

**FRAMEWORK AGREEMENT FOR NON-REIMBURSABLE FINANCING  
MESOAMERICAN HEALTH FACILITY**

between

BELIZE

and the

**INTER-AMERICAN DEVELOPMENT BANK**  
in its capacity as administrator of the Mesoamerican Health Facility

Mesoamerican Health 2015- Belize Program

AGREEMENT signed between BELIZE (hereinafter referred to as the “Beneficiary”) and the INTER-AMERICAN DEVELOPMENT BANK (hereinafter referred to as the “Bank”) to establish a framework for non-reimbursable financing chargeable to the Mesoamerican Health Facility for the Mesoamerican Health 2015-Belize Program (hereinafter referred to as “the Framework Agreement.”)

WHEREAS through Resolution DE-97/09 of September 9, 2009, the Board of Executive Directors of the Bank approved the establishment of the Mesoamerican Health Facility with the objective of significantly improving the health outcomes of the most vulnerable and excluded populations in the Mesoamerican region, including indigenous and afro-American peoples and whereas this objective would be achieved through an integrated approach to scale-up proven cost-effective and promising interventions in the areas of nutrition; reproductive, maternal and neonatal health; immunization and vaccinations; malaria and dengue, and by support to improve regional epidemiological surveillance and institutional capacity in the health sector.

WHEREAS the development and execution of performance-based projects and conditioning disbursements to the achievement of results constitute the core sphere of the Mesoamerican Health Facility.

WHEREAS the Donors Committee of the Mesoamerican Health Facility approved financing for the first of up to three operations of the Mesoamerican Health 2015- Belize Program.

WHEREAS the Bank approved financing for the first of up to three operations of the Mesoamerican Health 2015 – Belize Program.

NOW THEREFORE, the Beneficiary and the Bank have agreed to sign this Framework Agreement, which will be governed by the following terms:

## **Chapter 1.**

### **Purpose, Parties to the Framework Agreement and Definitions**

**Section 1.1 Purpose of the Agreement.** The purpose of this Framework Agreement is to establish a general framework that will govern the execution of the Mesoamerican Health 2015 Program in Belize, under which, the Bank, in its capacity as administrator of the Facility, may finance up to three Individual Operations, which will be executed by the Beneficiary, in accordance with the terms of this Framework Agreement and the Non-reimbursable Financing Agreement signed by the Parties for each Individual Operation.

**Section 1.2 Constituent Elements of the Framework Agreement.** This Framework Agreement consists of these provisions, the General Conditions and the Program’s Performance Framework. In case of inconsistency or contradiction between provisions of this Agreement and the General Conditions, the provisions of this Framework Agreement shall prevail. In case of inconsistency or contradiction between provisions of this Agreement, including the General

Conditions and the Program's Performance Framework, the provisions of this Framework Agreement shall prevail.

In case of inconsistency or contradiction between the provisions of this Framework Agreement and those of a Non-reimbursable Financing Agreement, the provisions of the Non-reimbursable Financing Agreement shall prevail. In case of inconsistency or contradiction between provisions of the same document, special rules shall prevail over general rules.

**Section 1.3 Definitions.** In addition to the definitions contained in the General Conditions, each time that the following terms are used with an initial capital letter in this Framework Agreement or in any Non-reimbursable Financing Agreement, and unless the Non-reimbursable Financing Agreement explicitly states to the contrary, said terms shall be understood as defined below. Any reference in the singular shall include the plural and vice versa:

- (a) "First Individual Operation" means the initial Individual Operation of the Program according to Section 3.1 of this Framework Agreement.
- (b) "Green Light" means the ranking given to the achievement of the Goals of the Individual Operation that permits considering financing for the Second Individual Operation as stated in Section 3.6(a) or the Third Individual Operation as stated in Section 3.6(c), as the case may be and disbursing the Performance Tranche in accordance with Section 2.4 and Section 2.5.
- (c) "Individual Operation's Performance Framework" refers to the document set forth in Section 3.5, which includes the indicators and Goals that will be evaluated to determine if the minimum score for the Bank to disburse the respective Performance Tranche has been attained during the execution of each Individual Operation as set forth in Section 2.4.
- (d) "Parties" means the Beneficiary and the Bank, which execute this Framework Agreement as contractual Parties.
- (e) "Program" means the program under this Framework Agreement, as referred to in Section 1.1.
- (f) "Program's Performance Framework" refers to the indicators and Goals to be attained by each Individual Operation under the Program, that will serve as a basis for the Parties to agree on each Individual Operation's Performance Framework, and which is attached to this Framework Agreement.
- (g) "Red Light" means the ranking given to the achievement of the Goals of an Individual Operation, which indicates, according to Section 3.6(d), that financing for the Third Individual Operation will not be considered, as a result of having obtained Yellow Light in the evaluation of the First Individual Operation and for failing to reach the minimum score in the Second Individual Operation as referred to in Section 2.4.

- (h) “Second Individual Operation” means the Individual Operation for which financing may be considered if the performance of the First Individual Operation is ranked with Green Light or Yellow Light, in accordance with Section 3.6 of this Framework Agreement.
- (i) “Third Individual Operation” means the Individual Operation for which financing may be considered if the performance of the Second Individual Operation is ranked with Green Light or Yellow Light, according to Section 3.6 of this Framework Agreement.
- (j) “Yellow Light” means the ranking given to the achievement of the Goals of the Individual Operation that permits considering financing the Second Individual Operation as stated in Section 3.6(b), or the Third Individual Operation as stated in Section 3.6(e), as the case may be, even though the minimum score for disbursement of the Performance Tranche was not reached, according to the rules set out in Section 2.4.

## **Chapter 2.**

### **Cost of the Individual Operations and Use of Resources**

**Section 2.1 Estimated Cost of the Program and Individual Operations.** The Non-reimbursable Financing Agreements for each Individual Operation shall indicate the cost of the Individual Operation and the amount of its respective Performance Tranche.

**Section 2.2 Use of the Investment Tranches.** The resources of Investment Tranches shall be used exclusively for Eligible Expenses.

**Section 2.3 Use of the Performance Tranches.** The resources of the Performance Tranches shall be used by the Beneficiary on general interventions related to improving the health indicators of its population and shall not be used to finance Excluded Expenses.

**Section 2.4 Minimum score to obtain the Performance Tranche of each Individual Operation.** The achievement of the Goals of each Individual Operation shall reach no less than 0.8 points as the minimum score for the Bank to disburse the respective Performance Tranche. Said score shall be calculated as follows:

- (a) The Individual Operation’s Performance Framework, which will include the information referred to in Section 3.5, shall be used.
- (b) Not earlier than fourteen (14) months from the date of Eligibility, an independent assessment shall be conducted using the mechanism agreed upon in the respective Non-reimbursable Financing Agreement, to verify the current values of the indicators included in the Individual Operation’s Performance Framework, at the time of the evaluation. This independent assessment will be contracted by the Bank.
- (c) Once said assessment has been made, the Bank will determine if the Goals have been achieved, through comparison of the current values of the indicators included in the Individual Operation’s Performance Framework with those of the Goals. The Bank shall

assign one (1.0) point for each indicator if the value of the same at the time of the evaluation is equal or better than the Goal and zero (0) points if the value of the indicator at the time of the evaluation is worse than the Goal.

- (d) Then, the Bank will multiply the points assigned to each indicator by its relative weight. The sum of the results of this calculation will be the score assigned to the achievement of the Goals of the respective Individual Operation.

**Section 2.5 Disbursement of the Performance Tranche.** The following rules shall apply for the disbursement of the Performance Tranche:

- (a) The Bank shall disburse the Performance Tranche through a single payment, if the achievement of the Goals of the corresponding Individual Operation has been ranked with Green Light for having obtained the minimum score as stated in Section 2.4 , and, in addition, the Beneficiary has fulfilled the conditions for disbursement of the Performance Tranche indicated in the General Conditions and in the respective Non-reimbursable Financing Agreement.
- (b) If the Goals stated for the corresponding Individual Operation are not reached and the attainment of said Goals is ranked with Yellow Light or Red Light for having obtained a score below the minimum indicated in Section 2.4, the Performance Tranche shall not be disbursed and the resources allocated to the same shall be cancelled, in accordance with the General Conditions.

### **Chapter 3.**

#### **Individual Operations of the Program**

**Section 3.1 Number of Individual Operations in the Program.** The Program will begin with the First Individual Operation. The Bank may finance up to a maximum of three Individual Operations.

**Section 3.2 Disbursement period of the resources of the Contribution provided in the Non-reimbursable Financing Agreements.** Each Non-reimbursable Financing Agreement shall include the respective disbursement period, which shall not exceed the term of eighteen (18) months from the date of Eligibility.

