

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**BAHAMAS**

**IMMEDIATE RESPONSE FACILITY (IRF)  
FOR EMERGENCIES CAUSED BY NATURAL AND UNEXPECTED  
DISASTERS**

**(BH-L1007)**

**LOAN PROPOSAL**

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## CONTENT

### EXECUTIVE SUMMARY

I.	DESCRIPTION OF EVENT.....	1
II.	SCOPE AND COVERAGE OF DISASTER .....	2
III.	GOVERNMENT RESPONSE TO HURRICANES.....	3
IV.	INITIAL DAMAGE ASSESSMENT IN SECTORS COMPATIBLE WITH SCOPE OF IRF .....	4
	A.    Damage assessment in the social sectors.....	4
	B.    Productive sector .....	4
	C.    Infrastructure .....	5
	D.    Clean-up and Waste Disposal.....	5
V.	ACTIVITIES .....	6
	A .    The Bank's response.....	6
	B .    Emergency Program .....	6
	C .    Execution of IRF .....	7
	D .    Special contractual clauses .....	8
	E .    Recognition of expenditures and retroactive financing.....	9
	F .    Disbursements and revolving fund.....	9
	G .    Procurement.....	9
	H .    Accounting and Auditing: Concurrent Audit .....	10
	I .    Environmental and Social Considerations.....	11
	J .    Classification as a poverty targeting and social-sector program .....	11
VI.	COORDINATION WITH OTHER AGENCIES.....	12

## ANNEXES

ANNEX I	Operations Financed under the Emergency Reconstruction Facility
ANNEX II	Logical Framework

## BASIC SOCIOECONOMIC DATA

For basic socioeconomic data, including public debt information, please refer to the following address:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

**INFORMATION AVAILABLE IN THE FILES OF RE3/FI3**

**PREPARATION:**

“Hurricanes Frances and Jeanne in 2004: Their Impact in the Commonwealth of the Bahamas” prepared by ECLAC, preliminary version dated November 16, 2004 and revised version 2 dated December 9, 2004

“Post Hurricane Frances – Rapid Needs Assessment”, prepared by Ministry of Health and the Public Hospital Authority and dated September 13, 2004

“Hurricane Assessment Report”, prepared by the Ministry of Education and dated October 28, 2004

## **ABBREVIATIONS**

BEST	Bahamas Environmental Science and Technology Commission
CDB	Caribbean Development Bank
ECLAC	Economic Commission for Latin America and the Caribbean
ERF	Emergency Response Facility
GOBH	Government of the Commonwealth of the Bahamas
IDB	Inter-American Development Bank
IRF	Immediate Response Facility
KM	Kilometer
MOWU	Ministry of Works and Utilities
NEMA	National Emergency Management Agency
OAS	Organization of American States
P.A.	per anum
PAHO	Pan-American Health Organization
PET	Project Execution Team
SUMA	Humanitarian Supply Management System
\$	US Dollars
WSP	WSP International Management Consulting, Ltd

**IMMEDIATE RESPONSE FACILITY (IRF)  
FOR EMERGENCIES CAUSED BY NATURAL AND UNEXPECTED  
DISASTERS**

**Following Hurricanes Frances and Jeanne in The Bahamas**

**EXECUTIVE SUMMARY**

<b>Borrower:</b>	The Commonwealth of the Bahamas			
<b>Guarantor:</b>	NA			
<b>Executing agency:</b>	Ministry of Works and Utilities (MOWU)			
<b>Amount and source:</b>	IDB:	\$	16.70 million	80%
	Counterpart:	\$	4.30 million	<u>20</u> %
	Total:	\$	21.00 million	100%
<b>Financial terms and conditions:</b>	Amortization Period:	20	years	
	Grace Period:	5	years	
	Disbursement Period:	12	Months from the date of the Loan Agreement entering into force	
	Commitment Period	9	Months from date of disaster and in no case later than June 25, 2005	
	Interest Rate:	LIBOR <sup>1</sup>		
	Commitment Fee:	0.25%	p.a.	
	Currency:	U.S. dollar, single currency facility		
<b>Objectives:</b>	The objective of this Program is to address the needs of temporary reconstruction, stabilization, and repair of infrastructure across the islands, which arose from damages inflicted by Hurricanes Frances and Jeanne in August and September 2004, respectively. The majority of the work is expected to be undertaken on the islands of Grand Bahama, Abaco, San Salvador, Cat Island, Eleuthera and New Providence. The Bank funds may be used exclusively for works undertaken on these islands. All eligibility criteria for financing an operation through the IRF have been met.			
<b>Description:</b>	The Program will provide resources for urgent activities needed to restore basic infrastructure services to the affected population. Needs are to be addressed in the following sectors: infrastructure; social sector; Clean-up and Waste Disposal; and consultancy services (project management, design, supervision, audit, etc.)			

<sup>1</sup> May be changed to variable rate prior to first disbursement in accordance with Bank policy.

