

PROJECT ENHANCED COLLABORATION AGREEMENT

between

INTER-AMERICAN DEVELOPMENT BANK

and

EUROPEAN INVESTMENT BANK

**(Project to Support the Development of Climate Resilient Bridge
Standards in Haiti)**

AGREEMENT dated the 12th day of April, 2019 between the Inter-American Development Bank (“**IDB**”) and the European Investment Bank (“**EIB**” and together with IDB, the “**Parties**”) (the “**Agreement**”).

WHEREAS:

- (A) The Addis Ababa Action Agenda (2015) and the Accra Action Agenda (2008), designed to strengthen and deepen the implementation of the Paris Declaration on Aid Effectiveness (2005), call on donors in the international development community to improve their coordination and avoid duplicated efforts, thereby lowering costs;
- (B) IDB and EIB have entered into a Memorandum of Understanding on April 20, 2018 to, *inter alia*, enhance their cooperation in areas and geographical regions of common interest and to actively seek to co-finance projects of mutual interest and render their respective activities more effective and beneficial (the “**MoU**”);
- (C) In particular, Article 2.1(e) of the MoU foresees that, in the context of co-financed operations, a Party may support the implementation of the financing operations extended by the other Party, in particular in the preparation and/or supervision and/or implementation of investment projects;
- (D) The Republic of Haiti (the “**Borrower**” under the EIB Loan and the “**Beneficiary**” under the IDB Grant) requested that IDB and EIB assist in funding investments in a bridge upgrade project to support the development of climate resilient bridge standards in Haiti (the “**Project**”). The Project is part of a broader IDB investment grant Transport and Departmental Connectivity Program¹ (the “**Program**”) approved on October 3rd, 2018 by the IDB Board of Executive Directors;
- (E) The USD 225 million (equivalent to EUR 194.01 million) Program’s objective is to continue improving the quality, accessibility, and safety conditions of Haiti’s transport infrastructure through an increase in paved road coverage and the rehabilitation and upgrading of transport infrastructure and departmental roads connecting production centers to local markets. The Program will also promote efficiency improvements in the sector by incorporating the works into road maintenance management systems and by building capacity at the Ministry of Public Works and Transport (the “**Promoter/Executing Agency**”);
- (F) In relation to the Project, (i) IDB has entered into a grant agreement with the Beneficiary on December 18, 2018 for the Program, which includes funding for the Project (the “**IDB Grant**”) and (ii) EIB is expected to contribute to the Project by providing financing to the Borrower for multiple Project schemes under an EIB framework loan (the “**EIB Loan**”);

¹ The Program’s objective is to continue improving the quality, accessibility and safety conditions of Haiti’s transport infrastructure through an increase in paved road coverage and the rehabilitation and upgrading of transport infrastructure.

- (G) Additionally, on February 25, 2019, the European Commission Caribbean Investment Facility² (the “EU-CIF”), approved a grant presented by the IDB to assist in financing and/or implementing the Project (the “EU-CIF Contribution”);
- (H) IDB is financing the Project preparatory studies that will contribute to developing climate change resilient and cost-effective bridge solutions;
- (I) The Parties intend to co-finance the Project on a joint basis, in accordance with their respective Financing Agreements and the terms and conditions of this Agreement;
- (J) IDB has extensive experience in supporting investment projects in Haiti, has a significant local presence, and is currently providing an investment grant to implement the Program, which will include a bridge component, whereas EIB has neither prior experience in financing infrastructure projects in Haiti, nor a local team based in Haiti;
- (K) EIB will align its processes with the IDB to the extent possible to ease the burden on the Borrower and its Promoter/Executing Agency in line with the Agendas mentioned under recital (A);
- (L) IDB and EIB have therefore agreed to explore the possibility that IDB will coordinate and monitor the Project. Accordingly, EIB will delegate to IDB a series of tasks to facilitate the implementation of the EIB Loan, notably in relation to the allocation and procurement process³, environmental and social matters and implementation, supervision, monitoring of, and reporting on, the Project;
- (M) The Parties wish to coordinate the administration of the EIB Loan, the IDB Grant and the EU-CIF Contribution, and to consult and advise each other on matters concerning the Project. The Parties will seek to ensure, to the extent reasonably feasible, that the EIB Loan, the IDB Grant and the EU-CIF Contribution are disbursed on a *pari passu* basis against the progresses made on the implementation of the Project; and
- (N) This Agreement reflects the Parties’ intention to cooperate, expressed in good faith. This Agreement does not create any legal obligation or the incurrence of any liability on either Party.

NOW THEREFORE, the Parties hereby express their common understanding of their cooperation as follows:

ARTICLE I: Interpretation and Definitions

1.1. Unless the subject of the context requires otherwise, the following terms have the following meanings wherever used in this Agreement:

² A European Union regional blending facility aimed at supporting partner countries in the Caribbean.

³ The allocation and procurement process will be conducted as stipulated in Applicable Procurement Framework.

(a) “**Anti-Corruption Rules**” means, jointly, EIB’s Anti-Fraud Policy⁴ of 17 September 2013 and IDB’s Anti-Corruption provisions as set forth in the IDB Procurement Rules.

(b) “**Applicable Procurement Framework**” means IDB Procurement Rules, complemented to meet EIB’s minimum requirements as defined in the EIB Guide to Procurement and set out in this Agreement.

(c) “**Complaints Rules**” means, jointly, the EIB Complaints Mechanism Policy⁵ of November 2018 and the IDB’s complaints policies.