**Section 3.3 Term to enter into Non- reimbursable Financing Agreements.** The term to enter into Non-reimbursable Financing Agreements under this Framework Agreement shall be five (5) years from the date this Framework Agreement enters into effect.

**Section 3.4 Rules applicable to Individual Operations.** The Individual Operations shall be executed in accordance with this Framework Agreement and shall comply with its provisions and the provisions of the respective Non-reimbursable Financing Agreement.

**Section 3.5 Individual Operation's Performance Framework.** Each Individual Operation shall have an Individual Operation's Performance Framework that will be based on the Program's Performance Framework, and which will be annexed to the respective Non-reimbursable Financing Agreement.

- (a) When signing the Individual Non-reimbursable Financing Agreement, the Individual Operation's Performance Framework shall contain at least:
  - (i) the list of indicators that will be evaluated for the disbursement of the Performance Tranche for the respective Individual Operation agreed upon by the Bank and the Beneficiary;
  - (ii) the Goals;
  - (iii) the relative weight of each indicator for the disbursement of the Performance Tranche with respect to the other indicators, for the respective Individual Operation. The sum of the relative weights of all indicators for the disbursement of the Performance Tranche shall be equal to one (1.0) point.
- (b) The Individual Operation's Performance Framework shall be completed during the execution of the respective Individual Operation to include the baseline of the indicators that will be evaluated for the disbursement of the Performance Tranche. Said baseline shall be established through an independent assessment contracted by the Bank. The independent assessment mechanism will be defined and agreed upon in the Non-reimbursable Financing Agreement.

**Section 3.6 Consideration of the Second Individual Operation and/or the Third Individual Operation.** The Bank may consider financing the Second Individual Operation or the Third Individual Operation, as the case may be, provided that the following rules are fulfilled:

- (a) That the achievement of the Goals of the First Individual Operation have been appraised and ranked with at least the minimum score referred to in Section 2.4. In this case, the First Individual Operation shall receive Green Light and the Bank may consider financing the Second Individual Operation.
- (b) If the achievement of the Goals of the First Individual Operation is ranked with a score below the minimum referred to in Section 2.4, the First Individual Operation shall receive Yellow Light. In this case, although the Bank may consider financing the Second Individual Operation, the following will be requirements for such consideration:
  - (i) That specific actions of technical assistance to be implemented in order to accomplish the objectives of the Program have been identified jointly with the Bank, unless the Parties agree that said technical assistance is not necessary;
  - (ii) That a remedial action plan has been jointly agreed upon with the Bank, identifying indicators and Goals that demonstrate progress in the implementation of the actions

identified in said remedial action plan and that will be incorporated into the Individual Operation's Performance Framework.

- (c) If the achievement of the Goals of the Second Individual Operation is ranked with at least the minimum score referred to in Section 2.4, the Second Individual Operation shall receive Green Light. In this case, the Bank may consider financing the Third Individual Operation.
- (d) If the achievement of the Goals of the Second Individual Operation is ranked with a score below the minimum indicated in Section 2.4, and the First Individual Operation had obtained Yellow Light in accordance with the terms indicated in subsection (b) above, the Second Individual Operation shall receive Red Light and the Bank will not consider financing the Third Individual Operation.
- (e) If the achievement of the Goals of the Second Individual Operation obtains a score below the minimum referred to in Section 2.4, but the First Individual Operation had obtained Green Light in accordance with Section (a) above, the Second Individual Operation shall receive Yellow Light. In this case, although the Bank may consider financing the Third Individual Operation, the following will be requirements for such consideration:
  - (i) That specific actions of technical assistance to be implemented in order to attain the objectives of the Program have been identified jointly with the Bank, unless the Parties agree that said technical assistance is not necessary; and
  - (ii) That a remedial action plan has been agreed upon with the Bank, identifying indicators and Goals that demonstrate progress in the implementation of the actions identified in said remedial action plan and that will be incorporated into the Individual Operation's Performance Framework.
- (f) If the achievement of Goals of the Third Individual Operation obtains the minimum score referred to in Section 2.4, the Third Individual Operation shall receive Green Light for purposes of disbursement of the Performance Tranche.
- (g) If the achievement of Goals of the Third Individual Operation obtains less than the minimum score referred to in Section 2.4, the Third Individual Operation shall receive Yellow Light for purposes of disbursement of the Performance Tranche.

**Section 3.7 Financing of the Second Individual Operation and/or Third Individual Operation.** The Parties manifest their agreement with the following:

- (a) The attainment of the scores required will allow but shall not obligate the Bank to consider financing the Second Individual Operation or the Third Individual Operation, and shall not be interpreted as a right of the Beneficiary to receive said financing.

- (b) Equally, the attainment of the score required will allow but shall not obligate the Beneficiary to request that the Bank provide financing for the Second Individual Operation or the Third Individual Operation and shall not be interpreted as an obligation for the Beneficiary to receive said financing and/or to sign the Non-reimbursable Financing Agreements corresponding to said Individual Operations.
- (c) The decisions of the Parties in connection with the request or consideration of financing for a Second or Third Individual Operation, do not imply any liability whatsoever to the other Party. The obligations related to financing will be indicated in the Non-reimbursable Financing Agreements that will be signed for each Individual Operation.

**Section 3.8 Monitoring and Evaluation.** (a) The Beneficiary commits to facilitating all the information that the Bank requires to conduct monitoring and evaluation of the Program, including information generated routinely by the information system at the local, sub-national and national levels, and to cooperate in obtaining such information, if applicable. Monitoring and evaluation of the Program will be conducted in the following manner:

- (i) Routine monitoring of the execution and progress of each Individual Operation. In order to determine the progress of the execution and the implementation of each Individual Operation the Bank will routinely monitor indicators for product, results, and impact using as sources of information administrative data, population surveys and national statistics. The monitoring of the progress and execution will be conducted through two main instruments: a dashboard agreed-upon by the Parties and a progress and performance monitoring report (PMR) of the Bank.
  - (ii) Monitoring of the indicators of the Individual Operation's Performance Framework. The monitoring of the indicators corresponding to the Individual Operation's Performance Framework will be conducted using the mechanism referred to in Section 2.4(b).
  - (iii) Monitoring of the general indicators for implementation of the Program at the regional level. In order to monitor at the regional level the progress of the Mesoamerican Health 2015 Initiative, of which the Program is part, the Bank will monitor a group of indicators common to all the countries, thus allowing a comparative analysis.
  - (iv) Each Non-reimbursable Financing Agreement may include additional mechanisms for monitoring and evaluation for the respective Individual Operation.
- (b) The Beneficiary authorizes the Bank and the Donors of the Mesoamerican Health Facility to publish by any available means, the data obtained in the execution of the evaluation and monitoring activities referred to in this Section. Furthermore, the Beneficiary authorizes the Bank and the Donors of the Mesoamerican Health Facility to use said data for purposes of analysis and investigation.



## Chapter 4.

### **Final Provisions**

**Section 4.1 Entry into effect.** The parties agree that this Framework Agreement shall enter into effect on the date on which it acquires full legal validity in accordance with the legal provisions of Belize. The Beneficiary undertakes to provide the Bank with written notice of the date on which this Framework Agreement enters into effect, attaching the necessary documentary evidence thereof. This Framework Agreement will remain in effect until the expiration of the last Non-Reimbursable Financial Agreement executed between the Parties.

If this Framework Agreement has not entered into effect within one year from the date of signature of this document, all provisions, offers and expectations of rights contained herein shall be considered as non-existent for all legal purposes, without any requirement of giving notice, and accordingly there shall be no responsibility for either Party.

**Section 4.2 Validity.** The rights and obligations established in this Framework Agreement are valid and enforceable in accordance with its terms, regardless of the laws of any given country.

IN WITNESS WHEREOF, the Beneficiary and the Bank, each acting through its authorized representative, have signed two (2) equally authentic copies of this Framework Agreement, in San Pedro, Belize, on the date that appears below their signatures. For all purposes, the date of signature of this Framework Agreement is the date in which it was signed by the two Parties.

BELIZE

INTER-AMERICAN DEVELOPMENT  
BANK

/s/ Gaspar Vega

/s/ Luis Alberto Moreno

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Gaspar Vega  
Acting Prime Minister and  
Acting Minister of Finance

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Luis Alberto Moreno  
President

February 8, 2012  
Date: \_\_\_\_\_

February 8, 2012  
Date: \_\_\_\_\_

**GENERAL CONDITIONS FOR THE PROGRAMS AND OPERATIONS  
OF THE MESOAMERICAN HEALTH FACILITY**

INTER-AMERICAN DEVELOPMENT BANK  
Administrator of the Mesoamerican Health Facility

Mesoamerican Health 2015- Belize Program

## Chapter 1.

### **Introductory Provisions**

**Section 1.1 Application of the General Conditions.** The General Conditions describe the general terms and conditions applicable to the Framework Agreement and the Non-reimbursable Financing Agreements to be executed for the implementation of Programs and Individual Operations in the framework of the Facility. If the Framework Agreement does not provide for Contracting Agency, the references made to that in these General Conditions should be ignored.

