

January 18, 2013

The Honourable Michael Halkitis
Minister of State for Finance
Nassau
The Commonwealth of The Bahamas

Ref.: BAHAMAS. Nonreimbursable Technical Cooperation
No. ATN/OC-13695-BH. Emergency Assistance due
to Hurricane Sandy.

Dear Minister,

We are pleased to inform you that, pursuant to the request of the Government of The Commonwealth of The Bahamas dated November 21, 2012, the Inter-American Development Bank (the "Bank"), approved a Nonreimbursable Technical Cooperation for Emergency Assistance due to Hurricane Sandy (the "Technical Cooperation").

The Technical Cooperation will be up to the amount of two hundred thousand dollars of the United States of America (US\$200,000), chargeable to the resources of the Special Programs/Grants from the ordinary capital of the Bank, and will provide emergency assistance to the population affected by Hurricane Sandy through the provision of humanitarian aid. The terms and conditions of this Technical Cooperation are included in the Plan of Operations, which is attached hereto as the Annex.

IN WITNESS WHEREOF, the Beneficiary and the Bank, each acting through its authorized representative, have signed this Agreement, in two (2) equally authentic copies in Kingston, Jamaica, on the date above written.

THE COMMONWEALTH OF THE
BAHAMAS

INTER-AMERICAN DEVELOPMENT
BANK

/s/ Michael Halkitis

/s/ Luis Alberto Moreno

The Honourable Michael Halkitis
Minister of State for Finance

Luis Alberto Moreno
President

WITNESS OF HONOUR

/s/ Ehurd Cunningham

Ehurd Cunningham
Financial Secretary (Acting)

ATN/OC-13695-BH

THE ANNEX
INTER-AMERICAN DEVELOPMENT BANK
PLAN OF OPERATIONS

BH-T1032

THE BAHAMAS

**NON-REIMBURSABLE TECHNICAL COOPERATION FOR EMERGENCY
ASSISTANCE DUE TO HURRICANE SANDY**

I. GENERAL INFORMATION

Country:	Bahamas		
Name/Number:	Emergency Assistance due to Hurricane Sandy		
Project Team:	Michael Nelson (CCB/CCB), Team Leader; Cassandra Rogers (RND/CBA); Wilshire Bethel and Sharon Miller (both of CCB/CBH); and Guillermo Eschoyez (LEG/SGO).		
Request Date:	November 21, 2012		
Beneficiary:	Affected populations in communities damaged by high winds and floods.		
Executing Agency:	National Emergency Management Agency (NEMA)		
Special Conditions:	None		
Financial Plan	IDB (Grants of Ordinary Capital):	US\$200,000	
	Local:	0	
	Total:	US\$200,000	
Execution period:	3 months		
Periods:	Resources to be disbursed in US dollars in one single disbursement to the account of NEMA-Grant Hurricane Sandy.		

II. BACKGROUND

- 2.1 After passing through Jamaica and Cuba, on October 25th, 2012 Hurricane Sandy, a Category 2 hurricane, took a northerly track through the center of The Bahamas. The country experienced hurricane conditions for a period of three days with maximum sustained winds recorded at 105 miles per hour and rainfall between 6 and 12 inches. Storm surges were also noted at between 5 and 8 feet above normal tide levels.
- 2.2 Hurricane Sandy significantly affected economic activity and caused damage to public infrastructure in the affected islands. Estimates show that the damage reached around 9% of GDP (or US\$ 702.8 million). Reports indicate that the storm inflicted the most severe damage in the Southeastern, Central and Northwestern islands – particularly on Cat Island, Exuma, Grand Bahama and Long Island. Approximately 488 people were forced to utilize shelters during and as a result of the storm – 51 in New Providence and 437 throughout the Family Islands.
- 2.3 Approximately one thousand and thirty homes sustained varying levels of damage, of which 10% have been rendered unusable by occupant families until major repairs can be completed. Cat Island and Exuma, which took a direct hit, experienced the most extensive damage in the form of flooding, structural damage to homes, downed trees and utility poles. Many homes in Grand Bahama also experienced severe flooding with roads in several areas rendered impassable due to the height of the water - as high as six feet in some areas in the aftermath of the hurricane. Grand Bahama International Airport was significantly affected by flooding and the domestic terminal could not be used for three days to accommodate passengers arriving from New Providence and the other islands. On Long Island, there was structural damage to homes and roofs of several buildings while significant damage was sustained to farmers and fishermen's crops and equipment – essential to their livelihoods.
- 2.4 Excessive flooding, damage to public infrastructure and power outages were reported on Acklins Island, Ragged Island, the Abacos, Governor's Harbour, South Eleuthera, Crooked Island and Inagua.
- 2.5 There were reportedly two adult deaths nation-wide as a result of the passage of Hurricane Sandy.

