

**CONFORMED COPY**

**LOAN NUMBER 7958-BZ**

# **Loan Agreement**

**(Municipal Development Project)**

**between**

**BELIZE**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated December 2, 2010**

## **LOAN AGREEMENT**

Agreement dated December 2, 2010, between BELIZE (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

### **ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### **ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of fifteen million dollars (\$15,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are April 15 and October 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 of this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.
- 2.08. Without limitation upon the provisions of paragraph (a) of Section 2.07 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guideline, the interest rate basis applicable to consecutive withdrawals from the Loan Account which in the aggregate equal \$ 3 million shall be converted from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, under the overall coordination of the PSC, the Borrower, through the MED, shall cause BSIF to carry out: (a) Part A of the Project, with the participation of Participating TCCs (pursuant to the provisions of the corresponding Subproject Agreement); (b) Part B.1 of the Project, with the Participation of the TCCs

(pursuant to the provisions of the corresponding Subproject Agreement); (c) Part B.2 of the Project with the participation of MLLGRD and MNRE, respectively; and (d) Part C of the Project by itself, all pursuant to the provisions of the Subsidiary Agreement, and in accordance with the provisions of Article V of the General Conditions.

- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

#### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Events of Suspension consist of the following:
- (a) BSIF shall have failed to comply with any of its pertinent obligations under the Subsidiary Agreement.
  - (b) The BSIF Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower and/or BSIF to perform any of their respective obligations under the Subsidiary Agreement and/or this Agreement.
- 4.02. The Additional Events of Acceleration consist of the following:
- (a) Any event specified in paragraph (a) of Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.
  - (b) Any event specified in paragraph (b) Section 4.01 of this Agreement occurs.

#### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Borrower, through the PSC, has adopted the Project Operational Manual, in form and substance satisfactory to the Bank; and
  - (b) the Subsidiary Agreement has been executed on behalf of the Borrower, through MED, and BSIF.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01 of this Agreement, there shall be furnished to the Bank an opinion or opinions

satisfactory to the Bank of counsel acceptable to the Bank, showing that the Subsidiary Agreement has been duly executed by the Borrower, through MED, and BSIF and is legally binding upon the Borrower, through MED, and BSIF in accordance with its terms.

- 5.03. Without prejudice upon the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than eighteen (18) months after the Bank's approval of the Loan which expire on March 16, 2012.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is the Minister of Finance.

- 6.02. The Borrower's Address is:

Ministry of Finance  
Sir Edney Cain Building  
Belmopan  
Belize, Central America

Facsimile:  
501-822 2886

- 6.03. The Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at Belize City, Belize, as of the day and year first above written.

**BELIZE**

**By /s/ Dean O. Barrow**

**Authorized Representative**

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**By /s/ Yvonne Tsikata**

**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve access to basic municipal infrastructure and to enhance the municipal management in selected town and city councils.

The Project consists of the following parts:

#### **Part A: Municipal Infrastructure Investments**

Preparing and carrying out of specific development projects for municipal infrastructure (Subprojects) in the Participating TCCs.

#### **Part B: Technical Assistance and Capacity Building for TCCs, MLLGRD and MNRE**

1. Strengthening of TCCs' institutional and technical capacity related to investment planning and implementation, and municipal management, through, *inter alia*, the provision of technical assistance, goods and training to develop municipal growth plans, design and implement municipal financial management systems, carrying out revenue enhancement activities, and traffic management activities listed in the Project Operational Manual.
2. Strengthening of the institutional and technical capacity of MLLGRD and MNRE through, *inter alia*, the provision of technical assistance, goods and training to: (a) the personnel of MLLGRD to support the TCCs in improving municipal management, developing improved financial management capacity, and supporting the MLLGRD in analyzing municipal financial information for informed decision making; and (b) the personnel of MNRE to strengthen urban planning capacity, and to provide training and support to the Participating TCCs in developing municipal growth plans.

