

Technical Cooperation Document

I. Basic project data

▪ Country/Region:	Bahamas
▪ TC Name:	Support for Economic Diversification in the Bahamas
▪ TC Number:	BH-T1062
▪ Team Leader/Members:	Claudia Stevenson, Team Leader (IFD/CTI); Gerard Alleng, Alternate Team Leader (CSD); Sylvia Dohnert De Lascurain (CTI/CBA); Matteo Grazzi, Claudia Suaznabar, Pauline Henriquez, Kayla S Grant and Blanca Torrico (IFD/CTI); Carmine Paolo De Salvo (RND/CHA); Miguel Porrua (IFD/ICS); and Louis-Francois Chretien (LEG/SGO)
▪ Taxonomy:	Client Support
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	March 13, 2018
▪ Beneficiary:	Commonwealth of The Bahamas
▪ Executing Agency:	Inter-American Development Bank, through the Competitiveness and Innovation Division (IFD/CTI)
▪ Source of funding:	IDB through the Strategic Development Program for Institutions (INS); the Strategic Development Program for Sustainability (SUS); and the Compete Caribbean Partnership Facility (CCP)
▪ IDB Funding Requested:	INS - US\$200,000.00 SUS - US\$250,000.00 CCP - US\$50,000.00 Total – US\$500,000.00
▪ Local counterpart funding, if any:	N/A
▪ Disbursement period:	36 Months
▪ Types of consultants:	Firms and Individual Consultants
▪ Prepared by Unit:	IFD/CTI, CSD/CCS
▪ Unit of Disbursement Responsibility:	IFD/CTI
▪ Included in Country Strategy (y/n);	Yes. Included as a dialogue area in the 2013-2017 Strategy
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and Innovation; and Cross cutting issue of Strengthening Institutional Capacity and the Rule of Law and Environmental Sustainability.

II. Objective and Justification

2.1 The productive structure of The Bahamas is concentrated mainly in tourism and financial sectors, including tourism-related construction. Services (including tourism and financial services), represent 78.3% of Gross Domestic Product (GDP); manufacturing generates 19.8% of GDP, and agriculture 1.9%.¹ The contribution of tourism to GDP (including direct and indirect) accounts for approximately 45% of GDP and directly or indirectly employs half of the archipelago's labor force, approximately 102,500 persons.² Since 77% of tourists arrive from the U.S, revenues from travel and tourism are largely dependent on the economic behavior of that country.³ In addition, The Bahamas has been losing market share in the Caribbean. The high operating costs combined with the absence of quality services affect the sector's

¹ World Development Indicators, World Bank. Data corresponds to 2014.

² World Travel & Tourism Council (WTTC),

³ Bahamas Ministry of Tourism

competitiveness.⁴ Since 2012, economic growth has been stagnant attributed partially to natural disasters and to interruption in the completion of the mega resort Baha Mar.⁵ Hurricane Mathew, which hit The Bahamas in 2016, significantly impacted tourism activity, while Hurricanes Irma and Maria also affected the Bahamas in September 2017, emphasizing the country's vulnerability to natural disasters and external shocks⁶.

- 2.2 Financial services constitute a relevant sector of the Bahamian economy due mainly to the offshore banking center. The offshore sector represents around 20 per cent of the GDP. Financial system assets are concentrated in the offshore sector and face challenges due to the loss of correspondent banking relationships and the global efforts to strengthen global tax transparency standards.⁷
- 2.3 The Bahamas is made up of approximately 700 islands and over 2,000 cays, spread across a range of some 100,000 square miles, which remains highly vulnerable to environmental impacts and provides challenges in terms of sustainable economic activities.
- 2.4 **Innovation and Productivity in Firms.** The Bahamas is also characterized by a strong geographical concentration of economic activities, which results in very unequal income distribution. Production and services are concentrated in New Providence and the larger islands, while the numerous Family Islands lag in the level of entrepreneurial ventures and are far from achieving a satisfactory level of agricultural production and exploiting the opportunities offered by the tourism and services industries.⁸ The economic situation is further compounded by very fragile ecosystems.
- 2.5 In addition to a highly concentrated economy, Bahamian firms face challenges with competitiveness and innovation. Only 19.73% of firms are large (over 100 employees), and only 6.7% of large firms, 16% of medium-sized firms and 12.7% of small firms export.⁹ Private sector firms also experience low productivity (17% lower than the Caribbean average), low complexity (existing industries are not closely connected and face challenges in upgrading goods or moving to other industries), insufficient innovative activity (only 22% of the firms innovate and innovation is more prevalent in the manufacturing sector while 56% of Bahamian firms are potentially innovative)¹⁰. Firms in The Bahamas face high energy costs, low infrastructure availability, high crime, and financial limitations, as well as a business and innovation climate that requires modernization.¹¹
- 2.6 Thus, the Government of The Bahamas (GoB) is pursuing economic diversification as a key strategy for forging a more resilient growth trajectory,¹² focusing on the

