is more expensive than land transportation.<sup>6</sup> Also, Blue Economy activities, such as getting an on-line fishing permit, a cruising permit or register a private or commercial boat required lengthy and cumbersome processing time when done manually. In addition, is not profitable for commercial banks to have ATMs or physical branches on remote islands, and extreme weather events increase the cost of rebuilding that infrastructure, generating a lack of access to financial services.<sup>7</sup> Many of these limitations are currently being solved by the implementation of an aggressive digitalization strategy that will allow to carry out these processes remotely.
- 2.4. **High Vulnerability of the Bahamas’ Blue Economy to climate hazard risk and climate change.** The Bahamas is exposed to frequent hurricanes because the islands low-lying, socio-economic activities are susceptible to high winds, flooding, and storms. High exposure to climate hazard events will increase the cost of promoting and developing the Blue Economy.<sup>8</sup> A once-in-a-century hurricane hitting The Bahamas could cause up to US\$6 billion in economic damage, and the cost of not acting could reach US\$460 million annually.<sup>9</sup> When a climate event damages major infrastructure in coastal areas, almost all socio-economic activities halt until the infrastructure is repaired.<sup>10</sup> Therefore, when promoting the Blue Economy in The Bahamas, it is necessary to develop policies that promote climate resilience. For example, nature-based solutions could provide climate-resilient alternatives cost-effectively in comparison to infrastructure approaches in The Bahamas.<sup>11</sup> On the other hand, infrastructure approaches need to incorporate the

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<sup>4</sup> OECD. 2017.

<sup>5</sup> [Ecosystem Valuation in the Bahamas](#).

<sup>6</sup> Inter-island transportation is usually done by airplane or by ferry.

<sup>7</sup> [IMF-2021](#).

<sup>8</sup> [IMF, 2018](#). Finance and Development. Bracing the Storm: for the Caribbean, building resilience is a matter of Survival.

<sup>9</sup> [Disaster Risk Profile for the Bahamas](#). 2020. InterAmerican Development Bank.

<sup>10</sup> Briggs, 2005. [The Impacts of Coastal armoring](#). Institute of Marine Sciences, University of California, Santa Cruz.

<sup>11</sup> World Bank. 2009; Adapting to Climate Change in ECA. Jones et al., 2012 Harnessing nature to help people adapt to Climate Change. Nature Climate Change; Lowe et al., 2013. A global assessment of the effects of climate policy on the impact of climate change.

latest technological developments, regulations, and best practices to foster environmental resilience and promote economic growth.<sup>12</sup>

- 2.5. **Promoting better management of marine resources (certification, traceability, and protection).** The proper management of marine space includes measures to manage marine resources. Although The Bahamas committed to protecting 20% of its marine space by 2021, conservation measures, monitoring and enforcement (specially to deter illegal fishing) will need coordination with all stakeholders. The management of existing fisheries is key to their sustainable commercial exploitation. The Bahamian spiny lobster fishery recently achieved the Marine Stewardship Council Certification, thus improving fishing practices, ensuring sustainability of the catch and enabling access to niche markets.<sup>13</sup> This certification is revised each year based on the achievement of agreed milestones.
- 2.6. **Promoting a healthy ocean.** The health of the Blue Economy includes the viability of the marine and coastal environments, which serve as habitat for fisheries and coastal communities. Marine pollution by ships damages sea life and water quality. While there are no concrete data on marine wastes discharged into the ocean, it is estimated that routine operations and illegal dumping from vessels could account for up to 2.5 million tons of hydrocarbons per year. The International Convention for the Prevention of Pollution from Ships - MARPOL (Marine Pollution) includes regulations for the prevention of pollution by ships. Despite The Bahamas having signed on to the convention, there is a need to implement facilities to facilitate ships from complying with the MARPOL regulations in The Bahamas. Other sources of marine pollution include the debris from Hurricane Dorian and the emission of pollutants from commercial and industrial actors.
- 2.6. **Country context.** The Bahamas National Development Plan: Vision 2040<sup>14</sup> sets economic diversification as a priority goal for resilient growth, the sustainable development of new sectors (including the Blue Economy), and protection of coastal and maritime ecosystems. With the COVID-19 pandemic and the recent natural disasters, actions to improve economic and environmental resilience have become a priority for the Government, as evidenced by the Economic Recovery Committee report.<sup>15</sup> The Government of The Bahamas has complemented the short-term support for MSMEs during the COVID-19 pandemic, with additional measures to support long term growth in areas related to the Blue Economy.<sup>16</sup> The Government is prioritizing reforms geared at streamlining procedures in areas such as fisheries and port operations through the introduction of digital solutions, and facilitating economic transactions for the Family Islands, as well as reforms to promote a stronger framework for coastal resiliency, better management of marine resources and reducing ocean pollution.
- 2.7. **Institutional aspects.** Several institutions of The Bahamas are involved in promoting a more productive and healthier ocean, such as the Ministry of Agriculture and Marine Resources, in charge of marine resources; the Small

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<sup>12</sup> Corral et al. 2017. [The Impact of shoreline stabilization in small islands development states](#). Journal of Economics and Management.