**Relationship of the Project in the Bank's country and sector strategy:**

The Bank supports member countries in their response to the unforeseen effects of natural disasters with major consequences as well as with their socio-economic and environmental impacts. The Program is consistent with the Bank policy on emergencies created by natural disasters (GP-9215), the Emergency Reconstruction Facility, as amended (GN-2038-14); and the evaluation of the ERF concluded by the Office of Evaluation and Oversight (RE-264). The activities of the proposed IRF are consistent with the approved Country Paper, which identifies projects that support sustained economic growth as one of the priority areas for the Bank.

**Coordination with other Official Development Finance Institutions**

The National Emergency Management Agency (NEMA) has been the main contact for the coordination of efforts related to the disaster relief efforts. External assistance has been received from several foreign governments and multi-lateral organizations. The Bank assistance was coordinated by NEMA and was structured to contribute to the recovery and reconstruction effort in a way that was complementary to other assistance received.

**Environmental/social review:**

The activities of the proposed operation will comply with the applicable environmental regulations and specifications of the Bahamas for mitigating environmental impacts of works and services.

**Benefits:**

The Program will facilitate the rapid restoration of the infrastructure across the islands to the pre-hurricane level of service/operation. The restoration is needed in order to safeguard the living conditions of the residents as well as to normalize activities in the productive and social sectors.

**Risks:**

Diligent program management and supervision are critical to the timely and effective execution of this operation. Given the specificity of the eligibility criteria for an IRF, the anticipated rapid disbursement period, and the multi-sector scope of the Program, it is recommended to have an external Project Management Firm and an external auditing firm in place as a condition to first disbursement. The work of these firms will complement the work to be done by the Executing Agency.

The presence of the Project Management Firm and the auditor will mitigate the risk of deficiencies in the project management and supervision, expedite the disbursement process and strengthen the accounting/financial controls. It will also serve as an effective manner in which to establish the eligibility of specific works prior to their execution.

**Special contractual clauses:**

Contractual conditions for first disbursement:

1. GOBH will establish the Project Execution Team (PET) and appoint the dedicated staff. Such staff will include a full-time Project Manager and an accountant/auditor/compliance specialist. Staff will also include an Environmental Specialist on an as-needed basis.
2. Contracting of the external Project Management Firm.
3. Contracting of the external accounting/auditing firm.

**Poverty-targeting and social equity classification:**

The geographical areas that suffered the most damage from the hurricanes are targeted for project benefits. The restoration of the basic infrastructure and social service initiatives contemplated in this program are required in order to safeguard the living conditions of the poor. Nevertheless, the proposed operation does not meet the Bank's criteria for operations to reduce poverty or the designation as a social equity project.

**Exceptions to Bank policy:**

Two procurement waivers are requested. The first waiver will permit the direct contracting (without competitive bidding) of WSP International Management Consulting, Ltd. (WSP) to assist the PET in the management and execution of this Program. The justification for the request is related to the need to initiate work in the areas of project eligibility, technical design, and WSP's experience in similar roles in Belize and Jamaica. The familiarity of WSP with the Bank emergency instruments, their successful management of other multi-sector emergency programs, and their knowledge of the Bahamas differentiate them from other firms. The second waiver request will permit the direct contracting of Deloitte Touche, an international accounting/auditing firm with an office in the Bahamas, to provide the necessary concurrent and regular audit services for the Program. These services are needed immediately and assume an even higher significance given the anticipated rapid disbursement period. Deloitte Touche was selected from the Bank listing of eligible audit firms. The estimated cost of the Program Management Firm and the accounting/auditing firm are \$700,000 and \$500,000, respectively.

**Procurement:**

Procurement procedures will follow Procurement Procedures for Projects in Emergency Situations (GS-601) with the exceptions noted above.