⁴ Private Sector Note 2017.

⁵ The opening of the Baha Mar resort in April 2017 is expected to have a significant impact on investment and employment. Economist Intelligence Unit 2017. IMF Article IV Report 2017.

⁶ Hurricanes Joaquin, Matthew and Irma caused over US\$672 million in damages and losses between 2015-2017.

⁷ IMF Article IV. The Structure and Trends in the Bahamas offshore Sector IMF. 2017.

⁸ The Family Islands account for approximately 15% of total population. E Philippe Schnewly BAHAMAS: A Road Map for Improving the Business Climate for SMEs Report (2007).

⁹ World Bank Group Enterprise Surveys: Bahamas (2010).

¹⁰ Bahamian firms state concerns about: (i) copyrights protection (44%); (ii) the relationship between remuneration and innovation (55%); (iii) difficulties in collaborating with other companies (39%); (iv) a perception that innovative products and services will not be successful in the market (48%); (v) time to market (42%); and (vi) funding (39%PROTEqIN Survey. Private Sector Competitiveness Note. 2017.

¹¹ Private Sector Note 2017.

¹² CDC Bahamas. 2017.

sustainable development of complex and innovative industries, linked to global value chains with high expected global demand to support potentially emerging sectors that also respond to the islands' environmental challenges.¹³ Thus, three areas of action have been identified: (i) digital economy; (ii) blue economy and (iii) boutique agriculture. These areas are contemplated in the priorities of the National Development Plan of the Bahamas, Vision 2040. The opportunities harnessed by the digital revolution to stimulate the development of new business models and practices will be identified across sectors. In addition, the cross-cutting topic of climate change resilience and the use of big data to better understand the climate impact and adaptation are added to all sectors.

- 2.7 **Potential for diversification through the Digital Economy.** Although the Bahamas has a small but innovative ICT sector, most of the services are focused at providing solutions for the public sector. The capacity issues of the public sector, combined with a traditional approach for processes, limit the impact of these solutions. The lack of interoperability of the different online systems in the government create an additional layer of difficulty. The legal and regulatory environment must be improved to support investment in ICT, for example with the enacting of a privacy law. Bureaucratic barriers deter foreign investors in the field. The technological indicators in the Bahamas are still low, including subscription to broadband and cellular (mobile and broadband price rates are the highest in the World (53rd and 56th respectively), publication of scientific papers, and the granting of patents and expenditure in technology,¹⁴.
- 2.8 As there is a small highly innovative information technology sector that already exists in the Bahamas,¹⁵ the broadening of digital technologies will offer the opportunity to Bahamian businesses to use digital platforms to connect with suppliers and customers in other countries and access new markets, overcoming some of the natural constraints.¹⁶
- 2.9 With the objective to promote Bahamian firms to incorporate digital technologies into their business strategy and create new innovative technology-based business models, the Government of Bahamas aims to develop a sector strategy that involves both public and private stakeholders.¹⁷ The National Development Plan of the Bahamas, Vision 2040 (still at the drafting and consultations stage), contemplates the need to improve the existing ICT infrastructure and legal and institutional framework in order to promote investment in the digital sector as well as to use digital solutions to improve productivity in all economic sectors.
- 2.10 The GoB is committed to the transformation of the Bahamian economy to a digital one as a means of generating viable opportunities for Bahamians to participate in the global economy, by driving and incorporating digital transformation tools that lead to growth.¹⁸ As part of initial consultation with stakeholders, some initial pilot projects with

¹³ Private Sector Competitiveness Note. 2017.

¹⁴ Bahamas CDC. 2016.

