

NON-REIMBURSABLE FINANCING AGREEMENT No. 5139/GR-BL

between

BELIZE

and the

INTER-AMERICAN DEVELOPMENT BANK

Education Quality Improvement Program (EQIP) II

9th November 2020

NON-REIMBURSABLE FINANCING AGREEMENT

SPECIAL CONDITIONS

This non-reimbursable financing Agreement, hereinafter the “Agreement,” is entered into between BELIZE, hereinafter referred to as the “Beneficiary,” and the INTER-AMERICAN DEVELOPMENT BANK, acting in its capacity as Administrator of the IDB Grant Facility (GRF), hereinafter referred to as the “Bank” and together with the Beneficiary, as the “Parties,” on 9th November 2020.

CHAPTER I

Purpose and Constituent Elements of the Agreement, and Special Definitions

SECTION 1.01. Purpose of the Agreement. The purpose of this Agreement is to establish the terms and conditions under which the Bank grants a non-reimbursable financing to the Beneficiary to contribute to the financing and execution of the Education Quality Improvement Program (EQIP) II, the main aspects of which are set forth in the Annex.

SECTION 1.02. Constituent Elements of the Agreement. This Agreement is composed of these Special Conditions, the General Conditions, and the Annex.

SECTION 1.03. Special Definitions. In addition to the terms defined in the General Conditions, whenever the following terms are capitalized in this Agreement, they shall have the meaning assigned to them below. Any reference to the singular includes the plural and vice versa.

- (a) “AOP” means Annual Operational Plan.
- (b) “CEO” means MoEYSC Chief Executive Officer.
- (c) “CLASS” means Classroom Assessment Scoring System.
- (d) “CSEC” means Caribbean Secondary Education Certificate.
- (e) “CXC” means Caribbean Examination Council.
- (f) “EA” means Executing Agency.
- (g) “EMIS” means Education Management Information System.
- (h) “EQIP” means Education Quality Improvement Program.
- (i) “ICT” means Information & Communication Technology.
- (j) “IPP” means Inquiry -and Problem- based Pedagogy.
- (k) “ITVET” means Institute for Technical and Vocational Education and Training.
- (l) “MoEYSC” means Ministry of Education Youth Sports and Culture.
- (m) “MoF” means Ministry of Finance.
- (n) “Loan Agreement” means the Loan Contract No. 4798/OC-BL.
- (o) “Loan” means the resources from the Loan Contract.
- (p) “PACI” means Platform for Analysis of Institutional Capacity.
- (q) “PEP” means Project Execution Plan.
- (r) “PEU” means Project Execution Unit.
- (s) “POM” means Program Operation Manual.

- (t) "PSC" means Program Steering Committee.
- (u) "PSE" means Primary School Examination.
- (v) "PTA" means Parent Teacher Associations.
- (w) "RCT" means Randomized Control Trial.
- (x) "SPF" means Safeguard Policy Filter.
- (y) "STEAM" means Science Technology Engineering Arts & Mathematics.
- (z) "STEM" means Science Technology Engineering & Mathematics.
- (aa) "TEI" means Teacher Education Institutes.
- (bb) "TIMSS" means Trends in International Mathematics and Science Study.

CHAPTER II

The Contribution

SECTION 2.01. Amount and Approval Currency of the Contribution. (a) In accordance with this Agreement, the Bank agrees to grant to the Beneficiary, and the Beneficiary accepts, a non-reimbursable financing of up to the amount of two million five hundred thousand Dollars (US\$2,500,000), hereinafter the "Contribution".

(b) The Program also includes resources from the Loan Contract No. 4798/OC-BL, for up to ten million Dollars (US\$10,000,000).

SECTION 2.02. Proportionality of the Contribution and the Loan. (a) The Parties agree to maintain, during the Original Disbursement Period or any extensions thereof, the proportionality between the resources from the Loan and the Contribution.

(b) If during the Original Disbursement Period or any extensions thereof, should a reduction in the amount of the Loan occur, the Bank will reduce the amount of resources available from the Contribution in equal proportion, in order to ensure and maintain the proportionality referred to in subsection (a) above.

SECTION 2.03. Disbursement Requests and Disbursement Currency. (a) The Beneficiary may request Contribution disbursements from the Bank pursuant to Chapter III of the General Conditions.

(b) All disbursements shall be denominated and made in Dollars.

(c) The Beneficiary accepts and acknowledges that all disbursements under this Agreement will be subject to the availability of sufficient resources in the IDB Grant Facility. The Bank, prior to approving a disbursement request, must determine that the available balance in the IDB Grant Facility is greater than zero, for which the amount corresponding to the requested disbursement will be taken into account.

(d) This Agreement does not constitute a commitment or an obligation of the Bank to make disbursements to the Beneficiary. All disbursements corresponding to the Contribution will be made at the Bank's discretion and must be recorded in an approval notification addressed to the

Beneficiary. If the Bank does not approve a disbursement request, this shall not constitute and may not be considered as a breach by the Bank of the provisions established in this Agreement.

(e) The Parties agree that the disbursements of the resources from the Contribution will be made simultaneously with the disbursements of the resources from the Loan. Likewise, each disbursement of the Contribution must maintain the proportionality between the amount of the Loan and the amount of the Contribution referred to in Clause 2.02 (a) of these Special Conditions.

SECTION 2.04. Currency Availability. If the Bank is unable to obtain access to the currency requested by the Beneficiary, the Bank, in consultation with the Beneficiary, may disburse the Contribution in another currency of its choice.

SECTION 2.05. Disbursement Period. (a) The Original Disbursement Period will be five (5) years from the effective date of this Agreement. Any part of the Contribution which has not been utilized within this period shall be canceled.

(b) The aforementioned deadlines and any others that may be stipulated in this Agreement may be extended only when duly justified, and with the written consent of the Bank.

CHAPTER III

Disbursements and Utilization of the Resources of the Contribution

SECTION 3.01. Special Conditions Precedent to First Disbursement. In addition to the conditions precedent stipulated in Article 3.01 of the General Conditions, the first disbursement of the Contribution shall be subject to the fulfillment, to the satisfaction of the Bank, of the following requirements:

- (a) The approval by the Bank of the Program's Operations Manual (POM), and
- (b) The hiring of a Project Coordinator, Project Officer, Procurement Specialist and Financial Specialist within the Project Execution Unit (PEU).

SECTION 3.02. Utilization of the Resources of the Contribution. The resources of the Contribution may only be used to pay expenses that: (i) are necessary for the Project and are in accordance with its objectives; (ii) are carried out in accordance with the provisions of this Agreement and Bank policies; (iii) are adequately recorded and documented in the Beneficiary's or Executing Agency's system; and (iv) are incurred after October 27, 2020, and before the expiration of the Original Disbursement Period or any extensions thereof; such expenses are hereinafter referred to as "Eligible Expenditures."

SECTION 3.03. Applicable Exchange Rate for Expenditures Incurred in Local Currency of the Beneficiary's Country. For purposes of Article 3.10 of the General Conditions, the Parties agree that the applicable exchange rate shall be that indicated in paragraph (b)(ii) of said Article. Accordingly, the agreed exchange rate shall be the exchange rate as published in the Central Bank of Belize on the effective date in which the Borrower, the Executing Agency, or any other person

or legal entity in whom the power to incur expenditures has been vested makes the related payments to the contractor, the supplier, or beneficiary.

SECTION 3.04. Other Requirements for Utilizing Resources of the Contribution. In addition to the provisions of Article 3.01 of the General Conditions and Section 3.01 above, and before the resources of the Financing may be used to finance the activities described in the Annex, the Executing Agency shall have presented evidence to the satisfaction of the Bank that the following conditions have been fulfilled:

- (a) the final designs, as defined under paragraph 2.06(i) of the Annex, are satisfactory to the Bank prior to the initiation of the civil works;
- (b) has provided evidence that it has begun the call for bids for the specialized supervision firm prior to the initiation of civil works;
- (c) has obtained all authorizations, licenses or permits which are necessary for the execution of the civil works; and
- (d) prior to the signing of the contract for the purchase of e-learning devices, such as laptops and tablets, as set forth under Components I and II, the MoEYSC has submitted an updated Project Operation Manual (POM) which will include the new learning modality and use of equipment, and commitment for their appropriate disposal as electronic waste, in the terms and conditions previously agreed with the Bank.

CHAPTER IV

Execution of the Project

SECTION 4.01. Executing Agency. The Beneficiary, acting through the Ministry of Education Youth Sports and Culture (MoEYSC), shall be the Executing Agency of the Project.

