

TC Document

I. Basic Information for TC

▪ Country/Region:	The Bahamas
▪ TC Name:	Support for the Development of a National Airlift Diversification Plan
▪ TC Number:	BH-T1044
▪ Team Leader/Members:	Brian Mc Nish, Team Leader (TSP/CGY); Guilherme Piereck, Alternate Team Leader and Krista Lucenti (INT/TIU); Adela Moreda (INE/RND); Reinaldo Fioravanti, Sergio Deambrosi, Jacob Veverka and Olga Mayoral (INE/TSP); Sharon Miller, Chief of Operations (CCB/CBH); Camille Davis, Operations Specialist (CCB/CBH).
▪ Taxonomy:	Client Support
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	August 5, 2015
▪ Beneficiary:	The Bahamas
▪ Executing Agency and contact name:	Inter-American Development Bank (IDB) through the Transport Division (INE/TSP)
▪ Donors providing funding:	Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration - FIRII
▪ IDB Funding Requested:	US\$500,000
▪ Local counterpart funding:	US\$125,000 (in-kind)
▪ Disbursement period (which includes Execution period):	30 months
▪ Required start date:	November 2015
▪ Types of consultants:	Firms and individual consultants
▪ Prepared by Unit:	INE/TSP and INT/TIU
▪ Unit of Disbursement Responsibility:	The Bahamas CCB/CBH
▪ TC Included in Country Strategy (y/n); and TC included in CPD:	No No
▪ GCI-9 Sector Priority:	(i) Infrastructure for Competitiveness and Social Welfare; and (ii) Competitive Regional and Global International Integration

II. Objectives and Justification of the TC

- 2.1 **Background/problem.** Connectivity via air transport to The Bahamas plays a vital role in the economic development of this archipelagic country. Air Transport provides a critical service to the leisure and travel sector in The Bahamas and accordingly underpins 60% of the country's GDP and 50% of employment. Given air transportation's importance to the country, the sector is currently being reformed and modernized to align the Bahamian governance structures and infrastructure improvements with international best practices for safety, security and sustainability. Yet, for the Bahamas to reach its full potential of competitiveness and realize its

growth forecast in a secure and sustainable manner, it is still necessary to address long-standing challenges related to policy, integration, air regulation, and the country's high dependency on airlift from the United States (US).

- 2.2 A more immediate challenge in The Bahamas' air transport sector is dealing with the destruction at pivotal airports and related infrastructure in the wake of Hurricane Joaquin on October 3rd 2015, which now seriously threatens to undermine the connectivity and reform gains recently achieved in the sector. Accordingly, by letter dated October 22nd 2015, The Government of The Bahamas (GoBH) requested that the majority of resources of this Technical Cooperation (TC) be dedicated to capacity building, as well as to the strategic business plan for the rehabilitation and operation of the Family Island airports.
- 2.3 **Objective.** The objective of this TC is to primarily support the GoBH in the recovery of the air transport sector in the wake of recent hurricane damage and secondly to initiate plans that will improve domestic and international air connectivity, strengthen existing tourism services, and diversify services and export markets. The specific objectives are to: (i) develop and operationalize a strategic business plan for the recovery, rehabilitation and operation of all the Family Island Airports; (ii) prepare the terms of reference to identify, select and conduct a detailed analysis of a potential new business sector, which should be scoped to include a detailed diagnosis on its size, opportunities and challenges for its development; (iii) prepare the terms of reference for the CNADP which includes assessing existing air connectivity within the Bahamas and between The Bahamas and potential new markets, including South America; and (iv) prepare the terms of reference for a database of high quality sector statistics (prices, performance, regulations, policies, management agreements, etc.). The Terms of Reference will also include in its scope activities for the identification of where potential demand exists to develop airlift to The Bahamas from new markets and also include activities for the development of a comprehensive national airlift diversification plan for the development of direct air service to The Bahamas from new markets.
- 2.4 **Additionality.** The Caribbean is very dependent on airlift services as well as being at high risk for natural disasters, especially hurricanes. Accordingly, besides elaborating robust terms of references as a start for the diversification of airlift, this TC will build an innovative information technology based GIS model providing special information as a dashboard that will facilitate the management of damage assessment reports and the deployment of resources. This tool will facilitate optimizing decisions in the recovery process targeting supplies to where and when they are most needed. The tool and experience gained can translate into spillovers for other countries in the region who annually have to manage the risk and fallout associated with the vagaries of hurricanes.
- 2.5 **Strategic alignment.** This TC is consistent with two sector lending priorities included in the GCI-9: (i) Infrastructure for Competitiveness and Social Welfare (Transportation); and (ii) Competitive Regional and Global Integration. In the first case, the components of this TC are designed to advance progress in transportation networks, enhancing connectivity and ultimately the competitiveness of the region's goods and passenger traffic. With respect to the integration sector priority, the diversification of air connectivity away from North America to other regions such as South America will increase commercial and social links between the islands and between The Bahamas and other parts of the world. With respect to the integration sector priority, this TC is classified under Sub-Sector Code TR-INT and is

