

PUBLIC

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

THE BAHAMAS

STRENGTHENING OF THE BAHAMAS DEVELOPMENT BANK

TC7908124

PLAN OF OPERATIONS

SEPTEMBER 1980

THE BAHAMAS

PLAN OF OPERATIONS FOR INSTITUTIONAL STRENGTHENING AND TRAINING TO THE BAHAMAS DEVELOPMENT BANK FOR INDUSTRY/TOURISM GLOBAL CREDIT

(TC-79-08-12-4)

I. Request

- 1.01 On February 11, 1980, the Ministry of Finance submitted to the Bank a technical cooperation request to assist the Government of The Bahamas in financing advisory services of a specialist, knowledgeable about global credit programmes in industry and tourism, for The Bahamas Development Bank (BhDB). Subsequently, during an Orientation Mission in May, 1980 BhDB requested that the proposal be expanded to incorporate a complementary short-term training programme at the U.S. Small Business Administration.
- 1.02 The total cost of the technical cooperation is estimated to be the equivalent of US\$126,000, of which the Bank would provide the equivalent of US\$80,000 on a non-reimbursable basis from the Fund for Special Operations.
- 1.03 The Beneficiary would be the Commonwealth of The Bahamas and the project would be executed by the BhDB.
- 1.04 This proposed operation is included in the Bank's 1979-80 Technical Cooperation Programme for The Bahamas.

II. Background

- 2.01 During the Programming Mission to The Bahamas in June, 1979, Government officials discussed the dynamic role which BhDB is playing in the attainment of the country's development goals towards the creation of a diversified, vibrant and interlinked economy. To strengthen the country's economic base, the Government is formulating a programme to promote potential growth sectors in the economy and to provide the necessary employment opportunities in rural areas in order to reduce the drift to urban centers where unemployment is rising. One measure taken to achieve this plan is through the BhDB, which is intended to function as a catalyst of development, helping to stimulate investment and production, technological and managerial capabilities, promotional activity and foreign exchange availability. Thus in view of its special importance in the development of private sector activity in The Bahamas, BhDB and the promotion and execution of its programmes have been accorded the highest priority by the Government.
- 2.02 During the recent Loan Administration and Orientation Missions to The Bahamas in January, 1980, the Ministry of Finance presented this technical cooperation request on behalf of BhDB. In May, 1980 during another Loan Administration Mission, Government officials discussed various training components which could be included in this proposal.

- 2.03 The enactment of the Bahamas Development Bank Act of 1974, and the subsequent opening of the institution for operations in 1978, was intended to provide the missing financial link between the establishment of domestic light manufactures and the Industries Encouragement Act of 1970, which granted approved local entrepreneurs exemptions from duties on imported machinery and raw materials as well as exemptions on real property and export taxes. However, the actual establishment of approved industry was hindered because of the lack of available medium and long term financing under terms favourable to this type of activity.
- 2.04 Since then, BhDB has become the principal vehicle for the provision of medium and long term financing mainly in the areas of tourism and ancilliary facilities, manufactures, agriculture and agro-industries, as well as fisheries and fish processing.
- 2.05 The authorized capital of the BhDB is five million dollars divided into one million shares of five dollar per value, of which the Government is permitted to subscribe up to one million shares. The Bank's Act restricts its borrowing authority by placing a statutory limit on the total liabilities of the Bank at 7 times the aggregate amount of paid-in capital and the reserve fund. From net profits, each year the Bank is obligated to hold in reserve 25% to meet contingencies until the total of the reserve fund equals the amount of paid up capital. The Bank currently has the equivalent of US\$4.0 million in paid-up capital as well as an additional US\$1.0 million line of credit from the Government.
- 2.06 From May, 1977 to May, 1979, the EEC sponsored advisory services from two consultants in banking policies (primarily in resource mobilization) and in internal accounting and control systems. Additionally in 1979 the EEC approved the equivalent of US\$1.0 million in units of account to BhDB for multisector onlending. In February, 1978, the Caribbean Development Bank (CDB) authorized a global loan of the equivalent of US\$2.3 million in hard resources and US\$0.7 in soft resources to the BhDB for onlending in agriculture, fisheries, industry and tourism. Commitments totalling US\$1.3 million and disbursements of US\$1.0 million were made against the CDB loan as of May 31, 1980.
- 2.07 On October 18, 1978, the Board of Directors approved ATN/SF-1669-BH to assist the Government of The Bahamas in obtaining advisory services in development banking to develop and implement operational procedures and guidelines in order to strengthen the administrative and technical capacity of the BhDB.
- 2.08 The final report submitted by the consultant on March 25, 1980 has been accepted by the Government and the Bank. The objectives of the technical cooperation as well as the Terms of Reference were completed satisfactorily and on schedule. As a consequence of this project, the consultant prepared two documents containing administrative procedures, guidelines and methodology,