SECTION 4.02. Procurement of Goods, Works, and Non-consulting Services. (a) For purposes of Article 2.01(24) of the General Conditions, the Parties agree that the Procurement Policies are those dated May 2019, which are contained in document GN-2349-15, approved by the Bank on July 2, 2019. If the Procurement Policies are amended by the Bank, the procurement of works, non-consulting services, and goods shall be carried out in accordance with the provisions of the modified Procurement Policies, once they are made known to the Beneficiary and the Beneficiary agrees in writing to their application.

(b) For the procurement of works, goods, and non-consulting services, any of the methods described in the Procurement Policies may be used, provided that such method has been identified for the respective procurement in the Procurement Plan approved by the Bank. The application of the procurement rules, procedures and systems of the Beneficiary or an entity of the Beneficiary will be subject to the provisions of paragraph 3.2 of the Procurement Policies and the provisions of Article 4.04(b) of the General Conditions.

(c) The threshold for determining the use of international competitive bidding will be made available to the Beneficiary or the Executing Agency, as the case may be, at <https://www.iadb.org/en/projects/project-procurement>. Below that threshold, the selection method shall be determined according to the complexity and characteristics of the procurement, which should be reflected in the Procurement Plan approved by the Bank.

(d) Regarding the use of the International Competitive Bidding method, the Bank and Beneficiary agree that the provisions of Appendix 2 of the Procurement Policies, regarding domestic margin of preference when comparing bids for the procurement of goods, may apply to goods manufactured in the country of the Beneficiary, as specified in the respective bidding document.

(e) Regarding the use of the national competitive bidding method, the respective national competitive bidding procedures may be used provided that, in the opinion of the Bank, these procedures are consistent with the Core Procurement Principles and generally compatible with Section I of the Procurement Policies, taking into account the provisions of paragraph 3.4 of the Procurement Policy, among others.

(f) Regarding the use of the national competitive bidding method, this may be used provided that the contracting or procurement is carried out in accordance with the bidding document or documents agreed to between Beneficiary and the Bank.

SECTION 4.03. Selection and Contracting of Consulting Services. (a) For purposes of Article 2.01(11) of the General Conditions, the Parties agree that the Consultant Policies are those dated May 2019, which are contained in document GN-2350-15, approved by the Bank on July 2, 2019. If the Consultant Policies are amended by the Bank, the selection and contracting of consulting services shall be carried out in accordance with the provisions of the modified Consultant Policies, once they are made known to the Beneficiary and the Beneficiary agrees in writing to their application.

(b) For the selection and contracting of consulting services, any of the methods described in the Consultant Policies may be used, provided that such method for the respective procurement has been identified in the Procurement Plan approved by the Bank. The application of the procurement rules, procedures and systems of the Beneficiary or an entity of the Beneficiary will be subject to the provisions of paragraph 3.2 of the Consultant Policies and the provisions of Article 4.04(b) of the General Conditions.

(c) The threshold for determining the shortlist of international consultants will be made available to the Beneficiary or the Executing Agency, as the case may be, at <https://www.iadb.org/en/projects/project-procurement>. Below that threshold, the shortlist may be composed entirely of national consultants of the Beneficiary's country.

SECTION 4.04. Procurement Plan Update. In order to update the Procurement Plan in accordance with the provisions of Article 4.04(c) of the General Conditions, the Beneficiary or the Executing Agency, as the case may be, shall use the procurement plan execution and monitoring system determined by the Bank.

SECTION 4.05. Other Documents Governing Project Execution. (a) The Parties agree that the Project execution shall be governed by the provisions of this Agreement and those established in Program's Operations Manual (POM). If any provision of this Agreement should present any inconsistency or contradiction with the POM, the relevant provision of this Agreement shall prevail. Moreover, the Parties agree it shall be necessary to obtain the Bank's written consent prior to making any change to the POM.

(b) The POM shall include, at a minimum, the following elements: the terms, conditions, and details of the procedures and coordination mechanisms for the operational, administrative and financial management of the Project.

SECTION 4.06. Maintenance. The Beneficiary undertakes to: (a) ensure that the works and equipment included in the Project shall be adequately maintained, according to generally accepted technical standards; and (b) present to the Bank a report on the status of said works and equipment, and an annual maintenance plan for that year during the five (5) years following the completion of the first works of the Project and within the first quarter of each calendar year. If, from the inspections conducted by the Bank or from the reports it receives, it is determined that maintenance does not meet the levels agreed upon, the Beneficiary shall undertake the necessary measures to fully correct these shortcomings.

SECTION 4.07. Environmental and Social Management. For purposes of Articles 4.06 and 5.02 of the General Conditions, the Parties agree that Project execution shall be governed by the following provisions, which have been identified as necessary for compliance with the environmental and social obligations of the Project:

- (a) Has included in the bidding documents requirements for Contractors to develop and implement an Environmental and Social Management Plan (ESMP), including communication strategies with surrounding communities, and protocols and measures to ensure community and workers health and safety, and incorporating measures and protocols to avoid propagation of COVID-19, consistent with national regulations and the requirements of the WHO, CDC and OSHA requirements.

CHAPTER V

Supervision and Evaluation of the Project

SECTION 5.01. Supervision of Project Execution. For purposes of Article 5.02 of the General Conditions, the documents that, as of the date of signature of this Agreement, have been identified as necessary to supervise progress in the execution of the Project are:

- (a) Annual Operating Plans (AOP), which shall be presented within sixty (60) days prior to the beginning of each calendar year, and must include the updated PEP; and

- (b) Semiannual progress reports, which shall be presented within sixty (60) days and must include the outcomes and outputs achieved in the execution of the AOP, the Procurement Plan, and the Project Results Matrix. The Beneficiary agrees to participate, through the Executing Agency, in joint evaluation meetings with the Bank, to be held within thirty (30) days following the receipt of the aforementioned reports. The report for the second half of each year shall include the proposed AOP for the following year, which shall be agreed upon with the Bank during the corresponding joint evaluation meeting.

SECTION 5.02. Supervision of the Financial Management of the Project. (a) For purposes of Article 5.03 of the General Conditions, as of the date of signature of this Contract, the following external audit financial reports and other reports have been identified as necessary to supervise the financial management of the Project: (i) the annual financial audit report of the Project to be submitted within one hundred twenty (120) days following the end of each Project fiscal year; and (ii) a final financial audit report of the Project to be submitted within one hundred twenty (120) days after the date of the last disbursement.

(b) For purposes of Article 5.03(a) of the General Conditions, the fiscal year of the Project is the period between April 1 and March 31 of each year.

SECTION 5.03. Evaluation of Results. In order to determine the degree of compliance with the Project's objective and its results, the Beneficiary or the Executing Agency, as the case may be, shall provide the Bank with the following information:

- (a) Within a period of twelve (12) months from the effective date of the Agreement: (i) the baseline data pertaining to the categories set forth in paragraphs 2.11 and 2.12 of the Annex to this Agreement; and (ii) a description of the procedure that will be followed in compiling and processing the annual data to be used for the comparison with the initial baseline data to evaluate the results of the execution of the Project;
- (b) At the end of three (3) years from the effective date of this Agreement, an intermediate evaluation report on the results of the Project, based on the methodology and in accordance with the guidelines set forth in paragraphs 2.11 and 2.12 of the Annex; and
- (c) At the end of the Original Disbursement Period, a final evaluation report on the results of the Project, based on the methodology and in accordance with the guidelines set forth in paragraphs 2.11 and 2.12 of the Annex.

CHAPTER VI

Miscellaneous Provisions

SECTION 6.01. Entry into Effect of the Agreement. This Agreement shall enter into effect on the signature date.

SECTION 6.02. Communications and Notices. (a) Any notice, request, communication, or report from one Party to another by virtue of this Agreement related to the execution of the Project, with the exception of the notices indicated in paragraph (b) hereof, shall be made in writing and shall be considered to have been made when the relevant document is delivered to the addressee at the respective address given below, or by electronic means under such terms and conditions as the Bank establishes and communicates to the Beneficiary, unless the Parties agree otherwise.