<sup>13</sup> In 2017 spiny lobster exports accounted for US\$87.7 million.

<sup>14</sup> [Vision 2040](#).

<sup>15</sup> [OPM Reports](#).

<sup>16</sup> IDB Caribbean Department. 2020. [Caribbean Economics in the time of the Coronavirus](#).

Business Development Center - SBDC, in charge of promoting MSMEs; the Ministry of the Environment, in charge of environmental health of the ocean; the Ministry of Public Works, in charge of resilient coastal infrastructure; the Ministry of Disaster Preparedness, Management and Reconstruction (MDPMR),<sup>17</sup> in charge of disaster preparedness; The Bahamas Royal Defense Force, in charge of prevention of illegal fishing; The Bahamas National Trust, in charge of ocean protection; and the Ministry of Finance in charge of coordinating all the activities related to Blue Economy.

- 2.8. **Empirical Evidence.** Evidence from other experiences in the region show that to stimulate Blue Economic growth in small islands, an integrated approach, with measures to facilitate and reduce the cost of economic activities in Blue sectors, jointly with activities for the optimal use of marine resources should go hand in hand.<sup>18</sup> Countries such as Barbados, Belize and Grenada have developed strategies and institutional mechanisms to promote the Blue Economy<sup>19</sup> (See [Link](#)).
- 2.9. **Objective and components.** The general objectives are promoting a more productive and healthier ocean in The Bahamas. The specific objectives of this program are: (i) Promoting MSME's business recovery in the Blue Economy and prospecting investment projects suitable for blue bond financing; (ii) Reducing costs to conduct business in the Blue Economy; (iii) Improving the Blue Economy resiliency to climate risks in coastal and offshore areas; (iv) Promoting better management (certification, traceability, and protection) of marine resources; and (v) Reducing marine pollution. The program will be structured as a Policy Based Guarantee (see ¶3.2).
- 2.10. **Component 1. Macroeconomic Sustainability.** The objective of this component is the maintenance of an appropriate Macroeconomic Policy Framework congruent with the Program's objectives and in accordance with the provisions of the Policy Letter.
- 2.11. **Component 2. Promoting a More Productive Ocean.** This component will promote the (i) strengthening of the business climate for MSMEs operating in the Blue Economy by: (a) the operation of a program to support MSMEs in the Blue economy; and (b) starting the prospection study to identify investment projects suitable for financing through blue bonds; (ii) the reduction in the cost of Doing Business in the Blue Economy by: (a) the start of implementation of the Central Bank Digital Currency (CBDC) Sand Digital Currency program; (b) the enactment of the Fisheries Resources (Jurisdiction and Conservation Amendment) Act 2020 and the operation of an electronic system for issuance of fishing permits (fly fishing) in place; and (c) the launching of the Port Digitalization Program; and; (iii) the improvement of the Blue Economy resiliency to climate risk in coastal and offshore areas through: (a) process for upgrading The National Building Code,

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<sup>17</sup> The Preparedness, Recovery and Reconstruction Team (P2RCT) leads the Disaster Risk Management (DRM) strategy in The Bahamas, coordinates disaster risk management activities including programs, technical cooperation and knowledge products.

<sup>18</sup> [The Blue Economy and Small States](#).

<sup>19</sup> Grenada was the first Caribbean country to adopt a Blue Growth Coastal Master Plan, and innovation, integrated with a Coastal Zone Management Policy. Barbados established, the Ministry of Maritime Affairs and the Blue Economy in 2018 and Belize established the Blue Economy Ministry in 2020.