automatically eligible (A) as it will improve the quality and connectivity of transport infrastructure. Though this TC is national in its scope, it has a cross-country focus and contributes directly to a greater regional and/or global insertion of The Bahamas.

- 2.6 This TC is also aligned with the Caribbean Strategic Agenda on Integration (August 2014), an informal document that identifies projects for collaboration between the Bank and CCB member countries on integration. The components in this TC respond to two action lines: “Air and Maritime Transport Connectivity” and “Tourism Promotion and Diversification”. The priorities identified in the document were validated at the national and regional level, and endorsed as an area of cooperation at a workshop in Miami in December 2014. The TC is aligned with the objectives of the Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration (FIRII) by financing a proposal that has been included in the Caribbean infrastructure integration initiatives (i.e. SAI) and has been prioritized by the country as evidenced by the request letter attached to this TC.
- 2.7 **Lessons Learned.** In 2012 the INE/TSP hosted the second meeting of the Regional Dialogue focused on the challenges of air transport in the Caribbean region. This meeting was convened with the participation of private sector leaders and government representatives from 22 countries, including The Bahamas, and explored institutional, political, regulatory and infrastructure issues and actions needed by governments and the private sector to realize the region’s competitive forecast. Among the issues and actions requested by countries the following were the most cited by the participants: (i) improve the quality of public sector information (traffic, prices, performance, policies, regulatory issues, bilateral agreements) to support the decision-making processes; (ii) improve understanding of the levels of air integration; (iii) promote bilateral agreements; and (iv) explore alternatives to improve connectivity.
- 2.8 This project will use the results and findings of RG-T2186 – Caribbean-Brazil Tourism and Trade Promotion Initiative, whose objectives were to provide government and private sector stakeholders with a comprehensive overview of the opportunities and challenges that Caribbean countries and Brazil face in expanding regional trade and enhancing joint promotion efforts in tourism and trade. The TC was completed and the resulting studies looked at those factors that influence Brazilian tourists to travel and what the Caribbean countries could do to target their efforts toward these factors to increase Brazilian tourists visiting their countries.
- 2.9 This project will also take lessons from the Air Transport Reform Program (BH-L1027) that is currently implementing major institutional, and infrastructure reforms in The Bahamas. This program’s reforms have the objective to align operations, management and governance of the air transport sector with international best practice consistent with International Civil Aviation Organization (ICAO) and U.S. Federal Aviation Administration (FAA) standards. This TC will deepen and consolidate the reform process through the identification of specific strategies to resolve additional sector issues as they relate to expanding airlift from diverse regions and to hasten the recovery improvement and safety of the hurricane damaged Family Island Airports and better incorporate them into the regional air network.