For the Beneficiary:

Mailing address:

Financial Secretary
Government of Belize
Ministry of Finance
Sir Edney Cain Building
Belmopan, Belize

Facsimile: (501) 822-2886

Email address: Joseph.waight@mof.gov.bz

For the Executing Agency:

Mailing address:

Chief Executive Officer
Government of Belize
Ministry of Education, Youth, Sports and Culture
West Block Building
Belmopan, Belize

Facsimile: (501) 822-3389

Email address: ceo@moe.gov.bz

For the Bank:

Mailing address:

Inter-American Development Bank
Country Office in Belize
1024 Newtown Barracks
Marina Towers Building
Belize City, Belize

Facsimile: (501) 221-5312

Email address: IDBBelize@iadb.org

(b) Any notice from one party to another by virtue of this Agreement regarding matters other than those related to the execution of the Project, including disbursement requests, shall be made in writing and sent by certified mail, electronic mail, or facsimile addressed to its addressee at any of the respective addresses given below and shall be considered to have been made when the relevant document is delivered to the addressee at the respective address given below, or by electronic means under such terms and conditions as the Bank establishes and communicates to the Beneficiary, unless the Parties agree otherwise.

For the Beneficiary:

Mailing address:

Financial Secretary
Government of Belize
Ministry of Finance
Sir Edney Cain Building
Belmopan, Belize

Facsimile: (501) 822-2886

Email address: Joseph.waight@mof.gov.bz

For the Bank:

Mailing address:

Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577
U.S.A.

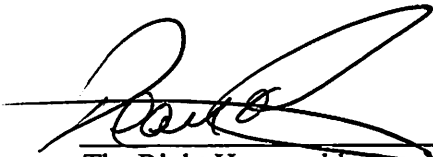
Facsimile: (202) 623-3096

SECTION 6.03. **Commitment to Arbitrate.** For the resolution of any conflict arising out of or connected with this Agreement and which is not resolved by agreement between the Parties, they unconditionally and irrevocably submit themselves to the procedure and ruling of the Arbitration Tribunal referred to in Chapter X of the General Conditions.

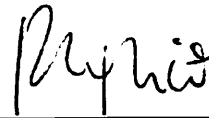
IN WITNESS WHEREOF, the Beneficiary and the Bank, each acting through its authorized representative, have signed this Agreement in two (2) equally authentic copies in Belmopan, Belize, on the date indicated above.

BELIZE

INTER-AMERICAN DEVELOPMENT
BANK



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



Ramiro López Ghio
Bank's Representative in Belize

**NON-REIMBURSABLE FINANCING AGREEMENT
GENERAL CONDITIONS
January 2020**

**CHAPTER I
Application and Interpretation**

ARTICLE 1.01. Application of the General Conditions. These General Conditions are uniformly applicable to the non-reimbursable investment financing contracts with resources from its donors, which the Bank enters into with its member countries or with other beneficiaries.

ARTICLE 1.02. Interpretation. (a) **Inconsistency.** In the event of contradiction or inconsistency between the provisions of the Special Conditions, any annex of the Agreement, and these General Conditions, those provisions shall prevail over the provisions of these General Conditions. In the event of contradiction or inconsistency between provisions of a single element of this Agreement, or between the provisions of the Special Conditions, any annex of the Agreement, the specific provision shall prevail over the general.

(b) **Headings and Subheadings.** Any heading or subheading of the chapters, articles, clauses, or other sections of this Agreement are included solely for reference and should not be taken into account in the interpretation of this Agreement.

(c) **Periods.** Unless this Agreement provides otherwise, periods expressed in days, months, or years shall be understood as calendar days, months, or years.

**CHAPTER II
Definitions**

ARTICLE 2.01. Definitions. Whenever the following terms are capitalized in this Agreement or in the Guarantee Agreement(s), if any, they shall have the meaning set forth below. Any reference to the singular includes the plural and vice versa.

1. “Additional Resources” means resources that are additional to those financed by the Bank, which are necessary for the complete and uninterrupted execution of the Project.
2. “Advance of Funds” means the amount of resources advanced by the Bank to the Beneficiary, chargeable to the Contribution, to cover eligible expenditures of the Project, as provided in Article 3.07 of these General Conditions.

3. "Approval Currency" means the currency in which the Bank approves the Contribution, which may be Dollars or any Local Currency.
4. "Bank" shall have the meaning assigned to it in the Special Conditions.
5. "Board" means the Board of Executive Directors of the Bank.
6. "Beneficiary" shall have the meaning assigned to it in the recitals of the Special Conditions.
7. "Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City.
8. "Closing Period" means a period of up to ninety (90) days from the expiration date of the Original Disbursement Period, or any extension thereof.
9. "Agreement" means this Contribution Agreement.
10. "Contracting Agency" means the entity with legal capacity to enter into Agreements, and which, in agreement with the Beneficiary or the Executing Agency, as the case may be, assumes all or part of the responsibility for the procurement of goods or works, consulting services or non-consulting services for the Project.
11. "Consultant Policies" mean the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank in force at the time of the approval of the Investment Grant by the Bank.
12. "Core Procurement Principles" means the principles that guide the procurement activities and the selection processes pursuant to the Procurement Policies and the Consultant Policies, being the following: value for money, economy, efficiency, equality, transparency, and integrity.
13. "Dollar" means the legal tender of the United States of America.
14. "Eligible Expenditure" shall have the meaning assigned to it in the Special Conditions.
15. "Executing Agency" means the entity with legal capacity responsible for executing the Project and for using the proceeds of the Contribution. Whenever there is more than one Executing Agency, these will be co-executing agencies and shall be referred to indistinctly as "Executing Agencies" or "Co-executing Agencies."

16. "Financial Plan" means 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.
17. "General Conditions" mean the entirety of articles which comprise the second part of this Agreement.
18. "Contribution" shall have the meaning assigned to it in the Special Conditions.
19. "Local Currency" means any currency other than the Dollar that is legal tender in the countries of Latin America and the Caribbean.
20. "Original Disbursement Period" means the original period for disbursements of the Contribution, which is set forth in the Special Conditions.
21. "Parties" shall have the meaning assigned to it in the introduction to the Special Conditions.
22. "Principal Currency" means any currency other than the Dollar or Local Currency that is legal tender in the member countries of the Bank.
23. "Procurement Plan" means a tool for programming and monitoring the procurement related to the Project, in the terms described in the Special Conditions, Procurement Policies, and Consultant Policies.
24. "Procurement Policies" mean the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank in force at the time of the approval of the Contribution by the Bank.
25. "Prohibited Practices" mean the practices prohibited by the Bank in connection with the activities it finances, as defined by the Board or that are defined in the future and communicated to the Beneficiary, including among others: corrupt practice, fraudulent practice, coercive practice, collusive practice, obstructive practice, and misappropriation.
26. "Project" or "Program" means the project or program identified in the Special Conditions comprising a set of activities with a development objective that are financed by proceeds of the Contribution.
27. "Quarter" means each of the following three-month (3-month) periods of the calendar year: the period beginning on January 1 and ending on March 31; the period beginning on April 1 and ending on June 30; the period beginning on July 1 and ending on September 30; and the period beginning on October 1 and ending on December 31.
28. "Semester" means the first or second six (6) months of a calendar year.

29. “Special Conditions” mean the entirety of provisions which comprise the first part of this Agreement.

CHAPTER III

Disbursements, Renunciation, and Automatic Cancellation

ARTICLE 3.01. Conditions Precedent to First Disbursement of Resources of the Contribution. Without prejudice to the other requirements set forth in the Special Conditions, the first disbursement of the resources of the Contribution shall be 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 this Agreement, and those of the Guarantor in the Guarantee Agreements, if any, are valid and enforceable. Such opinions shall also refer to any other legal question that the Bank may deem relevant.
- (b) The Beneficiary or the Executing Agency, as the case may be, shall have designated one or more officials to represent it for purposes of requesting disbursements of the Contribution and for other acts relating to the financial management of the Project, 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 or the Executing Agency, as the case may be, shall have provided to the Bank information in writing, through its representative authorized to request disbursements of the Contribution, regarding the bank account into which disbursements of the Contribution are to be deposited. Separate accounts shall be required for disbursements in Local Currency, Dollars, and Principal Currency. This information will not be necessary in the event the Bank agrees that the resources of the Contribution are to be posted in the Beneficiary’s general treasury account.
- (d) The Beneficiary or Executing Agency, as the case may be, shall have demonstrated to the Bank that it has an adequate financial information system and internal control structure for the purposes indicated in this Agreement.

ARTICLE 3.02. Period for Fulfilling the Conditions Precedent to First Disbursement. If within one hundred eighty (180) days from the effective date of this Agreement, or within such longer period as the Parties may agree in writing, the conditions precedent to the first disbursement established in Article 3.01 of these General Conditions and other conditions precedent to the first disbursement agreed upon in the Special Conditions have not been fulfilled, the Bank may terminate this Agreement in advance by giving notice to the Beneficiary.