(d) “**Co-Financed Contract**” means a contract, or multiple contracts for the provision of Goods, Works and Services that will be co-financed on a joint basis by the EIB Loan and the IDB Grant.

(e) “**Common Safeguard Process**” means the full Environmental and Social process, along the entire project-cycle (including, but not limited to, appraisal and supervision) that is required under, and done in compliance with, the IDB Environmental and Social Policies, as it is deemed that due to the specificities and for the purposes of this particular Project, the EIB Environmental and Social Standards and the IDB Environmental and Social Policies are materially aligned.

(f) “**EIB Environmental and Social Standards**” means the environmental and social standards set out in Volume I of the EIB Environmental and Social Handbook, namely the manual that provides an operational translation of the policies and principles contained in the EIB Statement of Environmental and Social Principles and Standards, published on the Bank’s website at: <http://www.eib.org/infocentre/publications/all/environmental-and-social-practices-handbook.htm>.

(g) “**EIB Guide to Procurement**” means EIB’s guide to procurement for projects financed by EIB, applicable at the time of signature of this Agreement.

(h) “**EIB Exclusion Policy**” means the document published on EIB’s website and setting forth the policies and procedures for the exclusion of entities and individuals found to have engaged in any corrupt practice, fraudulent practice, collusive practice, coercive practice, obstructive practice, money laundering or financing of terrorism as defined in EIB’s Anti-Fraud Policy, in connection with projects for which EIB provides financing and other EIB activities, as updated and amended from time to time.

(i) “**Financing Agreement**” means a legal agreement between the Borrower and EIB, or between the Beneficiary and IDB, with respect to the Project, setting forth the relevant terms and conditions of the financing provided by EIB and IDB (the latter which may include the EU-CIF Contribution), respectively, to the Project, as amended and supplemented from time to time.

⁴ <https://www.eib.org/en/infocentre/publications/all/anti-fraud-policy.htm>.

⁵ https://www.eib.org/attachments/strategies/complaints_mechanism_policy_en.pdf

(j) **“Goods, Works, and Services”** means the goods, works, and non-consulting and consulting services required for the Project, some of which are to be co-financed on a joint basis by EIB and IDB, and others which are to be funded by the IDB Grant blended with the EU-CIF Contribution.

(k) **“IDB Environmental and Social Policies”** means Operational Policies OP-703 (Environmental and Safeguards Compliance), OP-704 (Natural Disaster Risk Management), OP-710 (Involuntary resettlement), OP-761 (Gender Equality in Development) and OP-765 (Indigenous Peoples).

(l) **“IDB Procurement Rules”** means IDB’s operational procurement policies, rules and procedures as set forth in “Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank” (GN-2349-9) of March 2011 and the “Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank” (GN-2350-9) of March 2011, as amended and supplemented from time to time.

(m) **“IDB Sanctions List”** means the list of firms and individuals sanctioned for having engaged in a prohibited practice pursuant to the Sanctions Procedures of IDB.⁶

(n) **“Project Scheme”** means a sub-project financed under the Project ⁷ by the Borrower/Beneficiary’s own funds, the IDB Grant, the EIB Loan and/or the EU-CIF Contribution. A Project Scheme may include a bridge, a set of bridges, any ancillary infrastructure and related costs.

1.2. Purpose. The purpose of this Agreement is to establish a non-exclusive framework to facilitate cooperation between the Parties in respect of the Project. These and any other activities agreed to between the Parties may be subject to the respective internal objectives, functions, policies and procedures of each Party.

1.3. No prejudice to other agreements. Any existing memorandum of understanding or other agreement between the Parties is not affected by this Agreement. This Agreement does not prevent the signature of any other memorandum of understanding or agreement between the Parties.

1.4. Internal procedures. The Parties are entering into this Agreement having full regard to their internal governing bodies, the scope and limits of their respective constitutional instruments, institutional mandates and policies and procedures, as amended from time to time.

⁶ Sanctions Procedures of the IDB, as amended from time to time (<http://www.iadb.org/document.cfm?id=39676437>).

⁷ A scheme / sub project can be one bridge or more bridges (and related infrastructure) that make economic sense together (for instance a road with a few bridges). A scheme can have several contracts (for instance one to do the design and another to build the bridge). One contract can be used to finance one or several schemes in turn (for instance several bridges on different roads in the same province). All contracts needed for the Project will be reflected in the Procurement Plan.

ARTICLE II: Project Financing

2.1. Project scope. The Project's scope is as follows: (i) (re)construction of bridges and related infrastructure, based on a prioritization methodology endorsed by the Borrower/Beneficiary and/or the Promoter/Executing Agency and agreed with the Parties; (ii) assisting the Promoter/Executing Agency in (re)building or repairing such bridges and related infrastructure in a more resilient way (the “*build back better*” concept); and (iii) improving climate resilience in Haiti, in particular in the areas more prone to natural disasters.

2.2. Eligible costs for expenditures. The Parties will agree on the Goods, Works and Services eligible for financing under their respective Financing Agreements. IDB acknowledges that the following costs are not eligible expenditures for the EIB Loan: VAT and other taxes and duties, land acquisition, resettlement compensation, purchase of buildings, maintenance and other operating costs, operational expenses, acquisition of second-hand assets, interest during construction, purchase of licenses for the use of non-generated public resources, patents, brands, trademarks and purely financial transactions.

2.3. Joint co-financing. The Parties will co-finance on a joint basis eligible expenditures in respect of the costs of Goods, Works and Services in relation to selected Co-Financed Contracts.