**Section 1.2 Definitions.** For the purpose of the contractual commitments, each time that the following terms are used with an initial capital letter in the present General Conditions, the Framework Agreement or the Non-reimbursable Financing Agreements, they shall be understood in the sense explained below, unless said documents explicitly assign a different meaning. Any reference in the singular shall include the plural and vice versa:

- (a) “Advance” means the amount of resources advanced by the Bank to the Beneficiary, chargeable to the resources of the Investment Tranche to cover Eligible Expenses of the respective Individual Operation, as provided in Section 3.6.
- (b) “Annual Operation Plan” means the plan that will be agreed on by the Parties in each Individual Operation based on the Implementation Plan, which will include the entire annual schedule for the implementation of the Investment Tranche of the corresponding Individual Operation, including its critical path.
- (c) “Bank” means the Inter-American Development Bank.
- (d) “Beneficiary” means the member country of the Bank that signs the Framework Agreement with the purpose of carrying out the Program and to whom the Contribution indicated in each Individual Operation is made available.
- (e) “Closing period” means the time period of ninety (90) Days starting from the date stipulated for final disbursement of the Contribution, during which the Beneficiary shall finalize pending payments to third parties, submit the justification of the expenses incurred, and return to the Bank the resources disbursed from the Contribution under the Investment Tranche that were not used or justified, as provided in Section 3.8.
- (f) “Contracting Agency” means a legal entity capable of executing contracts, in charge of implementing one or more Individual Operations, in all or in part, according to a Contract for Implementation.
- (g) “Contribution” means the non-reimbursable financing that the Bank will make available to the Beneficiary in accordance with each Non-reimbursable Financing Agreement, from the resources of the Facility. The Contribution includes the Investment Tranche and the Performance Tranche.

- (h) “Days” means calendar days.
- (i) “Dollar” means the legal currency of the United States of America.
- (j) “Eligibility” means, for each Individual Operation, that the Contribution is eligible for the first disbursement.
- (k) “Eligible Expenses” means the works, goods, services other than consultant’s and consultant’s services, which can be acquired, contracted, manufactured, constructed or developed, if applicable, with resources of the Investment Tranche, as well as those other expenses acceptable to the Bank that can be financed with resources of the Investment Tranche, as provided in Section 7.1.
- (l) “Excluded Expenses” are those expenses that cannot be financed with resources from the Contribution, in accordance with Section 7.2.
- (m) “Executing Agency” means the entity in charge of executing one or more Individual Operations, in all or in part. If an Individual Operation has more than one Executing Agency, the Executing Agencies will be called Co-Executing Agencies.
- (n) “Facility” means the Mesoamerican Health Facility, established through Resolution DE-97/09 by the Board of Executive Directors of the Bank.
- (o) “Framework Agreement” means the framework agreement for non-reimbursable financing from the Facility, signed between the Bank and the Beneficiary, together with its respective annexes and modifications.
- (p) “General Conditions” mean these General Conditions for the Programs and Individual Operations of the Facility.
- (q) “Goal” means the target value expected with respect to the base line during the implementation of each Individual Operation regarding every indicator included in the Performance Framework of the Individual Operation.
- (r) “Non-reimbursable Financing Agreement” means any of the agreements signed by the Bank and the Beneficiary in the framework of the Framework Agreement to implement an Individual Operation, and its respective annexes and modifications.
- (s) “Individual Operation” or “Operation” is each of the operations included in the Program that may eventually be financed in the framework of the Framework Agreement.
- (t) “Implementation Plan” means the general plan to implement each Individual Operation that will serve as a basis for agreeing on the Annual Operation Plans, which shall be submitted by the Beneficiary as a prior condition to the first disbursement of the resources of the Contribution, in accordance with guidelines indicated previously by the Bank.

- (u) “Investment Tranche” means the resources from the Contribution that can be disbursed by the Bank to the Beneficiary for the financing of Eligible Expenses.
- (v) “Local Contribution” means the resources that the Beneficiary will contribute in accordance with Section 6.4.
- (w) “Month” means the time period calculated from the day in which the computing begins, up to the equivalent day in the next calendar month. If in the month in which the time period expires there is no day equivalent to that in which the computing begins, it is understood that the time period shall expire on the last day of the month in which the time period expires.
- (x) “Participant in Bank-Financed Activity” means any firm, entity or individual bidding for or participating in an activity financed by the Bank, including, inter alia, applicants, bidders, suppliers, contractors, consulting firms and individual consultants, personnel, subcontractors, sub-consultants, service providers, concessionaires, the Beneficiary, the Executing Agency or the Contracting Agency (including their respective officers, employees and agents, irrespective of whether their authority has been formally or implicitly granted).
- (y) “Performance Tranche” means the resources of the Contribution that can be disbursed by the Bank to the Beneficiary through a single payment, when the achievement of the Goals of the respective Individual Operation has reached the minimum score indicated in the Framework Agreement and once the Beneficiary has fulfilled the special prior conditions for said disbursement indicated in Section 3.4 and those other conditions indicated in the respective Non-reimbursable Financing Agreement.
- (z) “Program” means the program financed with resources from the Facility to which the Framework Agreement refers.
- (aa) “Prohibited Practice” means any of the actions indicated in Section 5.4.
- (bb) “Section” means any of the sections of the document in which this term is being used, whether the case of these General Conditions, the Framework Agreement or the Non-reimbursable Financing Agreement.
- (cc) “Semester” means the first or second six months of a calendar year.

## **Chapter 2.**

### **Use of Resources of the Contribution**

**Section 2.1    Use of the Investment Tranche.** Resources of the Investment Tranche shall be used exclusively to finance Eligible Expenses.

**Section 2.2 Use of the Performance Tranche.** Resources of the Performance Tranche shall be used by the Beneficiary for general interventions related to improvement of health indicators in its population and shall not be used to finance Excluded Expenses as indicated in Section 7.2.

### **Chapter 3.**

#### **Rules on Disbursement**

**Section 3.1 Conditions precedent to first disbursement.** The declaration of Eligibility is subject to the fulfillment of the following requirements, to the satisfaction of the Bank:

- (a) The Bank shall have received one or more well-founded legal opinions which establish, with citations of the pertinent constitutional, legal, and regulatory provisions, that the obligations undertaken by the Beneficiary in the Framework Agreement, in the case of the first Individual Operation, and in the respective Non-reimbursable Financing Agreements, in the case of all Individual Operations, are valid and enforceable. Such opinions shall also refer to any other legal question that the Bank may reasonably deem relevant.
- (b) The Beneficiary, directly or through the Executing Agency, if any, shall have designated one or more officials to represent it in all acts relating to the implementation of the Framework Agreement, in the case of the first Individual Operation, and of the respective Individual Agreement, and shall have furnished the Bank with authentic copies of the signatures of said representatives. Should two or more officials be designated, the designation shall indicate whether such officials may act separately or must act jointly.
- (c) The Beneficiary, either directly or through the Executing Agency, if any, shall have demonstrated to the Bank that it has allocated sufficient resources to cover, at least during the first calendar year of execution of the respective Individual Operation, the expenses needed for accomplishing the objectives of the Program and the Individual Operation chargeable to the Local Contribution and the Investment Tranche.
- (d) The Beneficiary or the Executing Agency shall have demonstrated to the Bank that it has an adequate financial information system and internal control structure for the purposes indicated in these General Conditions, the Framework Agreement and in the respective Non-reimbursable Financing Agreement.
- (e) The Beneficiary, either directly or through the Executing Agency, as the case may be, shall have presented to the Bank an initial report prepared in the form indicated by the Bank, which in addition to such other information as the Bank may reasonably request pursuant to the provisions of these General Conditions, the Framework Agreement and the respective Non-reimbursable Financing Agreement, shall set forth the Implementation Plan and the content that the progress reports of the Individual Operation shall have.
- (f) Those indicated by the respective Non-reimbursable Financing Agreement, if applicable.

**Section 3.2 Period for fulfilling the conditions precedent to the first disbursement of the Resources of the Contribution.** The time period to fulfill the conditions precedent to the first disbursement of the resources of the Contribution indicated in Section 3.1 and those indicated in the Non-reimbursable Financing Agreement shall be one hundred and eighty (180) Days calculated from the date that the respective Non-reimbursable Financing Agreement has entered into effect. If in said time period the indicated conditions are not fulfilled, the Bank may proceed in accordance with Section 5.3(e).

