

**CARIBBEAN INVESTMENT FACILITY (CIF)**

**MANAGEMENT AGREEMENT**

**FED/2016/382-917**

**BETWEEN**

**THE EUROPEAN COMMISSION**

**AND**

**INTER-AMERICAN DEVELOPMENT BANK (IDB)**

**REGARDING**

**GEORGE PRICE HIGHWAY (GPH) REHABILITATION PROJECT**

**IN BELIZE**

**EDF/2015/362-162**

*Vhs*

THIS MANAGEMENT AGREEMENT (the “**Agreement**”) is made between the European Commission (the “**Commission**”) representing the European Union and the Inter-American Development Bank (the “**IDB**” or “**Lead Finance Institution**”), hereinafter jointly referred to as the “**Parties**”; each a “**Party**”;

WHEREAS:

- A. The IDB approved on 4 November 2014 a loan to Belize (the “**Borrower / Beneficiary**”) in the amount of up to USD 27,000,000 (the “**IDB Loan**”) to be used for the implementation of the “George Price Highway (GPH) Rehabilitation” project (the “**Project**”), for the purpose of which the IDB entered into a loan agreement with Belize signed on 17 November 2015, as may be amended from time to time (the “**IDB Loan Agreement**”);
- B. The Commission entered into an Implementing Agreement with Belize, as Beneficiary, signed on 10 June 2015, as may be amended from time to time (the “**EU CIF Implementing Agreement**”) and pursuant to which the Commission shall make available a non-reimbursable contribution from its Caribbean Investment Facility in the amount of EUR 5,000,000 to Belize, to finance activities that will support the Project (the “**EU Contribution**”);
- C. The Parties wish to cooperate for the execution of the EU Contribution supporting the Project. To this end, the Parties have agreed to enter into this Agreement, which shall set out the terms and conditions under which such cooperation shall take place.

NOW THEREFORE, the Parties have hereby agreed as follows:

## 1. THE PROJECT

- (a) The Project’s objective is to substantially improve the road connectivity within Belize’s main districts and with Central America by rehabilitating the George Price Highway road infrastructure between miles 47.9 in Belmopan and 67.3 in Santa Elena to national standards, decreasing travel time and costs, reducing road fatalities and injuries, and ensuring road accessibility by improving the climate change resilience of the corridor.
- (b) The EU Contribution will support the financing of works, goods and services under Component 1 of the Project and cover the cost of external audit reports of the EU Contribution, in accordance with Annex II of this Agreement.
- (c) The Project, including the supporting activities financed with the EU Contribution shall be implemented by the Ministry of Works and Transport of Belize (the “**Project Implementing Entity**”), in accordance with the terms of the IDB Loan Agreement.

## 2. LEAD FINANCE INSTITUTION

The Parties have agreed that the IDB shall act as the lead finance institution for the implementation of the EU Contribution and shall have the rights and obligations as set out in this Agreement. The IDB shall receive remuneration in the amount and in the manner set out

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in Annex I of this Agreement. The IDB and the Commission shall perform their obligations as set out in this Agreement.

### 3. DISBURSEMENTS AND PAYMENTS

- (a) Disbursements of the IDB Loan to the Borrower/Beneficiary for the Project shall be made in accordance with the terms and conditions of the IDB Loan Agreement. For the avoidance of doubt, any suspension of disbursements of the EU Contribution by the Commission will not cause automatically suspensions of disbursements of the IDB Loan, the latter being solely subject to the terms and conditions of the IDB Loan Agreement.
- (b) Disbursements by the Commission of the EU Contribution to the Borrower/Beneficiary will be made in two equal pre-financing payments or tranches and shall be made in accordance with the applicable Commission's policies, rules and procedures. Such disbursements shall be made into an account opened by the Borrower/Beneficiary for the specific use of the EU Contribution, which will finance the eligible expenditures referred to in Section 3(c)(ii) below (the "**CIF Account**"). The Borrower/Beneficiary shall notify the IDB of the opening of the CIF Account by the Borrower/Beneficiary. The Commission shall notify IDB of the date and amount of each pre-financing payment promptly after it is made. The Parties agree that the IDB shall not be held responsible should the Commission not make the full pre-financing payments of the EU Contribution to the Borrower/Beneficiary, nor will the IDB cover exchange rate loss or risk related to the conversion or administration of the EU Contribution by the Borrower/Beneficiary.
- (c) The IDB shall monitor payments made from the CIF Account by the Borrower/Beneficiary to ensure that the latter complies with the following :
  - (i) payments made from the CIF Account shall comply with IDB financial management policies, rules and procedures.
  - (ii) funds in the CIF Account shall be used exclusively for the execution of the EU Contribution and in particular for the categories of expenditure specified in Section 1(b) of this Agreement, provided that such expenditures are eligible expenditures under IDB policies, rules and procedures and have been procured in accordance with the IDB Procurement Arrangements, as defined hereunder in Section 4(a)(i).
- (d) Closure of the CIF Account. The balance (if any) of the CIF Account and any ineligible expenditure resulting from the external audits specified in Section 4(c) below, will be directly reimbursed by the Borrower/Beneficiary to the Commission.