III. Description of activities/components and budget

- 3.1 This TC will support four main components:

- 3.2 **Component 1. Strategic Business Plans and Goods for the Recovery, Rehabilitation, and Operation of the Hurricane Damaged Family Island Airports.** This component will support consultants hired and goods procured to produce and operationalize a strategic business plan for the rehabilitation and operation of the Family Island Airports. The scope of which will entail the conduct of: (i) damage and needs assessment (ii) climate change resilient designs and bidding documents for the recovery of damaged airports (iii) GIS based assessment report management platform (iv) market analysis and traffic forecasts; (v) technical and operational analysis; (vi) financial analysis; (vii) environmental and social analysis; (viii) legal analysis; and (ix) the development and implementation of the business plan with PPP options for GoBH consideration.
- 3.3 **Component 2. Prepare Terms of Reference to Identify and Analyze a New Potential Services Export Sector.** This component will prepare terms of reference to assess the export sectors that drive demand for airlift in The Bahamas and identify and analyze new potential export sectors. More specifically, this Terms of Reference will provide in the scope of works: (i) a background on the trading and outbound tourism flows in the Caribbean and other competing destinations and their determinants; (ii) a structured economic evaluation of airlift policies and support mechanisms currently in place; (iii) strategic recommendations and action plan to increase cost-efficiency while maximizing revenues for the country and minimizing its exposure to external shocks through the diversification of airlift source markets; and (iv) identify/analyze a sector and recommend a line of actions to develop its market, workforce, and attract foreign direct investments.
- 3.4 **Component 3. Prepare Terms of Reference to Support the development of a Comprehensive National Airlift Diversification Plan (CNADP).** This component will prepare Terms of Reference for the development of an CNADP that at a minimum assesses connectivity issues, policies, regulatory framework, air service agreements and the existing capacity and potential future capacity for (passenger and cargo) airlift to The Bahamas from diverse trading regions, including a thorough analysis of the institutional and regulatory contexts that are shaping the current airline policies and support mechanisms in the Bahamas. The work will include the development of a database of quality public sector information (traffic, prices, performance, policies, regulatory issues, bilateral agreements) to support the decision-making processes together with capacity building and the development of a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis for the air services sector in The Bahamas.
- 3.5 **Component 4. Capacity building and Supervision.** This component will support the strengthening of the hurricane relief efforts in the Bahamas, to provide liaison with the Bank for this TC. Accordingly, this component will support: (i) meetings to discuss implementation and results of the previous components; and (ii) supervision of the TC.

Indicative results matrix

Objective	Results	Indicator	Unit of measure	Target	Means of verification
Develop and operationalize a strategic business plan for the recovery, rehabilitation and operation of all the Family Island Airports	Contribute to an increase in the number and an improvement in the quality of the specific investment projects which are prepared for submission to the Bank or other international, national, public or private organizations in an effort to secure loans or capital subscription	An approved strategic business plan	Approved business plan	1	
Prepare the terms of reference for a consultant to identify, select and conduct a detailed analysis of a potential new business sector, which should be scoped to include a detailed diagnosis on its size, opportunities and challenges for its development;	Promote the performance of sectoral and regional development studies with a view to identifying those projects meriting the highest priority in the public and private sectors, including comparison of the various alternatives in terms of economic and social costs and benefits.	An approved Terms of Reference	Approved Terms of Reference	1	Approved TC to undertake studies
Prepare the terms of reference for the CNADP which includes assessing existing air connectivity within the Bahamas and between The Bahamas and potential new markets, including South America				1	
Prepare the terms of reference for a database of high quality sector statistics (prices, performance, regulations, policies, management agreements, etc.)				1	

Indicative products matrix

Output	Unit of measure	2016	2017	2018	Total	Means of verification
Strategic Business Plan for the Family Island Airports	Number of studies	1	-	-	1	Business Plan approved by GoBH
Terms of Reference for a consultant to identify, select and conduct a detailed analysis of a potential new business sector	Number of studies	1	-	-	1	Terms of Reference put out to bid
Terms of Reference for the CNADP	Number of studies	1	-	-	1	Terms of Reference put out to bid