**Section 3.3 Requisites for all disbursements.** The requisites for all disbursements are as follows:

- (a) For the Bank to make any disbursement, the following rules and procedure shall apply:
  - (i) the Beneficiary or the Executing Agency, as the case may be, shall have submitted in writing, or by electronic means in such form and conditions as may be specified by the Bank, a disbursement request signed by the representative(s) designated in accordance with Section 3.1(b) and, in support thereof, shall have supplied to the Bank such pertinent documents and other background materials as the Bank may have required;
  - (ii) the Beneficiary or the Executing Agency, as the case may be, shall have opened and maintains one or more bank accounts in a financial institution acceptable to the Bank, to which only the resources of the Investment Tranche and Performance Tranche corresponding to the respective Individual Operation shall be deposited, and shall have furnished the Bank with the necessary information regarding the account in which the disbursements shall be deposited;
  - (iii) unless the Bank otherwise agrees, disbursement requests must be presented no later than thirty (30) Days in advance of the date of expiration of the term for disbursement indicated in the respective Non-reimbursable Financing Agreement; and
  - (iv) Any banking expenses that may be charged by a third party in connection with disbursements shall be borne by the Beneficiary.
- (b) In addition, as a condition prior to each disbursement none of the circumstances described in Section 5.2 shall have occurred.

**Section 3.4 Special conditions prior to disbursement of the Performance Tranche.** The Bank will disburse the Performance Tranche provided that the Beneficiary has fulfilled the conditions and requisites indicated in Section 3.1 and Section 3.3 to the Bank's satisfaction, and the corresponding Individual Operation has obtained green light in accordance with the Framework Agreement and with the respective Non-reimbursable Financing Agreement.

**Section 3.5 Methods of disbursement.** The disbursement of resources of the Investment Tranche and the Performance Tranche shall be made using the following methods:

- (a) Once the requirements referred to in Section 3.1, Section 3.3, and those of the respective Non-reimbursable Financing Agreement that are applicable have been met, at the request of the Beneficiary the Bank may make disbursements against the resources of the Contribution corresponding to the Investment Tranche, as follows:
  - (i) by transferring to the Beneficiary the sums to which it is entitled under the Framework Agreement, these General Conditions and the respective Individual Non-reimbursable Financing Agreement, under the modality of reimbursement of expenses and Advances from the Investment Tranche;
  - (ii) by making payments to third parties on behalf of and in agreement with the Beneficiary, the Executing Agency or Contracting Agency, as appropriate; or
  - (iii) by utilizing such other modality as the parties may agree upon in writing;
  - (iv) Furthermore, unless the Parties agree otherwise, disbursements shall be made only in amounts of not less than the equivalent of one hundred thousand Dollars (US\$100,000) each.
- (b) At the request of the Beneficiary and upon fulfillment of the requirements and conditions referred to in Section 3.1, 3.3 and 3.4, the Bank may disburse the resources of the Contribution corresponding to the Performance Tranche as follows:
  - (i) through transferances to the beneficiary to be deposited in the bank account referred to in Section 3.3(a)(ii);
  - (ii) by utilizing such other modality as the parties may agree upon in writing.

**Section 3.6    Advance.** The Advance shall be subject to the following regulations:

- (a) The maximum amount of each Advance shall be set by the Bank on the basis of the liquidity needs of the respective Individual Operation to cover the periodic projected expenditures related to project implementation that may be chargeable to the Investment Tranche. At no time may the maximum amount of an Advance shall exceed the amount required to finance such expenditures, during a period of up to six (6) months, in accordance with the investment schedule and cash flow required to meet such purpose and the capacity demonstrated by the Beneficiary or the Executing Agency, as the case may be, to use the resources of the Contribution for the Investment Tranche.
- (b) The Bank may: (i) increase the maximum amount of an Advance when immediate cash flow needs that merits such increase arise, upon presentation of a request duly justified and accompanied by a statement of projected expenditures for the implementation of the respective Individual Operation during the corresponding Advance period in effect; or (ii) make a new Advance on the basis of the provisions contained in subsection (i) above, provided that at least eighty percent (80%) of the total accumulated amount of previous Advances has been justified, and that the request is duly justified and the corresponding



support documentation is presented. The Bank may take any of the previous actions, as long as the requirements of Section 3.3 and those indicated in the respective Non-reimbursable Financing Agreements are met.

- (c) The Bank may also reduce or cancel from the Contribution an amount up to the equivalent of the total accumulated amount of the Advance, in the case that it is determined that the Advance has not been duly utilized or justified in a timely manner.

**Section 3.7 Reimbursement of expenditures of the resources of the Contribution intended for the Investment Tranche.** (a) With resources of the Contribution allocated to the Investment Tranche, upon fulfillment of the conditions prior to first disbursement of resources of the Contribution referred to in Section 3.1 and the requisites for all disbursements referred to in Section 3.3 and the pertinent requirements established in the respective Non-reimbursable Financing Agreement, the Bank may disburse such resources of the Contribution to reimburse the Beneficiary or the Executing Agency, as the case may be, for expenditures related to the execution of the respective Individual Operation that are eligible to be financed with resources from the Contribution allocated to the Investment Tranche, pursuant to the provisions of the Non-reimbursable Financing Agreement.

(b) Except by express agreement between the Parties, the disbursement requests for reimbursing expenditures financed by the Beneficiary or the Executing Agency, as the case may be, in accordance with paragraph (a) above, shall be made promptly following the incurrence of such expenses by the Beneficiary or Executing Agency, or not later than sixty (60) Days following the conclusion of each Semester or within such other term as the Parties may agree.

**Section 3.8 Closing Period.** The Closing Period is ninety (90) Days calculated from the date stipulated for the final disbursement of the Investment Tranche. During the Closing Period, the Beneficiary shall fulfill the following obligations within the time periods indicated below:

- (a) Present, to the Bank's satisfaction the supporting documentation of the expenses made out of the Investment Tranche in the respective Individual Operation and any other information that the Bank may have requested; and
- (b) Return to the satisfaction of the Bank, at the latest on the Day of expiration of the Closing Period, the balance of the resources of the Contribution disbursed out of the Investment Tranche that has not been duly justified. If audit services are to be financed with resources of the Contribution, and such services will not be concluded or billed prior to the expiration of the Closing Period referred to in subsection (a) above the Beneficiary or the Executing Agency, as the case may be, shall inform and reach agreement with the Bank as to the way in which payment for such services will take place, and shall return to the Bank the resources of the Contribution allotted for such purpose, should the Bank not receive the audited financial statements and/or additional audited reports within the time periods stipulated in Section 8.3 and Section 8.4.

## Chapter 4.

### **Currency and Exchange Rate**

**Section 4.1 Currency of the Contribution.** The Bank will use Dollars to disburse the Contribution. However, the rules set forth in Section 4.2 shall be followed to determine the equivalence of the disbursements of the Contribution in other convertible currencies.

**Section 4.2 Exchange rate.** (a) For the purpose of determining the equivalency in Dollars of an expenditure incurred in the currency of the Beneficiary's country one of the following exchange rates shall be used pursuant to the provisions of the respective Non-reimbursable Financing Agreement:

- (i) the same exchange rate used in the conversion of the resources disbursed in Dollars into the currency of the Beneficiary's country. In this case, for purposes of the reimbursement of expenditures chargeable to the Contribution and the recognition of expenditures chargeable to the Local Contribution, the applicable exchange rate shall be the prevailing exchange rate on the date on which the request is presented to the Bank; or
  - (ii) the prevailing exchange rate in force in the Beneficiary's country on the effective date of the payment of the expenditure in the currency of the Beneficiary's country.
- (b) The exchange rate referred to in sub-sections (a)(i) and (a)(ii) above shall be the following:
- (i) The rate of exchange pursuant to the understanding in force between the Bank and the respective member country for the purposes of maintaining the value of the currency in conformity with the provisions of Article V, Section 3 of the Agreement Establishing the Bank.
  - (ii) Should there be no agreement in force between the Bank and the country of the Beneficiary with regard to the rate of exchange to be applied for the purpose of maintaining the value of its currency held by the Bank, the latter shall have the right to require that the rate of exchange to be applied shall be that which on the due date is utilized by the Central Bank of the member country or by the corresponding monetary authority to sell Dollars to residents of such country, other than government agencies, for the following transactions: (a) payment of principal and interest due; (b) remittance of dividends or other income from capital investments in the respective country; and (c) remittance of investment capital. In the event that there is no uniform rate of exchange for these three types of operations, the highest rate shall be applied, i.e., the rate representing the highest number of units of the currency of such country per Dollar.

- (iii) If, on the date on which the disbursement request referred to in subsection (a)(i) above is presented or in the date of payment referred to in subsection (a)(ii) above, the foregoing rule cannot be applied because the operations referred to do not exist, payment shall be made on the basis of the most recent rate of exchange used for such operations within the thirty (30) Days preceding the respective dates referred to in the subsections mentioned in this paragraph, as the case may be.
- (iv) If, notwithstanding the application of the foregoing rules, the effective rate of exchange for the purpose of determining payment cannot be ascertained, or if discrepancies arise in the determination thereof, the determination of the Bank shall prevail, taking into consideration the realities of the foreign exchange market of the country of the Beneficiary.