especially with respect to training and operational efforts: (1) a "Manual of Administrative and Lending Policies and Procedures" which codifies the policies promulgated by the Bank's Act of 1974, minutes of the Board of Director's meetings, management meetings, Inter-American Development Bank loan agreements and credit regulations as well as the consultant's own suggestions relating to administrative and lending procedures; and (2) "A Suggested Plan of Action and Proposed Five Year Work Program For The Bahamas Development Bank" identifying five year indicative lending targets and related staffing requirements and a short-term institutional training programme (part of which has been incorporated in this proposal) and suggesting a list of 100 selected potential business opportunities for small entrepreneurs. Draft documents prepared include: (1) Direct Loan Agreement (addressing use of funds, collateral, insurance, disbursements, limitation on fixed assets, reports, books and records, dividends and compensation, fees and commissions and so forth); (2) Agreement for Erecting a Turn-Key Plant (containing provisions for standards and specifications for industrial production and general guidelines useful in any purchase if a manufacturing or food processing facility); (3) Guarantee Agreement; (4) General Agreement of Indemnity; and (5) Standard Chattel Mortgage Agreement. Training activities undertaken by the consultant included seminars on technical publications, sources of project information and potential projects such as mariculture, shark-skin marketing and truck assembly. The consultant also worked with individual employees and introduced, for example, the use of standard hotel accounting system procedures in the preparation of a Family Island hotel feasibility study. From the results of this technical cooperation, it is evident that the objective of this project was accomplished. Additionally, a solid operational and administrative foundation was established such that BhDB is now ready to prepare its staff to focus upon the promotion and handling of increased activity in the various sectors including industry and tourism specifically.

- 2.09 In May, 1979, the Board approved loan 50/IC-BH (Fisheries Development Programme 1/) for the equivalent of US\$3.3 million to assist BhDB through a global line of credit in financing subloans for the purchase and/or improvement of fishing vessels, gear, equipment and machinery; the establishment, expansion and/or improvement of processing, storage, transport and distribution equipment and facilities. The loan contains technical cooperation for individual consulting services for strengthening capability in appraising and administering fishery-related subloans. The consultant has already commenced work and disbursements totalling the equivalent of US\$449,000 have been processed thus far.

1/ To complement this programme, the Bank also approved at this time loan 25/VF-BH to construct a fish terminal at Potters Cay, Nassau. Parallel technical cooperation, ATCN/SF-1728-BH was also approved to prepare Phase II of a fishery project in the Southeast Islands (including the possible construction of fish processing and holding facilities and the training of fishermen).

III. Objectives

- 3.01 The objective of this technical cooperation is to train, enhance and strengthen BhDB's operational capacity in and exposure to all facets of industry and tourism-related projects for on-lending in these sectors in order to accelerate the investment process and further economic growth and development in The Bahamas.

IV. Description of the Project

- 4.01 In order to accomplish this objective, BhDB will hire an individual consultant who will render 12 successive months of advisory services to assist BhDB staff with (1) the promotion, preparation, (that is, establishment and financing), implementation and administration of existing and anticipated subloan business activity in the fields of tourism (small hotels and related service activities) and industry, including manufacturing and service businesses; and (2) the provision of practical business advice to subloan borrowers that experience problems in project formulation and business management, marketing, production, equipment and raw material procurement, and so forth. The consultant should have in-service training capability to assist BhDB staff in acquiring practical knowledge and in diversifying those skills required for developing and executing an expanded credit programme in these areas. The consultant will also coordinate his training efforts with the SBA training experience.

In addition the consultant should be experienced in the identification, documentation, promotion and financing of private enterprise projects in order to undertake, but not be limited to, the following work:

- For projects financed by BhDB, the Consultant will provide the broad, practical training required in the staff's loan promotion and supervision efforts to keep the borrower and the Bank appraised of the condition of the business, recommending the necessary action, if any, required of both parties to the loan agreement.
- For those potential projects eligible for consideration by the BhDB's Board of Directors, assist the staff and applicant, where required, in the preparation of the project proposal and start-up operation of the business.