¹⁵ All firms in the information technology sector in The Bahamas innovate, meaning that they have introduced new products and/or services in the past 3 years (PROTEqIN 2014 survey).

¹⁶ G. C. Kane, D. Palmer, A. N. Phillips, D. Kiron and N. Buckley, "Strategy, Not Technology, Drives Digital Transformation" MIT Sloan Management Review and Deloitte University Press, July 2015.

¹⁷ All firms in the information technology sector in The Bahamas innovate, meaning that they have introduced new products and/or services in the past 3 years (PROTEqIN 2014 survey).

¹⁸ Throughout the world, digital flows of data and information now exert a larger impact on GDP growth than traditional models based on trade in goods and services G. C. Kane, D. Palmer, A. N. Phillips, D. Kiron and N. Buckley, "[Strategy, Not Technology, Drives Digital Transformation](#)" MIT Sloan Management Review and Deloitte University Press, July 2015, McKinsey.

the potential to be supported have been identified such as: (i) Technological Hub, with tentative location in the Grand Bahamas, which would also serve as a center for innovation; (ii) Strategy to bring technological foreign investors by promoting relocation of technological firms and permits to foreign worker; (iii) Cryptocurrency and ICOs and the development of a regulatory sandbox; and (iv) Expand or complement the current pilots (Smart Bahamas and Over the Hill Project).

- 2.11 **Potential for Diversification through Blue Economy.** The "Blue Economy" concept was first used during the 2012 United Nations Conference on Sustainable Development and is an evolving concept that recognizes the need to maximize the enormous economic potential presented by the ocean, while preserving it. In this regard, the Blue Economy can be broadly defined to include economic activity that directly or indirectly uses the sea as an input. The concept of the Blue Economy includes the simultaneous promotion of economic growth, environmental sustainability, social inclusion and strengthening of oceans ecosystems. For small islands such as the Bahamas, although traditional industries and sectors - fisheries, maritime transport and coastal tourism - represent a large portion of economic activity, pursuing the blue economy also enables diversification into many other new and emerging ocean-based activities and sectors, including marine aquaculture, seabed mining, maritime safety and surveillance, marine biotechnology, marine security offshore wind energy, ocean renewable energy and deep-sea oil and gas production.
- 2.12 Every year, the Bahamas loses 1.99% of its GDP due to climate change shocks, particularly from extreme weather events that cause floods and sea surges. Its high dependency on imports such as oil and food, impact not only the competitiveness of traditional sectors, but also its security as a nation. Bahamas' sea zone (estimated to be 242,970 square miles) represents a greater significant amount of development space in comparison to the country's limited land area (5,383 square miles) and the existence of a unique biodiversity in terms of marine fauna and flora. However, there is consensus over the fact that the potential of oceans as a sustainable and viable avenue for creating more value and long term economic growth has not been fully explored.
- 2.13 The exploitation of the ocean space requires an environmentally sustainable approach, as the need to conserve the fragile resources, even for the current economic maritime activities, is a crucial point for this sector. The latter includes the need to have a detailed mapping of the marine territory and the real economic state, and the harmonization of ocean-based economic activities with the long-term capacity of ocean ecosystems to support such activities whilst remaining resilient and healthy could be the core of a Blue or sustainable ocean economy for the Bahamas. The Bahamas is committed to expand its Marine Protected Areas from 10 to 20% in 2020, however enforcement needs to be strengthened using new technologies.
- 2.14 Some of the potential activities identified with stakeholders are: (i) Aragonite Mining, including analysis of the value chain, market value and analysis, policy and regulatory framework governance, analysis of the current business and royalties model; (ii) Sustainable fisheries: including sustainable farming practices and conservation practices of the current products (conch, lobster etc.) and new potential products (sea cucumbers, sea moss, pelagic species); (iii) Potential for new technologies to trace and understand the ecosystem and to support supervision and enforcement of ocean regulation; (iv) Development the sport fishing sector while improving enforcement; (v) Comprehensive eco-mapping of the marine resources, assessment of the resources, (vi) Managed aquaculture and mariculture of invertebrate species; and

(vi) Strengthening of the institutional capacity in climate change research within the marine environment to fully take advantage of the unique characteristics of The Bahamas' vast ocean space.