ARTICLE 3.03. Conditions for All Disbursements. (a) As a condition for all disbursements and without prejudice to the conditions precedent to the first disbursement of the resources of the Contribution established in Article 3.01 of these General Conditions and in the Special Conditions, if any, the Beneficiary or the Executing Agency, as the case may be, undertakes to present to the Bank in writing, whether physically or by electronic means, in such form and conditions as may be specified by the Bank, a disbursement request together with the pertinent documents and other background materials required by the Bank. Unless the Bank agrees otherwise, the last disbursement request shall be presented to the Bank no later than thirty (30) days in advance of the expiration date of the Original Disbursement Period or any extension thereof.

(b) 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.

(c) Any charge, fee, or expense assessed to the bank account into which disbursements of the resources of the Contribution are deposited shall be borne by, and are the responsibility of, the Beneficiary or the Executing Agency, as the case may be.

ARTICLE 3.04. Income Generated in the Bank Account for Disbursements. Income generated from the resources of the Contribution deposited in the bank account designated to receive disbursements shall be used to finance Eligible Expenditures.

ARTICLE 3.05. Disbursement Methods. At the request of the Beneficiary or the Executing Agency, as the case may be, the Bank may make disbursements of the resources of the Contribution through: (a) reimbursement of expenditures; (b) Advance of Funds; (c) direct payments to third parties; and (d) reimbursement under a letter of credit guarantee.

ARTICLE 3.06. Reimbursement of Expenditures. (a) The Beneficiary or the Executing Agency, as the case may be, may request disbursements under the reimbursement of expenditures method when the Beneficiary or the Executing Agency, as the case may be, has paid for Eligible Expenditures with its own resources.

(b) Unless the Parties agree otherwise, disbursement requests for reimbursing expenditures shall be made promptly to the extent that the Beneficiary or the Executing Agency, as the case may be, has incurred such expenditures, and not later than sixty (60) days following the conclusion of each calendar semester.

ARTICLE 3.07. Advance of Funds. (a) The Beneficiary 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 during a period of up to six (6) months, unless the Financial Plan 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 Beneficiary or the Executing Agency, as the case may be, to manage and use the resources of the Contribution.

(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 Beneficiary or the Executing Agency, as the case may be, having presented a justification for the use of at least eighty percent (80%) 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 Beneficiary or the Executing Agency, as the case may be, to the extent that additional resources are needed to pay Eligible Expenditures that were unforeseen in said plan.

(d) The Beneficiary 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 Beneficiary 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 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 Agreement. 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.

ARTICLE 3.08. Direct payments to third parties. (a) The Beneficiary or the Executing Agency, as the case may be, may request disbursements under the method of direct payments to third parties, by means of which the Bank directly pays Eligible Expenditures to providers or contractors on behalf of the Beneficiary or the Executing Agency, as the case may be.

(b) In case of direct payments to third parties, the Beneficiary or the Executing Agency shall be responsible for payment of the amount equivalent to the difference between the amount of the disbursement requested by the Beneficiary or the Executing Agency and the amount received by the third party as the result of exchange rate fluctuations, commissions, and other financial costs.

(c) Notwithstanding paragraph (a) above and Article 6.04(b) of these General Conditions, whenever the Bank so determines, it may, by written notice to the Beneficiary or the Executing Agency, as appropriate, render void the request for direct payment submitted by the Beneficiary or the Executing Agency, as the case may be.

ARTICLE 3.09. Reimbursement under a Letter of Credit Guarantee. The Beneficiary or the Executing Agency, as the case may be, may request disbursements through reimbursement under a letter of credit, in order to reimburse commercial banks for payments made to contractors or providers of goods and services by virtue of a letter of credit issued and/or confirmed by a

commercial bank and guaranteed by the Bank. The letter of credit must be issued and/or confirmed in a manner satisfactory to the Bank. The resources committed under the letter of credit and guaranteed by the Bank shall be used exclusively for the purposes established in the letter of credit for as long as the guarantee remains in effect.

ARTICLE 3.10. Exchange rate. (a) The Beneficiary undertakes to justify, or to cause the Executing Agency to justify, as the case may be, expenditures chargeable to the Contribution or the Additional Resources, expressing such expenditures in either the currency of denomination or the Approval Currency of the respective disbursement.

(b) To determine the equivalence of an Eligible Expenditure incurred in the Local Currency of the Beneficiary's country to the currency in which the disbursements are made, or alternatively to the Approval Currency, for purposes of accounting and justification of expenses, regardless of the source of financing of the Eligible Expenditure, one of the following exchange rates shall be used, pursuant to the Special Conditions:

- (i) the exchange rate in force on the date on which the Approval Currency or disbursement currency is converted into the Local Currency of the Beneficiary's country; or
- (ii) the exchange rate in force on the date of payment of the expenditure in the Local Currency of the Beneficiary's country.

(c) In those cases in which the exchange rate established in paragraph (b)(i) of this Article is selected, to determine the equivalent of expenditures incurred in the Local Currency chargeable to the Additional Resources or the reimbursement of expenditures chargeable to the Contribution, the rate used shall be the exchange rate agreed upon with the Bank in the Special Conditions.

ARTICLE 3.11. Receipts. At the request of the Bank, the Beneficiary shall sign and deliver to the Bank, upon completion of disbursements, a receipt or receipts for the amounts disbursed.

ARTICLE 3.12. Renunciation of Part of the Contribution. The Beneficiary may renounce, by notice to the Bank, its right to utilize any part of the Contribution which has not been disbursed before the receipt of such notice, provided that the resources of the Contribution are not subject to the guarantee of an irrevocable letter of credit, pursuant to Article 6.04 of these General Conditions.

ARTICLE 3.13 Automatic Cancellation of Portion of the Contribution. Upon expiration of the Original Disbursement Period and any extension thereof, any portion of the Contribution not committed or disbursed shall automatically be cancelled.

ARTICLE 3.14. Closing Period. (a) The Beneficiary undertakes to carry out, or to cause the Executing Agency to carry out, as the case may be, the following actions during the Closing Period: (i) finalize pending payments to third parties, if any; (ii) reconcile its records and present to the Bank's satisfaction the supporting documentation relating to expenditures charged to the Project

and other information that the Bank may request; and (iii) return to the Bank the unjustified balance of disbursed resources of the Contribution.

(b) Notwithstanding the foregoing, if this Agreement provides for external financial audit reports financed with resources of the Contribution, the Beneficiary or the Executing Agency, as the case may be, agrees to reserve, in the manner agreed with the Bank, sufficient resources to cover the payment of the corresponding auditing services. In this case, the Beneficiary or the Executing Agency, as the case may be, also undertakes to agree with the Bank as to how the corresponding payments for such audits will be made. In the event the Bank does not receive the above-mentioned external financial audit reports within the periods stipulated in this Agreement, the Beneficiary or the Executing Agency, as the case may be, agrees to return to the Bank the resources reserved for such purpose, which shall not be construed as a waiver by the Bank to exercise the rights set forth in Chapter V of this Agreement.

CHAPTER IV **Execution of the Project**

ARTICLE 4.01. Financial Management Systems and Internal Control. (a) The Beneficiary shall maintain, or cause the Executing Agency and Contracting Agency, if any, to maintain, as the case may be, internal controls so as to reasonably ensure: (i) that Project resources are used for the purposes of this Agreement, devoting special attention to the principles of economy and efficiency; (ii) that Project assets are adequately safeguarded; (iii) that Project transactions, decisions, and activities are duly authorized and executed in accordance with the provisions of this Agreement and any other Agreement related to the Project; and (iv) that transactions are properly documented and recorded in a way that facilitates the production of timely and reliable reports.

(b) The Beneficiary shall maintain, and shall cause the Executing Agency and the Contracting Agency, if any, to maintain, an acceptable and reliable financial management system for the timely management of Project resources that provides for: (i) financial planning; (ii) accounting, budgetary, and financial record-keeping; (iii) Agreement administration; (iv) payment processing; (v) the issuance of financial audit reports and other reports associated with the resources of the Contribution, the Additional Resources, and other financing sources of the Project, if any.

(c) The Beneficiary shall preserve, and shall cause the Executing Agency or the Contracting Agency, as the case may be, to preserve, the original records of the Project for a minimum period of three (3) years after the expiration date of the Original Disbursement Period or any extension thereof. Such documents and records shall be maintained adequately in order to: (i) substantiate Project-related activities, decisions, and transactions, including all expenditures incurred; and (ii) show the correlation of the expenditures incurred under the Contribution to the respective disbursement made by the Bank.

