

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	Bahamas
▪ TC Name:	Sustainable Infrastructure Upgrade for the Family Island Airports Bahamas.
▪ TC Number:	BH-T1048
▪ Team Leader/Members:	PERSAUD, CHRISTOPHER (INE/TSP) Team Leader; BONILLA-ROTH, MARCIA E. (SPD/SMO) Alternate Team Leader; NELSON, MICHAEL REGINALD (CCB/CBH); BAZA NUNEZ, ESCARLATA (LEG/SGO); PATTON, IVONNE A (INE/TSP); MCPHEE, ERROLISA VONDECA (CCB/CBH); CAREY, INGA KENRIS (IFD/ICS); MARRAY, V. AMANDA (CCB/CBH); BALADI RODRIGUEZ, AZIZ (INE/TSP)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Air Transport Reform Program - BH-L1027
▪ Date of TC Abstract:	20 Oct 2015
▪ Beneficiary:	Government of The Bahamas
▪ Executing Agency:	Inter-American Development Bank
▪ IDB funding requested:	US\$500,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Consulting firms
▪ Prepared by Unit:	Transport Division (INE/TS)
▪ Unit of Disbursement Responsibility:	Country Office Bahamas
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Fostering development through the private sector

### II. Objective and Justification

- 2.1 The objective of this TC is to support the Government of The Bahamas (GoBH) in developing a strategic business plan for the airports as a requirement of the Air Transport Reform Program and as a prerequisite conduct an assessment of risk and due diligence associated with structuring a Public-Private Partnership (PPP) for the rehabilitation and operation of the Family Island Airports so as to achieve the specific objective and standards required of a safe and efficient operation and management of the air transportation sector in the Family Islands.
- 2.2 The Family Islands in The Bahamas consist of 700 islands and cays which are, serviced with air-transportation terminal amenities by 28 Government owned and operated airports (the "Family Island Airports"), through its Ministry of Transport and Aviation and its Department of Civil Aviation. The Family Island Airports are required to be assessed for safety and efficiency reasons as part of a holistic Civil Aviation modernization process in The Bahamas. The assessment forms part of a series of significant infrastructure, institutional and legal policy reforms which the Inter-American Bank (the "Bank" or "IDB") is supporting under a Policy Based Loan and Technical Cooperation operation for air transport reform<sup>1</sup>, both of which are currently being implemented in The Bahamas.
- 2.3 Some of the agreed reforms have already been implemented which have aligned macro-economic and legislative air-transportation policies with modern governance

structures for the sector. Together with updated infrastructure, these reforms will serve to facilitate safe, secure and efficient air transport in accordance with international standards and industry best practices.

- 2.4 As part of the assessment process the Family Island, with Bank support the GoBH in 2014 hired Stantec to conduct an optimization strategy report<sup>2</sup> which in summary identified that the Family Island Airports required significant and immediate attention and resources (human and capital) to bring the airports to an acceptable operating state in accordance with international standards. The cost of addressing the compliance, safety and operational gap was estimated at approximately US\$160 million and for The GoBH to consider a mix of airport transfers to the private sector, leases and closures.

### III. Description of Activities and Outputs

- 3.1 **Phase I - Transactional Structuring.** Will support consultants hired to analyze all aspects of the project, including traffic projections, capital investment program, financial performance, technical and legal due diligence, including regulatory framework, environmental and social issues, and climate change impacts.
- 3.2 **Phase II - Transactional Implementation.** Will support an advisory team of consultants who will implement the Business Plan approved by GoBH, from Phase I. The advisory team's support includes marketing the project to potential investors, prequalification of investors and design of bid criteria, preparation of legal documents for a competitive international tender, oversight of the tender process, and assistance to GOB in evaluation of the bids and closing of the transaction.

### IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Phase I - Transactional Structuring	\$ 350,000.00	\$ 0.00	\$ 350,000.00
Phase II - Transactional Implementation	\$ 150,000.00	\$ 0.00	\$ 150,000.00
<b>TOTAL</b>	<b>\$500,000.00</b>	<b>\$0.00</b>	<b>\$500,000.00</b>

### V. Executing Agency and Execution Structure

- 5.1 The executing agency for this operation will be the Bank which shall be implemented in close coordination with the Ministry of Transport and Aviation and the Family Island Airport Authority. The studies will be contracted directly applicable to the preparation of future programs and will be supervised by specialists / Bank staff. The term of execution is estimated to be 24 months based on eligibility.

### VI. Project Risks and Issues

- 6.1 The main risk of this TC is related to timely implementation of the Air Sector Reform program and the establishment of the Family Islands Airport Authority under which the Family Islands will fall. To mitigate this risk the Bank recommended, and the Government agreed, to hire the CEO and the Chief Financial Office of the FIAA with immediate effect to facilitate the reforms as well as to be the main interlocutor during execution of this TC.

### VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "C".