

Re.: Amendment No. 1 to Loan Contract
No. 3344/OC-BL. George Price Highway
Rehabilitation.

AMENDATORY CONTRACT

AMENDATORY CONTRACT entered into between BELIZE (hereinafter referred to as the “Borrower”) and the INTER-AMERICAN DEVELOPMENT BANK (hereinafter referred to as the “Bank”, and together with the Borrower, as the “Parties”).

ARTICLE ONE

The Parties entered into Loan Contract No. 3344/OC-BL on November 17, 2015 (hereinafter referred to as the “Loan Contract”) to cooperate in the execution of the George Price Highway Rehabilitation project (hereinafter referred to as “the Project”) and hereby agree to amend such Loan Contract, in the manner and to the extent set forth below.

1. Section 3 of the Introduction of the Special Conditions is deleted in its entirety and substituted with the following text:

“3. **EXECUTING AGENCY**

The Parties agree that the execution of the Project and the utilization of the resources of the financing from the Bank shall be carried out by the Borrower, through its Ministry of Works, which, for the purposes of this Contract, shall be referred to, without distinction, as the “Executing Agency” or the “MOW”.

2. Any references to the “Ministry of Works and Transport” or “MOWT” throughout the Loan Contract shall read “Ministry of Works” and “MOW”, respectively.

3. Section 2.01 of the Special Conditions is deleted in its entirety and substituted with the following text:

“**SECTION 2.01.** The total cost of the Project is estimated to be the equivalent of thirty-four million twenty-eight thousand Dollars (US\$34,028,000).”

4. Section 2.02 of the Special Conditions is deleted in its entirety and substituted with the following text:

“SECTION 2.02. Additional Resources. (a) The amount of the resources additional to those of the Loan, which, pursuant to Article 7.04 of the General Conditions, the Borrower shall undertake to contribute in a timely manner for the complete and uninterrupted execution of the Project, is estimated to be the equivalent of one million five hundred and twenty-eight thousand Dollars (US\$1,528,000) although this estimate shall not imply any limitation or reduction of the obligation of the Borrower under said Article. To compute the equivalency in Dollars, the rules set forth in Section 3.04 of these Special Conditions shall be followed.

(b) Further, the European Commission (hereinafter referred to as the “Commission”) representing the European Union, has made available to Belize, a nonreimbursable contribution (hereinafter referred to as the “EU Contribution”) from its Caribbean Investment Facility in the amount of five million euros (€5,000,000), as parallel financing to finance activities that will support the Project.”

5. Section 3.01 of the Special Conditions is deleted in its entirety and substituted with the following text:

“SECTION 3.01. Utilization of resources of the Loan. (a) The Borrower may use resources of the Loan to pay for goods and services acquired through international competition and for such other purposes as are indicated in this Contract.

(b) The resources of the Loan shall only be used for payments of goods and services originating in the member countries of the Bank, except that goods originating from non-Bank member countries will also be eligible for procurement and that suppliers, contractors, consultants and service providers from non-Bank member countries shall be allowed to participate in the procurement processes for activities to be financed with the EU Contribution (in whole or in part), provided that the country of origin of the goods and the nationality of such suppliers, consultants, contractors and service providers is recognized by the European Union as eligible.”

6. Paragraph (a) of Section 4.01 of the Special Conditions is deleted in its entirety and substituted with the following text:

“SECTION 4.01. Procurement of goods and works and non-consulting services.

(a) For purposes of Article 2.01(57) of the General Conditions, the Parties agree that the Procurement Policies are those dated March 2011, which are contained in document GN-2349-9, approved by the Bank on April 19, 2011. The procurement and contracting process for the acquisition of goods, works and non-consulting services to be financed by the EU Contribution will be carried out by the Executing Agency in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (GN-2349-9) and applicable Bank rules and procedures regarding procurement, except that goods originating from non-Bank member countries will also be

eligible for procurement and that suppliers, contractors and service providers from non-Bank member countries shall be allowed to participate in the procurement processes for activities to be financed with the EU Contribution, provided that the country of origin of the goods and the nationality of such suppliers, contractors and service providers is recognized by the European Union as eligible. If the Procurement Policies are amended by the Bank, the procurement of goods and works and non-consulting services shall be procured in accordance with the provisions of the modified Procurement Policies, once they are made known to the Borrower and the Borrower agrees in writing to apply them.”

7. Paragraph (a) of Section 4.04 of the Special Conditions is deleted in its entirety and substituted with the following text:

“SECTION 4.04. Selection and Contracting of Consultant Services. (a) For purposes of the provisions of Article 2.01(15) of the General Conditions, the Parties agree that the Consultant Policies are those dated March 2011, which are contained in document GN-2350-9, approved by the Bank on April 19, 2011. The selection and contracting process for consultant services to be financed by the EU Contribution will be carried out by the Executing Agency in accordance with the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-9) and related applicable Bank rules and procedures, except that consultants from non-Bank member countries shall be allowed to participate in the selection and contracting processes for activities to be financed with the EU Contribution, provided that the nationality of such consultants is recognized by the European Union as eligible. If the Consultant Policies are amended by the Bank, the selection and contracting of consulting services will be carried out in accordance with the provisions of the amended Consultant Policies, once they are made known to the Borrower and the Borrower agrees in writing to apply them.”

8. Section 4.06 of the Special Conditions is deleted in its entirety and substituted with the following text:

“SECTION 4.06. Procurement Plan update and other procurement arrangements. (a) In order to update the Procurement Plan in accordance with the provisions of Article 7.02(c) of the General Conditions, the Borrower must use or, where appropriate, cause the Executing Agency to use, the implementation and monitoring system of procurement plans as determined by the Bank.