Terms of Reference for a database of high quality sector statistics	Number of studies	1	-	-	1	Terms of Reference put out to bid
Meetings to discuss implementation	Number of meetings	3	-	-	3	Three meeting minutes approved

3.6 The total estimated cost of the TC is US\$625,000 of which up to the amount of US\$500,000 will be financed by the Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration (FIRII) on a non-reimbursable basis, and US\$125,000 by the Beneficiary by means of an in-kind contribution. The US\$125,000 is expected to consist of the in-kind cost of the GoBH, such as staff time to work with the consultants developing the terms of references and to work with the Bank's teams and collecting and providing any requested information, office space for meetings and/or conferences, and staff travel costs.

Indicative Budget (US\$)Activity/Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1. Strategic Business Plan for the Rehabilitation and Operation of the Family Island Airports	This component will support consultants hired and goods procured to produce and operationalize a strategic business plan for the rehabilitation and operation of the Family Island Airports.	460,000	25,000 (in-kind)	485,000
Component 2. Prepare Terms of Reference to Identify and Analyze a New Potential Services Export Sector	This component will prepare terms of reference to assess the export sectors that drive demand for airlift in The Bahamas and identify and analyze new potential export sectors.	20,000		20,000
Component 3. Prepare Terms of Reference to Support the development of a Comprehensive National Airlift Diversification Plan (CNADP)	This component will prepare terms of reference for the development of an CNADP and the development of a database of quality public sector information	20,000		20,000
Component 4. Capacity building and Supervision	This component will support: (i) meetings to discuss implementation and results of the previous components; and (ii) supervision of the TC.		100,000 (in-kind)	100,000
	Total	500,000	125,000	625,000

3.7 **Executing agency and execution structure.** This operation will be executed by the INE/TSP and INT/TIU of the Inter-American Development Bank (IDB) in accordance with the Bank's Technical Cooperation Policy (Document GN-2470-2). There is one main reason that justifies the execution of the project by the Bank. That is the Bank's procurement systems are streamlined and facilitates timely procurement more responsive to the state of emergency conditions which currently exist in the wake of hurricane Joaquin.

3.8 In order to meet the objective of increasing capacity and knowledge in the Caribbean for identifying sustainable trade and transport integration programs and investments, technical advice and consensus-building from the Bank to government authorities are essential. Accordingly, this TC will finance eligible costs incurred during implementation of the TC to that end. More specifically, the Bank's participation is

essential and necessary, as Executor of this TC, to organize, present at, or moderate events (Component 3) to showcase any knowledge gained by the studies.

- 3.9 **Monitoring and Evaluation.** The project team will prepare monitoring and evaluation reports every six months, including products delivered and results achieved. A meeting with FIRII representatives and country departments will be conducted to share the results.
- 3.10 **Procurement.** The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with current Bank procurement policies and procedures.

IV. Major issues

- 4.1 The main risk of this TC is a potential lack of engagement from all relevant government agencies which could limit a robust analysis of the sector. The operation will mitigate the risks by engaging government officials and private sector representatives in the activities from the start of the TC and through an intensive dissemination strategy during the development of the study.

V. Exceptions to Bank policy

- 5.1 No exceptions to Bank policy were identified.

VI. Environmental and Social Strategy

- 6.1 In accordance with the guidelines of the Policy Environment and Safeguards Compliance Policy (OP-703) and considering that this TC consists of the elaboration of studies, it has been classified as category "C" according to the Bank's environmental and social screening process. It is estimated that this TC will not generate significant negative environmental and/or social impacts.
- 6.2 Safeguard Policy Filter Report and Safeguard Screening Form are saved under IDBDocs No. [39788027](#) and [39788024](#).

VII. Required Annexes

Annex I. [Letter of Request](#)

Annex II. [Terms of Reference](#)

Annex III. [Procurement Plan](#)