**Section 4.3. Valuation of Convertible Currencies.** Whenever it shall be necessary to determine the value of a currency of a country other than that of the Beneficiary in terms of another currency, such value shall be as reasonably determined by the Bank.

## **Chapter 5.**

### **Renunciation of the Contribution, Suspension of Disbursements and Cancellation of the Contribution**

**Section 5.1 Renunciation of part of the Contribution.** The Beneficiary may renounce, by written notice to the Bank, its right to utilize any part of the Contribution that has not been disbursed prior to receipt of the notice, provided that the amounts foreseen in Section 5.5 are not involved.

**Section 5.2 Suspension of disbursements.** Without prejudice to the provisions of Section 5.5 the Bank, by written notice to the Beneficiary, may suspend the disbursements of the Contribution if any of the following circumstances occurs and so long as it continues:

- (a) Non fulfillment by the Beneficiary or the Executing Agency, as the case may be, of any obligation set forth in the Framework Agreement, in any of the Non-reimbursable Agreements, or in any other agreement or contract entered into by the Beneficiary or by the Executing Agency with the Bank to finance or implement the Program.
- (b) Withdrawal or suspension of the Beneficiary from membership in the Bank.
- (c) When, in the Bank's opinion the Program, the Individual Operation or the attainment of the objectives of the Contribution may be affected by:
  - (i) any restriction, modification or alteration of the legal capacity, functions or assets of the Beneficiary or the Executing Agency; or

- (ii) any modification or change made without the written concurrence of the Bank of the basic conditions that were considered by the Bank for approval of the Program or the respective Individual Operation, for the signature of the Framework Agreement or of the respective Non-reimbursable Financing Agreement. In such cases, the Bank will have the right to require the Beneficiary and the Executing Agency to provide reasoned and detailed information. Only after hearing the Beneficiary or the Executing Agency and weighing the information and clarification received, or in the case the Beneficiary and the Executing Agency fail to respond, may the Bank suspend disbursements if it considers that the modifications made affect the Program or the respective Individual Operation, or make the execution of either of them impossible.
- (d) Any extraordinary circumstance which, in the opinion of the Bank, makes it unlikely that the Beneficiary will be able to comply with its obligations established in the Framework Agreement or in the respective Non-reimbursable Financing Agreement, or to fulfill the purposes for which they were entered into. The Beneficiary shall give notice to the Bank through the Executing Agency, as the case may be, if any of said extraordinary circumstances have occurred.
- (e) If it is determined, in accordance with the sanction procedures of the Bank that an employee, agent or representative of the Beneficiary, the Executing Agency or the Contracting Agency has committed a Prohibited Practice during the procurement process or during the execution of a contract.

**Section 5.3    Termination and cancellation.**

- (a) The Bank may terminate the Framework Agreement and Non-reimbursable Financing Agreement and cancel the part of the Contribution not yet disbursed at that date in the following cases:
  - (i) if any of the circumstances provided in subsections (a) and (b) of the preceding Section continues for more than sixty (60) Days;
  - (ii) if the information referred to in subsection (c) of the preceding Section, or the clarifications or additional information presented by the Beneficiary or the Executing Agency, if any, are not satisfactory;
  - (iii) if it is determined, in accordance with the sanctions procedures of the Bank, that any Participant in a Bank-Financed Activity has engaged in a Prohibited Practice at any stage of the procurement or during the implementation of a contract. In such case, the Bank may cancel the non-disbursed part and request the repayment of the part of the Contribution that was unequivocally related to said contractual process, when there is evidence that the representative of the Beneficiary, the Executing Agency or Contracting Agency has not taken adequate remedial measures (including, *inter alia*, providing adequate notice to the Bank upon

learning of the commission of the Prohibited Practice) within a period of time that the Bank considers reasonable.

- (b) The Bank may cancel from the undisbursed portion of the Contribution a sum equivalent to the amount of the misused or unjustified Advance, in accordance with Section 3.6(c).
- (c) The Bank may cancel the Performance Tranche, if the corresponding Individual Operation does not reach the minimum score required for its disbursement.
- (d) Unless the Bank has reached an express and written agreement with the Beneficiary, to extend the disbursement period, the portion of the Contribution not yet committed at the expiration of the disbursement period shall be automatically cancelled.
- (e) Unless the parties have agreed otherwise in writing, if the conditions precedent to first disbursement of the resources of the Contribution indicated in Section 3.1 and in the Non-reimbursable Financing Agreement have not been fulfilled within the period specified in Section 3.2, the Bank may terminate the respective Non-reimbursable Financing Agreement and cancel the respective Contribution by giving notice to the Beneficiary.

#### **Section 5.4 Prohibited Practices.**

- (a) For the purposes of the Framework Agreement and the Non-reimbursable Financing Agreements, a Prohibited Practice shall be understood to include the following acts:
  - (i) a “corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
  - (ii) a “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
  - (iii) a “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
  - (iv) a “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party; and
  - (v) an “obstructive practice” is (A) deliberately destroying, falsifying, altering or concealing evidence material to the investigation or making false statements to investigators in order to materially impede a Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its

knowledge of matters relevant to the investigation or from pursuing the investigation, or (B) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under these General Conditions.

- (b) In addition to the provisions in Section 5.2(e) and Section 5.3(a)(iii), if it is determined in accordance with the sanctions procedures of the Bank, that a Participant in Bank-Financed Activities has engaged in a Prohibited Practice at any stage during the procurement process or during the execution of a contract, the Bank may:
  - (i) not finance any proposal to award a contract for works, goods, and related services or for consultant services;
  - (ii) determine that a contract will not be eligible for Bank financing whenever there is evidence that the Beneficiary, the Executing Agency or the Contracting Agency has not taken adequate remedial measures (including, inter alia, providing adequate notice to the Bank upon learning of the commission of the Prohibited Practice) within a period of time the Bank considers reasonable;
  - (iii) issue the firm, entity or individual a reprimand in the form of a formal letter of censure for its behavior;
  - (iv) declare that a firm, entity or individual is ineligible, either permanently or for a stated period of time, to (A) be awarded or participate in contracts under activities financed by the Bank; and (B) be a nominated sub-consultant, sub-contractor, supplier or service provider of an otherwise eligible firm being awarded a Bank-financed contract;
  - (v) refer the matter to appropriate law enforcement authorities; and/or
  - (vi) Impose other sanctions that it deems to be appropriate under the circumstances, including the imposition of fines representing reimbursement to the Bank for costs associated with investigations and proceedings.
- (c) The provisions of Section 5.2(e) and Section 5.3(a)(iii) will also be applicable in cases where Participants in Bank-financed Activities have been declared temporarily ineligible for the awarding of additional contracts pending the final outcome of a sanction proceeding, or other resolution.
- (d) The imposition of any action to be taken by the Bank pursuant to the provisions referred to above will be made public.
- (e) Any Participant in Bank-financed Activities may be subject to sanctions pursuant to agreements the Bank may have with other international financial institutions regarding the mutual enforcement of debarment decisions. For purposes of this paragraph the term "sanction" shall mean any permanent debarment, conditions on future contracting or any

publicly-disclosed action taken in response to a violation of an international financial institution's applicable framework for addressing allegations of Prohibited Practices.

- (f) When the Beneficiary procures works, goods or services other than consulting services directly from a specialized agency or hires a specialized agency to provide consultant services using resources of the Financing, under an agreement between the Beneficiary and such specialized agency, all provisions under these General Conditions regarding sanctions and Prohibited Practices shall apply in their entirety to Participants in Bank-financed Activities, or to any other entities that have signed contracts with such specialized agency to supply works, goods and related services, in connection with the Bank-financed activities. The Bank reserves the right to require the Beneficiary to invoke remedies such as suspension or termination. The Beneficiary agrees that contracts with specialized agencies shall include provisions requiring them to consult the Bank's list of firms and individuals debarred, either temporarily or permanently by the Bank. In the event a specialized agency signs a contract or purchase order with a firm or an individual temporarily or permanently debarred by the Bank, the Bank will not finance the related expenditures and will apply other remedies as appropriate.

**Section 5.5 Non-affected obligations.** Notwithstanding the provisions of the foregoing Section 5.2 and Section 5.3, none of the measures set forth in this Chapter shall affect the disbursement by the Bank of any amounts which the Bank, by specific written agreement with the Beneficiary or the Executing Agency or the Contracting Agency, if any, has agreed to provide from resources of the Contribution to make payments to a contractor or to a supplier of goods or non consulting services or consultant services. The exceptions set forth in this Section shall not apply if the Bank determines that Prohibited Practices occurred with respect to the procurement of, or the negotiation or execution of the contract for, the works, goods non consulting services, or consultant services.