2.4. Fifty percent. The EIB can finance up to 50% (fifty percent) of the Project investment costs. The Project investment consists of the costs for the selected Project Schemes. The project investment costs can include the costs that are not eligible as mentioned under Article 2.2, but may not include recoverable VAT and costs for regular maintenance.

2.5. Operational Manual. The Promoter/Executing Agency is developing in consultation with the IDB an operational manual for the Program which includes the activities to be performed in relation to the Project (the “**Operational Manual**”). The IDB will coordinate with the Promoter/Executing Agency in order to ensure that the Operational Manual includes the principles, actions and responsibilities set out in this Agreement. Where the EIB procedures cannot be fully aligned with the IDB procedures, the relevant EIB procedures will be reflected in the Operational Manual and will be applicable only for the EIB Loan. The EIB will support the IDB in this coordination process and both pursue to promote consistency among EIB, IDB, and applicable EU-CIF requirements.

ARTICLE III: Exchange of Information

3.1. General Information Sharing. Subject to their internal rules and procedures and within the limits established by their respective disclosure and transparency policies, the Parties agree to exchange views and to share with each other, as deemed appropriate, information and documentation relating to, *inter alia*, the procurement process, the Common Safeguard Process and/or the Co-Financed Contracts' performance. All other general information, including advances in the execution of the Project will be shared on a bi-annual or annual basis in line with IDB reporting formats or in accordance with applicable EU-CIF

requirements as stipulated in the Framework Agreement or as agreed between IDB and EIB for the Project.

In particular, the Parties will inform each other as soon as practicable of any event which interferes or threatens to interfere with the successful (i) processing and implementation of the Co-Financed Contracts and/or the Project Schemes and (ii) their cooperation under this Agreement.

Without limiting the provisions in the first two paragraphs of this Article 3.1, the Parties will promptly inform each other of:

- a) the effectiveness of their respective Financing Agreements or similar arrangements with the Borrower/Beneficiary and/or the Promoter/Executing Agency;
- b) any substantial breach or case of non-compliance committed by the Borrower/Beneficiary under their respective Financing Agreements;
- c) proposed material amendments and/or waivers to their respective Financing Agreement;
- d) their intention to suspend or terminate, or cancel, in whole or in part, of the proceeds of their respective Financing Agreements, and in the case of EIB, its intention to accelerate the EIB Loan; and
- e) any change planned to be made, or made, with respect to its procurement rules or Anti-Corruption Rules.

3.2. Project Missions: IDB has supported EIB in its appraisal of the Project. IDB will support EIB in its monitoring missions and may join. When appropriate, EIB could join implementation support and monitoring missions, it being understood that IDB will regularly be monitoring the progress of the Project, notably through its local office in Haiti.

ARTICLE IV: Cooperation and Coordination

4.1. Selection of Project Schemes and economic viability. The Parties have agreed with the Borrower/Beneficiary and its Promoter/Executing Agency on a selection methodology that resulted in a list of prioritized bridges. The selection methodology will be included in the Operational Manual. IDB will support the Promoter/Executing Agency in selecting (i) the Project Schemes in accordance with the agreed methodology and (ii) the Co-Financed Contracts. The Borrower/Beneficiary and its Promoter/Executing Agency will send their allocation request to the both Parties. After IDB's review of the Project Schemes and Co-Financed Contracts to be included in the Project Procurement Plan, IDB will provide EIB with a recommendation as to whether EIB should accept or reject the allocation.

4.2. Identification of technical assistance requirements and additional sources of funding. The Parties will strive to identify together the technical assistance needs of the Borrower/Beneficiary and the Promoter/Executing Agency. The Parties will seek to identify

additional sources of funding (including, inter alia, the Borrower/Beneficiary's own funds) for: (i) any technical assistance in relation to the Project in order to increase, inter alia, the capacity of the Promoter/Executing Agency, to a level acceptable to the Parties, to implement the Project; and (ii) to cover EIB non-eligible costs such as land acquisition.

4.3. Preparatory studies. IDB will support the Borrower/Beneficiary and the Promoter/Executing Agency in developing the terms of reference, any provisional report, and the results of the preparatory studies and IDB will share these with EIB for information.

4.4. Maintenance of Project assets. The Parties will strive to identify together with the Promoter/Executing Agency measures to be implemented to ensure the proper maintenance and management of the Project assets financed by the EIB Loan and the IDB Grant to ensure the economic life of the assets financed. The Parties will strive to include appropriate maintenance undertakings in their Financing Agreements with the Borrower/Beneficiary and the Promoter/Executing Agency.

ARTICLE V: Principles of delegation and liability

5.1. No discharge of liabilities towards third parties. In delegating certain tasks to IDB pursuant to this Agreement, EIB will not be discharged of its liabilities and obligations towards third parties and stakeholders in connection with the Project and the EIB Loan. Any delegation of tasks by EIB to IDB is without prejudice to EIB's right to carry out a due diligence in relation to such tasks. Said due diligence will be applied to the Promoter/Executing Agency in collaboration with IDB.

5.2. Independent dialogue. While IDB will lead the communications with the Borrower/Beneficiary and/or the Promoter/Executing Agency with respect to the implementation of the Project, EIB will maintain an independent dialogue with the Borrower and the Promoter/Executing Agency or any other Project stakeholder. EIB will coordinate with IDB and at any rate keep IDB informed of any such communication. Furthermore, EIB understands that the Borrower/Beneficiary will implement a Communication and Visibility Plan as may be agreed upon in the agreement governing the EU-CIF Contribution between the EU and the IDB.

5.3. Degree of care. IDB will exercise the same degree of care in performing the tasks delegated to it under this Agreement as it exercises with respect to its usual business operations and will have no further responsibility in respect thereof to EIB.