The consultant will assist the BhDB in developing a socio-economic baseline data collection base from which an evaluation of subborrowers could eventually be done and will assist with the preparation of a proposal following IDB guidelines which may be used by BhDB to present a loan request to an international agency for the financing of a global line of credit in industry and tourism.

- 4.02 The orientation of BhDB personnel through the SBA would involve a 5-month programme for 3 staff members containing the following characteristics:

- (a) a three week internship in Washington where officials would be assigned to SBA officials who would be promoting and implementing policies and guidelines, dealing with applicants, and resolving day to day issues related to small businesses;
 - (b) an opportunity to visit certain operations within the US where the results of SBA counseling would be evident;
 - (c) the BhDB officials would take certain courses provided by the SBA and through SBA sponsorship designed for small businessmen; and
 - (d) a visit to the SBA's Puerto Rico office would be arranged where officials could experience counseling related to businesses similar to those which are being undertaken in a physical environment like that in The Bahamas but in a financial climate like that of the U.S.
- 4.03 These tasks would be carried out with counterpart Bahamian personnel with the object of providing training to develop Bank staff as practical business advisors. Additionally, if necessary, the consultant should utilize local capabilities within related agencies and ministries in The Bahamas.
- 4.04 To assist the consultant in the execution of this technical cooperation, the Beneficiary would provide the necessary office support (secretarial services and office space and so forth).
- 4.05 Within six months from the date of signature of the Technical Cooperation Agreement, the Beneficiary will select and contract the individual consultant directly in accordance with the policies and guidelines established in the Technical Cooperation Manual. The consultant will undertake his/her functions according to the Terms of Reference included Appendix A of this Plan of Operations.
- 4.06 With six months from the date of signature of the Technical Cooperation Agreement, the BhDB will arrange with SBA a detailed programme and schedule of training activities for selected BhDB staff. 1/ Guidelines developing criteria for evaluating the training programme should also be established.

V. Cost and Financing of the Project

- 5.01 As shown in the following tentative budget, the total cost of the proposed consultancy would amount to approximately the equivalent of US\$126,000 of which the Bank would contribute the equivalent of US\$80,000.

1/ A preliminary understanding has already been reached with SBA officials about SBA's participation in this proposed programme.

(in equivalent US\$)

<u>PROJECT I</u>		<u>IDB</u>	<u>Beneficiary</u>	<u>Total</u>
2. Individual Consultants				
2.1	<u>Honoraria</u>	38,000	-	38,000
	2.1.1 Basic Salary(\$3,000 x 12 mos.)	36,000	-	
	2.1.2 Accrued Leave	2,000	-	
2.3	<u>Recruitment, Appointment and Repatriation</u>			
	2.3.1 Tickets	4,000	-	4,000
	2.3.1.1 Consultant	800	-	
	2.3.1.1 Dependents	800	-	
	2.3.2 Transportation Household and Storage	2,400	-	
2.4	<u>Other Components and Benefits</u>	11,800	-	11,800
	2.4.1 Installation	900	-	
	2.4.2 Post Adjustment (\$900x11mos.)	9,900	-	
	2.4.3 Insurance	1,000	-	
2.5	<u>Business Travel</u>	4,000	2,000	6,000
	2.5.2 Local (Inter-Island)			
	2.5.2.1 Tickets (includ.charters)	4,000	-	
	2.5.2.9 Other (ground transportation)	-	2,000	
5.	<u>Other Staff (Local Professional)</u>	-	22,500	22,500
	5.1 Business Travel (local)	-	900	
	5.2 Salaries (\$1,800 x 12 mos.)	-	21,600	
6.	<u>General Support</u>	-	9,500	9,500
	6.1 Rental of Premises	-	3,000	
	6.2 Furniture & Furnishings	-	500	
	6.3 Equipment	-	500	
	6.4 Supplies			
	6.4.1 Teaching materials	-	100	
	6.6 Support Personnel			
	6.6.3 Editing and Proof Reading	-	200	
	6.6.4 Temporary Secretaries and Clerical Assistance	-	4,700	
	6.7 Publications			
	6.7.1 Printing	-	300	
	6.8 Communications	-	200	
SUBTOTAL		57,800	34,000	91,800