## **I. DESCRIPTION OF EVENT**

- 1.1 During the 2004 hurricane season the Caribbean basin was severely affected by a cluster of severe hurricanes that repeatedly battered the region and, in some cases, multiple hurricane level storms hit the same area. Such was the case of the Commonwealth of the Bahamas (Bahamas) that experienced the impacts of Frances and Jeanne within one month. Given the different characteristics and trajectory of each storm, their effects on the different islands varied in intensity and type of damage caused. In summary, hurricane force winds from Frances and torrential rains from Jeanne were experienced in Mayaguana, Long Island, San Salvador, Rum Cay, Cat Island, Eleuthera, New Providence, the Berry Islands, Abaco and Grand Bahama. In both instances, the northern part of the Bahamian territory was the most affected area, with the islands of Abaco and Grand Bahama being the most impacted. Nevertheless, no island was spared from suffering some level of damage, either associated with storm surges, very high wind forces or persistent high levels of rainfall.
- 1.2 Hurricane Frances, an open water type storm that reached a category 4 level on the Saffir-Simpson scale, was the fourth hurricane of the 2004 season in the Atlantic. Its slow motion and very large eye (approximately 140 km in diameter) caused its center of circulation to remain over the northwestern part of the territory during the period September 2 – 5. Its size, velocity, and coordinates took the storm on a northeasterly track over the Bahamas with an impact on nearly each island. Only the islands of Inagua, Ragged Island and Long Cay in the southern area of Bahamas were spared the direct impact of this hurricane. The severest impacts were felt on the islands of San Salvador, Cat Island, Abaco, Eleuthera, and Grand Bahama.
- 1.3 The devastation wrought by Frances was compounded by the landfall of Hurricane Jeanne on September 25, 2004, approximately three weeks after the arrival of Frances. Jeanne, a category 3 hurricane, impacted the north-western Bahamas, including Abaco, Andros, Berry, Bimini, Eleuthera, Exuma, Grand Bahama and New Providence with the most damage experienced on the islands of Abaco and Grand Bahama. During the course of the storm, floodwaters rose to more than six feet in some areas and roofs were blown off houses. Illustrative of the damage incurred during the course of Jeanne is the devastation which occurred in the 8 Mile Rock community on Grand Bahama Island where over 75 percent of the homes suffered serious structural damage with all shelters sustaining structural damage and/or flooding. Almost all of the areas affected by Hurricane Jeanne are the same areas that were struck by Hurricane Frances.

## **II. SCOPE AND COVERAGE OF DISASTER**

- 2.1 The effects of the hurricanes were felt across the country with impacts on nearly every island. Hurricane Frances was the only hurricane to cover the entire Bahamas since the hurricane of 1886 with the scale of damage varying in range and intensity across the islands. Preliminary damage assessment across the islands ranges from major devastation to less-extensive damage.
- 2.2 The passage of both hurricanes, in spite of the physical havoc created, had minor consequences in terms of human lives. Two deaths were reported in the Bahamas, one in New Providence and the other in Freeport, Grand Bahama as direct consequences of Hurricane Frances and more than 8,000 people in Grand Bahamas Island were affected. The National Emergency Management Agency of the Bahamas (NEMA) reported that no deaths or injuries related to Hurricane Jeanne occurred.

### III. GOVERNMENT RESPONSE TO HURRICANES

- 3.1 The GOBH was swift with respect to issuing alerts and trying to keep the population aware of the passage of each hurricane to avoid casualties. A total of 21 news items and 45 alerts were issued during the passage of Frances. On September 27, 2004, after the passage of Jeanne, the Prime Minister the Right Honourable Perry G. Christie declared the islands of Abaco and Grand Bahamas to be disaster areas. The GOBH has appealed for regional and international assistance to provide immediate emergency relief to the residents of both islands and also for the reconstruction which needs to be undertaken.
- 3.2 Prior to the arrival of the hurricanes, NEMA established systems through which to channel assistance provided by the GOBH, private donors, and international donors. Subsequently, the Humanitarian Supply Management System (SUMA)<sup>2</sup> accounting system was put in place and both a central command and field distribution center were established.
- 3.3 The GOBH reactivated the Disaster Relief and Recovery Fund (Act of 1999 proclaimed after hurricane Floyd). Deposits into the fund are to be applied only to emergency relief concerns: use of the funds for other purposes such as repair of public infrastructure is not permitted. As of October 1, 2004 the Fund had received approximately \$4.5 million in donations and pledges.
- 3.4 In order to assist further in the recovery and reconstruction process, the GOBH signed four orders of Exigency<sup>3</sup> to allow the duty free importations of goods and construction materials. These orders will remain in effect through December 2004. Insured homeowners and owners of rental accommodations requiring assistance in the repair or reconstruction of their homes were able to apply to commercial banks for assistance under a recently established Emergency Relief Guarantee Fund.
- 3.5 The State of Exigency also enables the Government to provide a Grant Program This Grant Program provides for (i) basic repairs to homes damaged by the hurricanes; (ii) food assistance; (iii) financial assistance to replace basic essential and/or household items destroyed by the hurricanes; and (iv) rent assistance up to a maximum of \$ 500 per month to qualified individuals and families for a period of up to six months.

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<sup>2</sup> SUMA was developed by the Pan-American Health Organization (PAHO/WHO) and has become the standard system through which to keep track of emergency and relief supplies after a disaster

<sup>3</sup> For constitutional reasons a State of Emergency can be declared only in times of war. The Orders of Exigency serve as a proxy for the declaration of a State of Emergency and meet the requirement of the IRF that the emergency be officially declared.