5.4. Extent of delegation. Unless otherwise expressly specified in this Agreement, each Party's applicable policies and procedures (including, without limitation, Complaints Rules and Anti-Corruption Rules) will be applied in relation to the Project.

ARTICLE VI: Procurement of Goods, Works and Services

6.1. Delegation of procurement activities. IDB will act as coordinator in supporting the Borrower/Beneficiary and/or the Promoter/Executing Agency in processing, implementation and monitoring of all procurement-related matters and contract management concerning the Project, in accordance with the Applicable Procurement Framework.

As an exception to the IDB Procurement Rules regarding eligibility, the Borrower / Beneficiary shall expand the procurement of goods and services to those non-IDB member countries that are EU member states.

The Parties will strive to ensure that their internal and external documents, including board approval documents and the Financing Agreements clearly reflect the fact that the contracts to be financed in relation to Project will be procured and monitored in accordance with the Applicable Procurement Framework.

6.2. Project procurement plan. IDB will support the Promoter/Executing Agency in preparing the Project procurement plan in accordance with the Applicable Procurement Framework (the “**Procurement Plan**”)⁸. As soon as it is available, IDB will submit to EIB the Project Procurement Plan and any subsequent amendments thereof for no-objection. All contracts exceeding USD1,000,000 (one million United States dollars) for contracts relating to works and USD100,000 (one hundred thousand United States dollars) for contracts relating to goods and services, will be subject to prior review and no-objection by IDB.

The Procurement Plan will set forth the number, type and amount of the contracts as well as the respective contributions to each contract by each Party and will aim to ensure blending of the EU-CIF Contribution with the IDB Grant and the IDB Grant with the EIB Loan.

6.3. Publication of tender notice in the OJEU. For international tender procedures, IDB will assist the Promoter/Executing Agency in verifying that the tender notice and the contract award notice prepared by the Promoter/Executing Agency are in line with the template agreed between the Parties. IDB will transmit to EIB the precise text, which EIB shall publish in the Official Journal of the European Union (“**OJEU**”). EIB will inform IDB of the date of publication in the OJEU. IDB shall remind the Promoter not to publish the tender notice in any press prior to the publication of such in the OJEU.

6.4. Tender documents. IDB will support the Promoter/Executing Agency in ensuring that the tender documents are prepared in accordance with the Applicable Procurement Framework, taking into consideration that they:

- a) reflect specifically which contracts will be co-financed with EIB;
- b) incorporate and reflect the relevant safeguard information;

⁸ The Procurement Plan will follow the template available at <http://www.iadb.org/document.cfm?id=36766226>.

- c) not contain any local contents/preference; and
- d) include a covenant of integrity and an environmental and social covenant in the form attached as Annexes 1 and 2 of this Agreement (the “**Covenant of Integrity**” and the “**Environmental and Social Covenant**”).

The Parties agree that in accordance to the IDB Procurement Rules, the co-financed the contracts shall be awarded to the lowest price of the compliant and technically responsive tenders or to the most economically advantageous tender, where applicable.

6.5. Integrity matters. The EIB acknowledges that the IDB may not finance any proposal to award a contract to an entity or individual that is subject to a sanction pursuant to the Sanctions Procedures of the IDB or to agreements that the IDB may have with other international financial institutions regarding the mutual enforcement of debarment decisions. The IDB acknowledges that EIB is not able to fund contracts to any entity that are excluded in accordance with the EIB Exclusion Policy or are sanctioned by the EU or UN.

In pursuit of the Parties’ Anti-Corruption Rules and procurement policies, the IDB and EIB have agreed to a Covenant of Integrity. The Covenant of Integrity will require each tenderer to disclose if it is subject to an EIB exclusion on the grounds of engagement in any corrupt practice, fraudulent practice, collusive practice, coercive practice, obstructive practice, money laundering or financing of terrorism, as defined in EIB Anti-Fraud Policy, or to EU/UN sanctions. The IDB will require the Borrower/Beneficiary and Promoter/Executing Agency to immediately notify the IDB of any disclosure in the Covenant of Integrity that an entity or individual is subject to an IDB sanction, EIB exclusion or EU/UN sanction. If the IDB becomes aware that a jointly co-financed contract is proposed to be awarded to an entity or individual that may be ineligible to participate in an activity financed by either IDB or EIB, it will immediately bring this situation to the attention of the EIB. The IDB and EIB will then decide appropriate steps to be taken in accordance with their respective policies and regulations, including whether to finance the contract.

6.6. Procurement review. The IDB will be responsible for prior reviewing procurement documents and issuing no-objections on behalf of both Parties and in line with the criteria established in the Project Procurement Plan. IDB shall follow international tender procedures and monitor the procurement by means of ex-ante verification (no-objection). For contracts subject to prior review, the no-objection is delegated to IDB, who will follow its own procedures as aligned to this Agreement and issue the no-objection on behalf of both Parties. IDB will provide to EIB a copy of each no-objection. In addition, IDB will provide to EIB, within a reasonable timeframe, copies of signed contracts, signed Covenants of Integrity and any signed amendments (or variation order) thereto that required IDB’s non-objection. IDB will be responsible for post-reviewing a sample of contracts subject to post-review and will provide EIB with a copy of its ex-post review reports after they are issued.

6.7. Amendments and variation orders. Proposed amendments which, singly or combined with previously issued amendments increase the original contract amount by more than 15% (fifteen percent) and thus may have an impact on the financing plan of the Project, will be

discussed and agreed between the operational teams of the Parties prior to IDB issuing the non-objection to ensure that sufficient funds for financing are available.