**Section 5.6 No waiver of rights.** Any delay by the Bank in the exercise of its rights pursuant to this Framework Agreement or any Non-reimbursable Financing Agreement, or failure to exercise them, shall not be construed as a waiver by the Bank of any such rights nor as acquiescence in events or circumstances which, had they occurred, would have empowered it to exercise them.

**Section 5.7 Non-affected provisions.** The application of any of the measures provided for by this Chapter shall not affect the obligations of the Beneficiary established in the Framework Agreement or any Non-reimbursable Financing Agreement, which shall remain in full force and effect.

## **Chapter 6.**

### **Execution of the Program**

**Section 6.1 General Provisions for the Execution of the Program and Individual Operations.**

- (a) The Beneficiary undertakes that the Program and each of its Individual Operations shall be executed with due diligence in conformity with sound financial and technical practices, and in accordance with the plans, specifications, investment schedule, budgets, regulations, operating regulations, and other documents approved by the Bank. The Beneficiary further undertakes that its obligations shall be fulfilled to the satisfaction of the Bank.
- (b) Any important modification in the plans, specifications, investment schedule, budgets, regulations, Performance Framework of the Individual Operation, or other documents which the Bank has approved, as well as any substantial change in the contract or contracts for goods or services which may be funded with the resources devoted to the execution of the Program, or in the categories of investment, shall require the written prior consent of the Bank.

**Section 6.2 Procurement of Works, Goods, Services, and Consultant Services.**

- (a) The procurement of works, goods and non-consulting services and the selection and contracting of consultant services needed for accomplishing the objectives of the Program and the Individual Operation will be carried out directly by the Beneficiary or through the Executing Agency, if applicable, in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank and the Policies for Selection and Contracting of Consultants Financed by the Inter-American Development Bank that are in effect at the time of approval of each Individual Operation, in accordance with the provisions of the respective Non-reimbursable Financing Agreement.
- (b) Contracts for execution of works, procurement of goods, and rendering of services considered Eligible Expenses shall be undertaken at a reasonable cost, which shall generally be the lowest market price, taking into account quality, efficiency, and any other pertinent factors.

**Section 6.3 Use of goods.** Except with the express authorization of the Bank, the goods acquired with the resources of the Financing shall be used exclusively for the purposes of the Program. Once the Program has been completed, the construction machinery and equipment utilized in the execution of the Program may be used for other purposes.

**Section 6.4 Local Contribution.** The Beneficiary shall contribute in a timely manner all of the resources in addition to those of the Contribution which may be necessary for the complete and uninterrupted execution of the Program or respective Individual Operation, pursuant to the provisions of the respective Non-reimbursable Financing Agreement.

**Section 6.5 Availability of Local Contribution.** The Beneficiary agrees to allocate the funds required to pay, during the implementation of the Program, the Eligible Expenses that will be financed out of resources of the Local Contribution and Investment Tranche. Within the first sixty (60) Days of each calendar year beginning with the calendar year following the Eligibility



of each Individual Operation, the Beneficiary shall demonstrate to the Bank that it will have available when needed the resources necessary to make the Local Contribution for the execution of the respective Individual Operation during that calendar year.

## **Chapter 7.**

### **Eligible Expenses and Excluded Expenses**

**Section 7.1 Characteristics of Eligible Expenses.** Works, goods, non consulting services, consultant services and other expenses acceptable to the Bank and necessary to achieve the objectives of the of the respective Individual Operation, in accordance with the provisions of the respective Non-reimbursable Financing Agreement shall be considered Eligible Expenses, and may therefore be financed with resources from the Investment Tranche, provided that the following conditions are met:

- (a) they originate from Bank member countries;
- (b) in the case of works, goods, non consulting services and consultant services, they were acquired in accordance with the procedures set forth in Section 6.2(a) and the respective Non-reimbursable Financing Agreement; and
- (c) the works, goods non consulting services, consultant services and other expenditures acceptable to the Bank, were acquired, contracted, manufactured, constructed, developed or effected, as appropriate, to achieve the objectives of the respective Individual Operation.

**Section 7.2 Excluded Expenses.** (a) The following expenses are considered Excluded and therefore cannot be financed with resources of the Performance Tranche:

- (i) Expenditures in goods included in the groups or sub-groups of the United Nations Standard International Trade Classification (SITC) list including any amendments that may be made to said groups or sub-groups:

<u>GROUPS</u>	<u>SUB-GROUPS</u>	<u>DESCRIPTION OF ITEM</u>
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semi-precious stones, worked or unworked
718	718.7	Nuclear reactors, and parts thereof, fuel elements (cartridges), non-irradiated for nuclear reactors
897	897.3	Gold, silver or platinum jewelry (except watches, and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	-	Gold, non-monetary (excluding gold ores and concentrates)

- (ii) expenditures in goods financed with another financing under medium or long terms;
- (iii) expenditures in luxury goods;
- (iv) expenditures in weapons;
- (v) expenditures in goods for the use of the armed forces;
- (vii) expenditures on political campaigns;
- (viii) expenditures on propaganda, publicity or any other activity intended to modify the laws applicable in the country;
- (ix) expenditures on lobbying;
- (x) expenditures not related to the implementation of health projects and initiatives of the Executing Agency; and
- (xi) expenditures in goods from countries that are not members of the Bank.

(b) If the Bank determines at any time, that resources of the Contribution have been used to pay for the Excluded Expenditures referred to in subsection (a) of this Section, the Beneficiary will have to immediately reimburse to the Bank the total amount of the resources of the Contribution used for the payment of said Excluded Expenditure.

## **Chapter 8.**

### **Information and Internal Control Systems**

#### **Section 8.1 Information System and Internal Control.**

- (a) The Beneficiary shall maintain: (i) a financial information system acceptable to the Bank that enables the accounting, budgeting and financial record-keeping, and, in the case of the resources of the Investment Tranche, enables the issuance of financial statements and other reports related to said resources and other financial sources, if any; and (ii) an internal control structure that enables effective Program management; provides reliability regarding the financial information and the physical, magnetic and electronic records and files, and enables the fulfillment of the provisions of this Framework Agreement and of the Non-reimbursable Financing Agreements.
- (b) The Beneficiary shall preserve the original records of the Program for a minimum period of three (3) years after the date agreed upon for the final disbursement of the Contribution in such a way as to: (i) make possible the identification of the sums received from the different sources; (ii) show, in accordance with the information system approved by the Bank, the expenditure incurred under the Program, financed both with the resources of the Contribution and with other funds provided for the complete execution of the Investment Tranche; (iii) include sufficient detail to show the works performed, goods procured and services contracted services as well as the use of such goods, works and services; (iv) provide evidence as to conformity in the authorization and payment for the purchased or contracted works, goods and services, if any; (v) maintain documentation relating to the bidding process and the execution of the contracts financed by the Bank and other financial resources, including, but not limited to, bid request, bid packages, summaries, bid evaluations, contracts, correspondence, work products and drafts, invoices, certificates and acceptance reports, and receipts, including documents relating to the payment of commissions, and payments to agents, consultants and contractors; and (vi) show the cost of the investments in each category and the physical and financial progress of works, goods and services.
- (c) The Beneficiary agrees that all bidding documents, requests for proposals and contracts related to Eligible Expenditures financed with the resources of the Contribution, shall include a provision that requires the providers of goods or services, suppliers and subcontractors, consultants and their agents, personnel or concessionaires, keep all documents and records related to Bank-finance for a period of seven (7) years after completion of the work contemplated in the contract.