(d) The Beneficiary shall include, or cause the Executing Agency and the Contracting Agency, if any, to include in all bidding documents, requests for proposals, and Agreements financed with the resources of the Contribution that they enter into, respectively, a provision

requiring that providers of goods or services, contractors, subcontractors, consultants and their agents, personnel, subconsultants, subcontractors, or concessionaires contracted by them, keep all documents and records related to activities financed with resources of the Contribution for a period of seven (7) years after completion of the work contemplated in the relevant Agreement.

ARTICLE 4.02. Additional Resources. The Beneficiary, directly or through the Executing Agency, as the case may be, commits to contribute Additional Resources in a timely manner. If, as of the approval date of the Contribution by the Bank, it has been determined that Additional Resources are needed, the estimated amount of such Additional Resources shall be that specified in the Special Conditions. Whether or not an estimate of the amount of the Additional Resources has been determined shall neither limit nor diminish the obligation of the Beneficiary, directly or through the Executing Agency, to contribute in a timely manner all additional resources which may be necessary for the complete and uninterrupted execution of the Project.

ARTICLE 4.03. General Provisions for Execution of the Project. (a) The Beneficiary shall execute, or cause the Executing Agency, as the case may be, to execute the Project in accordance with the objectives thereof, with due diligence in an economically, financially, administratively, and technically efficient manner, and in accordance with the provisions of this Agreement and the plans, specifications, investment schedule, budgets, regulations, and other relevant documents of the Project approved by the Bank. The Beneficiary or the Executing Agency, as the case may be, further agrees that all of its obligations shall be fulfilled to the satisfaction of the Bank.

(b) Any significant modification of the plans, specifications, investment schedule, budgets, regulations, or other documents which the Bank approves, as well as any substantial change in Agreements financed with resources of the Contribution, shall require the written consent of the Bank.

(c) In case of contradiction or inconsistency between the provisions of this Agreement and any plan, specification, investment schedule, budget, regulations, or other relevant document of the Project approved by the Bank, the provisions of this Agreement shall prevail over those documents.

ARTICLE 4.04. Selection and Contracting of Works and Non-consulting Services, Procurement of Goods, and Selection and Contracting of Consulting Services. (a) Subject to the provisions of paragraph (b) of this Article, the Beneficiary undertakes to carry out and, where appropriate, cause the Executing Agency or the Contracting Agency, if any, to carry out the procurement of works and non-consulting services, as well as the procurement of goods, in accordance with the Procurement Policies and the Procurement Plan approved by the Bank, and the selection and Contracting of consulting services, in accordance with the Consultant Policies and the Procurement Plan approved by the Bank. The Beneficiary represents that it is aware of the Procurement Policies and Consultant Policies and undertakes to inform the Executing Agency, and the Contracting Agency, as the case may be, of these Policies.

(b) When the Bank has satisfactorily assessed and deemed acceptable the procurement rules, procedures and systems of the Beneficiary or an entity of the Beneficiary, the Beneficiary or the Executing Agency, as the case may be, may carry out the procurement and Contracting

financed wholly or partially with resources of the Contribution using such procurement rules, procedures and systems, in accordance with the terms of the acceptance of the Bank and applicable accepted legislation and processes. The terms of such acceptance shall be notified in writing by the Bank to the Beneficiary and the Executing Agency. Use of the procurement rules, procedures and systems of the Beneficiary or an entity of the Beneficiary may be suspended by the Bank when, in its opinion, changes have occurred in the parameters or practices the Bank used as the basis for its acceptance, until such time as the Bank determines whether such changes are compatible with international best practices. During such suspension, the Procurement Policies and Consultant Policies of the Bank will apply. The Beneficiary, directly or through the Executing Agency, as the case may be, undertakes to notify the Bank of any change in the applicable legislation or processes that have been so accepted. The use of procurement rules, procedures and systems of the Beneficiary or an entity of the Beneficiary does not constitute a waiver of the application of the provisions set forth in Section I of the Procurement Policies and Consultant Policies, including the requirement that the respective procurement and Contracting of services be contained in the Procurement Plan and is subject to the remaining provisions of this Agreement. The provisions of Section I of the Procurement Policies and Consultant Policies shall apply to all Agreements, regardless of amount or Contracting method. The Beneficiary agrees to include, or to cause the Executing Agency, as the case may be, to include in the model bidding documents, Agreements, and instruments used in electronic or information systems (in physical or electronic media) measures to ensure the application of the provisions set forth in Section I of the Procurement Policies and Consultant Policies, including the provisions on Prohibited Practices.

(c) The Beneficiary agrees to update, or to cause the Executing Agency, as the case may be, to maintain an updated Procurement Plan, and to update the Procurement Plan at least annually or more frequently, depending on the Project needs. Each updated version of the Procurement Plan shall be submitted for review and approval of the Bank.

(d) The Bank will conduct a review of the selection, Contracting, and procurement processes, as set forth in the Procurement Plan. At any time during the execution of the Project, the Bank may change the method of review of these processes, with prior notice to the Beneficiary or the Executing Agency. The changes approved by the Bank shall be reflected in the Procurement Plan.

ARTICLE 4.05. Use of Goods. Except as otherwise expressly authorized by the Bank, any goods procured with the resources of the Contribution shall be used exclusively for the purposes of the Project.

ARTICLE 4.06. Environmental and Social Safeguards. (a) The Beneficiary, directly or through the Executing Agency, as the case may be, agrees to carry out the execution (preparation, construction, and operation) of the activities included in the Project in accordance with the environmental and social policies of the Bank, pursuant to the specific provisions on environmental and social considerations included in the Special Conditions.

(b) The Beneficiary, directly or through the Executing Agency, as the case may be, agrees to immediately inform the Bank of any noncompliance with the environmental and social obligations set forth in the Special Conditions.

(c) The Beneficiary, directly or through the Executing Agency, as the case may be, agrees to implement a corrective action plan, agreed upon with the Bank, to mitigate, correct, and compensate any adverse consequences that may result from the failure to comply with the implementation of the environmental and social obligations set forth in the Special Conditions.

(d) The Beneficiary agrees to allow the Bank, whether directly or through the Contracting of consulting services, to carry out supervision activities, including environmental and social audits of the Project, in order to confirm compliance with the environmental and social obligations set forth in the Special Conditions.

ARTICLE 4.07. Ineligible Expenditures for the Project. In the event that the Bank determines that an expenditure incurred does not meet the requirements to be considered an Eligible Expenditure or Additional Resources, the Beneficiary or the Executing Agency, as the case may be, shall take such actions as are necessary to remedy the situation, including reimbursement of the resources of the Contribution used for ineligible expenses, as required by the Bank, without prejudice to any other measures the Bank may exercise under this Agreement.

CHAPTER V

Supervision and Evaluation of the Project

ARTICLE 5.01. Inspections. (a) The Bank may establish such procedures as it deems necessary to ensure the satisfactory development of the Project.

(b) The Beneficiary shall permit, or cause the Executing Agency, as the case may be, and the Contracting Agency, if any, to permit the Bank, its investigators, agents, auditors, and experts it engages, to inspect, at any time, the Project and the facilities, equipment, and materials involved therein, and to examine such systems, records, and documents as the Bank may deem pertinent. In addition, the Beneficiary or the Executing Agency, as the case may be, and the Contracting Agency, if any, shall ensure that their agents fully cooperate with the personnel which the Bank sends or designates for this purpose. All the costs relating to transportation, salaries, and other expenses of such personnel shall be borne by the Bank.

(c) The Beneficiary shall provide, or cause the Executing Agency, as the case may be, and the Contracting Agency, if any, to provide to the Bank any documents relating to the Project that the Bank may request, in a form and within a time frame acceptable to the Bank. Without prejudice to any measures the Bank may take under this Agreement in the event such documentation is not available, the Beneficiary or the Executing Agency, as the case may be, and the Contracting Agency, if any, shall submit an affidavit to the Bank setting forth the reasons why the requested material is unavailable or is being withheld.

(d) The Beneficiary shall include, or cause the Executing Agency, as the case may be, and the Contracting Agency, if any, to include a provision in bidding documents, requests for proposals, and Agreements entered into by them relating to the execution of the Contribution in order to: (i) allow the Bank, its investigators, agents, auditors, or experts, to inspect accounts,

records, and other documents relating to the submission of bids and to the performance of the corresponding Agreement or agreement; and (ii) provide that such accounts, records, and documents may be submitted to the auditors designated by the Bank for an opinion.