III. EMERGENCY ASSISTANCE

- 3.1 From October 28-29, 2012, the National Emergency Management Agency (NEMA), accompanied by Prime Minister, the Rt. Hon. Perry Christie, conducted a preliminary assessment of the damage in the affected islands of The Bahamas. Subsequently, under NEMA coordination, teams comprising members of the Ministry of Public Works and Urban Development, the Department of Social

Services, and the Royal Bahamas Defense Force were dispatched to conduct more detailed assessments of the status of impacted communities as well as of building structures. Additionally, since the weather event, NEMA has also organized urgent relief supplies – food, medication and water particularly for vulnerable groups such as senior citizens, the disabled and single parents – as well as engaged in restoration efforts in the affected islands.

- 3.2 According to the above-mentioned assessments, the total estimated cost of relief efforts in the aftermath of Hurricane Sandy is approximately US\$702,836. A breakdown of the total estimate of relief efforts is detailed below:

Description of Activities		US\$
1.1	Assistance to affected population (senior citizens, disabled, single parents etc.)	US\$128,608
1.2	Transport and removal of debris	US\$314,228
1.3	Roofing and other building materials	US\$260,000
Total		US\$702,836

IV. REQUEST FOR BANK ASSISTANCE

- 4.1 On November 21, 2012 the Minister of Finance formally requested the Bank's emergency assistance for humanitarian relief to mitigate the impact of the hurricane on the affected population. This letter of request was submitted following a Declaration of Exigency that was issued by the Prime Minister on November 15, 2011. On December 5, 2012 the Ministry of Finance officially confirmed that NEMA would be the executing agency charged with carrying out relief efforts. Finally, a summary report of the damage assessment was submitted to the Bank on December 21, 2012.

V. OBJECTIVES AND DESCRIPTION

- 5.1 The objective of the Technical Cooperation is to support the Government of The Bahamas' efforts to provide humanitarian assistance to the population affected by Hurricane Sandy.
- 5.2 Based on the Government's assessment of the most immediate needs, the Bank's assistance will support Government efforts to provide the required relief to the affected populations in the hardest hit islands, and to provide the necessary resources and materials for transport as well as removal of debris. Eligible items will include food supplies, potable water, medicines, and materials for debris clearance, among other relief items. Roofing repairs and other building materials will be financed with Government resources.

VI. COST AND FINANCING

- 6.1 According to Resolutions DE-074/04 and DE-232/09 of September 15, 2004 and December 14, 2009, respectively, and document AT-986-1/GN-1862-5 of September 13, 2004, the Bank may contribute up to US\$200,000 per operation to

assist in emergencies resulting from natural disasters. The definition of “natural disaster”, in this particular case the impacts caused by Hurricane Sandy, is consistent with section OP-704, of the Operational Policies and Strategies Manual, which describes emergencies resulting from natural disasters.

- 6.2 The cost of the Technical Cooperation is estimated at US\$200,000 to be financed on a non-reimbursable basis with Ordinary Capital Resources. Only goods and services originating in member countries of the Bank may be purchased using the funds provided under this operation.

	Budget Estimate	US\$
1.	Equipment, materials and transportation costs (Assistance to affected population; transport and removal of debris)	US\$200,000
	Total	US\$200,000

VII. EXECUTION AND DISBURSEMENTS

- 7.1 The Technical Cooperation’s resources will be disbursed in United States dollars to the account of NEMA-Grant Hurricane Sandy in one single disbursement. Acting as Executing Agency, NEMA will be responsible for management and administration of the resources.
- 7.2 The activities to be financed under the operation will be executed within three months of the signing of the agreement.

VIII. REPORTS

- 8.1 The executing Agency will submit to the Bank, within 180 days after the disbursement, a report on the use of the resources from the proposed technical cooperation program. An external audit of the use of the resources from this technical cooperation program is not required.

IX. RECOMMENDATION

- 9.1 In view of the emergency situation in The Bahamas, it is recommended that the General Manager of the Country Department for the Caribbean authorize non-reimbursable technical cooperation funding in the amount of US\$200,000 from grants from the Ordinary Capital for fiscal year 2012, pursuant to Resolution DE-044/08 of May 5, 2008.