#### IV. INITIAL DAMAGE ASSESSMENT<sup>4</sup> IN SECTORS COMPATIBLE WITH SCOPE OF IRF

##### A. Damage assessment in the social sectors

- 4.1 **Housing:** The damage to the housing sector within the affected islands ranges from total destruction to minor damage as a result of collapsed walls, roofs, loss of shingles, and other such damaged from storm surges. Total houses affected are estimated to be 6,682 with 671 houses completely destroyed and 1851 houses identified for mayor repairs. The estimated cost of materials for housing repairs and reconstruction was estimated by ECLAC to reach \$31.2.
- 4.2 **Education:** Of the total amount designated for the education sector, 95 percent has been designated for the repair or replacement of school buildings. Preliminary damage assessment places the total education sector damages in excess of \$20 million. This figure includes structural damages, losses in furniture, equipment, supplies and damage to sports facilities and installations.
- 4.3 **Health:** The direct effects of Hurricanes Frances and Jeanne on the health sector are estimated to be \$2.9 million. This damage assessment includes damages to public and community clinics, hospitals, equipment and supplies. Health services were available during the hurricanes and successful evacuations of patients from three islands were accomplished.
- 4.4 The Department of Environmental Health provided support in clearing hurricane debris and mounting a vector control and food safety initiative. A mosquito control program has been carried out on all islands to control mosquito breeding.

##### B. Productive sector

- 4.5 **Agriculture and fisheries:** Direct damages to the agricultural sector are estimated at \$10.65 million with associated indirect losses rising to \$34.35 million. The hurricanes caused damage to food crops, ornamentals, livestock, and agricultural supplies as well as to related infrastructure. Damage was also sustained in the fisheries sector through the loss/damage of boats, displacement/damage of lobster traps and fish pots and physical damage to seafood processing plants in a few of the islands.
- 4.6 **Tourism:** Tourism is one of the main contributors to the Bahamian economy with its taxes contributing more than ten percent of the total government tax revenue base. Thus, when assessing the damage assessment of the sector, both the direct damage and the indirect losses assume critical importance. The estimated direct damage to assets reached nearly \$21 million with indirect losses reaching \$81 million. Physical repairs are ongoing to the facilities with the goal of having the

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<sup>4</sup> Source: "Hurricanes Frances and Jeanne in 2004: Their impact in the Commonwealth of the Bahamas" prepared by ECLAC, Revised version 2 dated December 9, 2004.

damaged facilities in operations by early December in time for the seasonal business cycle.

### **C. Infrastructure**

- 4.7 **Transport:** Damages in the transport sector were substantial in Abaco, Grand Bahama and several of the Family Islands. Fishing docks, roads and seawalls are among the structures that sustained the most damage. Total direct damage to the transportation sector total \$44.45 million<sup>5</sup>, including \$10 million in loss of vehicles. Of the total infrastructure damage, approximately 62 percent is attributable to the airports. Representative damage in the airport sub-sector includes the Marsh Harbour airport terminal in Abaco and the domestic terminal of the Freeport airport, which due to the flooding will require the demolition of the old structure. Considerable damage to the control towers also occurred on these two islands.
- 4.8 In other sub-sectors, docks were destroyed as decks were blown away and foundations eroded. Coastal roads were particularly affected given their proximity to the sea and were either covered by sand pushed inland by the sea surges or eroded by the force of the water. Severe flooding in urban streets also caused damage to the pavement and roads.
- 4.9 **Water and sewerage:** The majority of residents throughout the Bahamas experienced loss of water supply due to electric power interruption with the interruptions generally lasting for less than one week. Neither the well fields, the basic source of water, nor the desalination plants that produce drinking water by reverse osmosis from the sea were damaged by the hurricanes. Total direct damage for the water and sewer sector is estimated to be \$0.54 million with indirect losses at \$2.77 million.

### **D. Clean-up and Waste Disposal**

- 4.10 Although a complete environmental impact assessment had not been made at the time of the ECLAC damage assessment, the ECLAC team estimated that a minimum of \$21.6 million would be required for clean-up and appropriate waste disposal. Major coastal erosion was also noted, particularly in Grand Bahama and Abaco, attributable to the strength and size of the sea swells. Movement of sand dunes and damage to beaches was compounded by the deposit of debris, uprooted trees and substantial amount of rubble brought about by the hurricanes.

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<sup>5</sup> At the time of preparation of the ECLAC report, indirect losses resulting from damage to the transport sector had not been calculated