ARTICLE 5.02. Plans and Reports. To enable the Bank to supervise progress in the execution of the Project and the scope of its results, the Beneficiary, directly or through the Executing Agency, as the case may be shall:

- (a) Present to the Bank the information, plans, reports, and other documents in such form and substance as the Bank may reasonably request, based on the progress of the Project and its level of risk;
- (b) Comply with the actions and obligations established in such plans, reports, and other documents agreed upon with the Bank;
- (c) Inform the Bank upon identifying any risks or significant changes that cause or may cause delays or difficulties in Project execution; and
- (d) Inform the Bank within no more than thirty (30) days of the initiation of any proceedings, claim, suit, or legal, arbitral, or administrative action relating to the Project and keep the Bank informed on the status thereof.

ARTICLE 5.03. External Financial Audit Reports and other Financial Reports. (a) Unless the Special Conditions establish otherwise, the Beneficiary, directly or through the Executing Agency, as the case may be, shall present the Bank with the external financial audit reports and other reports identified in the Special Conditions within one hundred twenty (120) days following the closing of each fiscal year of the Project and within the Original Disbursement Period or any extension thereof, and within one hundred twenty (120) days following the date of the last disbursement.

(b) In addition, the Beneficiary, directly or through the Executing Agency, as the case may be, shall present to the Bank other financial reports in such form and with such content and frequency as the Bank may reasonably request during the Project's execution when, in the opinion of the Bank, the analysis of the level of the Project's fiduciary risk, complexity, or nature so warrant.

(c) Any external audit that may be required under the provisions of this Article and the corresponding provisions of the Special Conditions shall be performed by independent auditors who have been previously accepted by the Bank or by a supreme audit institution previously accepted by the Bank, in accordance with auditing principles and standards acceptable to the Bank. The Beneficiary, directly or through the Executing Agency, as the case may be, shall authorize the supreme audit institution or the independent auditors to provide the Bank with such additional information it may reasonably request with respect to the external financial audit reports.

(d) The Beneficiary, directly or through the Executing Agency, as the case may be, shall select and Agreement the independent auditors indicated in paragraph (c) above, in

accordance with the procedures and terms of reference agreed upon with the Bank. In addition, the Beneficiary or the Executing Agency, as the case may be, shall provide to the Bank any information it requests relating to the independent auditors under Agreement.

(e) In the event an external audit required under the provisions of this Article and the corresponding provisions of the Special Conditions is to be performed by a supreme audit institution and such agency is unable to perform the audit in accordance with requirements satisfactory to the Bank or within the deadlines, for the period, or with the frequency stipulated in this Agreement, the Beneficiary or the Executing Agency, as the case may be, shall select and Agreement the services of independent auditors acceptable to the Bank, as provided under paragraphs (c) and (d) of this Article.

(f) Notwithstanding the provisions above, the Bank may, on an exceptional basis, select and Agreement the services of independent auditors to audit the financial audit reports provided for in this Agreement when: (i) pursuant to the findings of a Bank-conducted cost-benefit analysis, it is determined that the benefits associated with the hiring of such services by the Bank outweigh the costs; (ii) there is limited access to auditing services in the country; or (iii) special circumstances warrant the selecting and hiring of such services by the Bank.

(g) The Bank reserves the right to request the Beneficiary or the Executing Agency, as the case may be, to have external audits other than financial audits or to have 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 Project, among others. The nature, frequency, scope, timing, methodology, type of applicable auditing norms, reports, auditor selection procedures, and terms of reference for the audits shall be agreed upon between the Parties.

CHAPTER VI

Suspension of Disbursements and Partial Cancellations

ARTICLE 6.01. Suspension of Disbursements. The Bank, by written notice to the Beneficiary, may suspend disbursements if any of the following circumstances occurs and so long as it continues:

- (a) Delay in the payment of any sums owed by the Beneficiary to the Bank as reimbursements of the Contribution used for ineligible expenditures, or for any other reason, under this Agreement or any other Agreement entered into between the Bank and the Beneficiary, including another Contribution Agreement.
- (b) Noncompliance by the Beneficiary, the Guarantor, if any, or the Executing Agency, as the case may be, of any other obligation set forth in any Agreement entered into with the Bank for the financing of the Project, including this Agreement, the Guarantee Agreement, or any Derivative Agreement entered into with the Bank, as well as noncompliance by the Beneficiary or the Executing Agency, as the case may be, with any Agreement they enter into for the execution of the Project.

- (c) Withdrawal or suspension from membership in the Bank of the country in which the Project is to be executed.
- (d) When, in the opinion of the Bank, the objective of the Project or the Contribution may be adversely affected or the execution of the Project may be improbable owing to: (i) any restriction, modification, or alteration of the legal capacity, functions, or assets of the Beneficiary or the Executing Agency, as the case may be; or (ii) any modification or change made without the written concurrence of the Bank of any condition fulfilled before the approval of the Contribution by the Bank.
- (e) Any extraordinary circumstance which, in the opinion of the Bank: (i) makes it unlikely that the Beneficiary, the Executing Agency, or the Guarantor, as the case may be, will be able to fulfill the obligations established in this Agreement or the Guarantee Agreement, respectively; or (ii) prevents the fulfillment of the Project's development objectives.
- (f) Whenever the Bank determines that an employee, agent, or representative of the Beneficiary, the Executing Agency, or the Contracting Agency, as the case may be, has engaged in a Prohibited Practice in connection with the Project.

ARTICLE 6.02. Early Termination and Cancellation of Undisbursed Balances. The Bank, by means of a written notification, may totally or partially cancel the undisbursed portion of the Contribution, if:

- (a) any of the circumstances set forth in paragraphs (a), (b), (c), and (d) of the preceding Article continues for more than sixty (60) days;
- (b) any of the circumstances set forth in paragraphs (e) and (f) of the previous Article occurs and so long as it continues, and the Beneficiary or the Executing Agency, as the case may be, fails to provide to the Bank the clarifications or additional information that the Bank considers necessary;
- (c) the Bank determines that any firm, entity, or individual bidding for or participating in a Bank-financed activity, including applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires, financial intermediaries, or a Contracting Agency (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted), has engaged in a Prohibited Practice in connection with the Project; and that the Beneficiary, the Executing Agency, or the Contracting Agency, as the case may be, has not taken adequate remedial measures (including providing adequate notice to the Bank upon learning of the Prohibited Practice) within a period of time the Bank considers reasonable; and
- (d) the Bank determines at any time that a procurement of goods or the contracting of works or non-consulting services was carried out without following the procedures

set forth in this Agreement. In this case, the cancellation or early termination will apply to the portion of the Contribution used for such procurement or contracting.

ARTICLE 6.03. Provisions Not Affected. The application of the measures provided in this Chapter shall not affect the obligations of the Beneficiary established in this Agreement, which shall remain in full force and effect.

ARTICLE 6.04. Disbursements Not Affected. Notwithstanding the provisions of Articles 6.01 and 6.02 above, none of the measures set forth in this Chapter shall affect the disbursement by the Bank of any amounts of the resources of the Contribution: (a) subject to the guarantee of an irrevocable letter of credit; (b) which, by specific written agreement with the Beneficiary, the Executing Agency, or the Contracting Agency, as the case may be, the Bank has agreed to provide to pay Eligible Expenditures directly to the respective supplier, unless the Bank has provided a notification to the Beneficiary or the Executing Agency in accordance with Article 3.08(c) of these General Conditions; and (c) payable to Bank, pursuant to the Beneficiary's instructions.

CHAPTER VII **Prohibited Practices**

ARTICLE 7.01. Prohibited Practices. (a) In addition to the provisions established in Articles 6.01(f) and 6.02(c) of these General Conditions, if the Bank determines, that a firm, entity, or individual bidding for or participating in a Bank-financed activity, including, among others, applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires, financial intermediaries, or a Contracting Agency (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted) has engaged in a Prohibited Practice in connection with the execution of the Project, the Bank may take the following actions, including:

- (i) Denying financing of Agreements for the procurement of goods or the contracting of works or consulting or non-consulting services.
- (ii) Declaring an Agreement ineligible for Bank financing whenever there is evidence that the agent of the Beneficiary, the Executing Agency, or the Contracting Agency, as the case may be, has not taken adequate remedial measures (including 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) Issuing the firm, entity, or individual determined to be responsible a reprimand in the form of a formal letter of censure for its behavior.
- (iv) Declaring a firm, entity, or individual determined to be responsible for engaging in the Prohibited Practice ineligible, either permanently or

temporarily, to participate in Bank-financed activities, whether directly as a contractors or supplier, or indirectly as a subconsultant, subcontractor, or a supplier of goods, consulting services, or non-consulting services.

