

The Honourable Michael Halkitis
Minister of State for Finance
Ministry of Finance
Cecil Wallace-Whitfield Centre
P.O. Box N-3017
Nassau, N.P., The Bahamas

Re: ATN/II-15506-BH. Non-reimbursable
Technical Cooperation for Sustainable
Urban Bus System Planning and Design.

Dear Honourable Minister Halkitis:

This letter of agreement (the “Agreement”) between the Commonwealth of The Bahamas (the “Beneficiary”) and the Inter-American Development Bank (the “Bank”), acting in its capacity as Administrator of the Italian Fund for Technical Cooperation Projects, is to formalize the granting of a non-reimbursable technical cooperation (the “Technical Cooperation”) to the Beneficiary for support in the preparation of the Sustainable Urban Bus System Planning and Design (the “Program”). The terms of this Technical Cooperation are included in the Plan of Operations, which is attached as the Annex and which forms an integral part of this Agreement. The principal aspects of this operation are the following:

1. The Bank shall expend from the resources of the Italian Fund for Technical Cooperation Projects an amount of five hundred thousand dollars of the United States of America (US\$500,000), or its equivalent in other convertible currencies (the “Contribution”) to contract and pay the individual expert(s) or consulting firm(s) (the “Consultants”) necessary to meet the objectives of this Technical Cooperation as described in the Annex. The Contribution is granted on a non-reimbursable basis. Unless otherwise stated in this Agreement, the term “dollars” shall hereinafter refer to the currency of legal tender of the United States of America.
2. The execution period of the Program shall be thirty (30) months, from the effective date of this Agreement. The period for the last disbursement of the resources of the Contribution shall be thirty-six (36) months from the same date. Any part of the Contribution which has not been utilized within this period shall be canceled. The aforementioned deadlines and any

others that may be stipulated in this Agreement may be extended, when duly justified, with the written consent of the Bank.

3. By virtue of this Agreement, the Beneficiary agrees that the Bank shall use the resources of the Contribution directly and exclusively to contract and pay the individual expert(s) or consulting firm(s) (the “Consultants”) necessary to meet the objectives of this Technical Cooperation. The Bank agrees to submit the name of each Consultant for the Beneficiary’s approval, prior to contracting such Consultant for the execution of any corresponding study or other activity contemplated in this Program.
4. The total cost of the Program is estimated to be the equivalent of five hundred and thirty thousand dollars (US\$530,000). The Beneficiary undertakes to make timely provision of the resources required, in addition to the Contribution, for the complete and uninterrupted execution of the Program (hereinafter referred to as the “Counterpart Resources”). The total amount of the Counterpart Resources required is estimated at thirty thousand dollars (US\$30,000), which will be provided in kind.
5. The Beneficiary undertakes to assist the Consultants in the performance of their tasks, and provide the necessary technical, logistic, and secretarial support required for the execution of the Technical Cooperation.
6. The financing of the consulting services detailed in this Agreement does not imply any commitment whatsoever by the Bank to finance, wholly or partially, any other program or project that might directly or indirectly result from the execution of this Technical Cooperation. The opinions of the Consultants shall not commit the Bank to the same position. The Bank reserves the right to express any comments or reservations regarding such opinions as it may deem appropriate.

Please confirm your acceptance of the terms and conditions of this Agreement, in representation of the Beneficiary, by signing and returning one original to the Bank’s Country Office in The Bahamas.

This Agreement shall be signed in two (2) originals of equal tenor by duly authorized representatives, and will enter into force on the date of its signature by the Beneficiary.

Yours Faithfully,

/f/

Maria Florencia Attademo-Hirt
Representative of the Bank in The Bahamas
Date: 3/30/16

AGREED:

/f/

The Honourable Michael Halkitis, M.P.
Minister of State for Finance

/f/

The Honourable Glenys Hanna Martin, M.P.
Minister of Transport and Aviation

Date: April 6, 2016

ANNEX

Sustainable Urban Bus System Planning and Design

I. Basic Information for TC

▪ Country:	Bahamas
▪ TC Name:	Sustainable Urban Bus System Planning and Design
▪ TC Number:	BH-T1047
▪ Team leader and members:	Brian Mc Nish (TSP/CPN) Team Leader, Sergio Deambrosi and Caterina Vecco (INE/TSP); Michael Nelson and Camille Davis Thompson (CCB/CBH); Betina Hennig (LEG/SGO) and Kemie Jones (Consultant)
▪ Taxonomy:	Client Support
▪ Date of TC Abstract authorization:	November 9, 2015
▪ Beneficiary:	The Commonwealth of The Bahamas
▪ Executing Agency and contact name:	The Commonwealth of The Bahamas through its Ministry of Transport and Aviation
▪ Donors providing funding:	Italian Fund for Technical Cooperation Projects
▪ IDB Funding Requested:	US\$500,000
▪ Local counterpart funding:	US\$30,000 (in-kind)
▪ Disbursement period (which includes Execution period):	36 months disbursement (30 months execution)
▪ Required start date:	February 2016
▪ Types of consultants:	Consultant firm
▪ Prepared by Unit:	Transport Division (INE/TSP)
▪ Unit of Disbursement Responsibility:	Country Office Bahamas (CCB/CBH)
▪ TC Included in Country Strategy:	No
▪ TC included in CPD:	Yes
▪ GCI-9 Sector Priority:	a) Support Climate Change initiatives and environmental sustainability and b) Support to small and vulnerable countries