#### 4. IMPLEMENTATION ARRANGEMENTS

(a) Procurement and Contracting

- (i) The procurement and contracting process for the acquisition of goods, works, services and consultancies to be financed by the EU Contribution will be carried out by the Project Implementing Entity in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-9) and applicable IDB rules and procedures regarding procurement, except that goods originating from non-IDB member countries will also be eligible for procurement and that suppliers, contractors, consultants and service providers from non-IDB member countries shall be allowed to participate in the procurement processes for activities to be financed with the EU Contribution, provided that the country of origin of the goods and the nationality of such suppliers, consultants, contractors and service providers is recognized by the European Union as eligible (the “**IDB Procurement Arrangements**”)
- (ii) The Project Implementing Entity shall publish all calls for tenders in the UNDB online and in IDB website, in accordance with the IDB Procurement Arrangements. The IDB shall monitor and review the procurement process of the components of the Project, including the supporting activities financed with the EU Contribution, in accordance with its internal policies, rules and procedures.
- (iii) All contracts will be subject to *ex ante* review and will be published on the IDB website, as applicable, in accordance with the IDB Procurement Arrangements.

(b) Reporting, Monitoring and Evaluation

- (i) Technical and financial reporting, as well as monitoring and evaluation of the EU Contribution will be subject to the same requirements as set forth in the IDB Loan Agreement. IDB shall share the reports submitted by the Implementing Entity with the Commission and inform the latter as to whether it has given its non-objection to said reports.
- (ii) Upon completion of the Project, including the supporting activities financed with the EU Contribution, the IDB shall communicate to the Commission, the amount of the EU Contribution's final eligible costs based on the audits of the Project, including the EU Contribution (in accordance with Section 4(c) of this Agreement). The IDB shall also inform the Commission as to whether the Project, including the supporting activities financed with the EU Contribution, has been completed as planned.
- (iii) IDB will verify the appropriate and efficient use of the EC Contribution by means of monitoring and reporting on the Implementing Entity's compliance with IDB financial management and procurement policies and procedures. In

addition, a yearly supervision plan will be developed and executed by the IDB to review the progress of the Project in all aspects of the implementation, finance and procurement. The supervision plan will also include monitoring visits by the IDB. The IDB shall share all its monitoring reports as well as the progress reports with the Commission. Furthermore, representatives of the Commission will be invited to participate in main monitoring missions led by IDB.

- (iv) After providing its non-objection to it, IDB shall provide the Commission with the completion report highlighting the results achieved and the executed activities with at least the same level of detail as the Action Fiche approved by the CIF board and the annual supervision plan; such report shall include a statement on the completion of the Project, including the supporting activities financed with the EU Contribution.
  - (v) IDB shall conduct the evaluation of the Project, including the supporting activities financed with the EU Contribution, in accordance with its procedures and policies and share the results of such evaluation with the Commission.
- (c) Financial Management and External Audit
- (i) The EU Contribution will be subject to the same financial management by the Borrower/Beneficiary and external audit requirements, as set forth in the IDB Loan Agreement. In particular, the Project Implementing Entity shall submit annual external audited financial statements and a final external audited financial statement of the Project, including the supporting activities financed with the EU Contribution. Such financial statements shall cover all expenditures financed whether through the IDB Loan or the EU Contribution.
  - (ii) In addition to the dispositions set forth in Section 4(c)(i) above, when payments for an amount equal to at least the equivalent of EUR 1,750,000 (constituting 70% of the first pre-financing payment referred to in Section 3(b) above) has been made out of the CIF Account, an independent external auditor shall analyse and verify the incurred expenses paid out of such account, by conducting an assurance engagement, in accordance with the International Standards on Auditing. Such assurance engagement will be financed with resources of the EU Contribution and its terms of reference will be subject to the non-objection of the IDB and the Commission. The independent external auditor conducting the assurance engagement shall certify that the Project Implementing Entity has actually made and justified payments out of the CIF Account in an amount equal to at least the equivalent of EUR 1,750,000, before the second pre-financing payment of the EU Contribution is disbursed by the Commission to the Borrower/Beneficiary.
  - (iii) Any certifications, reports, letters or other form of communication issued by the independent external auditors with respect to financial reports of the Project, including the EU Contribution, shall be submitted by the

Borrower/Beneficiary to the IDB, which in turn shall transmit it to the Commission.