## **V. ACTIVITIES**

### **A. The Bank's response**

- 5.1 Since early September, the Bank has worked closely with Government to determine how the Bank might contribute to the recovery and reconstruction effort. The Bank responded in the first instance by approving a non-reimbursable technical cooperation in the amount of \$200,000 for emergency humanitarian assistance. The Bank then used grant funds (C&D Action Plan Funds) in the amount of \$76,000 to hire local consultants with international associates to prepare an assessment of the damage caused by the Hurricanes Frances and Jeanne to infrastructure related activities (docks, roads, sea defences etc) and later hired an international consultant to assist with the prioritization of these activities. The Bank also arranged for an ECLAC mission to visit The Bahamas to conduct an assessment of the impact of Hurricanes Frances and Jeanne on The Bahamas following the standard ECLAC methodology for the socioeconomic and environmental assessment of disasters. The Bank assistance was coordinated by NEMA and was structured to contribute to the recovery and reconstruction effort in a way that was complementary to other assistance received.
- 5.2 The proposed IRF responds to the October 22, 2004 request of the GOBH for such an operation. Given that one of the eligibility criteria for an IRF is the demonstrated willingness of the country to strengthen its domestic capacity for prevention, mitigation (risk reduction) and preparedness to tackle emergencies along with an appropriate organizational structure, the Bank worked with the GOBH to develop an integrated approach to the emergency situation. The integrated approach addresses both the needs to restore services to the level/quality of services available immediately prior to the hurricanes and to strengthen disaster mitigation and prevention measures. The specific Bank actions to support this cohesive, integrated approach involves the following: (i) support of this IRF proposal; (ii) assistance in the strengthening of the country's Disaster Prevention Capacity; and (iii) application of the remaining funds under the Infrastructure Rehabilitation Loan to permanent reconstruction of damaged infrastructure. Although the development of this holistic approach led to delays in the processing of the IRF, the approach is well-balanced and justified in view of the commitments undertaken by both the GOBH and the Bank to address current emergency needs and to take specific measures to remediate existing vulnerabilities. The GOBH and the Bank confirmed their agreement with this approach during a November 21, 2004 Programming. Mission.

### **B. Emergency Program**

- 5.3 The objective of the Program in The Bahamas is to restore basic services to the population within the most severely impacted areas of the country. The restoration of services is permitted up to the level/quality of services available immediately prior to the hurricanes. All eligibility criteria for financing an

operation through the IRF have been met. With respect to the resources to be generated through the IRF, the funds will be used to undertake works and purchase goods and services required to address the temporary reconstruction, stabilization, and repair of physical entities damaged by the disaster. The Bank funds may be used exclusively for works undertaken on the islands of Grand Bahama, Abaco, San Salvador, Cat Island, Eleuthera and New Providence. In recognition of documented, eligible expenses that were incurred by the GOBH during clean-up and other emergency actions, the GOBH counterpart funds may be applied to expenses incurred on other islands. A priority system has been developed and agreed upon by the GOBH and the Bank with respect to the allocation of funds and is reflected in the proposed budget allocation set forth in Table 5.1. Indicative projects targeted to be financed through the IRF include purchase of trailers for temporary housing purposes, repair of school building, stabilization of bridges, repair to government building such as agricultural storage facilities, clearing of rubble and debris from roadways, etc. The commitment period for the funds commenced on September 25, 2004 (the date the second hurricane passed over the country) and runs through June 25, 2005.

- 5.4 An indicative budget related to the estimated costs and funding plan is set forth in Table 5.1. The budget assumes the contracting of an external Project Management Firm and an external Accounting/Auditing Firm to facilitate the GOBH's commitment of resources and concomitant adherence to the IRF guidelines. The Project Management Firm's focus on the strategic and operational aspects of the Program will complement the general management and coordination responsibilities of the Project Manager and the daily operations under the responsibility of the Project Execution Team.

### **C. Execution of IRF**

- 5.5 The Executing Agency for the IRF is the Ministry of Works and Utilities (MOWU). MOWU will coordinate with other line ministries, as appropriate. In order to facilitate project execution, a Project Execution Team (PET) with staff will be established within the Ministry and will include at a minimum a full-time Project Manager and accountant/auditor/compliance specialist. The PET will also include an Environmental Specialist. The Project Manager will coordinate the general activities of the Program and will liaison with other GOBH agencies/institutions involved in this effort.
- 5.6 In addition, the GOBH will hire a Project Management Firm to assist the PET in the management and execution of this Program. The Project Team requests a procurement waiver to permit the direct contracting (without competitive bidding) of WSP International Management Consulting, Ltd. (WSP). The justification for the request is related to the need to initiate work in the areas of project eligibility, technical design, and supervision as soon as possible. Delays in hiring the Project Management Firm could prompt a concurrent delay in the execution of priority projects. WSP has been identified as particularly qualified for this role in the Program due to its worldwide experience dealing with emergency projects and its

recent experience in the Bahamas and other Caribbean countries. WSP has performed a similar function for ERFs in Belize and Jamaica and its performance was satisfactory. The estimated cost of the Project Management Firm is \$700,000.

- 5.7 To select a firm to provide concurrent and regular audit services for the Project, the GOBH has requested a waiver to permit direct contracting of Deloitte Touche, an international accounting/auditing firm with an office in the Bahamas. The costs of the audit work will be subsumed under the project costs and financed out of the proceeds of the loan. Deloitte Touche is included in the Bank list of eligible firms and has provided the GOBH with financial services related to other donors' contributions for emergency relief related to Hurricanes Frances and Jeanne. Given this relevant experience the desire to rationalize the control of the sources and uses of funds received/expended in this emergency effort, and the advantages offered through the potential consolidation of cost controls, the GOBH has selected Deloitte Touche as their auditor. This relevant experience, the satisfactory performance of Deloitte Touche with the GOBH, and the efficiencies achieved through the continuity of the services of Deloitte Touche all support this decision and provide additional justification for the requested waiver. The estimated cost of the auditing services is \$500,000.
- 5.8 A final evaluation of the IRF will be carried out after 50% of the funds have been disbursed. This evaluation will be funded through the loan proceeds. The TOR for the evaluation would be agreed no later than one month before the end of the commitment period.