- 2.15 **Potential for Diversification through Boutique Agribusiness Products.** Small Island States such as the Bahamas, must boost their productivity activities by participating in international trade. However, as they cannot achieve the necessary scale to compete in international markets, it is necessary to establish market niches through the implementation of technological developments and innovation.
- 2.16 Although agriculture and fisheries contribute only 1.9% to the GDP of the Bahamas and account for 3% of employment, they are an important source of potential diversification of the economy. Approximately 17% of the total population lives in rural areas and in some rural areas agriculture and fisheries are still the main employment opportunities. Most food (92%) is imported, whereas some specific fisheries and vegetables subsectors are export-oriented. Agri-food products represent 15% of total merchandise export earnings (which is slightly lower than the average in LAC countries, 23%). Fish and crustaceans account for over 90% of agri-food exports and are exported to the EU, USA and Canada. The volumes and values of fish exports, however, have decreased in recent years.
- 2.17 Both agricultural and food production in The Bahamas increased significantly in the 2000s. Crops and livestock production, while remaining a small part of the economy, have been growing in the past 15 years. Crop farming mainly produces citrus, fruit and vegetables (tomatoes and onions, produced mainly for local consumption, but with a potential to expand for export) and the livestock sector almost entirely consists of poultry production. The Bahamas used to export citrus, avocados and papaya, but exports ceased following pest incidents and extreme climate events.
- 2.18 The key subsectors that present higher productivity and competitiveness and on which the country could rely on as a possible source of economic diversification are the following: citrus, avocados, mangoes. Boutique Agriculture and small farming involves the incorporation of digital technologies into machinery, equipment and sensors. New technologies such as the internet of things and cloud computing are expected to advance this development, introducing more robots and artificial intelligence into farming as well as incorporating technologies to overcome challenges related to limited space and geographical dispersion and barriers.
- 2.19 In this context, the agricultural policy of the Bahamas is deeply integrated in the country's economic policy, as the Government is trying to reverse the trend of economic slowdown that continued into 2016 for the fourth year in a row. The Government of The Bahamas supports agriculture through a combination of value chain development measures, research and extension services, infrastructure development and border protection. However, the agricultural sector in The Bahamas still faces several challenges, such as high trading costs across borders, high transport costs between islands, lack of human capital and land property rights, management of agrochemicals, lack of information, and exposure to climate change, among others. These challenges are more adverse in the Family Islands, as farming in the family islands is a logistical challenge and the climate change issues pose additional challenges (weather related phenomenon, change in rain and drought patterns, incidence of hurricanes, etc.). The current system of packing houses with guaranteed purchases provides the incorrect incentives for quality and niche production in the family islands, as well as a time management frame that hinders exports and promotes

food waste. The land tenure system, in which the government leases Crown Land to the farmer is not compatible with the agricultural production cycle.

- 2.20 In this regard, several potential activities in the sector have been identified: (i) Promoting the coordination between the different actors, for example through the development and use of technological apps to improve the logistics and management of supply and demand from products from the Family Islands aimed at the Tourism Sector. Actions in the small scale, small communities can provide a big impact on the community (ii) Support to the development and implementation of the adaptation policy for the agriculture sector that is currently being prepared; (iii) Support for the development of a geographical designation for niche products that have unique characteristics in terms of flavor and that have already been identified: tomatoes, sweet peppers, cabbage, sweet potatoes, cassava, hot peppers, citrus and onions. Pineapples, micro greens and honey have also shown potential for development; and (iv) Reform of the packing house system in hand with technological advances to improve logistics and reduce waste.
- 2.21 Several Ministries and agencies will be involved in economic diversification efforts, such as the Ministry of Finance, Ministry of Agriculture and Marine Resources, the Ministry of Financial Services, Trade and Industry, Ministry of the Environment, the Department of Information Technology as well as private stakeholders. Even though there are three different sectors involved, there are many cross-cutting issues such as human capital and skills, public private dialogue, resilience and sustainability, and identification of market failures that will require coordination efforts and capacity building within the mentioned agencies and Ministries.
- 2.22 The present Technical Cooperation (TC) seeks to support the GoB diversification efforts by carrying out in-depth analyses of three potential sectors: (i) digital technology and ICT; (ii) "blue economy" products; and (iii) "boutique" agribusiness products. These areas have been pre-identified as areas of interest that could provide (i) high-value opportunities to diversify away from traditional exports; (ii) export-oriented activities (both goods and services); (iii) feasible opportunities that build on current capabilities; and (iv) activities driven by the private sector but that would benefit from coordinated support from Government. The activities undertaken through this TC may reveal complementary sectors of focus for the Government of The Bahamas to take into consideration.
- 2.23 The present TC is aligned with the Bahamas 2013-2017 Country Strategy under the private sector pillar, as this intervention will contribute to the economic diversification of the economy. In addition, The Program is consistent with the Update to the Institutional Strategy (UIS) 2010-2020 (GN 2788-5) and is aligned with the development challenges of productivity and innovation. The Program is also aligned with the cross-cutting themes of: economic and social impacts of climate change adaptation and mitigation, institutional capacity and the rule of law, and environmental sustainability, It is also aligned with the Strategic Program for Institutional Development (GN-2819-1) as it contributes to the strengthening of the institutional mechanisms and policies for economic diversification, with the Strategic Development Fund for Sustainability as it contributes to support vulnerable communities to the impacts of climate change. and to the Compete Caribbean Program as it will support firm to grow, innovate and enter new sectors and markets. . The present TC also complements previous activity from Compete Caribbean in the Bahamas, as with funding from the first phase of the program, the Bank gave technical assistance to the Bahamas to diversify its tourism portfolio by helping the country develop a geo-tourism

