

TECHNICAL COOPERATION PROFILE

I. BASIC PROJECT DATA

Country/Region:	The Bahamas	
Program name/Number:	Regional Plan for the Sustainable Development of Inagua (BH-T1007).	
Team leader/Members:	Leader: Leonardo Corral (RE3/EN3); other members: Iwan Sewberath-Misser (COF/CBH); Kevin McTigue (LEG/OPR); and Gisella Barreda (RE3/EN3).	
Date of request:	June 28, 2005.	
Beneficiary:	Office of The Prime Minister.	
Executing agency:	Inter-American Development Bank.	
Financing plan:	IDB: (FGE)	US\$199,600
	Local:	<u>US\$ 50,000</u>
	Total:	US\$249,600
Tentative dates:	Loan Committee/EVP:	June 8, 2006
	DIR/PRE:	June 15, 2006

II. BACKGROUND AND PROBLEM STATEMENT

A. Inaguas overview

- 2.1 The economic development of the Bahamas has been uneven, with most of the wealth and population of the country centered in a very small geographic area in the North. While New Providence and Grand Bahama have prospered and continue to receive increasing levels of foreign and domestic investment, many of the Family Islands have changed little since independence and are struggling to maintain standards of living and population levels. This is best exemplified by looking at poverty rates: whereas the poverty rate in New Providence and Grand Bahama is 8.3%, in other Family Islands, like Inagua, it surpasses 20%.
- 2.2 A Rapid Assessment conducted in June 2004, financed by the IDB¹, looked at the tourism potential of Inagua, in terms of products, services, access, and infrastructure, and documented a positive potential for growth. Inagua has relatively good access, a solid

¹ See Sustainable Tourism Assessment in the Inaguas: Challenges and Opportunities (BH-P1003).

base of infrastructure, a rich and diverse mix of potential product offerings, with rich biodiversity that includes the world's largest population of West Indian Flamingos and hundreds of other bird species; flora and fauna; beautiful coasts and coral reefs, and other historical and natural attractions. Its sparse population of some 1,000 inhabitants is highly skilled and keenly focused on pursuing tourism development. On the other hand, there is a range of environmental issues that present important obstacles to sustainable tourism development, which is where Inagua's competitive strengths lie.

- 2.3 The assessment found that the existing product base is weak, largely because it is undeveloped, with shortfalls including awareness, industry and market knowledge, accommodations, interpretation, tourist-related services and amenities. However, the potential product offering is rich and diverse and the existing accessibility provides a good base for low-impact tourism development. With the right mix of creatively developed services and facilities, and focused marketing and promotion, the Inaguas have the potential to develop a significant tourism industry that is financially and environmentally sustainable.
- 2.4 The assessment was undertaken against the background of Inagua's economic dependency on the production of salt by one company (Morton Salt) which provides employment for some 80% of the workforce, and the depopulation of the island which has and is occurring as a result of migration, especially of the younger generation to seek a livelihood elsewhere in The Bahamas or overseas.
- 2.5 Inagua is also of strategic concern to the Government of the Bahamas, given its location at the southern end of the Bahamas archipelago, and in the center of the major shipping lane between the Caribbean basin and Eastern Seaboard of North America.
- 2.6 As a result of the previous assessment, and a fact finding mission, the Government of the Bahamas (GOBH) and the IDB agreed there is significant potential for tourism development in Inagua, but the approach should be very targeted, carefully planned, and developed on an incremental basis, as demand for the destination grows over time. The first step in that process should be more detailed integrated planning and analysis to ensure that future development is undertaken in an environmentally, economically, and socially sustainable fashion. To this end the GOBH, has requested the IDB support to prepare a Sustainable Regional Development Plan for Inagua (The Plan).
- 2.7 The GOBH's goal is to reduce the economic dependency on salt production as well as to curb the current trend of depopulation and migration from the Inaguas to other parts of the Bahamas and overseas. To do so, the GOB hopes to be able to create a sustainable tourism destination that will help tell the story of the Inaguas, preserve biodiversity for future generations, and creates meaningful economic opportunities and employment for local residents.
- 2.8 This operation supports the Bank's principal areas of strategic focus of sustained growth and private sector development, and environmental management. Also, this operation coincides with a crosscutting theme of the Country Strategy to promote development of the Family Islands. The proposed operation is closely linked to the Master Plan for

Coastal Zone Management project (BH-L1005) under preparation, as it will allow for the application of coastal planning at the local level, and thus provide important inputs, and lessons learned for similar applications in other Family Islands.