		(in equivalent US\$)		
		<u>IDB</u>	<u>Beneficiary</u>	<u>Total</u>
<u>PROJECT 2</u>				
3. <u>Fellowships</u>				
3.1	Programme Fees (3 x \$200)	600	-	600
3.2	Subsistence			
	(a) 1 participant x 2.0 months	1,900	3,000	4,900
	(b) 1 participant x 1.5 months	1,400	2,250	3,650
	(c) 1 participant x 1.5 months	1,400	2,250	3,650
3.3	Business Travel			
	3.3.1 International			
	3.3.1.1 Tickets (3 x \$500)	1,500	-	1,500
	3.3.1.2 Per Diem (3 x 10 x \$72)	2,200	-	2,200
	3.3.2 Local			
	3.3.2.1 Tickets (3 x \$200)	600	-	600
	3.3.2.2 Per Diem (3 x 8 x \$72)	1,800	-	1,800
3.4	Insurance (3 x \$45 x 5 months)	700	-	700
3.5	Teaching Materials			
	3.5.1 Books (3 x \$200)	600	-	600
	3.5.9 Other (3 x \$200)	600	-	600
3.9	Other <u>1/</u>	<u>1,700</u>	<u>1,100</u>	<u>2,800</u>
	SUBTOTAL	15,000	8,600	23,600
		=====	=====	=====
98.	Contingencies	<u>7,200</u>	<u>3,400</u>	<u>10,600</u>
	GRAND TOTAL (Projects 1 and 2)	80,000	46,000	126,000
		=====	=====	=====
	%	63.5	36.5	100.0

1/ Unforeseen expenses not listed above related to fellowships and participants, that may arise during the execution of the project.

VI. Justification

- 6.01 The tourism sector's contribution to the country's foreign exchange earning capability is substantial. Directly or indirectly this sector employs more than 50 percent of the labour force and contributes about 75 percent to the country's total G.D.P. while providing more than 50 percent of all foreign exchange earnings. With the exception of some fish products, almost 100 percent of the Bahamas requirement for consumption goods is imported of which 65 percent is required to meet the needs of the tourism sector. Import substitution projects in agriculture and industry for possible BhDB financing have been identified which will contribute to the reduction of imports, conserve foreign exchange earnings and increase the multiplier effect of visitor expenditures (now estimated to be 0.89) while accommodating the estimated annual 2.5 million visitors by 1985. Presently it is estimated that manufacturing contributes about 10 percent to the country's G.D.P. and provides employment for about 6 percent of the labour force. It is becoming increasingly important for the industrial sector to develop in balance with the tourism and marine resources sectors thereby contributing to the diversification of the economy while replacing imports as much as possible. Industrial projects which have been identified for analysis and implementation by the private sector must also be encouraged.
- 6.02 Tourism continued to expand in 1979, although not as rapidly as in 1978, largely because of capacity limitations. By 1979, many hotels reached maximum practical utilization, with the room occupancy rate averaging 85%. This has resulted in improved profits, stimulating the expansion of tourist facilities, particularly hotel accommodations. Hotel room capacity grew by 9% to 12,000 rooms in 1979, after declining from 11,600 at the end of 1973 to 11,000 at the end of 1978; this expansion occurred largely in Grand Bahama and the other Family Islands, in line with the Government's efforts to decentralize tourism away from the heavy concentration in New Providence (and Paradise Island). Expansion plans being proposed by the private sector would increase room capacity by an additional 20% over the next two to three years.
- 6.03 As of May 31st, 1980 the Bank has approved 66 active projects totalling the equivalent of nearly US\$2.8 million. 1/ Sixty-seven applications are now in the process of being reviewed thus far for 1980 which, if all are consummated and subsequently implemented, would total nearly US\$2.9 million. 2/ BhDB is already the recipient of funds from the CDB and the EEC and is planning to submit a proposal to IDB for a global line of credit in industry and tourism in late 1980. In the meantime, as subloan activity increases, it is anticipated that subloan promotion and administration efforts must also be emphasized accordingly.

1/ See Table 1.