- (v) Referring the matter to appropriate law enforcement authorities.
- (vi) Imposing fines representing reimbursement to the Bank of costs associated with investigations and proceedings.

(b) The provisions of Article 6.01(f) and Article 7.01(a)(i) shall also apply in cases in which the Contracting Agency or any firm, entity, or individual bidding for or participating in a Bank-financed activity, including applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted) has been temporarily suspended from eligibility to take part in a bidding or other selection process for the awarding of new Agreements pending the final outcome of an investigation into a Prohibited Practice.

(c) The imposition of any action to be taken by the Bank pursuant to the provisions referred to above may be made public.

(d) Any firm, entity, or individual bidding for or participating in a Bank-financed activity, including applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires, or a Contracting Agency (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted) may be sanctioned by the Bank pursuant to agreements the Bank may have with other international financial institutions regarding the mutual enforcement of debarment decisions. For purposes of this paragraph (d), the term "sanction" shall mean any permanent or temporary 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.

(e) When the Beneficiary procures goods or Agreements works or non-consulting services directly from a specialized agency under an agreement between the Beneficiary and such specialized agency, all provisions under this Agreement regarding sanctions and Prohibited Practices shall apply in their entirety to applicants, bidders, providers of goods and their agents, contractors, consultants, personnel, subcontractors, subconsultants, service providers, concessionaires (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted), or to any other entities that have signed Agreements with such specialized agency, to supply goods, works, or non-consulting services in connection with Bank-financed activities. The Beneficiary or the Executing Agency, as the case may be, agrees to adopt, as may be required by the Bank, remedies such as suspension or termination of the corresponding Agreement. The Beneficiary agrees that the Agreements it enters into 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 from participating in a procurement or contracting operation financed wholly or partially with resources of the

Contribution. In the event a specialized agency signs an Agreement or purchase order with a firm or an individual temporarily or permanently debarred by the Bank as indicated in this Article, the Bank will not finance such Agreements or expenditures and will apply such other remedies as it deems appropriate.

CHAPTER VIII

Provision on Exemptions

ARTICLE 8.01. Tax exemption. The Beneficiary undertakes to ensure that any reimbursements of resources of the Contribution charge, as well as any other payment for expenses or costs that may be imputed to this Agreement, shall be paid without any deduction or restriction whatsoever, exempt from any tax, fee, duty, or charge established or that may be established by the laws of its country, and to pay any tax, fee, or duty applicable to the signing, recording, and execution of this Agreement.

CHAPTER IX

Miscellaneous Provisions

ARTICLE 9.01. Modifications and Contractual Waivers. Any modification or waiver of the provisions of this Agreement shall be agreed upon in writing by the Parties, with the consent of the Guarantor, if any, and to the extent that such consent may be applicable.

ARTICLE 9.02. Non-waiver of Rights. Any delay or failure by the Bank to exercise its rights pursuant to this Agreement may not be construed as a waiver of such rights or as implied acceptance of events, actions, or circumstances that would have empowered it to exercise them.

ARTICLE 9.03. Termination. (a) The Agreement and all obligations arising from it shall be deemed terminated upon the conclusion of the Closing Period of the Contribution, with the exception of those referred to in paragraph (b) of this Article.

(b) The obligations acquired by the Beneficiary under this Agreement with respect to Prohibited Practices and other obligations relating to the operational policies of the Bank, shall remain in effect until such obligations are deemed fulfilled to the satisfaction of the Bank.

ARTICLE 9.04. Validity. The rights and obligations established in this Agreement are valid and enforceable in accordance with the terms agreed upon herein, regardless of the laws of any given country.

ARTICLE 9.05. Disclosure of Information. The Bank may disclose this Agreement and any information related thereto, in accordance with its access to information policy in effect at the time of such disclosure.

CHAPTER X
Arbitration Procedure

ARTICLE 10.01. Composition of the Tribunal. (a) 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 the "President," by direct agreement between the Parties or through their respective arbitrators. In all decisions, the President of the tribunal shall have the right to cast a double vote in the case of deadlock. If the Parties or the arbitrators fail to agree on who the President shall be, or if one of the Parties is unable to designate an arbitrator, the President 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 President. If either of the appointed arbitrators or the President is unwilling or unable to act or to continue to act, his or her successor shall be appointed in the same manner as for the original appointment. The successor shall have the same functions as his or her predecessor.

(b) In any conflict, both the Beneficiary and the Guarantor shall be considered a single party and, consequently, shall act jointly in the designation of the arbitrator and for the other purposes of the arbitration proceedings.

ARTICLE 10.02. Initiation of the Procedure. In order to submit the conflict to arbitration, the claimant shall address to the other party a written notification setting forth the nature of the claim, the satisfaction or compensation it seeks, and the name of the arbitrator it appoints. The party receiving such notification shall, within forty-five (45) days, notify the adverse party of the name of the person it appoints as arbitrator. If, within seventy-five (75) days as of the notification of the initiation of the arbitral proceeding, the Parties have not agreed upon the person who is to act as President, either party may request the Secretary General of the Organization of American States to make the appointment.

ARTICLE 10.03. 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 President, and, once convened, shall meet on the dates which the tribunal itself shall establish.

ARTICLE 10.04. Procedure. (a) The tribunal is specifically empowered to decide any matter under its jurisdiction and shall adopt its own procedures. In any case, it shall give the Parties the opportunity to make oral presentations. All decisions of the tribunal shall be made by majority vote.

(b) The Tribunal shall base its rulings on the terms of the Agreement, and shall render its award even if one of the Parties fails to appear.

(c) The award shall be in writing and shall be adopted with the concurrent vote of at least two (2) members of the tribunal. It shall be handed down within approximately sixty (60) days from the date on which the President 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 notification signed by at least two (2) 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.

ARTICLE 10.05. Costs. The fees of each arbitrator and the costs of arbitration (with the exception of attorneys' fees and the fees of other experts, which shall be covered by the Parties that appointed them) shall be covered by both Parties in equal proportion. 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.

ARTICLE 10.06. Notification. All notifications relative to the arbitration or to the award shall be made in the manner provided in this Agreement. The parties waive any other form of notification.

ANNEX

THE PROJECT

Education Quality Improvement Program (EQIP) II

I. Objective

- 1.01** The main objective of ‘the Project is to improve the quality and gender equity of education at the primary and secondary levels, with a special focus on innovation in Science Technology Engineering Arts and Mathematics (STEAM) education. This general objective will be pursued by achieving the following specific objectives: (i) improve the quality of primary school teachers by expanding the inquiry-and problem-based learning approach; (ii) improve the quality of secondary education teachers by improving teaching practices with a focus on student-centered science and mathematics learning; and (iii) promote gender-sensitive STEAM teaching.

II. Description

- 2.01** To achieve the objective indicated in paragraph 1.01 above, the Project comprises the following components:
- 2.02** **Component 1. Inquiry-and-Problem-based Learning in the Primary School Classroom.** The aim of this component is to roll out the EQIP to the fifty percent (50%) of primary schools that have not yet benefitted, bringing the coverage to one-hundred percent (100%) of primary schools nationwide, as well as refresher support for EQIP I schools. To change what happens in Belize’s primary school classroom, EQIP II combines teacher professional development with changes in the pedagogical leadership of school communities.
- 2.03** **Subcomponent 1.1 – Primary School Teacher Professional Development.** The loan will finance: (i) an international certificate program with sixty (60) hours of on-site and distance practical professional development for primary teachers, including gender sensitive teaching practices; (ii) twenty (20) hours of in-class coaching per teacher to provide guidance and modeling in the implementation of lesson plans and use of formative assessments to provide students with individualized instruction; (iii) refresher courses for EQIP I beneficiary schools; (iv) teacher and student learning materials, including science kits and mathematics manipulatives (e.g. counters, geoboards and Cuisenaire rods) and use of Rise Up Against Climate Change materials; and (v) finance e-Learning devices such as tablets and laptops for students and teachers in disadvantaged schools, as well as e-Learning applications and software that can be used offline.
- 2.04** **Subcomponent 1.2 – School Management.** To ensure that EQIP teachers have the support they need from their school communities to shift their instructional practice to an IPP

approach, the operation will finance: (i) training of school administrators and management authorities to build school supervision and pedagogical leadership skills, which may be online and will foster capacities to provide education in times of COVID-19, including competencies for administrative oversight of distance and hybrid learning modalities, as well as engagement of the wider school communities; (ii) parental training workshops on how to support their children's learning, including curriculum-based workshops as well as in the use of the Rise Up Green School Toolkit, which may be online and will include the promotion of online learning, multiculturalism and integration; and (iii) refresher courses for EQIP I beneficiary schools. The Contribution resources will be used to finance psycho-social support for migrant victims of trauma, and the part of digital devices that are to be used in schools with large proportions of migrant students.