- (iv) The IDB shall have no other obligations than those indicated in paragraphs (i) through (iii) of this Section 4(c) vis-à-vis any parties with respect to external audits of the EU Contribution.

(d) Communication

All communications between the Parties concerning the implementation of this Agreement shall be in writing, refer expressly to the Project and be sent to the following addresses:

**For the Commission**

Head of the EU Delegation to Jamaica, Belize, the Bahamas, Turks & Caicos Islands and the Cayman Island  
8 Olivier Rd. P.O. Box 463  
Kingston 8, Jamaica, West Indies  
Telephone: (1-876) 924.6333  
Fax: (1-876) 924.6339  
[Delegation-jamaica@eeas.europa.eu](mailto:Delegation-jamaica@eeas.europa.eu)

**For the Lead Finance Institution**

Inter-American Development Bank,  
1300, New York Avenue  
N.W. Washington, D.C. 20577  
United States of America

**5. ENTRY INTO FORCE, DURATION, AMENDMENT AND TERMINATION**

- (a) This Agreement shall enter into force upon the fulfilment of the following conditions: (i) its signature by both Parties; and (ii) all conditions precedent for disbursements under the IDB Loan Agreement and the EU CIF Implementing Agreement have been met. Each Party shall inform, without delay, in writing the other Party of the fulfilment of the conditions precedent for disbursement under its respective agreement with the Borrower/Beneficiary. Each Party shall be solely responsible for the conditions precedent for disbursement under its respective agreement with the Borrower/Beneficiary and shall have sole discretion to waive any such conditions precedent for disbursement at any time. This Agreement shall remain in full force and effect from the date on which it enters into force and until the EU Contribution is fully executed or this Agreement, is terminated earlier in accordance with the provisions of Section 5 (c) hereinafter.
- (b) Any modifications to the terms and conditions of this Agreement shall be made through a formal written amendment to the Agreement, duly signed by the Parties.
- (c) Each Party may terminate this Agreement if resources made available by the Parties to the Borrower/Beneficiary under their respective agreements have not been utilized or at

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any time, by giving two-months' prior written notice to the other Party, after having duly consulted with the other Party with a view to find a way to settle any issue which has given rise to a consideration to terminate the Agreement, in a manner amicable to both Parties.

## 6. GENERAL PROVISIONS

- (a) This Agreement is composed of the present Management Agreement, its Annex I which sets forth the terms and conditions of the remunerations of the IDB, and its Annex II presenting the budget table of the Project along with the supporting activities financed with the EU Contribution.
- (b) The IDB shall have no other obligations vis-à-vis any parties with respect to the EU Contribution and the Project, other than those established in this Agreement and the IDB Loan Agreement.
- (c) Nothing in this Agreement shall be construed as a waiver, renunciation or modification of any of the immunities, privileges or exemptions enjoyed by the Parties, their governors, directors, alternates, officers and employees pursuant to their respective constituent document, international convention or any applicable law.
- (d) The Parties shall endeavour to settle amicably any dispute or complaint relating to the interpretation, application or fulfilment of this Agreement, including its existence, validity or termination. In default of amicable settlement, any Party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration involving International Organisations and States in force at the date of conclusion of this Agreement.
- (e) The appointing authority shall be the Secretary General of the Permanent Court of Arbitration following a written request submitted by either Party. The Arbitrator's decision shall be binding on all Parties and there shall be no appeal.
- (f) Subject to the Parties' policies and procedures with respect to the disclosure of information, the Parties may make this Agreement publicly available.
- (g) In the event of discrepancies, inconsistencies and/or conflicts between the terms of this Management Agreement and its annexes, the documents shall prevail in the following order:
  - This Management Agreement
  - Annex I: Annex regarding remunerations
  - Annex II: budget table of the Project, including the supporting activities financed with the EU Contribution
- (h) The Commission and the IDB shall receive for information, a copy of the IDB Loan Agreement and the EU CIF Implementing Agreement, respectively, and any subsequent amendments to such agreements.
- (i) This Agreement and any non-contractual obligations arising out of it or in connection with it shall be governed by international law.