6.8. Procurement implementation. The IDB will support EIB so that the Promoter/Executing Agency (i) provides EIB with biannual reports in line with IDB reporting template and (ii) informs EIB in a timely manner of any complex or delicate procurement issue that may impact the Parties' collaboration under this Agreement. IDB will assist EIB in obtaining from the Promoter/Executing Agency (i) electronic copies of all relevant procurement-related documents, reports, recommendations, no-objections and communications; and (ii) replies to queries or requests for clarification from EIB with respect to any actions taken or issues arising in connection with any aspect of the procurement process.

6.9. Procurement complaints handling. For complaints against the Promoter/Executing Agency's handling of procurement activities, the Parties have separate individual institutional obligations and applicable policies and procedures. EIB and IDB may agree that IDB take the lead in the response. If EIB receives a complaint relating to the Promoter/Executing Agency's handling of the procurement process, EIB will share it with IDB for its review and final decision. All complaints relating to the Promoter/Executing Agency's handling of the procurement process will be dealt with on a collaborative basis. The complaints and IDB's findings and conclusions will be shared between the Parties in accordance with their respective policies and procedures regarding access to information and in line with the provisions of Article 3.1 of this Agreement.

ARTICLE VII: Disbursement of EIB Loan funds

7.1. Disbursement procedure. In relation to disbursement of the proceeds of the EIB Loan, throughout the implementation phase of the Project, the Parties will follow the following procedure:

- a) The project specific conditions prior to the EIB Loan and the IDB Grant will be included in the Operational Manual. IDB will provide EIB its opinion on the compliance of the conditions prior to disbursements of the EIB Loan based on the documentation provided by the Promoter/Executing Agency and/or EIB.
- b) IDB will provide support to the Borrower and/or the Promoter/Executing Agency in preparing the conditions prior to the EIB Loan.
- c) For each disbursement during the implementation phase of the Project, the Promoter/Executing Agency will address original disbursement requests related to the EIB Loan to the EIB. The Borrower may decide to copy IDB.
- d) IDB will support the Promoter/Executing Agency in the follow up on the Project cost evolution and will help to assess the risk of gaps or excess funding and consult with EIB. If the assessments foresee funding gaps or excess funding, IDB will help the

Promoter/Executing Agency to identify suitable corrective measures in collaboration with the EIB.

7.2. Areas excluded from delegation and limitation of liability. The decision to declare the EIB Loan effective, or that each particular condition prior is satisfied (which supposes primarily, but not exclusively, the fulfilment of legal requirements), and the decision to effect any disbursement under the EIB Loan remain the exclusive responsibility of EIB. IDB shall not be held liable for any dispute arising from the possible non-compliance of disbursement documentation provided by the Borrower with the conditions prior to disbursement under the EIB Loan.

7.3. Disbursement account. In line with each Party's internal rules and procedures: (i) IDB expects to disburse the proceeds of the IDB Grant directly to the suppliers of Goods, Works and Services; and (ii) EIB expects to disburse the proceeds of the EIB Loan in USD to a USD-denominated account to be agreed upon with the Borrower, the details of which will be communicated to IDB prior to its opening. The disbursement mechanism will be set up with the aim of ensuring an effective and auditable payment scheme.

ARTICLE VIII: Reporting, monitoring and evaluation

8.1. Monitoring plan. The IDB will be responsible for reviewing and issuing a no-objection on behalf of both Parties on the logistical plan for carrying out monitoring activities to be prepared by the Borrower/Beneficiary and as reflected in the project execution and monitoring plan. IDB will provide EIB with a copy of such plan for information.

8.2. Project supervision. IDB will monitor the collection of all monitoring reports to be provided by the Borrower/Beneficiary and/or the Promoter/Executing Agency pursuant to the Parties' respective Financing Agreements.

IDB will forward the monitoring reports to EIB for information, and for comments in case of irregularities, including forced evictions, fatalities and significant security incidents. In case of irregularities, IDB will share additional information received from the Borrower/Beneficiary and/or the Promoter/Executing Agency with the EIB as soon as possible.

IDB will inform EIB of any material deviation from agreed Project Schemes and/or the Common Safeguard Process referred to in Article X (*Environmental and Social Safeguards*) as soon as these issues arise. IDB will promptly inform and consult EIB in relation to any remedial action IDB proposes to take itself or to be implemented by the Borrower/Beneficiary and/or the Promoter/Executing Agency.

8.3. Project completion report. One year following the end of the implementation period of the Project, IDB will share with EIB the Project completion report prepared by the Promoter/Executing Agency for the Project. The Project completion report will be prepared in accordance with applicable EU-CIF and EIB requirements, which will be aligned to the extent possible.

8.4. Evaluation. The Parties each have independent evaluation functions whose mandate is to analyse the performance of operations in order to ensure accountability and help draw lessons for the continuous improvement of these operations, in line with international best practices. Each Party's independent evaluation function is entitled to carry out evaluations of the Project.

ARTICLE IX: Anti-Corruption

9.1. Anti-Corruption Rules. Each Party's respective Anti-Corruption Rules shall apply to the financing provided by them to the Project under their respective Financing Agreements. The Parties will cooperate to ensure the proper application of their Anti-Corruption Rules.

Within EIB, the Fraud Investigations Division of the Inspectorate General is responsible for receiving and responding to allegations of fraud, corruption, collusion, coercion, obstruction, money laundering and financing of terrorism. Within IDB, the Office of Institutional Integrity is responsible for investigating allegations of prohibited practices in IDB Group-financed activities and taking efforts to prevent them. The EIB Fraud Investigations Division and the IDB Office of Institutional Integrity are both referred to in this Agreement as "investigative offices".