II. Objectives and Justification of the TC

- 2.1 The Commonwealth of The Bahamas consists of a chain of 700 islands and cays occupying a territory of 100,000 square miles in the north-eastern Caribbean, with an aggregated land area of 5,383 square miles. The comparatively small 83 square mile island of New Providence is effectively an emerging island city-state being home to

Nassau the capital city and 70% of the country's (353,000) population amplified by 5 million tourist visitor annually. The island has an employed labor force of 130,750 people with jobs mainly in tourism and financial services and is the center of socioeconomic and political life in this archipelagic nation.

- 2.2 Urban mobility in Nassau, New Providence is facilitated by taxis and small public transportation buses called jitneys. The taxi fleet, while diverse and fairly large, mainly serves tourists and tends to be concentrated around the hotel areas and downtown Nassau. On the streets, taxi availability is greatly reduced outside of peak demand periods. The approximately 280 plus buses which serve the public are privately owned and operate under individual franchise on 23 routes. However, ineffective regulation has resulted in excessive competition on popular routes and little or no coordination amongst them to maintain schedules, creating severe problems of coverage, reliability and safety. Also pending to be solved is the issue of how public transport can be articulated with appropriate pedestrian spaces, and sustainable urban growth. Also pending is the institutional and legal architecture necessary to govern the systems of urban mobility.
- 2.3 To address these issues, the Government of the Bahamas has been guided by two Bank financed studies: (1) the Transport Development Plan for New Providence; which provided recommendations to improve mobility in New Providence including inter alia the establishment of a unified bus system and (2) The Business Plan for the Unified Bus System for New Providence detailing recommendations on how best to organize existing individual operators into a unified bus system. The Government of The Bahamas has started negotiations with bus operators in order to promote their grouping in larger more cost efficient cooperatives or associations. The negotiations have unfortunately, been unsuccessful until this moment. However as a next step Government has now agreed with stakeholders to support the implementation of the Bus unification process through a pilot demonstration initiative of the proposed Unified Bus System.
- 2.4 The objective of this Technical Cooperation (TC) is to provide technical support to the Ministry of Transport and Aviation to operationalize and evaluate a demonstration Pilot Project of the proposed Unified Bus System. The implementation of this demonstration project the outputs of which would be critical inputs to the Government's future decision on an island-wide roll out of the bus unification system in the island of New Providence.
- 2.5 The economic environmental and social benefits of an energy efficient, safer and sustainable bus network are significant and the lifeblood of a city facilitating high-density of diverse activities and in general greater mobility for the entire population while reducing congestion and pollution. The pilot initiative also provides an opportunity to extract lessons which can translate into an improved bus service and provide the technical basis for the optimum concession of the routes to private operators.
- 2.6 This TC is aligned with the objectives of the Ninth General Capital Increase of the Bank (GCI-9) as the results will have co-benefits in mitigating the effects of climate change and natural disasters, promoting environmental sustainability, and will support the development of infrastructure for competitiveness and social welfare. The Transport

Division promotes the principles of clean mobility through the Regional Strategy for Sustainable Transport (REST) which has supported numerous similar initiatives. Additionally, the Bus Unification is aligned with the objectives of the Sustainable Cities Initiative which promotes the use of cleaner and more efficient transport modes in urban contexts.

- 2.7 The TC is also aligned with the strategic objectives of the Italian Consulting Firms and Specialized Institutions Trust Fund - ITC as it finances “technical assistance for the social and economic development of the borrowing countries of Latin America and the Caribbean.” Specifically this TC addresses poverty alleviation through more reliable public transport service.
- 2.8 The design and operationalization of an improved system for urban bus transport will be structured to follow the principles of sustainable mobility (avoid-shift-improve) understood as a way to avoid unnecessary motorized travel, shift mobility along sustainable strategies (walking, cycling and public transport) and improve the efficiency of existing modes. The IDB promotes the sustainable mobility ideology under the work of the Transport Division and through the Regional Environmental Sustainable Transport initiative, Regional experience from Bank staff can translate into favorable spillover for developing the Bus System as a sustainable mobility project. Additionally, this initiative feeds seamlessly into the Emerging Sustainable City Initiative currently being designed by the Bank for Nassau.

III. Description of activities/components and budget

- 3.1 This technical cooperation will support two main components:

Component 1. Support for the design and operationalization of a Pilot demonstration initiative of the Urban Bus System.