- incorporating: (a.i) coastal climate hazards (storm surges and floods) into the planning process; and (a.ii) Nature-based infrastructure; (b) the creation of a Coastal Protection Unit in the Ministry of Public Works (MOPW) to promote coastal infrastructure development policies, approved by the Cabinet of The Bahamas; (c) the Implementation of a plan and budget for mangrove planting in Andros island, and the promotion of Nature-based Solution policies started; (d) the development of a diagnosis for effective implementation of climate and natural disaster risk management policies conducted; and (e) the operation of a budget tracking mechanism for the implementation of climate resilient policies.
- 2.12. **Component 3. Promoting a Healthier Ocean.** This component will include: (i) promoting better management (certification, traceability and protection) of Marine Resources by: (a) the initial implementation of the Fisheries Bill including: (a.i) establishment of the National Fisheries Advisory Council; (a.ii) National Fisheries Stakeholders Forum; and (a.iii) the starting of a pilot for the use of a Vessel Monitoring System; (b) the approval of the Maritime Security Plan that improves enforcement against illegal fishing; (c) the maintenance of the Marine Stewardship Council for Spiny Lobster Certification; (d) the approval and publication of Marine Protected Areas (MPAs); (e) the development of action plans for community-based conch management; and (ii) protecting the oceans from pollutants by: (a) licensing awarded for new cavitation technology for waste disposal emitted by ships and operations started; (b) marine cleanup of debris from Hurricane Dorian ongoing, including the establishment of debris management stations; and (c) environmental management plans with emission reduction in the oceans published.
- 2.13. **Complementarity with other operations.** The program complements the: programmatic series 5091/OC-BH (approved in August 2020, US\$200 Million) and 5276/OC-BH (approved in May 2021, US\$140 Million), “Boosting Resilient and Inclusive Growth in the Bahamas”, as it provides continuity of key measures with a focus on the Blue Economy, the “Digital Transformation to Strengthen Competitiveness” (4549/OC-BH), approved in June 2018 for US\$30 Million, as it address issues to improve the business climate by improving procedures for digital government; the “Climate Resilient Coastal Management and Infrastructure Program” (4363/OC-BH), approved in November 2017 for US\$36 Million, as it supports environmental resilience by financing infrastructure and institutional strengthening activities for coastal protection and risk management; the “Capacity Strengthening for a more Resilient Bahamas” (ATN/JF-17982-BH), approved in May 2020 for US\$600,000, that finances activities that support resiliency for eventual hazard events; and finally, the “MARPOL for the Blue Economy: The Caribbean First Waste Reception and Processing Facility” (ATN/ME-17424-BH), approved in June 2019 for US\$276,000. (For all the Bank activities related to Blue Economy [IDB and the Blue Economy](#)). The operation also promotes IDB’ subregional initiative of smart and resilient investment for the Caribbean-Build Forward.<sup>20</sup>

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<sup>20</sup> The Build Forward initiative is the Caribbean Country Department’s sub-regional strategy, and it is anchored in our institution’s ‘Vision 2025’. It is a delivery-oriented initiative aimed at helping Caribbean countries define Sustainable Development Pathways for their transformation in a smart and resilient manner.

- 2.14. **Donor Coordination.** This program complements the activities of the donor community such as the Caribbean Development Bank (CDB), the Global Environmental Facility (GEF), the Caribbean Biodiversity Fund (CBF), and the World Bank.
- 2.15. **Strategic Alignment.** The program is aligned with the Second Update of the Institutional Strategy (UIS) (AB-3190-2), through the development challenge of Productivity and Innovation by improving the business climate of firms in the Blue Economy; and through the cross-cutting issues of: (i) Climate Change and Environmental Sustainability, as the activities of the program contribute to the reduction of emissions and the health of the ocean; and (ii) Institutional Capacity and the Rule of Law, as it supports strengthening of the regulatory framework for environmental resiliency. It will contribute to the IDB Group Corporate Results Framework 2020-2023 (GN-2727-12) with the following output indicators: (i) micro, small and medium enterprises financed; (ii) emissions avoided; (iii) habitat that is sustainably managed applying ecosystem-based approaches; and (iv) agencies with strengthened digital technology and managerial capacity. The program is consistent with the Innovation, Science, and the Technology Sector Framework (GN-2791-8), as it promotes science and technology for the proper use of marine resources; the Environment and Biodiversity Sector Framework (GN-2827-8), as it supports environmental resiliency and the strengthening of environmental regulation; the Climate Change Sector Framework (GN-2835-8), as the reforms contribute to climate change mitigation. The program is aligned with the strategic objectives of the IDB Group Country Strategy with The Commonwealth of The Bahamas 2018-2022 (GN-2920-1) by: (i) promoting innovation and innovative practices in traditional and nontraditional sectors; and (ii) rationalizing government regulation that hinder business registration, operation, and dispute resolution. This operation is aligned with IDB's Vision 2025 in the areas of digitalization, climate, and support for Small and Medium Enterprises.
- 2.16. **Beneficiaries.** The reforms included in this program will benefit to firms operating in the Blue Economy by improving the business and investment climate for ocean related economic activities, as well as by promoting better management practices that improve the sustainability of marine resources that those firms harvest. The reforms will also benefit citizens and firms of The Bahamas in general, by promoting reforms that will reduce marine pollution.
- 2.17. **Expected Results.** Two main general results are expected thanks to the reforms promoted by the program: increased productivity of firms operating in the Blue Economy and improved health of the Bahamian ocean. Other specific results are increasing the employment of blue MSMEs (as an indicator of business recovery), reducing the costs to conduct business in the Blue Economy sector, improving the resiliency to climate risks (as indicated by the Index of Governance and Public Policy in Disaster Risk Management); improving the management of marine resources (as indicated by the illegal, unreported and unregulated index and the percentage of territorial waters that count with marine protection); and reducing marine pollution (as indicated by the index of clean waters).