9.2. Exchange of information. The Parties will, subject to their respective policies on access to information and the Uniform Framework for Preventing and Combating Fraud and Corruption, and through their investigative offices, promptly exchange information in relation to any allegation of fraud, corruption, collusion, coercion or obstruction (collectively, "fraud or corruption") or of money laundering or financing of terrorism, as defined in each Party's respective Anti-Corruption Rules, which occurs in relation to the Project Schemes of the Project and any investigations relating to such allegations with a view to agreeing on a coordinated approach to such allegations, including where appropriate, joint or parallel investigations. Unless otherwise agreed in a particular case, IDB will take the lead in inquiring into or investigating such allegations. EIB retains the right, in its sole discretion, to itself inquire into or investigate any such allegation or indication. Notwithstanding that IDB's investigative office may be designated as 'leading' the investigation, all investigations will be undertaken on a collaborative basis, with the investigation materials being shared between IDB's and EIB's investigative offices in accordance with the respective policies and procedures of the Parties regarding access to information.

9.3. Allegations of fraud or corruption concerning staff members. Any allegation of fraud or corruption against a Party's staff under this Agreement will be handled by that Party, in accordance with its regulations, rules, procedures and administrative instructions. In the event that an allegation fraud or corruption concerns staff members of both Parties, and/or involves such staff members and third parties participating in the Project, the Parties will coordinate their investigative activities and cooperate to the extent permitted by their respective regulations, rules, procedures, and administrative instructions as well as their investigative procedures applicable to third parties.

9.4. Sanctions and other remedies. Without limiting their rights pursuant to their respective Financing Agreements, the Parties will endeavor to consult each other before exercising contractual remedies arising from fraud or corruption in connection with the Project, with a view to agreeing on a common view in respect of the actions to be taken to address or remedy such fraud or corruption. The Parties may explore how sanctions or other results of investigations taken by one Party can be supported by the other Party.

ARTICLE X: Environmental and Social Safeguards

10.1. Common Safeguard Process. The Parties confirm that the Project will be prepared and carried out pursuant to, and in compliance with, the Common Safeguard Process. To this end, any environmental and social (“E&S”) documentation to be developed and adopted by the Borrower/Beneficiary and/or the Promoter/Executing Agency during Project preparation and implementation will be prepared pursuant to, and in compliance with, the Common Safeguard Process.

10.2. E&S Delegation to IDB. The Parties agree that a single process for E&S assessment and planning, safeguard documentation, consultation, supervision and setting disclosure requirements will be conducted to satisfy the Common Safeguard Process. The Parties therefore agree that IDB will be the coordinator, during Project preparation and implementation, in accordance with the Common Safeguard Process, with respect to, *inter alia*: (i) conducting E&S due diligence; (ii) reviewing and providing no-objections on E&S documents; (iii) supervising E&S related Project activities; (iv) issuing joint EIB-IDB communications to the Borrower/Beneficiary and/or the Promoter/Executing Agency on E&S matters, including no objections; and (v) supporting the Borrower/Beneficiary and/or the Promoter/Executing Agency in ensuring that the Project is implemented in compliance with the Common Safeguard Process.

ARTICLE XI: Non-Binding Nature; Privileges and Immunities

11.1. Independent Right of Action. This Agreement reflects the Parties’ intention to cooperate, expressed in good faith. This Agreement does not create any legal obligation or the incurrence of any liability on either Party. Any such obligation or liability shall be reflected in separate agreements that may be entered into by the Parties under this Agreement. Nothing in this Agreement shall be construed as interfering in any way with the independent decision-making autonomy of each Party with regard to their respective affairs or compelling either Party to supersede their respective constitutional instruments, institutional mandates, procedures and policies. Each Party will retain its independent right of action, discretion and decision under its respective Financing Agreements.

11.2. No Financing Commitment. Nothing in this Agreement will be construed as representing any commitment with regard to the financing of the Project on the part of either Party. Any such commitment shall be subject to the satisfactory conclusion of all internal approval processes of each Party and will be exclusively reflected in each Party's financing documentation.

11.3. No Waiver of Privileges and Immunities. Nothing in this Agreement will operate or will be construed as a waiver, renunciation or any other modification (express or implied) of any of the privileges, immunities or exemptions of either Party and their respective directors, alternates, officers, members or employees, under its organizational documents, or any international convention, or any applicable law.

ARTICLE XII: Effectiveness, Amendment, Termination and Other Matters

12.1. Effectiveness. This Agreement will enter into force on the date of its signature by both Parties and its effectiveness is conditional upon the entry into force of the EIB Loan.

12.2. Duration. This Agreement will remain in force until the later of the EIB Loan or IDB Grant closing dates as set forth in the respective Financing Agreements of the Parties, unless terminated in accordance with Article 12.3 below.

12.3. Termination and withdrawal. If at any time a Party considers, at its sole discretion, that the continuation of this Agreement is no longer appropriate and/or that it must withdraw from the Project, that Party may terminate this Agreement by giving three (3) months written notice to the other Party. In this case, the Parties shall consult each other on, and take any necessary action, to ensure that such termination will not be prejudicial to any activity in progress pursuant to this Agreement.

12.4. Amendment. No amendment to this Agreement shall be effective unless in writing and signed by duly authorized representatives of each Party. The Parties may amend the provisions herein or enter into supplementary arrangements by mutual agreement between them through an addendum to this Agreement.