- 3.2 This component will support the hiring of a consulting firm to assist the Ministry of Transport and Civil Aviation with all the necessary technical support activities required to prepare, develop, implement and operationalize a sustainable pilot urban bus transit system. Technical support will include infrastructure design, legislative and institutional support for the establishment of operational and regulatory bodies as well as evaluation studies of the pilot demonstration initiative of the urban bus system in order to fully understand and structure the relative responsibilities and risk of all stakeholders in the public-private-partnership underpinnings of the bus system. Gender sensitive orientation towards pedestrian safety and access, facilities planning, including measures to increase basic accessibility for the disabled, will also feature in the design and development of the pilot urban bus system. This component will also explore synergy and collaboration with the emerging sustainable cities initiative (ESCI) for the purpose of orienting growth of the city towards public transit corridors to be planned as part of this project.

Component 2. General Administration and Supervision.

- 3.3 This component will support the strengthening of the Ministry of Transport and Aviation, for the conduct of the final audit and to provide supervision for this TC. Accordingly, this component will support a Project Manager who will be key in providing the Executing Unit with the necessary proficiency to address the additional technical and execution requirements generated. This component will also support the in-kind contribution of office space and furnishings for the PEU. The Executing Agency will also provide in-kind support for the part-time services of a procurement/accounting officer and an office assistant.

Table 1. Indicative Results Matrix

Objective	Results	Indicator	Unit of measure	Target	Means of verification
The objective of this Technical Cooperation (TC) is to provide technical support to the Ministry of Transport and Aviation to operationalize and evaluate a demonstration Pilot Unified Bus Service Project to glean lessons for an island wide roll out	Stakeholder agreement to Implementation Plan for island wide rollout of a Unified Bus System	Stakeholder agreement on Unification Modality	Number	1	Signed Memorandum of Understanding

Table 2. Indicative products matrix

Output	Unit of measure	2016	2017	2018	Total	Means of verification
Component 1						
Completed Operations of Pilot Bus Unification Project as a going concern for 18 mths	Months pilot in Operation	9	9	-	18	Monitoring reports
Evaluation Report with Recommendations of the Pilot Bus Unification Project for possible island wide roll out	Number of studies	-	-	1	1	Recommendations approved by Government of The Bahamas
Component 2						
General Administration and Supervision Unit	Staff positions filled	2	-	-	2	Signed Contracts

established and staffed by a project coordinator and administrative assistant.						
Financial Audit completed and approved by IDB	Number of audits	-	-	1	1	Audit firm retained

- 3.4 The total estimated cost of the technical cooperation is US\$530,000 of which up to the amount of US\$500,000 will be financed by the Italian Fund for Technical cooperation projects on a non-reimbursable basis and US\$30,000 by the Beneficiary by means of an in-kind contribution. The Italian donor has authorized a decrease from 50% to 15% of the tied clause of the fund. A breakdown of the indicative budget is shown below.

Table 3. Indicative Budget (in US\$)

Activity and Component	Description	IDB/ ITC	Counterpart funding (In-kind)	Total funding
Component 1. Support for the design and operationalization of a Pilot demonstration initiative of the Urban Bus System	This component will finance all the necessary consulting activities and support services required to develop and operationalize a pilot urban bus system.	350,000	NA	350,000
Component 2. General Administration and Supervision.	Hiring (i) an administrative assistant and (ii) a Project Manager (iii) office space and furnishings for the PEU and (iv) the financial audit and evaluation. Procurement Officer (part-time) – in kind	150,000	30,000	180,000
TOTAL		500,000	30,000	530,000

IV. Executing agency and execution structure

- 4.1 The executing agency for this technical cooperation will be the Ministry of Transport and Aviation. The ministry will have assistance of a Project Execution Unit consisting of: (i) an Administrative Officer; (ii) a Project Manager as a condition precedent to first disbursement, who will lead the supervision of the consultancy and facilitate all technical tasks as well as tasks corresponding to coordination and communication; and (iii) a procurement/accounting officer who will be funded by in-kind local contribution and on part-time basis only.
- 4.2 The process of selecting the consultant firm for technical assistance with the pilot unified bus service to be financed with Bank's resources will be based on the Consultants Qualifications CQS in accordance with the Policies for the Selection and Contracting of Consultants financed by the Inter-American Development Bank (GN-2350-9).
- 4.3 The executing agency will prepare monitoring and evaluation reports every six months, including products delivered and results achieved. In addition a financial audit will be completed and submitted to the Bank 120 days following the terminal disbursement date of the this Technical Cooperation.

V. Major issues

- 5.1 The risks identified for this TC are moderate and do not represent an important deterrent for the development of this project. The primary risk is a lack of collaboration, engagement and participation that could limit robust analysis of the results risking stakeholder buy in. The operation will innately mitigate this risk though the pilot initiative that will engage all stakeholders in the activities from the start of the TC and through an intensive dissemination strategy from the design through to the implementation recommendation stage of the bus system.

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policy were identified.

VII. Environmental and Social Strategy

- 7.1 In accordance with the Environment and Safeguards Compliance Policy (OP-703) and considering that this TC consists of the elaboration of studies, this TC has been classified as Category "C". It is estimated that this TC will not generate significant negative environmental and/or social impacts (see [Safeguard Policy Filter Report and Safeguard Screening Form](#)).