2/ See Table 2

- 6.04 In April 1979, the BhDB entered into a one year contract for the services of an individual consultant for advisory and training services in development banking in order to strengthen its in-house overall administrative capability (ATN/SF-1669-BH). Administrative procedures and lending policies which were developed for the BhDB are presently in use. This request for technical cooperation involves the provision of advisory services for the next phase of institutional strengthening by providing the experience necessary to train staff in areas of promotion, preparation, implementation and administration specifically of subloan business activity in the fields of tourism (small hotels and related service activities), industry and manufacturing and the provision of practical business advice to subloan borrowers who experience problems in business establishment, management, marketing, production, equipment or raw material supply, and so forth. Additionally such advisory assistance and training would prepare BhDB staff and strengthen the institution's capability to administer a possible line of credit in tourism and industry ^{1/}; to assist with the creation, expansion and improvement of tourist facilities and industries; to broaden the group of entrepreneurs; and to encourage local ownership and control of enterprises in the country.
- 6.05 Under technical cooperation ATN/SF-1669-BH, the consultant identified and prepared a list of more than 100 potential business opportunities for which preinvestment analyses are being made to determine if all elements are present in the endeavor to permit future financing consideration from the BhDB once capable Bahamian entrepreneurs have been identified. This list was used to advance recommendations as to how BhDB could serve as a catalyst by assisting potential subborrowers formulate and execute bankable opportunities and in stimulating joint ventures between Bahamian and foreign investors as one method to generate investment capital and transfer modern skills and technology to the Bahamian people.
- 6.06 Based upon the project list prepared for 100 Potential Business Opportunities in The Bahamas, the training programme with SBA has been designed to provide exposure to small business case work and project packaging and practical institutional operations with observation visits to areas within SBA's jurisdiction (such as Florida and Puerto Rico) where projects have been implemented in environments similar to that found in The Bahamas. This would complement the in-house training experience to be provided by the individual consultant who would be working directly with BhDB personnel to provide guidance in the promotion and implementation of projects, specifically relating to aspects such as the design and maintenance of proper accounting records, technical advice, disbursements and indirectly with the subborrower to provide timely information on the preparation and execution of the project. This in-house practical training would support BhDB's plans for staff participation in formal project administration courses and seminars to be conducted by the Training Unit of the Caribbean Development Bank.

^{1/} Listed as a 1981 project in IDB's 1980/82 Tentative Pipeline of Loans for The Bahamas.

- 6.07 This consultancy would also complement the activities of the fisheries consultant (required as per Section 4.02 (iii)(2) of loan 50/IC-BH) who will concentrate his efforts specifically on the execution of the fisheries line of credit programme (including promoting and identifying projects, training in the administration of fishery subprojects and providing guidance for the preparation of the project appraisal report focussing upon technical, financial, and marketing aspects).
- 6.08 Additionally such advisory assistance and training would prepare BhDB staff and strengthen the institution's capability to administer a possible line of credit in tourism and industry, to assist with the creation, expansion and improvement of tourist facilities and industries, to broaden the group of entrepreneurs and to encourage local ownership and control of enterprises in the country. Given the institutional strengthening and in-service training nature of this technical cooperation request, it is recommended that non-reimbursable resources be used for this project in accordance with the policy specified in the Technical Cooperation Manual for development banks.^{1/}

VII. Funding

- 7.01 It is recommended that the equivalent of US\$80,000 be provided to The Bahamas on a non-reimbursable basis from the net income of the Fund for Special Operations in light of Bank policy permitting this treatment in institutional strengthening and training operations to development banks, given their dependence upon funds from the public sector and the importance of enabling such banks to channel resources to the private sector.

VIII. Disbursements

- 8.01 Disbursements for this technical cooperation are to be made within a period of 24 months from the date of signature of the Technical Cooperation Agreement. Local counterpart funds will be disbursed simultaneously with the Bank's contribution.
- 8.02 To facilitate the initiation of consulting services and the training programme, the Bank at the request of the Beneficiary could disburse an Advance of Funds of the equivalent of US\$16,000. The Bank would replenish this revolving fund, in part or in their entirety as the resources are used, at the request of the Ministry and upon submission of documents itemizing and substantiating the use of funds charged to the Bank's contribution.
- 8.03 The Technical Cooperation Agreement signed with the Beneficiary would stipulate that as soon as the services defined in the Plan of Operations are completed, any remaining uncommitted funds for the project will be cancelled automatically.

^{1/} See Sections TC-104 and TC 801 of the Technical Cooperation Manual dealing with institutional strengthening for public sector bodies or non-profit private organizations.