12.5. Entire Agreement. This Agreement represents the entire understanding of the Parties in relation to the subject matter thereof and supersedes any or all previous agreements or arrangements between the Parties in respect of arrangements for matters of common interest relating to the Project, whether written or oral.

12.6. Notices. For the purpose of facilitating the implementation of this Agreement, the Parties shall contact each other at the addresses indicated below. Each Party may, by notice in writing to the other Party, designate additional or substitute representatives to those designated in this Article.

For IDB:

Inter-American Development Bank
1300 New York Avenue, NW
Washington, D.C. 20577
UNITED STATES OF AMERICA
Attention: Manager, Office of Outreach and Partnerships
Telephone: +1 (202) 623-1583
Facsimile: +1 (202) 623-2543

E-mail: partnerships@iadb.org

For EIB:

European Investment Bank
98-100, Boulevard Konrad Adenauer, L-2950 Luxembourg
Attention: Head of Division, Operations in Latin America and Caribbean,
Global Partners Department
Telephone: +352 4379-86577
Facsimile: +352 4379-66599
E-mail: p.szymczak@eib.org

Any exchange of communication and documents shall be made in writing and shall be delivered by facsimile, letter, electronic mail or other electronic means.

12.7. Disputes

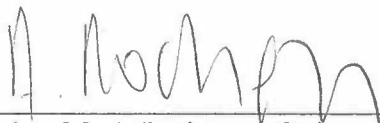
The Parties will strive to resolve, within a reasonable time and amicably, any dispute, disagreement or claim arising out of, or in connection with, the interpretation and application of any provisions of this Agreement, through consultations or by such similar means.

To the extent that the Parties are unable to reach a mutually acceptable position as to any matter related to jointly co-financed contracts under this Agreement, the Parties will work together in good faith to find a position which, while avoiding any adverse impact to Project implementation, can be reasonably pursued by each of them and the Borrower/Beneficiary and/or the Promoter/Executing Agency, including, *inter alia*, that EIB will revert to monitoring the activities financed by the EIB Loan.

12.8. Confidentiality. This Agreement may be disclosed by the Parties in accordance with their respective policies on transparency and disclosure of information.

IN WITNESS WHEREOF, the Parties, each acting through its duly authorized representative, have signed this Agreement in three (3) originals in the English language (two (2) copies for EIB and one (1) copy for the IDB), in Washington, D.C., United States of America on this 12th day of April, 2019.

**INTER-AMERICAN
DEVELOPMENT BANK**



Ana María Rodríguez Ortiz
Vice President for Sectors and Knowledge

EUROPEAN INVESTMENT BANK



Emma Navarro
Vice President

ANNEX 1: EIB's Covenant of Integrity (2018)

COVENANT OF INTEGRITY TEMPLATE

“We declare and covenant that neither we nor anyone, including any of our directors, employees, agents, joint venture partners or sub-contractors, where these exist, acting on our behalf with due authority or with our knowledge or consent, or facilitated by us, has engaged, or will engage, in any Prohibited Conduct in connection with the tendering process or in the execution or supply of any works, goods or services for [specify the contract or tender invitation] (the “Contract”) and covenant to so inform you if any instance of any such Prohibited Conduct shall come to the attention of any person in our organisation having responsibility for ensuring compliance with this Covenant.

We shall, for the duration of the tender process and, if we are successful in our tender, for the duration of the Contract, appoint and maintain in office an officer, who shall be a person reasonably satisfactory to you and to whom you shall have full and immediate access, having the duty, and the necessary powers, to ensure compliance with this Covenant.

We declare and covenant that neither we nor anyone, including any of our directors, employees, agents, joint venture partners or sub-contractors, where these exist, acting on our behalf with due authority or with our knowledge or consent, or facilitated by us, (i) is listed or otherwise subject to EU/UN Sanctions and (ii) in connection with the execution or supply of any works, goods or services for the Contract, will act in contravention of EU/UN Sanctions. We covenant to so inform you if any instance shall come to the attention of any person in our organisation having responsibility for ensuring compliance with this Covenant.

If (i) we have been, or any such director, employee, agent or joint venture partner, where this exists, acting as aforesaid has been, convicted in any court or sanctioned by any authority of any offence involving a Prohibited Conduct in connection with any tendering process or provision of works, goods or services during the five years immediately preceding the date of this Covenant, or (ii) any such director, employee, agent or a representative of a joint venture partner, where this exists, has been dismissed or has resigned from any employment on the grounds of being implicated in any Prohibited Conduct, or (iii) we have been, or any of our directors, employees, agents or joint venture partners, where these exist, acting as aforesaid has been excluded or otherwise sanctioned by the EU Institutions or any major Multi-lateral Development Bank (including World Bank Group, African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, European Investment Bank or Inter-American Development Bank) from participation in a tendering procedure on the grounds of Prohibited Conduct, we give details of that conviction, dismissal or resignation, or exclusion below, together with details of the measures that we have taken, or shall take, to ensure that neither this company nor any of our directors, employees or agents commits any Prohibited Conduct in connection with the Contract [give details if necessary].

We acknowledge that if we are subject to an exclusion decision by the European Investment Bank (EIB), we will not be eligible to be awarded a contract to be financed by the EIB.

We grant [indicate the name of the Project Promoter], the EIB and auditors appointed by either of them, as well as any authority or European Union institution or body having competence under European Union law, the right to inspect and copy our books and records and those of all our sub-contractors under the Contract. We accept to preserve these books and records generally in accordance with applicable law but in any case for at least six years from the date of tender submission and in the event we are awarded the Contract, at least six years from the date of substantial performance of the Contract.”

