

The Honourable Zhivargo Laing, M.P.
Minister of State for Finance
Sir Cecil Wallace-Whitfield Building
Cable Beach
P.O. Box N-3017
Nassau, NP
The Bahamas

Ref.: The Bahamas. Non-reimbursable Technical
Cooperation No. ATN/OC-13066-BH.
Strengthening Social Protection Programs in
The Bahamas.

Dear Minister Laing:

This letter of agreement (the “Agreement”) between the Commonwealth of The Bahamas (the “Beneficiary”) and the Inter-American Development Bank (the “Bank”), is to formalize the granting of a non-reimbursable technical cooperation (the “Technical Cooperation”) to the Beneficiary to support the execution of a project to strengthen the social protection programs in The Bahamas (the “Project”). The details of the Project are explained in the Annex attached hereto, which forms an integral part of this Agreement. The principal aspects of this Technical Cooperation are the following:

1. The Bank shall expend from the resources of the Special Program for Employment, Poverty Reduction and Social Development in Support of the Millennium Development Goals (“Social Fund”), an amount of up to five hundred thousand dollars of the United States of America (US\$500,000), (the “Contribution”), to contract and pay the individual expert(s) or consulting firm(s) (the “Consultants”) necessary to meet the objectives of this Technical Cooperation as described in the Annex. The Contribution is granted on a non-reimbursable basis. Unless otherwise stated in this Agreement, the term “dollars” shall hereinafter refer to the currency of legal tender of the United States of America.
2. The period for execution of the Technical Cooperation shall be eighteen (18) months from the effective date of this Agreement. The disbursement period shall be twenty-four (24) months from the same date. Any part of the Contribution which has not been utilized within the disbursement period shall be cancelled. The aforementioned deadlines and any others that may be stipulated in this Agreement may be extended, when duly justified, with the written consent of the Bank.

3. By virtue of this Agreement, the Beneficiary agrees that the Bank shall use the resources of the Contribution directly and exclusively to contract and pay the “Consultants” necessary to meet the objectives of this Technical Cooperation. The Bank agrees to inform the Beneficiary of the name of each Consultant, prior to contracting such Consultant for the execution of any corresponding study or other activity contemplated in this Technical Cooperation.
4. The Beneficiary undertakes to assist the Consultants in the performance of their tasks, and provide the necessary technical, logistic, and secretarial support required for the execution of the Technical Cooperation. In particular, the Beneficiary undertakes that the Ministry of Labor and Social Development shall collaborate closely with the Bank and the Consultants for the execution of this Technical Cooperation.
5. The financing of the consulting services detailed in this Agreement does not imply any commitment whatsoever by the Bank to finance, wholly or partially, any other program or project that might directly or indirectly might result from the execution of this Technical Cooperation. The opinions of the Consultants shall not commit the Bank to the same position. The Bank reserves the right to express any comments or reservations regarding such opinions as it may deem appropriate.
6. The Beneficiary undertakes to notify the Bank, in writing, within a maximum period of ten (10) working days from the date of signature of this Agreement, whether it considers this Agreement to contain information that may qualify as an exception to the principle of disclosure of information under the Access to Information Policy of the Bank, in which case the Beneficiary undertakes to identify the information in the relevant provisions of the Agreement. In accordance with the aforementioned policy, the Bank will make available on its “WEB” page the text of this Agreement once it has entered into effect and the aforementioned period has expired, excluding only that information which the Beneficiary has identified as an exception to the principle of disclosure of information under this policy.

Please confirm your acceptance of the terms and conditions of this Agreement, in representation of the Beneficiary, by signing and returning one original to the Bank's Country Office in The Bahamas.

This Agreement shall be signed in two (2) originals of equal tenor by duly authorized representatives, and will enter into force on the date of its signature by the Beneficiary.

Yours Faithfully,

/f/

Astrid Wynter

Astrid Wynter
Representative of the Bank in The Bahamas

AGREED:

/f/

Honourable Zhivargo Laing, M.P.

Honourable Zhivargo Laing, M.P.
Minister of State for Finance

Date: February 14, 2012

ANNEX

THE PROJECT

Strengthening Social Protection Programs in The Bahamas

I. Objective

- 1.01** The objective of the project is to help improve efficiency and effectiveness of the social protection system. The Technical Cooperation will inform the design of a conditional cash transfer program through completion of diagnostic studies and will also provide tangible outputs for the Ministry of Labor and Social Development (MLSD), including a Proxy Means Test that can be used for all targeted programs, a fully functional Management Information System for the MLSD, and a capacity building action plan for the MLSD.

II. Description

- 2.01** To achieve the objective described in section I above, financing will be provided for the following activities:

A. Diagnostic Activities

- (1) *Social Protection Public Expenditure Review.* This study will produce a detailed analysis of expenditures on social protection between 2007-2011, and analyze the degree to which spending is pro-poor.
- (2) *Qualitative study on barriers to human capital accumulation and beneficiary assessment.* This study will use qualitative research methods (e.g. focus groups, in-depth interviews) to gather primary data to understand barriers to accessing and utilizing programs among the poor and to assess stakeholder views about the proposed reforms.
- (3) *Social Sector Strategy with the Government.* This study will prepare an analysis of key social areas where the Government would benefit from the Bank technical and financial support.
- (4) *Poverty Maps.* This activity will combine the 2006 Survey of Living Conditions (extensive consumption data module) with the 2010 Population and Housing Census to produce geographically disaggregated poverty estimates.

- (5) *Social Sector Analysis using the Household Budget Survey.* This study will conduct an in-depth social sector analysis based on the national household surveys and administrative data to inform feasibility of rationalization of programs and design of a potential conditional cash transfer program.

B. Institutional Strengthening and Capacity Building

- (1) *Design the Proxy Means Test targeting tool.* This activity will design the Proxy Means Test (PMT), conduct a small pilot test of the PMT instrument and train MLSD personnel in the utilization of the PMT to enable the Government of the Bahamas to use this instrument to target social programs to the poor and select beneficiaries in an objective and transparent manner. It will conduct an analysis of health and education correlates of poverty and identify impediments and barriers to human capital accumulation using the 2006 Household Survey of Living Conditions.
- (2) *Design of a Management Information System (MIS).* This consultancy will finance the design of the MIS for the MLSD, production of operation manuals for use of the MIS and training of staff.
- (3) *Institutional Assessment of the MLSD, with a particular focus on the Community Support Division and School Welfare Division.* This study will review the current structure of the MLSD, assesses processes utilized by the MLSD, including application, enrollment, case management, record keeping, financial management, and personnel functions, prepare an institutional strengthening plan and new organizational framework to implement and supervise social programs.

III. Total Cost of the Project

- 3.01** The total cost of the Project is estimated to be five hundred thousand dollars (US\$500,000), and will be financed in accordance with the categories of expenditure and sources of financing detailed in the following table:

**Budget
(in US dollars)**

COSTS	BANK	COUNTERPART	TOTAL
Diagnostic Activities	120,000	0	120,000
Social Sector Analysis using HH Budget Survey	20,000	0	20,000
Social Protection Public Expenditure Analysis	25,000	0	25,000
Qualitative Studies	30,000	0	30,000
Social Sector Strategy with GOB.	20,000	0	20,000
Poverty Maps	25,000	0	25,000
Institutional Strengthening of MLSD	375,000	0	375,000
Development and Pilot of PMT	65,000	0	65,000
Design of MIS	280,000	0	280,000
Institutional Assessment	30,000	0	30,000
Sub-total	495,000	0	495,000
Monitoring and evaluation	5,000	0	5,000
Total	500,000	0	500,000