- (j) This Agreement shall in no way limit or impair the independent right of decision and action of the other Party under its respective agreements with the Borrower/Beneficiary.

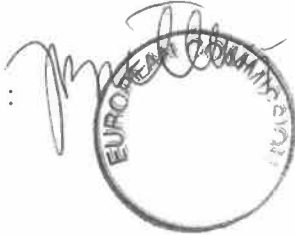
IN WITNESS WHEREOF, each Party, acting through its duly authorised representative(s), has signed this Agreement in three originals in the English language, one original for each of the Parties, and all originals having equal force for all legal purposes.

**FOR THE COMMISSION**

Ms. Jolita Butkeviciene,  
Director for Latin America and the  
Caribbean,  
Directorate-General for International  
Cooperation and Development

Signature :

Date:



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**FOR THE IDB**

Ms. Gina Montiel  
Manager Country  
Department Central America

Signature :

Date May 02, 2017

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**Reference n° FED/2016/382-917**

### **Article 1 - Purpose**

The IDB, as Lead Finance Institution, shall be paid remuneration by the Commission to recover its costs in accordance with the provisions set forth hereunder.

The role of Lead Finance Institution and the remuneration attached to it may not be assigned to a third party in any manner whatsoever without the prior written consent of the Parties.

### **Article 2 – Entry into force and Implementation Period**

This Annex shall enter into force on the date stipulated in Section 5 (a) of the Management Agreement and shall have the same duration as the Management Agreement.

### **Article 3 - Financing the Remuneration**

Based on the estimated costs of the EU Contribution, the Commission undertakes to finance **EUR 200.000** as remuneration for the Lead Finance Institution. The final amount for the remuneration will be established in accordance with Article 4 of this Annex I.

The remuneration has been calculated as follows: four percent (4%) of the EU Contribution.

### **Article 4 - Payment Arrangements**

The Commission shall pay the remuneration to the IDB in three installments of the equivalent of EUR 50,000, EUR 100,000 and EUR 50,000 with the first installment due upon the entry into force of this Agreement, the second installment following the second pre-financing payment and the last installment shall be paid upon the acceptance of the completion report.

The Commission will provide a payment equivalent to EUR 50.000 out of the remuneration defined in Article 3 above, within 45 days of the entry into force of this Agreement, upon receipt by the Commission of a request for payment from the Lead Finance Institution. Subsequent payments of the remuneration will be made in accordance with Article 3 of this Annex I and within 45 days of receipt by the Commission of a request for payment from the Lead Finance Institution.

The request for payment shall conform substantially to the form attached as Schedule 1 of this Annex I. In case the first request is not sent within 36 months following the entry into force of this Agreement, payment obligations of the Commission may be automatically ceased.

### **Article 5 - Liability**

The Lead Finance Institution agrees that it shall apply at least the same diligence in performing the tasks delegated to it as Lead Finance Institution as it would apply to its usual business operations.

The Lead Finance Institution shall not be held liable or responsible for:

5(1) Any breach of the agreements described in the Preamble of this Agreement by the Borrower/Beneficiary;



- 5(2) Any breach by the Lead Finance Institution of its own finance agreement with the Borrower/Beneficiary; and
- 5(3) Any claims arising out of or in connection with any breach referred to in subparagraphs 5(1) or 5(2) above.

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## Schedule 1: Request for payment

Date of the request for payment <.....>

For the attention of

<Address of the Commission>

Reference number of the Annex I Regarding Remuneration: ...

Title of the Management Agreement: ...

Name and address of the Lead Finance Institution: ...

Request for payment number: ...

Period covered by the request for payment: ...

Dear Sir/Madam,

I hereby request payment of the remuneration under the Agreement mentioned above.

The amount requested is [as indicated in Article 3 of the Annex I Regarding Remuneration /the following: ...]

Please find attached the following supporting documents:

- signed Agreement including the related Annex I regarding Remuneration
- standard financial identification form

The payment should be made to the following bank account: [...]

Yours faithfully,

<signature>

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## **ANNEX II: The George Price Highway Rehabilitation Project**

### **I. Objective**

- 1.01** The objective of the Project is to improve the road connectivity within Belize's main districts and with Central America by rehabilitating the George Price Highway (hereinafter referred to as the "GPH) between miles 47.9 in Belmopan and 67.3 in Santa Elena, while decreasing travel time and costs, reducing road fatalities and injuries, and improving the climate change resilience of the corridor.