For the purpose of this Covenant, Prohibited Conduct has the meaning provided in the EIB’s Anti-Fraud Policy⁹.”

For the purpose of this Covenant, all capitalized terms have the meaning ascribed to them in EIB’s Guide to Procurement, Annex 3 (September 2018 version)¹⁰

Note to the Promoter: This Covenant must be sent to the EIB together with the contract in the case of an international procurement procedure (as defined in article 3.3.2). In other cases, it must be kept by the promoter and available upon request from the EIB.”

⁹EIB’s Anti-Fraud Policy for definitions (<http://www.eib.org/infocentre/publications/all/anti-fraud-policy.htm>).

¹⁰<http://www.eib.org/en/infocentre/publications/all/guide-to-procurement-for-projects-financed-by-the-eib.htm>

ANNEX 2: ENVIRONMENTAL AND SOCIAL COVENANT TEMPLATE

We, the undersigned, commit to comply with – and ensuring that all of our sub-contractors comply with – all labour laws and regulations applicable in the country of implementation of the contract, as well as all national legislation and regulations and any obligation in the relevant international conventions and multilateral agreements on environment applicable in the country of implementation of the contract.

Labour standards. We further commit to the principles of the eight Core ILO standards¹¹ pertaining to: child labour, forced labour, non-discrimination and freedom of association and the right to collective bargaining. We will (i) pay rates of wages and benefits and observe conditions of work (including hours of work and days of rest) which are not lower than those established for the trade or industry where the work is carried out; and (ii) keep complete and accurate records of employment of workers at the site.

Workers relations. We therefore commit to developing and implementing a Human Resources Policy and Procedures applicable to all workers employed for the project in line with Standard 8 of the EIB's Environmental and Social Handbook. We will regularly monitor and report on its application to *[insert name of the Contracting Authority]* as well as on any corrective measures periodically deemed necessary.

Occupational and Public Health, Safety and Security. We commit to (i) complying with all applicable health and safety at work laws in the country of implementation of the contract; (ii) developing and implementing the necessary health and safety management plans and systems, in accordance with the measures defined in the Project's Environmental and Social Management Plan (ESMP) and the ILO Guidelines on occupational safety and management systems¹²; (iii) providing workers employed for the project access to adequate, safe and hygienic facilities as well as living quarters in line with the provisions of Standard 9 of the EIB's Environmental and Social Handbook for workers living on-site; and (iv) using security management arrangements that are consistent with international human rights standards and principles, if such arrangements are required for the project.

Protection of the Environment. We commit to taking all reasonable steps to protect the environment on and off the site and to limit the nuisance to people and property resulting from pollution, noise, traffic and other outcomes of the operations. To this end, emissions, surface discharges and effluent from our activities will comply with the limits, specifications or stipulations as defined in *[insert name of the relevant document]*¹³ and the international

¹¹ <http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang-en/index.htm>

¹² http://www.ilo.org/safework/info/standards-and-instruments/WCMS_107727/lang-en/index.htm

¹³ For instance: ESIA (Environmental and Social Impact Assessment) and ESMP (Environmental and Social Management Plans).

and national legislation and regulations applicable in the country of implementation of the contract.

Environmental and social performance. We commit to (i) submitting [*insert periodicity as indicated in the tender documents*] environmental and social monitoring reports to [*insert name of the Contracting Authority*]; and (ii) complying with the measures assigned to us as set forth in the environmental permits [*insert name of the relevant document if applicable*]¹⁴ and any corrective or preventative actions set forth in the annual environmental and social monitoring report. To this end, we will develop and implement an Environmental and Social Management System commensurate to the size and complexity of the Contract and provide [*insert name of the Contracting Authority*] with the details of the (i) plans and procedures, (ii) roles and responsibilities and (iii) relevant monitoring and review reports.

We hereby declare that our tender price as offered for this contract includes all costs related to our environmental and social performance obligations as part of this contract. We commit to (i) reassessing, in consultation with [*insert name of the Contracting Authority*], any changes to the project design that may potentially cause negative environmental or social impacts; (ii) providing [*insert name of the Contracting Authority*] with a written notice and in a timely manner of any unanticipated environmental or social risks or impacts that arise during the execution of the contract and the implementation of the project previously not taken into account; and (iii) in consultation with [*insert name of the Contracting Authority*], adjusting environmental and social monitoring and mitigation measures as necessary to assure compliance with our environmental and social obligations.

Environmental and social staff. We shall facilitate the contracting authority's ongoing monitoring and supervision of our compliance with the environmental and social obligations described above. For this purpose, we shall appoint and maintain in office until the completion of the contract an Environmental and Social Management Team (scaled to the size and complexity of the Contract) that shall be reasonably satisfactory to the Contracting Authority and to whom the Contracting Authority shall have full and immediate access, having the duty and the necessary powers to ensure compliance with this Environmental and Social Covenant.

We accord the Contracting Authority and the EIB and auditors appointed by either of them, the right of inspection of all our accounts, records, electronic data and documents related to the environmental and social aspects of the current contract, as well as all those of our sub-contractors.

¹⁴ For instance: ESIA (Environmental and Social Impact Assessment) and ESMP (Environmental and Social Management Plans).

Name

In the capacity of

Signed

Duly authorised to sign the contract for and on behalf of

Date

Note to the Promoter: This Environmental and Social Covenant must be sent to the Bank together with the contract in the case of an International Procurement Procedure (as defined in Article 3.3.2). In other cases, it must be kept by the Promoter and made available, upon request, to the Bank.