product backed by the National Geographic Society in the Family Islands. Compete Caribbean also collected data in 2010 and 2013 at the firm-level of a representative sample of Bahamian firms across industrial and service sectors. This unique dataset has allowed the IDB to identify sectors with a greater propensity for innovation, as well as to better understand the barriers to innovation in the Bahamas.

III. Description of activities/components and budget

- 3.1 The TC will have three components focused, respectively, on policy instrument design; and stakeholder sensitization and capacity building.
- 3.2 **Component I: Diagnostic and Prioritization for selected sectors (US\$150,000).** The proposed TC will finance a diagnostic for each one of the three industries (digitally-based businesses, blue economy and agri-boutique), with the objective of validating the initial activities that have been already identified, prioritizing one or two actionable and discrete actions to support with a focus on early implementation, considering the available budget, the economic impact and the possibility of scaling up. Expected results include a recommendation of the activities for each sector, with detailed, time bound action plan for each one of the activities, discussed and agreed with relevant stakeholders
- 3.3 **Component II: Implementation of Strategic Milestones (US\$300,000).** This component will promote stakeholder ownership and commitment; establish a structure for driving the implementation of the road-map; and initiate immediate actions (“low hanging fruits”) utilizing available resources. The possible actions for each sector have already been identified by stakeholders and validated by the diagnostic carried out in Component 1. Examples of activities to be implemented are: (i) Feasibility analysis for the Technological Hub; strategy to bring technological foreign investors by promoting relocation of technological firms and permits to foreign workers for the Digital Economy; (ii) Analysis of the Aragonite value chain including regulatory framework, analysis of the value chain for sustainable fisheries (conch, lobster, sea cucumbers, sea moss, pelagic species), and identification of tracing technologies for supervision and enforcement of ocean regulation for the blue economy; and (iii) development and use of technological apps to improve the logistics and management of supply and demand from products from the Family Islands aimed at the Tourism Sector, support for the development of a geographical designation for niche products (tomatoes, sweet peppers, cabbage, sweet potatoes, cassava, hot peppers, citrus and onions. etc.) and analysis of their value chain, technological applications to improve logistics and reduce waste in the packing system for boutique agriculture. The implementation of the immediate actions will play a key role in the sustainability of the efforts undertaken by this TC until further resources are identified for execution.
- 3.4 **Component III. Diffusion, Monitoring and Evaluation (US\$50,000).** This component will finance communication campaigns to promote the findings from the studies, and awareness campaigns between the public and private stakeholders that will support the creation of networks and communities with the stakeholders. In addition, a monitoring and evaluation system with indicators regarding the sectors performance will be included.