### III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1. **Sector Knowledge.** The design of the operation is being supported by: (i) Unleashing New Avenues for Growth by tackling opportunities in the Blue Economy (ATN/OC-17047-RG), that supports valuation in the Blue Economy and policy actions in five countries in the Region; (ii) Support for Economic Diversification in the Bahamas (ATN/OC-17047-RG), that supports economic diversification in the Blue Economy (ATN/CO-16734-BH, ATN/OC-16732-BH, ATN/OC-16733-BH); (iii) Development of the Sustainable Islands Initiative (ATN/MC-16236-RG, ATN/OC-16237-RG), that supports sustainability in the Blue and circular economies and climate change resilience; and (iv) Capacity Strengthening for a More Resilient Bahamas (ATN/JF-17982-BH), that supports the Government of Bahamas's efficient and effective reconstruction after Hurricane Dorian and strengthening of climate hazard resilience. As a relevant precedent, it should be mentioned that a previous PBG was approved in 2012 in Panama (Strengthening Macro financial and Fiscal Management (2842/OC-PN).
- 3.2. **Instrument.** The operation will be structured as a Policy Based Guarantee (PBG),<sup>21</sup> in which the Bank will provide a guarantee upon the compliance with a set of policy reforms. This PBG will support the continuation of key policy reforms related to Blue Economy carried out by Boosting Inclusive and Economic Growth in the Bahamas I and II (5091/OC-BH and 5276/OC-BH) and the inclusion of new reforms related promoting a more productive and healthier ocean (see objectives of the program in ¶2.9). These reforms strengthen the legal and institutional framework to promote Blue Economy by supporting: (i) reforms aligned with the “five tipping points” for a Healthy and Productive Ocean;<sup>22</sup> and (ii) reforms that promote private investment in the marine space.<sup>23</sup> The PBG will cover credit risk by partially guaranteeing the issuance of an international sovereign bond by The Bahamas, which is expected to be issued in reliance of private placement rules. The amount of the guarantee will be up to US\$200 million, from the ordinary capital resources of the Bank. The beneficiary of the guarantee will be a trustee, as representative of the bondholders. The guarantee will be triggered in case of failure of the issuer to make a debt service payment. This guarantee structure is expected to: (i) mobilize additional resources from international investors; and (ii) reduce financing costs for the Government, improving its debt profile.<sup>24</sup> The program will be prepared in a quadruple booking modality (CTI, CMF, RND and CSD).

### IV. ENVIRONMENTAL SAFEGUARDS AND FIDUCIARY SCREENING

- 4.1. According to Directive B.13 of the Environmental and Safeguards Compliance Policy (OP-703), this Program does not require ex-ante impact classification. This Operation supports the definition of policies, norms, management instruments and

<sup>21</sup> See GN-2729-2 – Proposed Policy for a Flexible Guarantee Instrument for Sovereign Guaranteed Operations. Second Revised Version.

<sup>22</sup> The five KPI are (i) sustainable and fully traceable seafood, (ii) sustainable transport; (iii) harnessing ocean energy; (iv) mapping the ocean; and (v) end waste entering the ocean. See [Blue Bonds](#).

<sup>23</sup> This instrument combines a policy-based intervention with the use of the IDB sovereign guarantee instrument following Policy for the Flexible Guarantee Instrument for Sovereign Guaranteed Operations (GN-2729-2).