**Section 8.2    Inspections.**

- (a)     The Bank may establish such inspection procedures, as it deems necessary, to ensure the satisfactory development of the Program and the achievement of its Goals.
- (b)     The Beneficiary shall permit the Bank to inspect at any time the Program and the equipment and materials involved therein, and to examine such records and documents as the Bank deems pertinent. The personnel which the Bank shall send or designate as investigators, agents, auditors or experts for this purpose shall have receive the complete cooperation of the respective authorities. All the costs relating to transportation, salaries and other expenses of such personnel shall be borne by the Bank.
- (c)     The Beneficiary, the Co-executing Agencies and the Contracting Agency, as the case may be, shall, upon request of an authorized representative of the Bank, provide to the Bank any documents, including procurement-related documents that the Bank may reasonably request. Additionally, the Beneficiary, the Co-executing Agencies and the Contracting Agency shall make their personnel available, upon reasonable notice, to respond to questions from Bank personnel which arise during the review or audit of such documents. The Beneficiary, the Co-executing Agencies and the Contracting Agency, as the case may be, shall produce the documents in a timely manner, or shall submit an affidavit to the Bank setting forth the reasons why the requested material is unavailable or is being withheld.
- (d)     If the Beneficiary, the Co-executing Agencies and the Contracting Agency, as the case may be, refuses to comply with the Bank's request, or otherwise obstructs the Bank's review of the matter, the Bank, in its sole discretion, may take appropriate action against the Beneficiary, the Co-executing Agencies or the Contracting Agency, as the case may be.
- (e)     The Beneficiary agrees that, in the bidding documents, requests for proposals and contracts relating to Eligible Expenditures financed with resources from the Contribution, shall include a provision that requires applicants, bidders, suppliers and their agents, contractors, consultants, personnel, sub-contractors, sub-consultants, service providers and concessionaires to: (i) allow the Bank to inspect any and all accounts, records and other documents relating to the submission of bids and contract performance as well as to have them audited by auditors appointed by the Bank; (ii) provide full assistance to the Bank in the case of an investigation; and (iii) deliver to the Bank any document deemed necessary for the investigation of allegations of Prohibited Practices and ensure that those employees or agents who are responsible for Bank-financed activities will be available to respond to inquiries within the context of an investigation, be it from Bank personnel or from any investigator, agent, auditor or consultant duly

assigned to the investigation. If any applicant, bidder, supplier or its agent, contractor, consulting firm or individual consultant, personnel, subcontractor, sub-consultant, service provider, or concessionaire refuses to cooperate or fails to comply with the Bank's request or otherwise obstructs an investigation carried out by the Bank, the Bank, in its sole discretion, may take appropriate action it deems appropriate against them.

**Section 8.3    Reports.** The Beneficiary or the Co-Executing Agency, as appropriate, shall present, to the satisfaction of the Bank: (i) reports on the execution of the Program, within sixty (60) Days following the end of each Semester or within such other period as the parties may agree in writing, prepared in accordance with the relevant rules agreed to with the Bank and (ii) such other reports as the Bank may reasonably request regarding the investment of the Contribution, the use of goods acquired and works or services contracted with such sums and the progress of the Program activities.

**Section 8.4    External Audit.**

- (a) The Beneficiary shall present to the Bank, within the deadlines, for the period of duration, and with the frequency provided in the Non-reimbursable Financing Agreement, the financial statements and other reports, and any additional financial information that the Bank may request, in accordance with accounting principles and standards acceptable to the Bank.
- (b) The Beneficiary agrees to have the financial statements and other reports, as indicated in the Non-reimbursable Financing Agreement, audited by independent auditors acceptable to the Bank, in accordance with auditing principles and standards acceptable to the Bank, and to present to the Bank's satisfaction such information as may be requested by the Bank related to the independent auditors whose services have been engaged.
- (c) The Borrower shall select and hire the independent auditing services that are necessary for the timely submission of the financial statements and other reports indicated in paragraph (b) above, no later than four (4) months before the closing of each fiscal year of the country of the Beneficiary, beginning on the date on which the Framework Agreement enters into effect, or such other time as may be agreed upon between the parties, in accordance with procedures and terms of reference previously agreed upon with the Bank. The Beneficiary shall authorize the external auditors to provide the Bank with any additional information it may reasonably request with respect to the audited financial statements and/or audited financial reports.
- (d) In cases in which the audit is to be performed by an official auditing agency and such agency is unable to perform the audit in accordance with requirements satisfactory to the Bank or within the deadlines, for the period of duration or with the frequency mentioned in these General Conditions, in the Framework Agreement or in the Non-reimbursable Financing Agreements, as the case may be, the Beneficiary shall select and contract the services of independent auditors acceptable to the Bank, as provided under section (c) above.

- (e) Notwithstanding the provisions above, the Bank may, on an exceptional basis and subject to prior agreement between the parties, select and hire the services of independent auditors to prepare the financial statements of the Project and other audited reports as provided in the Non-reimbursable Financing Agreements when: (i) the benefits of the selection and hiring of such services by the Bank outweigh the costs of doing so; (ii) there is limited access to auditing services within the country; or (iii) special circumstances warrant the selecting and hiring of such services by the Bank.
- (f) The Bank shall have the right to request the Beneficiary to have other types of independent audits and/or services carried out relating to the auditing of projects, of the Executing Agency and related entities, of the financial information system, and of the bank accounts of the Program, among others. The nature, frequency, scope, timing, methodology, type of applicable auditing norms, reports, selection procedures and terms of reference shall be agreed upon between the parties.
- (g) All bidding documents, requests for proposals and contracts financed by the Bank that are entered into by the Beneficiary, the Executing Agency or the Contracting Agency with a provider of goods or services, contractor, subcontractor, consultant, sub-consultant, personnel or concessionaire shall include a provision allowing the Bank to inspect any and all accounts, records and other documents related to the submission of bids and contract performance as well as to have them audited by auditors appointed by the Bank.

## **Chapter 9.**

### **Provision on Tax Exemptions**

**Section 9.1 Tax exemption.** The Beneficiary undertakes to pay any tax, fee or duty applicable to the signing, negotiation and execution of the Framework Agreement and the Non-reimbursable Financing Agreements.

## **Chapter 10.**

### **Arbitration Procedure**

**Section 10.1 Arbitration Section.** For the solution of any controversy which may arise from the Framework Agreement or any Non-reimbursable Financing Agreement signed under the Framework Agreement and which is not resolved by agreement between the parties, said parties shall unconditionally and irrevocably submit to the procedure and award of the Arbitration Tribunal referred to in this Chapter.

**Section 10.2 Composition of the Tribunal.** The Arbitration Tribunal shall be composed of three members to be appointed in the following manner: one by the Bank, another by the Beneficiary, and a third, hereinafter called the “Referee”, by direct agreement between the

parties or through their respective arbitrators. If the parties or the arbitrators fail to agree on who the Referee shall be, or if one of the parties should not designate an arbitrator, the Referee shall be appointed, at the request of either party, by the Secretary General of the Organization of American States. If either of the parties fails to appoint an arbitrator, one shall be appointed by the Referee. If either of the appointed arbitrators or the Referee is unwilling or unable to act or to continue to act, his successor shall be appointed in the same manner as for the original appointment. The successor shall have the same functions and faculties as his predecessor.

**Section 10.3 Initiation of the Procedure.** In order to submit the controversy to arbitration, the claimant shall address to the other party a written communication setting forth the nature of the claim, the satisfaction or compensation which it seeks, and the name of the arbitrator it appoints. The party receiving such communication shall, within forty-five (45) Days, notify the adverse party of the name of the person it appoints as arbitrator. If, within thirty (30) Days after delivery of such notification to the claimant, the parties have not agreed upon the person who is to act as Referee, either party may request the Secretary General of the Organization of American States to make the appointment.

**Section 10.4 Convening of the Tribunal.** The Arbitration Tribunal shall be convened in Washington, District of Columbia, United States of America, on the date designated by the Referee, and, once convened, shall meet on the dates which the Tribunal itself shall establish

**Section 10.3 Procedure.** (a) The Tribunal shall be competent to hear only the matters in controversy. It shall adopt its own procedures and may on its own initiative designate whatever experts it considers necessary. In any case, it shall give the parties the opportunity to make oral presentations.

(b) The Tribunal shall proceed *ex aequo et bono*, basing itself on the terms of the Framework Agreement and the Non-reimbursable Financing Agreement and shall issue an award even if either party should fail to appear or present its case.

(c) The award shall be in writing and shall be adopted with the concurrent vote of at least two members of the Tribunal. It shall be handed down within approximately sixty (60) Days from the date on which the Referee is appointed, unless the Tribunal determines that, due to special and unforeseen circumstances, such period should be extended. The award shall be notified to the parties by means of a communication signed by at least two members of the Tribunal, and shall be complied with within thirty (30) Days from the date of notification. The award shall be final and will not be subject to any appeal.

**Section 10.4 Costs.** The fees of each arbitrator shall be paid by the party which appointed him and the fees of the Referee shall be paid by both parties in equal proportion. Prior to the convening of the Tribunal, the parties shall agree on the remuneration of the other persons who, by mutual agreement, they deem should take part in the arbitration proceedings. If such agreement is not reached in a timely manner, the Tribunal itself shall determine the compensation which may be reasonable for such persons under the circumstances. Each party shall defray its own expenses in the arbitration proceedings, but the expenses of the Tribunal

shall be borne equally by the parties. Any doubt regarding the division of costs or the manner in which they are to be paid shall be determined, without appeal, by the Tribunal.

**Section 10.5 Notification.** All notifications relative to the arbitration or to the award shall be made in the manner provided in the Framework Agreement. The parties waive any other form of notification.



## ANNEX

### Program's Performance Framework

**Objective:** to contribute to the reduction of maternal, infant and child mortality and morbidity in the poorest districts of the country through interventions that strengthen primary health care services within the framework of the Initiative. The specific objective is to improve maternal and infant, child and reproductive health in terms of access, usage and quality and increase the use of information in decision making.