**D. Special contractual clauses**

- 5.9 Conditions precedent to first disbursement include the following special conditions:
- a. GOBH will establish the Project Execution Team and appoint staff. Such staff will include a full-time Project Manager and an accountant/auditor/compliance specialist as well as an Environmental Specialist. The Environmental Specialist will be made available to PET on an "as-needed" basis.
  - b. Contracting of WSP, the external Project Management Firm.
  - c. Contracting of Deloitte Touche, the external accounting/auditing firm.



# 1. Cost and financing indicative budget

**Table 5.1. Proposed Budget Allocation  
(\$ Millions)**

	<b><u>IDB</u></b>	<b><u>GOBH Counterpart</u></b>	<b><u>TOTAL</u></b>
<b><u>Infrastructure</u></b>			
Transport	6.50		
Water and sewerage	0.30		
Public buildings	1.00		
<b>Sector total</b>	7.80	1.40	9.20
<b><u>Social Sector</u></b>			
Temporary Housing	1.00		
Health	1.00		
Education	4.00		
<b>Sector total</b>	6.00	1.80	7.80
<b><u>Clean-up and waste disposal</u></b>	0.50		
<b>Sector total</b>		0.20	0.70
<b><u>Consultancy Services</u></b>			
Auditing, Program Management Design, Supervision, Engineering, Evaluation			
<b>Total</b>	1.00	0.20	1.20
<b><u>Finance Charges</u></b>			
<b>Total</b>	-	0.40	0.40
<b><u>Contingency</u></b>			
	1.40	0.30	1.70
<b>Program Total:</b>	<b>\$16.70</b>	<b>\$4.30</b>	<b>\$21.00</b>

## E. Recognition of expenditures and retroactive financing

- 5.10 Up to \$15 million and \$2 million will be recognized as to retroactive financing and recognition of expenditures, respectively. These costs must have been incurred for eligible activities using procurement and contracting procedures consistent with those established for the program.

## F. Disbursements and revolving fund

- 5.11 The disbursement period runs for twelve months from the date of the loan contract entering into force.
- 5.12 Given the short period of time for the execution of the program and the urgent needs of the country, it is necessary that funds be made available in a timely manner. It is recommended that a revolving fund in an equivalent amount of up to \$2 million be permitted.

## G. Procurement

- 5.13 The procurement and contracting procedures to be followed under the IRF are those outlined in GS-601. The proceeds of the loan must be fully committed

within the nine months period commencing on September 25, 2004. Funds not committed by that date will be cancelled. The eligibility requirements established under Bank policies with respect to the nationality of contractors of works, suppliers of goods and providers of consulting services, and the origin of goods and related services will remain in effect for all Bank financed contracts.

## **1. Procurement Guidelines**

### **General Conditions:**

1. Maximum cumulative amount of direct contracting per firm \$600,000. This limit applies to public works, goods and services, and consulting services.
2. Maximum cumulative amount of direct contracting for the entire operation – \$10 million.

### **Public Works:**

1. Threshold for international bidding – \$1.5 million
2. Maximum amount per direct contract – \$400,000

### **Goods and Services**

1. Threshold for international bidding – \$250,000
2. Direct contracting maximum over the counter – \$10,000 per purchase order.

### **Consulting Firms**

1. Threshold for international bidding – \$200,000
2. Direct contracting permitted up to \$100,000

## **H. Accounting and Auditing: Concurrent Audit**

- 5.14 The PET will be required to establish and maintain adequate accounting controls and records and PET must submit to the Bank consolidated financial reports of the Program on a quarterly basis. This information will serve as the basis for the audit to be conducted with respect to the use of the Bank funds and the counterpart funding. Given the importance of this task, members of PET must include personnel who have accounting/audit experience. The Executing Agency/PET will be responsible for: (a) opening separate commercial bank accounts to manage the program funds, with respect to the Bank's financing and the local counterpart funds; (b) submitting disbursement requests to the Bank and the corresponding justification of expenditures; and (c) maintaining an adequate disbursements supporting documentation filing system for eligible project expenditures.
- 5.15 Due to the emergency nature of this operation and its anticipated rapid disbursement cycle, all contracting and expenditures will be subject to a concurrent audit that will be conducted by Deloitte Touche. The concurrent audit refers to a review of disbursements requests and supporting documentation linked with its compliance with the supplier's contract. The work/terms of reference for the external audit of the project are in compliance with the Bank's previously approved standard terms of reference for external audits of projects. Draft terms of reference were prepared by the Project Team and provided to the GOBH. These terms of reference were based upon those used for the concurrent audits undertaken in relation to the ERFs of Belize and Jamaica.