<sup>24</sup> More details on the guarantee structure will be provided in the project document.



other institutional strengthening actions for which no significant direct effects on the environment and natural resources are expected.

## **V. OTHER ISSUES**

- 5.1. **Risks.** The program's overall risk rate is Medium-Low and 2 medium-high risks were identified: (i) Economic and financial: if additional external shocks affect The Bahamas, the fiscal situation may deteriorate, affecting business conditions; and (ii) Technical design: if there is not enough information related to the main activities of the program, the rationale of the project will not be sufficiently justified, causing delays in the results of the program.
- 5.2. **Complementarity and Sustainability of the Reforms.** The PBG gives continuity to the key policy reforms related to Blue Economy in: (i) continuing improving the competitiveness of MSMEs and business climate with a focus on blue economic activity; (ii) progress on the implementation of the legal and regulatory reforms related to the environmental resiliency in areas such marine protected areas, the Environmental Impact Assessment Procedures, and the Fisheries Act, among others. New areas include digitalization for firms in the Blue Economy, and enforcement for illegal fishing, sustainable management of fisheries and implementation of the recently created institutional framework for disaster management through the MDPMR (See [Link](#)). The sustainability of the reforms is embedded on the further implementation of the ongoing reforms, and the partnerships with private actors, who benefit from more sustainable management of marine resources NGOs, who participate in consultations and implementation of policies and academia, who benefit from increased data and awareness of the increased scientific potential of the ocean in the reforms.

## **VI. RESOURCES AND TIMETABLE**

- 6.1. The following timeline is expected: Distribution of the Proposal for Operation Development (POD) to the Quality and Risk Review (QRR) is expected to take place on July 20<sup>th</sup>, 2021; approval by the Operations Policy Committee (OPC) on August 31<sup>st</sup>, 2021; and presentation to the Board of Directors on September 29<sup>th</sup>, 2021. The resources needed for project preparation are estimated of US\$120,600, including the legal costs associated with the guarantee. Time needed for project preparation will be 1.84 FTEs (see Annex V).

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# Safeguard Policy Filter Report

## Operation Information

Operation		
BH-U0001 Bahamas Building a Social Inclusive Blue Economy		
Environmental and Social Impact Category	High Risk Rating	
B13		
Country	Executing Agency	
BAHAMAS	BH-MF - MINISTRY OF FINANCE	
Organizational Unit	IDB Sector/Subsector	
Competitiveness, Technology and Innovation Division	BUSINESS CLIMATE AND COMPETITIVENESS	
Team Leader	ESG Primary Team Member	
CLAUDIA STEVENSON		
Type of Operation	Original IDB Amount	% Disbursed
Guarantee	\$200,000,000	0.000 %
Assessment Date	Author	
2 Jun 2021	YBGONZALEZ Project Assistant	
Operation Cycle Stage	Completion Date	
ERM (Estimated)	22 Jun 2021	
QRR (Estimated)	23 Jul 2021	
Board Approval (Estimated)	29 Sep 2021	
Safeguard Performance Rating		
Rationale		



# Safeguard Policy Filter Report

## Potential Safeguard Policy Items

[No potential issues identified]

## Safeguard Policy Items Identified

### B.1 Bank Policies (Access to Information Policy– OP-102)

The Bank will make the relevant project documents available to the public.

### B.3 Screening and Classification

The operation (including [associated facilities](#)) is screened and classified according to its potential environmental impacts.

### B.4 Other Risk Factors

The operation is [specifically designed](#) to increase the ability of society and ecological systems to adapt to a changing climate.

### B.13. Noninvestment Lending and Flexible Lending Instruments

Ex-ante impact classification may not be feasible for this type of operation. This includes: policy-based loans, Financial Intermediaries (FIs) or loans that are based on performance criteria, sector-based approaches, and conditional credit lines for investment operations.

## Recommended Actions

Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s). Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PP (or equivalent) and Safeguard Screening Form to ESR. The project triggered the Disaster Risk Management policy (OP-704) and this should be reflected in the Project Environmental and Social Strategy. A Disaster Risk Assessment (DRA) may be required (see Directive A-2 of the DRM Policy OP-704). Next, please complete a Disaster Risk Classification along with Impact Classification. Also: if the project needs to be modified to increase resilience to climate change, consider the (i) possibility of classification as adaptation project and (ii) additional financing options. Please consult with INE/CCS adaptation group for guidance. The project triggered the Other Risks policy (B.04): climate risk.