### Individual Operation's Performance Framework

#### First Individual Operation

#### Indicators for disbursement of the Performance Tranche at 18 months

Indicator <sup>1</sup>	Unit of measurement	Weight	Baseline <sup>2</sup>	Target	Source of verification <sup>3</sup>
Health facilities that have the necessary inputs for providing emergency obstetric and neonatal care according to the norms	%	0.083	60%	75%	Health Facility Survey
Health facilities that have the necessary inputs for providing pre- and post natal care according to the norms	%	0.083	75%	85%	Health Facility Survey
Health facilities that have submitted a Quality Improvement Fund (QIF) proposal to the national quality audit team	%	0.083	0	75%	Health Facility Survey
Health facilities that have the necessary inputs to provide child health care according to the norms	%	0.083	*	85%	Health Facility Survey

<sup>1</sup> The numerator and denominator for each indicator will be included in the Operations Manual, including definition of inputs and norms.

<sup>2</sup> The baseline data has been estimated in consultation with program staff and/or using the estimates produced by the model created by Institute of Health Metrics and Evaluation (IHME).

<sup>3</sup> All verifications are independent surveys. Health facility surveys include revision of medical records and verification of inputs, in agreement with the definitions in the Operations Manual.

<b>Indicator<sup>1</sup></b>	<b>Unit of measurement</b>	<b>Weight</b>	<b>Baseline<sup>2</sup></b>	<b>Target</b>	<b>Source of verification<sup>3</sup></b>
Health facilities that have implemented Quality of Care job aid tools for reproductive health	%	0.083	*	85%	Health Facility Survey
Health facilities that can submit and receive data from the Belize Health Information System (BHIS)	%	0.083	*	85%	Health Facility Survey
Health facilities that have permanent availability of all 5 types of modern family planning methods (injectable, barrier, oral, IUD, permanent) according to the norms	%	0.083	*	85%	Health Facility Survey
Health facilities that have sexual and reproductive health (SRH) educational materials specifically targeted at adolescents	%	0.083	0	85%	Health Facility Survey
Norms for improving the quality of reproductive and child health and nutrition services and for the establishment of a community platform of services adopted	Yes/No	0.083	0	Yes	Norm Approved
Community health workers (CHW) trained in the community platform	%	0.083	*	85%	Health Facility Survey
District HECOPAB <sup>4</sup> Officers that are currently monitoring the CHWs	%	0.083	*	85%	Health Facility Survey
Health facilities with a mechanism in place for carrying out patient satisfaction surveys	%	0.083	*	85%	Health Facility Survey

<sup>4</sup> Health Education and Community Participation Bureau.

\* To be updated as soon as the baseline data become available according to Section 3.5(b) of the Framework Agreement.

## Individual Operation's Performance Framework

### Second Individual Operation

#### Indicators for disbursement of the Performance Tranche at 36 months

Indicator <sup>5</sup>	Unit of measurement	Weight	Baseline <sup>6</sup>	PP <sup>7</sup> change	Source of verification <sup>8</sup>
Institutional deliveries for which oxytocin was administered immediately following birth as part of Active Management of the Third Stage of Labor (AMTSL) in the last two years for the most recent delivery	%	0.083	80%	15	Health Facility Survey
Pregnancies for which the woman attended at least one antenatal care visit during the first trimester for the most recent pregnancy in the last two years	%	0.083	26%	7	Health Facility Survey
Institutional deliveries for which immediate (within 24 hours) neonatal care was provided to the infant according to the norms in the last two years	%	0.083	50%	20	Health Facility Survey
Neonatal complications (prematurity, low birth weight, asphyxia and sepsis) managed according to norms in the last two years	%	0.083	15%	30	Health Facility Survey

<sup>5</sup> The numerator and denominator for each indicator will be included in the Operations Manual.

<sup>6</sup> The baseline data has been estimated in consultation with program staff and/or using the estimates produced by the model created by Institute of Health Metrics and Evaluation (IHME).

<sup>7</sup> Percentage point change with respect to the baseline.

<sup>8</sup> All verifications are independent surveys. Health facility surveys include revision of medical records and verification of inputs, in agreement with the definitions in the Operations Manual, including definition of inputs and norms.

Indicator <sup>5</sup>	Unit of measurement	Weight	Baseline <sup>6</sup>	PP <sup>7</sup> change	Source of verification <sup>8</sup>
Obstetric complications (sepsis, hemorrhage, severe pre-eclampsia and eclampsia) managed according to the norms in the last two years	%	0.083	20%	35	Health Facility Survey
C-sections as proportion of childbirths in the last two years <sup>9</sup>	%	0.083	30%	-10	Health Facility Survey
Children 0-23 months with low weight-for-age managed according to norms in the last two years	%	0.083	*	75% <sup>10</sup>	Health Facility Survey
Female health facility patients of reproductive age that are given family planning counseling according to the norms in the last two years	%	0.083	25%	50	Health Facility Survey (of patients)
Diarrhea cases in children 0-59 months presenting in health facilities that were treated with Oral Rehydration Solution (ORS) and zinc during their visit	%	0.083	0	90	Health Facility Survey
Deliveries for which a partograph was carried out and correctly interpreted according to the norms in the last two years for the most recent delivery	%	0.083	30%	60	Health Facility Survey
Newborns enrolled for child health services within seven days of birth in the last two years	%	0.083	75%	10	Health Facility Survey
Live births for which the women received post-partum care before the first 7 days of birth in the last two years for the most recent pregnancy	%	0.083	28%	32	Health Facility Survey

<sup>9</sup> The Optimal Range for C-sections as a proportion of childbirths is between 10-15%.

\* To be updated as soon as the baseline data become available according to Section 3.5(b) of the Framework Agreement.

<sup>10</sup> Percentage point change target is not available because the baseline is unknown.

## Individual Operation's Performance Framework

### Third Individual Operation

#### Indicators for disbursement of the Performance Tranche at 54 months

Indicator <sup>11</sup>	Unit of measurement	Weight	Baseline <sup>12</sup>	PP <sup>13</sup> change	Source of verification <sup>14</sup>
Institutional deliveries for which oxytocin was administered immediately following birth as part of Active Management of the Third Stage of Labor (AMTSL) in the last two years for the most recent delivery	%	0.083	80%	15	Health Facility Survey
Pregnancies for which the woman attended at least one antenatal care visit during the first trimester that was carried out according to the norms for the most recent pregnancy in the last two years	%	0.083	26%	14	Health Facility Survey
Institutional deliveries for which immediate (within 24 hours) neonatal care was provided to the infant according to the norms in the last two years for the most recent pregnancy	%	0.083	50%	40	Health Facility Survey
Neonatal complications (prematurity, low birth weight, asphyxia and sepsis) handled according to norms in the last two years	%	0.083	15%	75	Health Facility Survey

<sup>11</sup> The numerator and denominator for each indicator will be included in the Operations Manual, including definition of inputs and norms.

<sup>12</sup> The baseline data has been estimated in consultation with program staff and using the estimates produced by the IHME model.

<sup>13</sup> Percentage point change with respect to the baseline.

<sup>14</sup> All verifications are independent surveys. Health facility surveys include revision of medical records and verification of inputs, in agreement with the definitions in the Operations Manual.

Indicator <sup>11</sup>	Unit of measurement	Weight	Baseline <sup>12</sup>	PP <sup>13</sup> change	Source of verification <sup>14</sup>
Obstetric complications (sepsis, hemorrhage, severe pre-eclampsia and eclampsia) handled according to the norms in the last two years	%	0.083	20%	70	Health Facility Survey
C-sections as a proportion of childbirths in the last two years <sup>15</sup>	%	0.083	30%	-20	Health Facility Survey
Female health facility patients of reproductive age that are given family planning counseling according to the norms in the last two years	%	0.083	25%	50	Health Facility Survey
Women of reproductive age (15-49 years) who were not using/unable to obtain contraception during last year	%	0.083	31%	-5	Household-based survey
Infants 0–5 months of age who were fed exclusively with breast milk the previous day	%	0.083	23%	10	Household-based survey
Mothers with a child 0-23 months that can recognize 3 out of 5 signs of danger <sup>16</sup>	%	0.083	20%	40	Household-based survey
Percentage of children aged 6-23 months that consumed 60 sachets of micronutrients in the last 6 months	%	0.083	0	30	Household-based survey
Mothers who gave their children (0-59 months) ORS and zinc supplements during the last episode of diarrhea in the last two weeks	%	0.083	0	40	Household-based survey

<sup>15</sup> The Optimal Range for C-sections as a proportion of childbirths is between 10-15%.

<sup>16</sup> Danger include signs include feeding problems, or if the newborn has reduced activity, difficult breathing, a fever, fits or convulsions, or feels cold.