IX. Reports

9.01 The Technical Cooperation Agreement signed with the Government and the contract signed by The Bahamas with the consultant will specify that the consultant will be required to submit four copies of the following reports to the Bahamas Development Bank, the Ministry of Finance and the Bank:

- (a) Work Programme: Within one month of the initiation of work, the consultant will submit a work programme, describing the scope and intended timing of each component of all the activities to be undertaken.
- (b) Progress Report: Five months from the date of commencement of work the consultant will submit an interim report indicating the progress made during the corresponding period and outlining proposals for the promotion and implementation of subloans and related administrative procedures for industry and tourism projects, identifying various criteria (such as income data) useful in evaluating the onlending experience and recommending an ongoing training programme for enhancing the capabilities of BhDB staff.
- (c) Draft Final Report: Eleven months from the date of the initiation of work, the consultant will present the draft loan proposal and a draft final report, discussing the implementation of and guidance provided on subloan administrative and supervision procedures, making recommendations on an appropriately related training programme for BhDB personnel.
- (d) Final Report: During the twelfth month of work, the consultant will submit a final report, including an executive summary and all previously mentioned documents and incorporating revisions, if any, based upon comments and observations made by the Executing Agency and the Bank.

9.02 The Executing Agency will submit to the Bank, within 60 days from the date of the receipt of the final report, a report evaluating the results of the technical cooperation and the extend to which its objectives were accomplished.

X. Certification of Costs

10.01 Within 60 days from the date of the final disbursement, the Ministry will present to the Bank a statement of expenses charged to the Bank's contribution and its own resources certified by auditors satisfactory to the Bank.

XI. Supervision

- 11.01 The Technical Cooperation Agreement will stipulate that the Bank may exercise supervision over the work of the consultant through the pertinent technical unit in Bank Headquarters. 1/ Towards this end, BhDB will keep Headquarters informed about the activities relating to this technical cooperation operation.

XII. Agreement

- 12.01 The Technical Cooperation Agreement with the Government of The Bahamas will be signed within 30 days from the date of its approval by the President of the Bank.
- 12.02 The Agreement will contain an appropriate provision indicating that this technical cooperation provided by the Bank does not imply any commitment on its part to participate in the financing of the programme or projects resulting from the work of the consultant.

XIII. Evaluation Criteria

- 13.01 The evaluation of this technical cooperation will be made on the basis of an analysis of:
- (a) the achievement of the objectives contained in Section III of this Plan of Operations (including an evaluation of the SBA training programme);
 - (b) the accomplishment of the work described in Section IV; and
 - (c) the review of the reports specified in paragraph 9.01.

XIV. Responsibility within the Bank

- 14.01 Basic responsibility for this project will rest with Division 7, Region III, of the Operations Department.
- 14.02 Technical responsibility for this project will be vested in the Industries and Credit Institutions Division of the Department of Project Analysis.

1/ And through the Bank's office in The Bahamas when established.

Table 1

SUMMARY OF LENDING ACTIVITY FOR 1978 - 1979 BY SECTOR 1/

SECTOR	LOAN AMOUNT	1 9 7 8			LOAN AMOUNT	1 9 7 9		
		% OF TOTAL	NO.OF LOANS	% OF TOTAL		% OF TOTAL	NO.OF LOANS	% OF TOTAL
Manufacturing	474,000	43.4	4	24	300,600	28	9	20.5
Agriculture	123,000	11.3	2	12	227,360	21	18	41.1
Tourism	220,000	20.1	1	6	446,586	41	5	11.1
Small Business <u>2/</u>	55,463	5.1	5	29	32,668	3	4	9.1
Marine Resources	219,208	20.1	5	29	80,204 (1)	7	8	18.2
TOTAL	1,091,671	100	17	100	1,087,400	100	44	100

(1)

\$4,700 project on Mayaguana omitted (being restructured).

\$3,400 project on Abaco included, both marine resources.

1/ As of May 31, 1980, an additional 5 projects totalling \$479,781 have been approved (including one transportation project).

2/ Including service, handicraft, agriculture (fisheries) and commodity businesses receiving subloans of US\$15,000 or less.