- Please include sections on how climate risk will be dealt with in the ESS as well as client documents (EIA, EA, etc);
- Recommend addressing risks from gradual changes in climate for the project in cost/benefit and credit risk analyses as well as TORs for engineering studies.

## Additional Comments

Ex-ante impact classification is not feasible for this type of operation since is a PBG.

## **ENVIRONMENTAL AND SOCIAL SAFEGUARDS STRATEGY**

- 1.1 The general objectives are promoting a more productive and healthier ocean in The Bahamas. The specific objectives of this program are: (i) Promoting MSME's business recovery in the Blue Economy and prospecting investment projects suitable for blue bond financing; (ii) Reducing costs to conduct business in the Blue Economy; (iii) Improving the Blue Economy resiliency to climate risks in coastal and offshore areas; (iv) Promoting better management (certification, traceability, and protection) of marine resources; and (v) Reducing marine pollution.
- 1.2 According to Directive B.13 of the Environmental and Safeguards Compliance Policy (OP-703), this Program does not require ex-ante impact classification. This Operation supports the definition of policies, norms, management instruments and other institutional strengthening actions for which no significant direct effects on the environment and natural resources are expected.

## ANNEX IV

### Index for completed and proposed sector work

Issues	Description	Expected Dates	References & hyper links to Technical files
Country Strategies	Vision 2040 National Development Plan of the Bahamas	Completed	<a href="#">Vision 2040 Bahamas</a>
	Economic Recovery Committee Report	Completed	<a href="https://opm.gov.bs/economic-recovery-committee-executive-summary-report-2020/">https://opm.gov.bs/economic-recovery-committee-executive-summary-report-2020/</a>
	Prime Minister Delivery Unit Annual Report May 2018-May 2019	Completed	<a href="http://pmdu.gov.bs/">http://pmdu.gov.bs/</a>
Technical options and design	The New Imperative for Innovation. Policy Perspectives for Latin America and the Caribbean. 2016	Completed	<a href="https://publications.iadb.org/handle/11319/7417">https://publications.iadb.org/handle/11319/7417</a>
	Road Mapping and Strategy for Blue Economy - Support for Economic Diversification in the Bahamas	Completed	<a href="#">Road Mapping and Strategy for the Blue Economy</a>
	Prospective Studies on Global Industrial and Technological Trends in the Blue Economy and Policies to Promote Growth in the Caribbean	Completed	<a href="#">Prospective Studies in the Blue Economy and Technological Trends</a>
	Diagnostic and Valuation of the Blue Economy	Completed	<a href="#">Diagnostic and Valuation of the Blue Economy</a>

Issues	Description	Expected Dates	References & hyper links to Technical files
	Economic Value of Marine Protected Areas	Completed	<a href="#">Economic Value of Marine Protected Areas</a>
	Update the estimates for The Bahamas InVEST Models for coastal vulnerability and fisheries valuation	In progress	
IDB Strategies	Update to the Institutional Strategy 2010-2020, Partnering with Latin America, and the Caribbean to Improve Lives	Completed	<a href="#">Update Institutional Strategy</a>
	Bahamas Country Strategy 2018-2022	Completed	<a href="#">Bahamas Country Strategy</a>
	Innovation, Science and Technology Sector Framework Document	Completed	<a href="https://www.iadb.org/en/sector/science-and-technology/sector-framework">https://www.iadb.org/en/sector/science-and-technology/sector-framework</a>
Economics Documents	Estimates of Hurricane Dorian loss and damages	Completed	<a href="#">ECLAC (UN Economic Commission for Latin America and the Caribbean). 2019. Assessment of the Effects and Impacts of Hurricane Dorian in The Bahamas. Washington D.C.: Inter - American Development Bank, World Health Organization, Pan American Health Organization.</a>
	GDP estimates using luminosity	Completed	Zegarra, S., Schmid, J., Palomino, L., & Seminario, B. 2020. Impact of Hurricane Dorian in The Bahamas: A View from the Sky. Washington DC: Inter-American Development Bank. Available at: <a href="https://publications.iadb.org/en/impact-hurricane-dorian-bahamas-view-sky">https://publications.iadb.org/en/impact-hurricane-dorian-bahamas-view-sky</a>
	Measuring the Blue Economy. Caribbean Development Bank 2020.	Completed	<a href="#">Measuring the Blue Economy. The System of National Accounts and Use of Blue Economy Satellite Accounts</a>



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