2.05 Component 2. STEAM Learning Secondary School. The component aims to create a Belize STEAM Laboratory School to train teachers, model individualized instruction that centers around the student, and foster innovation and digital transformation in STEAM subjects. The component is structured around four subcomponents.

2.06 Subcomponent 2.1 – Design and Construction of STEAM Laboratory School. The operation will finance: (i) the architectural design that reflects the cultural and natural diversity of Belize of the STEAM Laboratory School, with capacity for a student population of 300, and the landscape design of the external areas; (ii) all the construction works needed for the retrofitting and expansion of existing MoEYSC buildings and landscaping; (iii) construction supervision; (iv) furnishing and equipment of the laboratory school, including STEAM and computer laboratories; and (v) maintenance and security of the building for the duration of the execution period of the operation. The overall design will be guided by sustainability, green principles and innovation.

2.07 Subcomponent 2.2 – Establishment of STEAM Laboratory School. The operation will finance technical assistance in the establishment of a Laboratory School management team, including: (i) training of local master STEAM teachers to educate students enrolled in the STEAM Laboratory School and provide continuous in-class professional development with modeling of IPP practices for secondary education STEAM teachers; (ii) detailed design and implementation of multicultural education programs to offer an IPP learning approach for STEAM subjects in the STEAM Laboratory school; (iii) development and implementation of a model for providing individualized instruction to ensure that all students, independent of their initial skill level, will develop the skills necessary to be employable in digital transformation and innovation; and attain the STEAM Laboratory School Diploma; (iv) a promotion campaign to attract students to the STEAM laboratory school; and (v) finance e-Learning devices such as tablets and laptops for students and teachers in disadvantaged schools, as well as e-Learning applications and software that can be used offline.

2.08 Subcomponent 2.3 – Professional Development of STEAM Teachers. The operation will finance training of teachers from 50 percent of Belize's STEAM-subject secondary schools and ITVET. The training will be provided by the cadre of local master teachers from the STEAM Laboratory School. The training will include in-class tutoring to support

teachers in the shift to the IPP approach, which includes gender sensitive pedagogical practices. The classrooms of the STEAM teachers in secondary schools will be equipped with STEAM kits. The professional development of teachers will include: (i) interactive hybrid education methodologies; (ii) formative assessment and development of individualized remedial education plans; (iii) strategies to promote student wellbeing, strategies to support at risk students, and identification and referral of potential victims of intrafamily and gender-based violence; and (iv) build the capacities of secondary education teachers to provide inclusive education and management of multicultural environments, including mentoring and counseling of migrant students. To facilitate the implementation of hybrid education, e-Learning devices and applications will be acquired for students and teachers in low-resourced communities. In addition to training for secondary education teachers in bilingual distance and hybrid learning modalities, the Contribution resources will be used to finance digital devices for schools with elevated proportions of migrant students.

- 2.09 Subcomponent 2.4 – Structured STEAM Internships.** The operation will finance the design and implementation of a structured internship program for students, which will include cultural sensitization and information to ensure access to internships for migrant students, at the final year of secondary, starting with 3 models of internship opportunities in different industries (tentatively models will be developed for internships to apply and develop skills in programming, science and engineering at the workplace). The internship program will incorporate quality assurance procedures and the needed personnel in the STEAM lab school to support and guide students, as well as requirements for systematic supervision, evaluation and certification criteria. The STEAM Laboratory school will be accommodated within the current University of Belize, Faculty of Engineering and ITVET Campus, located in Belize City. Two buildings will be retrofitted, and an expansion will be added. The design will be guided by sustainability, green principles and innovation (BL-T1100), including: climate resilience and green building architecture (incorporation of adaptation, mitigation measures and green building features, that would guarantee the EDGE certification), safety (hurricane resistance minimum level 3), low maintenance requirement, universal accessibility, design innovation, among others.
- 2.10 Component 3. Evaluation.** The aim of the component is to critically examine the Project by collecting and analyzing information about activities, characteristics and outcomes, and will disaggregate data for migrant and non-migrant students to allow for heterogeneity analyses. The component is structured around two subcomponents.
- 2.11 Subcomponent 3.1 - Assessment of Classroom Practices.** Loan resources will finance a qualitative video study of classroom practices at the primary and secondary levels. The study will measure four dimensions – emotional support, classroom organization, instructional support and student engagement –including indicators from the Classroom Assessment Scoring System (CLASS) and the Trends in International Mathematics and Science (TIMSS) Video Study Instrument. At the primary level, the evaluation will contrast classroom practices in a random subsample of EQIP II schools (previously collected in 2017 under EQIP I) with classroom practices at the end of the Project. At the secondary level, the evaluation will contrast classroom practices of STEAM teachers in 50

percent of the country's schools with practices in the other half of the schools. Teachers will be assigned to the two groups at random.

- 2.12 Subcomponent 3.2 - Assessment of Student Learning and Economic Returns.** Loan resources will finance the randomization of acceptance of student applicants to the school to assess its effect on STEAM learning, including sense of belonging in STEAM; expectations; problem-solving and critical thinking skills. The operation will finance an ex-post economic analysis of the operation, including cost-benefit and cost-effectiveness analyses, contrasting treatment and control students.
- 2.13 Component 4: Project Management.** The objective of this component is to facilitate the execution of the Project by supporting project management. This component covers expenses related to the PEU, financial audits, and monitoring and evaluation. It will also finance some office equipment and software to facilitate project execution and monitoring.
- 2.14 Program Beneficiaries.** The professional development for primary and secondary school teachers and the pedagogical leadership and management training will target the same government and government aided schools. The investments in tablets and laptops at the primary and secondary levels of education will use the following targeting criteria: (i) schools located in communities of low levels of socioeconomic development; and in the case of Contribution resources (ii) communities with high proportions of migrant populations. The number of students and teachers that will benefit from technological education devices for hybrid education is estimated to be at least 9,700 and 100, respectively.

III. Financing Plan

- 3.01** The distribution of the resources of the Loan and the Additional Resources is set forth in the following table:

Cost and Financing
(in thousands of US\$)

Component/Subcomponent	Loan	Contribution	Local	Total
Component I: IPP In Primary School Classrooms	2,400	1,500	0	3,900
1.1 Teacher Professional Development	1,950	1,500	0	3,450
1.2 Pedagogical Leadership and Education Management	450	0	0	450
Component II: STEAM Learning in Secondary School	6,372	1,000	0	7,372
2.1 STEAM Laboratory School Infrastructure	3,660	0	0	3,660
2.2 STEAM Laboratory School Management & Training Force	1,780	0	0	1,780
2.3 Professional Development of STEAM Teachers	840	1,000	0	1,840
2.4 Structured STEAM Internships	92	0	0	92
Component III: Evaluation	335	0	0	335
3.1 Assessment of Classroom Practices	110	0	0	110
3.2 Assessment of Student Learning & Economic Returns	225	0	0	225
Component IV: Project Management	568	0	100	668
4.1 Executing Unit/Project Execution Support	493	0	100	593
4.2 Audit	75	0	0	75
Contingency	325	0	0	325
TOTAL	10,000	2,500	100	10,100

IV. Execution

- 4.01** The MoEYSC through the PEU will be responsible for the execution of the loan, including: (i) the monitoring of progress and results; (ii) the procurement of goods and services; (iii) the processing of eligible payments; (iv) the financial management; (v) the execution of Bank's supervision-related activities; and (vi) the reporting to the Bank and other Government entities. The PEU will comprise a Project Coordinator, a Project Officer, an engineer, a Financial Specialist, a Procurement Specialist, a monitoring and evaluation specialist, and an Administrative Assistant.

- 4.02 Implementation supervision system.** A Program Steering Committee (PSC) will provide policy direction and support to the Project. The PSC comprises representatives from 12 organizations, is already established and meets regularly. The prime responsibilities of PSC are to: (i) ensure an integrated, effective and efficient execution through timely guidance and strategic policy level decision making; (ii) ensure oversight consistency with MoEYSC policies and programs; and (iii) promote strong communication and dissemination to the key stakeholders and general public. The MoEYSC is responsible for reviewing procurement processes and products; and the Ministry of Finance (MoF) approves contracts and disbursements.
- 4.03 Monitoring and Evaluation.** Besides the AOP and the Annual Procurement Plans, the PEU will submit semi-annual progress reports throughout the life of the Project execution, within sixty (60) days following the end of each semester.