Table 2

POTENTIAL PROJECTS AS OF MAY 31, 1980

SECTOR	No.APPLICATIONS	% OF TOTAL	EST.LOAN REQUEST \$	% OF TOTAL LOANS REQUEST
Manufacturing	6	9.0	521,000	18.3
Agriculture	17	25.3	314,650	11.0
Tourism	8	12.0	1,077,000	37.8
Small Business <u>1/</u>	6	9.0	120,000	4.2
Marine Resources	27	40.2	654,400	22.9
Other	<u>3</u>	<u>4.5</u>	<u>165,000</u>	<u>5.8</u>
TOTAL	67	100.0	2,852,050	100.0

1/ Including service, handicraft, agriculture (fisheries) and commodity businesses receiving subloans of US\$15,000 or less.

TERMS OF REFERENCE

- I. The purpose of this technical cooperation is to assist the Government of The Bahamas through the rendering of advisory services in training staff and strengthening BhDB's capabilities to prepare for an expanded global credit program for industry and tourism. The execution of this technical cooperation will be accomplished in 12 months from the date of initiation of work by the consultant.
- II. The consultant should have complete capability in the English language and should be knowledgeable about the execution of global credit programmes, especially concerning 1) the promotion, preparation, implementation and administration of existing and anticipated subloan business activity in the field of tourism (small hotels and related service activities), industry including manufacturing and service businesses, and 2) the provision of practical business advice to potential and existing subloan borrowers who experience problems in initiating a business opportunity and in business management, marketing, production, equipment and raw material procurement, and other aspects.
- III. In addition, the consultant should be experienced in the identification, documentation, promotion and financing of private enterprise projects in order to undertake, but not be limited to, the following work:
 - For projects financed by the Bank, the consultant will provide the broad, practical training required in the staff's loan promotion and supervision efforts to keep the borrower and the Bank apprised of the condition of the business, recommending the necessary action, if any, required of both parties to the loan agreement.
 - For those potential projects eligible for consideration by the Bank's Board of Directors, guide the staff and applicant, where required, in the preparation of the project proposal and start-up operation of the business.
- IV. The above work should be carried out with counterpart staff with the object of providing "hands-on" training to develop Bank staff as practical business advisors. The consultant will also coordinate these training efforts with Small Business Administration programme. In addition, the consultant will:
 - A. Explore and document the advantages of financing shell buildings within established or new industrial park areas working closely with the Bahamas Development Corporation.

- B. Provide training in the documentation of selected business opportunities which have been previously identified as those which might possibly contain the essential elements required of a successful business. This will involve an analysis of the financial, technical and marketing components of potential bankable projects, (new "pioneer" projects) and staff instruction and training in the research, collection and analysis of data required, for preparation and presentation of project documentation for Board consideration.
 - C. Undertake the staff training effort designed to expose the potential project to qualified Bahamians in an attempt to generate the interest necessary to implement the project utilizing financing available from the Bank. Train staff in the identification of those elements in a project and traits required in potential applicants essential for successful project implementation.
 - D. Where desirable, and with the approval of appropriate officials of the Government, assist qualified Bahamian citizens in their efforts to generate foreign joint venture equity participation in selected project implementation as one method to transfer equity risk capital, managerial and technical skills to Bahamian citizens and businesses with majority ownership held in Bahamian hands.
 - E. Assist in developing a socio-economic baseline data from which an evaluation of the Bank's onlending experience could eventually be done.
 - F. Assist with the preparation of a proposal following IDB guidelines which may be used by BhDB to present a loan request to an international agency for the financing of a global line of credit in industry and tourism.
 - G. Perform any other duty as may be assigned by the Managing Director.
- V. The consultant should submit four copies of the following reports to the BhDB, the Ministry of Finance and the IDB:
- A. Work Programme: Within one month of the initiation of work, the consultant will submit a work programme, describing the scope and intended timing of each component of all the activities to be undertaken.

- B. Progress Report: Five months from the date of commencement of work the consultant will submit an interim report indicating the progress made during the corresponding period and outlining proposals for the promotion and implementation of subloans and related administrative procedures for industry and tourism projects, identifying various criteria (such as income data) useful in evaluating the onlending experience and recommending an ongoing training programme for enhancing the capabilities of BhDB staff.
- C. Draft Loan Proposal and Draft Final Report: Eleven months from the date of the initiation of work, the consultant will present the draft loan proposal and a draft final report, discussing the implementation of and guidance provided on subloan administrative and supervision procedures, making recommendations on an appropriately related training programme for BhDB personnel.
- D. Final Report: During the twelfth month of work, the consultant will submit a final report, including an executive summary and all previously mentioned documents and incorporating revisions, if any, based upon comments and observations made by the Executing Agency and the Bank.