- 5.16 The accounting/auditing firm will communicate critical weaknesses and irregularities as observed and perform operational audits on a quarterly basis. Such information will be submitted to MOWU with a copy to the Bank. The operational audits will include an audit of the project financial statements of the period, tests of internal controls, and tests of compliance with contractual clause. The operational audits should be submitted to the Bank with 60 days of the end of the period. The terms of reference for this firm are based upon Bank documents AF-400 and AF-500. One important part of the firm's work will be qualifying expenses – both expenses incurred retroactively and concurrently with the firm's engagement.
- 5.17 In conducting the concurrent audit, Deloitte Touche, in coordination with WSP, will review contracts proposed by the PET to verify their compliance with the Bank's special procurement procedures for this type of loan. This review will determine that the activity to be contracted is reimbursable under this IRF loan.
- 5.18 An ex post review will be conducted by the auditing firm in accordance with the Bank's previously approved standard terms of reference for ex-post reviews of disbursement requests (AF-500).
- 5.19 The report of the independent auditors will include a special section describing the findings of the ex post review verifying that expenses in connection with disbursement requests: (a) are properly justified with reliable receipts kept in the records of the MOWU; (b) were duly authorized; (c) are acceptable in accordance with the terms of the loan contract; and (d) were correctly recorded for accounting purposes.

#### **I. Environmental and Social Considerations**

- 5.20 Works likely to be financed through the IRF include repair to schools and other public buildings, temporary housing, and repair/stabilization of infrastructure works such as docks, roads, and bridges. The activities of the proposed operation will comply with the applicable environmental regulation and specifications of the Bahamas for mitigating environmental impacts of works and services. It is the intention of MOWU to have the continuous advisory support of Bahamas Environmental Science and Technology Commission (BEST) throughout the execution of the IRF Program. In addition, the Bank will require that an Environmental Specialist be appointed as a member of PET.

#### **J. Classification as a poverty targeting and social-sector program**

- 5.21 The geographical areas that suffered the most damage from the hurricanes are targeted for Program benefits. The restoration of the basic infrastructure and social service initiatives contemplated in this program is required in order to safeguard the living conditions of the poor. Nevertheless, the proposed operation does not meet the Bank's criteria for operations to reduce poverty or the designation as a social equity project.

## **VI. COORDINATION WITH OTHER AGENCIES**

- 6.1 Assessments of the hurricane damage have been conducted by local government and sectoral agencies. This effort has been supported by the IDB using local and international consultants and an ECLAC impact assessment mission. The Government has appealed for regional and international assistance to provide for emergency relief to residents, for reconstruction and to strengthen its disaster prevention and response capability. The Bank responded in the first instance by approving a non-reimbursable technical cooperation in the amount of \$200,000 for emergency humanitarian assistance. External assistance has also been forthcoming from the governments of China, Trinidad and Tobago, Canada (logistical support) and USA (in kind) and by other multi-lateral organizations such as the CDB, OAS and PAHO (in kind). Additional funding pledges have been received.
- 6.2 Consistent with its mandated role in the event of natural disasters and emergencies, NEMA has been the main contact for the coordination of efforts related to disaster relief. As such, the Bank emergency activities have been coordinated with NEMA. In concert with NEMA the Bank activities were developed collaboratively with the Office of the Prime Minister, the Ministry of Works and Utilities, and the Ministry of Finance. The request for assistance through the IRF was made by the Ministry of Finance and coordinated with the aforementioned offices.

Set forth below is a summary of the emergency loans approved to date under the ERF/IRF programs.

**Operations Financed under the Emergency Reconstruction Facility\***  
US\$

<b>Country</b>	<b>Loan</b>	<b>Approval date</b>	<b>Term for disbursement</b>	<b>Amount (in US\$ thousands)</b>	<b>Disbursed (in US\$ thousands)</b>	<b>Canceled (in US\$ thousands)</b>
Belize	1275/OC-BL	01/Nov/00	30/Aug/02	20,000	19,987	13
Bolivia	1116/SF-BO	20/Nov/02	18/Nov/05	2,500	330	--
Colombia	1171/OC-CO	18/Feb/99	31/Jul/00	20,000	20,000	0
El Salvador	1310/OC-ES	09/Feb/01	26/Jun/02	20,000	19,683	317
El Salvador	1315/OC-ES	16/Apr/01	16/May/03	20,000	18,435	1,585
Jamaica	1419/OC-JA	06/Aug/02	14/Dec/04	16,000	4,798	--
Peru	1329/OC-PE	20/Jul/01	30/Jan/03	20,000	18,903	1,097
Venezuela	1239/OC-VE	03/Mar/00	01/Apr/02	20,000	19,995	5
<b>Total</b>				<b>\$138,500</b>	<b>\$122,131</b>	<b>\$ 3,017</b>