III. PROGRAM OBJECTIVE AND DESCRIPTION

A. Objectives

- 3.1 The objective of this TC is to develop a Plan for Sustainable Regional Development of Inagua (the Plan). Ultimately, the main development goals towards which the Plan should contribute to is improving the quality of life in Inagua in the context of a sustainable environment and economy which protects and enhances the special resources of the island.

B. Description

- 3.2 The TC will finance consulting services to develop the Plan. The consultants will develop the following areas to be included in the Sustainable Regional Development Plan for Inagua.
- a. A vision for the development of tourism for the next 10 years, which will serve as a base to identify and direct actions by government, entrepreneurs and investors, civil society.
 - b. Various strategies for growth, outlining all relevant factors, including the economic, environmental, social and ecological impact of the various proposed strategies.
 - c. An approach to implementing the vision and the growth strategies in the form of short-term action plans (1-2 years) as well as plans for the mid-long term (3-5 years) in accordance with the overall vision for both the private and public sector. These plans would address:
 - i. Measures that will support sustainable tourism development.
 - ii. Major physical infrastructure – roads, water supply, solid and liquid waste disposal, power (renewable energy), etc.
 - iii. Tourism related infrastructure.
 - iv. Promotion activities.
 - d. A budget to execute the Sustainable Regional Development Plan for Inagua – detailed for the first five-year period, with estimates for the second five-year period, while identifying possible sources of financing.

- e. An assignment of responsibilities for carrying out the components among various government agencies, non governmental organizations such as the Bahamas National Trust and the private sector.

IV. COST AND FINANCING

- 4.1 The project will be financed with resources from the Spanish General Cooperation Fund (FGE) for up to US\$199,600. FGE resources will be utilized to hire a Spanish consulting firm to prepare the Plan. The executing and disbursement period will be 6 and 9 months, respectively, from the date of signing of the Letter of Agreement with the Bank.

Table 1: Spanish Consulting Firm

Costs	Units	Price per unit (US\$)	Trust Fund (SPI-ICEX)
International specialists fee (4 consultants X 2.5 months of work –each)	10 months	12.000	120.000
International trips	8 trips	1.500	12.000
Local trips	8 trips	200	1.600
Per diem	220 per diem	300	66.000
TOTAL			199.600

V. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 5.1 Executing Agency: The Bank will act as executor, through COF/CBH, who will be responsible for the selection and hiring process of the consulting firm, in accordance to Spanish General Cooperation Fund requirements.
- 5.2 Executing mechanism: The Office of the Prime Minister will be the beneficiary of the project, and will be responsible for providing: (i) technical counterpart to the consultants; (ii) supervise the consultants in coordination with CBH; (iii) facilitate the consultant's coordination and logistics with Inagua's local government and project stakeholders; and (iv) provide work space for the consulting team.

VI. MAJOR ISSUES

- 6.1 No major issues are anticipated, given the priority this project has with the GOBH.

VII. ACTION PLAN

- 7.1 With administrative resources, a consultant will be hired shortly to provide technical support to the GOBH and IDB staff to define the Plan of Operations and detailed TOR to prepare a Sustainable Regional Development Plan for Inagua. The consultant will also support the preparation and technical aspects of the bidding documents necessary to hire the consulting firm(s) that will be responsible for the preparation of the Plan.

VIII. ENVIRONMENTAL AND SOCIAL STRATEGY

- 8.1 By its nature, it is anticipated that the proposed project will have positive environmental and social benefits, since it will bolster local planning capacity in Inagua to assure that the development of new economic sectors is done in an environmentally and socially sustainable manner.