### **II. Description**

- 2.01** In order to achieve the above-mentioned objective, the Project, including the supporting activities financed with the EU Contribution, will finance the following components:

#### **Component 1: Civil works & maintenance**

- 2.02** This component will finance: (i) the civil works for the rehabilitation of the GPH from mile 47.9 (Belmopan) to mile 67.3 (beginning of Santa Elena Bypass); (ii) the civil works for the replacement of the Roaring Creek Bridge (mile 48); (iii) the supervision of the civil works; (iv) two years of maintenance of the civil works once concluded; and (v) land acquisition, compensation, and utilities relocation required to execute the civil works.
- 2.03** The civil works will include the following measures to address road safety, and climate change resiliency issues: (i) road safety will be improved through the provision of better pavement conditions, improved drainage, pedestrian facilities, a paved shoulder, bus stops and increased signing and marking; and (ii) the rehabilitated roadway will be designed to withstand an increased incidence of severe weather due to climate change and result in bridges designed to remain above flood levels and sufficient drainage and elevation of the roadway to prevent localized flooding.

#### **Component 2: Institutional strengthening**

- 2.04** This component will finance activities to strengthen the Ministry of Works and Transport of Belize ("MOWT"), and particularly the Project Execution Unit ("PEU") and the Road Maintenance Unit ("RMU") in the following areas, among others: (i) structuring of performance-based contracts for maintenance; (ii) environmental safeguards application in accordance with Bank policies; (iii) utilization of national standards or another preferred highway design and testing code by staff and/or training/studies in other related areas; and (iv) training in the use of the Highway Development and Management Model (HDM-4).

### Component 3: Engineering and administration

- 2.05** This component will finance activities that support the administration of the Project, including: (i) the contracting of PEU key personnel fully dedicated to the Project and which consist of a project manager/engineer, a financial specialist, a procurement officer, and an administrative assistant; (ii) renting and furnishing office space for the PEU; and (iii) acquisition of equipment for project execution and oversight.
- 2.06** This component will also finance: (i) sector studies, environmental and social studies, technical studies, and additional engineering designs related to the Project; (ii) monitoring and evaluation; and (iii) financial audits.

### III. Total Cost of the Project and Financing Plan

- 3.01** The estimated cost of the Project, including the supporting activities financed with the EU Contribution, is the equivalent of US\$34,028,000 of which up to US\$27,000,000 will be financed with resources of the Ordinary Capital of the Bank, €5,000,000 by the EU Contribution resources, and US\$1,528,000 will be covered by the local contribution from the Borrower/Beneficiary. The following table shows a detail of the estimated costs by components.

**Cost and Financing**  
(in thousands of US\$)

Component	IDB	CIF(*)		Local	Total
	(US\$000)	(€000)	(US\$000)	(US\$000)	(US\$000)
<b>Component 1. Civil works &amp; maintenance</b>	<b>23,954</b>	<b>4,800</b>	<b>5,280</b>	<b>1,528</b>	<b>30,762</b>
Replacement of Roaring Creek Bridge including approaches	3,476	2,600	2,860	-	6,336
Rehabilitation of GPH, environmental and social mitigation measures, utilities relocation	18,522	2,200	2,420	-	20,942
Construction supervision	1,800	-	-	-	1,800
2 years maintenance	156	-	-	156	312
Land acquisition	-	-	-	1,372	1,372
<b>Component 2. Institutional strengthening</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400</b>
MOWT strengthening	400	-	-	-	400
<b>Component 3. Engineering &amp; administration</b>	<b>2,646</b>	<b>200</b>	<b>220</b>	<b>-</b>	<b>2,866</b>
Administration (PEU Staff )	1,747	-	-	-	1,747
Studies and designs	449	-	-	-	449
Monitoring & evaluation	350	-	-	-	350
Communication strategy and Financial audits	100	200	220	-	320
<b>Total</b>	<b>27,000</b>	<b>5,000</b>	<b>5,500</b>	<b>1,528</b>	<b>34,028</b>

(\*) The cost table was calculated using an approximate exchange rate of €1=US\$1.10 in order to determine the estimated project cost in one single currency. The final cost of the project will be reported at its end, using actual amounts spent in USD Dollars and in Euros. An equivalent in US Dollars will be calculated based on current exchange rates applicable at the time of payments.