\*LMS data as of 02 December 2004

# THE BAHAMAS

## IMMEDIATE RESPONSE FACILITY FOR EMERGENCY CAUSED BY HURRICANES JEANNE AND FRANCES – IRF (BH-L1007)

### LOGICAL FRAMEWORK

SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>GOAL</b>			
Safeguard the living conditions of residents and normalize activities in the social and productive sectors of the Bahamian economy.	<ol style="list-style-type: none"> <li>From year 2, production and revenues on the affected islands are at least on par with fiscal year 2003/2004.</li> <li>From year 2, use of schools and health centers and delivery of services provided therein on the hurricane-hit islands are at least on par with year 2003/2004.</li> </ol>	<ol style="list-style-type: none"> <li>Economic reports from the Central Bank.</li> <li>Reports from the relevant sector Ministries.</li> <li>GOBH Public Information.</li> </ol>	<ol style="list-style-type: none"> <li>Economic and social development of the country is pursued proactively by Government.</li> <li>GOBH continues to improve on its disaster preparedness and prevention mechanisms and institutions.</li> <li>No major terrorist incident in the USA or the Bahamas.</li> </ol>
<b>PURPOSE</b>			
Rapid Restoration of basic infrastructure and services to the islands of The Bahamas, especially Grand Bahama, Abaco, San Salvador, Cat Island, Eleuthera and New Providence, to remedy the damages caused by Hurricanes Frances and Jeanne.	<ol style="list-style-type: none"> <li>Road traffic and transit conditions in Grand Bahama and Abaco restored to pre-hurricane levels by June 2006.</li> <li>No of school days/semester that students receive classes in primary and secondary schools returns to government minimum by Fall 2005.</li> </ol>	<ol style="list-style-type: none"> <li>MOT and MOE statistics.</li> <li>Beneficiary Satisfaction Survey.</li> <li>Progress reports from the Project Executing Team.</li> </ol>	<ol style="list-style-type: none"> <li>Government maintains as a priority the hurricane recovery efforts.</li> <li>GOBH counterpart (budgetary support) is available in a timely fashion.</li> <li>The 2005 hurricane season does not produce extreme weather events which would cause further damage or exacerbate the current tenuous situation.</li> <li>Plans for Disaster Prevention are undertaken by GOBH.</li> </ol>

SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>COMPONENTS</b>			
<p>1. <u>Infrastructure</u></p> <p>Transportation and infrastructure network affected by hurricanes (docks, roads and adjacent coastal protection, drainage systems, airports, agricultural packing houses) repaired and restored.</p> <p>2. <u>Social Sector</u></p> <p>Educational and health facilities repaired, equipment restored and temporary low-cost housing provided.</p> <p>3. <u>Clean Up and Waste Disposal</u></p> <p>Debris from Hurricane damage cleaned up and disposed of in appropriate sanitary landfills.</p>	<p>1.1 Sea defenses repaired/stabilized according to MOWU standards by October 2006.</p> <p>1.2 Docks repaired by April 2006.</p> <p>1.3 Roads and thruways repaired by October 2006.</p> <p>1.4 Public buildings repaired to local building standards by April 2006.</p> <p>1.5 Agricultural packing housings repaired by December 2005</p> <p>2.1 Damaged schools repaired by April 2006 &amp; damaged furniture, equipment and teaching materials replaced.</p> <p>2.2 Damaged hospitals and health centers repaired by December 2005 &amp; damaged medical equipment and supplies therein replaced.</p> <p>2.3 Trailer units transported and outfitted with amenities to temporarily house homeless low-income hurricane victims up to December 2006.</p> <p>4.1 Debris from hurricane damage including uprooted trees, rubble, other refuse and waste cleared and disposed of in sanitary landfills.</p>	<p>PET and Project Management Firm's reports.</p> <p>Reports from Accounting/auditing firm</p>	<p>1. MOWU can identify and contract the eligible works under the Program by June 29, 2005.</p> <p>2. Qualified persons are available to staff the PET for the duration of the project.</p> <p>3. Coordination among the key sector agencies (MOWU, MOE, MOH, MOA and NEMA) is maintained.</p> <p>4. Local contractors are available to do the work within the permitted implementation period.</p>
<b>ACTIVITIES</b>			
COMPONENT 1: <u>Infrastructure</u>	US\$7,800,000	Budget execution records of the PET and concurrent audit reports.	
COMPONENT 2: <u>Social Sector</u>	US\$6,000,000	Budget execution records of the	

SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
		PET and concurrent audit reports.	
COMPONENT 3: <u>Emergency Relief</u>	US\$500,000	Budget execution records of the PET and concurrent audit reports.	
COMPONENT 4: <u>Consultancy Support Services</u>	US\$1,000,000	Budget execution records of the PET and concurrent audit reports.	