Indicative Budget (in US\$)

Activity/Component	INS	SUS	CCP	Total Funding
Component 1: Diagnostic and	\$ 50,000.00	\$ 100,000.00	\$ 0.00	\$ 150,000.00

Activity/Component	INS	SUS	CCP	Total Funding
Prioritization for Selected Sectors				
Component 2: Implementation of Strategic Milestones	\$150,000.00	\$150,000.00	\$ 0.00	\$300,000.00
Component 3: Diffusion, Monitoring, and Evaluation	\$0.00	\$0.00	\$ 50,000.00	\$50,000.00
TOTAL	\$200,000.00	\$250,000.00	\$50,000.00	\$500,000.00

IV. Executing agency and Execution Structure

- 4.1 The present TC involves a different number of institutions among different sectors, along with different stakeholders of the private sector. Due to the number of different institutions and stakeholders involved, and the complexity of the coordination among stakeholders, at the request of the beneficiary, the execution will be carried out by the Bank, through Competitiveness and Innovation Division (IFD/CTI) in coordination with the IDB Country Office in the Bahamas, to ensure proper coordination of the different actors in a timely manner. The Ministry of Finance will be actively involved as they will take on the leadership and active participation in the procurement processes and the line Ministries will participate in the relevant sectors.
- 4.2 **Procurement.** The Bank will contract individual consultants, consulting firms and other services in accordance with current Bank procurement policies and procedures. Specifically, Section AM-650 of the Administrative Manual “Complementary Workforce” will be applied in the case of individual consultants, the Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-1) and its Operational Guidelines (OP-1155-4) for hiring consulting services of intellectual nature and the Corporate Procurement Policy (GN-2303-20) for other services
- 4.3 **Evaluation.** As part of the activities of the consultancy, a monitoring and evaluation framework that includes key indicators for each one of the three sectors. The Bank, through CTI and the Country Office Bahamas will supervise the operational activities related to the project. The Competitiveness and Innovation Division will be in charge of the technical content of the activities. The Bank will prepare technical reports every six months with information about activities, products and results achieved over the last period. The reports will include a schedule for using the resources over the next six-month period together with information on lessons learned. Additionally, the technical cooperation will have an external evaluation by an independent consultant, paid by the project, who will certify the fulfillment of the indicators and goals included in the results matrix.

V. Project Risks and Issues

- 5.1 The level of commitment and collaboration amongst public and private stakeholders to implement the strategies produced under this TC constitutes a key risk for the sustainability of this project. To ensure agency and ownership of the strategies that will emerge from the project, Component III will finance campaigns, capacity building, and dialogues amongst stakeholders crucial to developing a multi-agency coordination mechanism for reaching consensus around immediate actions that can be taken to start implementation using existing resources. In addition, the different public institutions involved, as well as the diversity of private actors, creates the risk of poor

coordination. This risk will be mitigated by having the Bank executing the TC to ensure involvement and coordination of all the actors.

VI. Environmental and Social Classification

- 6.1 Given the nature of the project, there are no associated environmental or social risks. Based on the Environment and Safeguards Compliance Policy (OP-703) this operation is classified as “C”, meaning that no environmental assessment studies or consultations are required for this category (see [Safeguard Policy Filter](#) and [Safeguard Screening Form](#)). Within the sectors, in particular blue economy and boutique agriculture, climate change resilience is incorporated into the activities for promoting economic diversification, including the use of bid data to understand climate impacts and adaptation.

REQUIRED ANNEXES:

- Annex I: [Request from Client](#)
- Annex II: [Results Matrix](#)
- Annex III: [Terms of Reference](#)
- Annex IV: [Procurement Plan](#)

SUPPORT FOR ECONOMIC DIVERSIFICATION IN THE BAHAMAS

BH-T1062

INS	US\$200,000
SUS	US\$250,000
CCP	US\$50,000

CERTIFICATION

I hereby certify that this operation was approved for financing under the **Ordinary Capital Strategic Development Program for Institutions (INS)**, the **Ordinary Capital Strategic Development Program for Sustainability (SUS)** and the **Compete Caribbean Partnership Facility (CCP)**, through a communication dated March 13, 2018 and signed by Kai Hertz (ORP/GCM). Also, I certify that resources from said funds are available for up to **US\$500,000** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, represent a risk that will not be absorbed by the Fund.

Certified by:	<u>Original Signed</u>	<u>May 22, 2018</u>
	Sonia M. Rivera	Date
	Chief	
	Grants and Co-Financing Management Unit	
	ORP/GCM	

Approved by:	<u>Original Signed</u>	<u>May 23, 2018</u>
	Gonzalo Rivas	Date
	Division Chief	
	Competitiveness and Innovation Division	
	IFD/CTI	