(b) The Borrower, through the Executing Agency, shall publish all calls for tenders in the UNDB online and in the Bank website. The Bank will monitor and review the procurement process of the components of the Project, including the supporting activities financed with the EU Contribution, in accordance with its internal policies, rules and procedures.

(c) All procurement contracts will be subject to *ex ante* review and will be published on the Bank website, as applicable, in accordance with the Bank policies and procedures.”

9. The following phrase “and the EU Contribution” is added to paragraph (a) of Section 5.02 of the Special Conditions after the phrase “in order to disburse the resources of the Loan.”

10. The following new paragraphs (c), (d), (e) and (f) are added to Section 5.03 of the Special Conditions:

- (c) The EU Contribution will be subject to the same financial management by the Borrower and external audit requirements, as set forth in paragraphs (a) and (b) above. In particular, the Borrower, through the Executing Agency shall submit annual external audited financial statements and a final external audited financial statement of the Project which shall include the supporting activities financed with the EU Contribution. Such financial statements shall cover all expenditures financed through the Loan or the EU Contribution.
- (d) In addition, when payments for an amount equal to at least the equivalent of €1,750,000 (constituting 70% of the first pre-financing payment made by the Commission to the Borrower) has been made out of the account opened by the Borrower for the specific use of the EU Contribution (hereinafter referred to as the “CIF Account”), an independent external auditor shall analyse and verify the incurred expenses paid out of such account, by conducting an assurance engagement, in accordance with the International Standards on Auditing. Such assurance engagement will be financed with resources of the EU Contribution and its terms of reference will be subject to the non-objection of the Bank and the Commission. The independent external auditor conducting the assurance engagement shall certify that the Executing Agency has actually made and justified payments out of the CIF Account in an amount equal to at least the equivalent of €1,750,000 so that the second pre-financing payment of the EU Contribution is disbursed by the Commission to the Borrower.
- (e) Any certifications, reports, letters or other form of communication issued by the independent external auditors with respect to financial reports of the Project, including the EU Contribution, shall be submitted by the Borrower to the Bank, which, in turn, shall transmit it to the Commission.
- (f) The Bank shall have no other obligations than those indicated in paragraphs (c) through (e) above vis-à-vis any parties with respect to external audits of the EU Contribution.

11. Article 4.07 of the General Conditions of the Loan Contract shall be deleted in its entirety and substituted with the following text:

“ARTICLE 4.07. Advance of Funds. (a) The Borrower or the Executing Agency, as the case may be, may request disbursements under the Advance of Funds method. The amount of the Advance of Funds shall be set by the Bank on the basis of (i) the liquidity needs of the Project in order to cover periodic projections of eligible expenditures for the execution of the Project during a period of up to six (6) months, unless the Financial Plan (as defined hereinafter in this paragraph) provides for a longer period, which in no case may exceed twelve (12) months; and (ii) the risks associated with the capacity demonstrated by the Borrower or the Executing Agency, as the case may be, to manage and use the resources of the Loan. The Financial Plan is a tool for planning and monitoring the cash flows of the Project, which is used in coordination with other project planning tools, including the Procurement Plan.

(b) Each Advance of Funds shall be subject to: (i) the request for Advance of Funds being presented in a manner acceptable to the Bank; and (ii) with the exception of the first Advance of Funds, the Borrower or the Executing Agency, as the case may be, having presented a justification for the use of at least seventy percent (70%) of the total cumulative balances pending justification for this purpose, and the Bank having accepted such justification, unless the Financial Plan specifies a lower percentage, which in no case may be less than fifty percent (50%).

(c) The Bank may, during the term of the Financial Plan, provide for a one-time increase in the amount of the last Advance of Funds granted to the Borrower or the Executing Agency, as the case may be, to the extent that additional resources are needed to pay eligible expenditures for the execution of the Project that were unforeseen in said plan.

(d) The Borrower or the Executing Agency, as the case may be, shall present the last Advance of Funds request no later than thirty (30) days prior to the date of the expiration of the Original Disbursement Period or any extension thereof, in the understanding that the justification for such Advance of Funds shall be presented to the Bank during the Closing Period. The Bank shall not disburse resources subsequent to the expiration of the Original Disbursement Period or any extension thereof.

(e) The value of each Advance of Funds to the Borrower or the Executing Agency, as the case may be, must be maintained in the equivalent value expressed in the respective disbursement currency or in the Approval Currency. Eligible expenditures for the execution of the Project incurred with resources of an Advance of Funds must be justified in the equivalent of the total amount of the Advance of Funds expressed in the respective disbursement currency or in the Approval Currency, using the exchange rate established in this

Contract. The Bank may accept adjustments in the justification of the Advance of Funds due to exchange rate fluctuations, provided that they do not impact the execution of the Project.

(f) The Bank may also reduce or cancel the total aggregate balance of any Advance or Advances of Funds should the Bank determine that the disbursed resources have not been used and/or have not been justified to the Bank sufficiently and on a timely basis, in accordance with the provisions of this Contract.”

ARTICLE TWO

The Parties hereby agree that all other provisions of Loan Contract 3344/OC-BL remain in full force and effect.

ARTICLE THREE

The Parties agree that this Amendatory Contract shall enter into force from the date of signature by the authorized representative of the Borrower.

IN WITNESS WHEREOF, the Borrower and the Bank, each acting through its authorized representative, have signed this amendment to the Loan Contract in two (2) equally valid copies.

BELIZE

INTER-AMERICAN DEVELOPMENT
BANK

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The Right Honourable Dean O. Barrow
Prime Minister and Minister of Finance
and Natural Resources
Governor of Belize to the Inter-American
Development Bank

Cassandra Rogers
Representative in Belize

Date: May 18, 2017

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