#### **Part C: Project Management**

Strengthening of the operational capacity of BSIF for implementation and management of the Project, to ensure compliance with fiduciary controls, supervision, monitoring and reporting, and compliance with social and environmental safeguards, through the provision of technical advisory services, training, operating costs, and acquisition of goods, including vehicles.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Implementation Arrangements

1. The Borrower, through MED, shall maintain, throughout the implementation of the Project, a steering committee (the Project Steering Committee or PSC) with composition, functions and responsibilities acceptable to the Bank, as set forth in the Project Operational Manual, for purposes of overseeing and coordinating the Project implementation.
  - (a) The Borrower shall cause BSIF to maintain, throughout Project implementation, an implementation unit (“PIU”) with composition, functions and responsibilities acceptable to the Bank, including the responsibility for the technical, fiduciary (*i.e.*, financial management and procurement), ensuring compliance with social and environmental safeguards, and monitoring and evaluation aspects of the Project.
  - (b) The PIU shall be headed by a Project coordinator and assisted by professional staff (including, *inter alia*, a procurement specialist, and a financial management specialist), all in numbers and with terms of reference, and qualifications and experience, acceptable to the Bank.
  - (c) The Borrower undertakes that, unless the Bank may otherwise agree, the PIU personnel shall only be hired based on professional criteria and shall only be replaced for reasons related to performance.

##### B. Subsidiary Agreement

1. For purposes of carrying out the Project, the Borrower, through MED, shall enter into an agreement with BSIF (the Subsidiary Agreement) under terms and conditions which shall have been approved by the Bank which shall include, *inter alia*, those set forth in Schedule 4 to this Agreement.
  - (a) The Borrower, through MED, shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.
  - (b) Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce the Subsidiary Agreement or any of their provisions.

**C. Project Operational Manual**

1. The Borrower shall carry out the Project, and cause the Project to be carried out, in accordance with the provisions of a manual satisfactory to the Bank (the Project Operational Manual), which shall include, *inter alia*, the following provisions: (a) the guidelines for the carrying out of Municipal Subprojects under Part A of the Project; (b) the eligibility criteria for Participating TCCs in submitting their respective proposals for Subprojects; (c) the eligibility criteria and detailed procedures for the selection, approval and implementation of Subprojects; (d) Project impact and implementation indicators, including the procedures for monitoring and evaluation of the Project, and the Subproject activities; (e) the Project disbursement and procurement procedures; (f) the Environmental Management Framework; (g) the Land Acquisition and Involuntary Resettlement Policy Framework; (h) the Indigenous Peoples Framework; (i) the format of: (A) the unaudited interim financial reports referred to in Section II.B.2 of Schedule 2 to this Agreement; and (B) the Financial Statements; and (j) a model Subproject Agreement.
2. Except as the Borrower and the Bank may otherwise agree in writing, the Borrower shall not, and shall cause BSIF not to, abrogate, amend, suspend, waive or otherwise fail to enforce the Project Operational Manual or any provision thereof.
3. In case of any conflict among the terms of the Project Operational Manual, the Subsidiary Agreement, the Subproject Agreements and this Agreement, the provisions of this Agreement shall prevail.

**D. Annual Work Plan**

1. For the purposes of carrying out of the Project, the Borrower shall cause BSIF to:
  - (a) prepare, in accordance with the guidelines detailed in the Operational Manual, and, not later than February 28 in each year of Project implementation, to the Bank a consolidated annual working plan (AWP) satisfactory to the Bank, including a description of activities proposed for the upcoming Fiscal Year, a budget, a financial plan, a training program, and a procurement plan for the procurement of goods, works and services required to carry out such activities;
  - (b) review with the Bank said AWP, within four weeks following the submission of said plan; and

- (c) thereafter take all measures required to ensure the efficient completion and achievement of said AWP, based on the views of the Bank on said plan.

**E. Anti-Corruption Guidelines**

The Borrower, through MED, shall ensure, and shall cause BSIF to ensure, that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**F. Environmental and Social Safeguards**

- 1. The Borrower shall ensure, and cause BSIF, and the Participating TCCs to ensure, that the Project activities are carried out in accordance with the Safeguard Instruments, including the guidelines, rules and procedures defined in said Safeguard Instruments. To that end, the Borrower shall cause BSIF to ensure that, for the Subprojects proposed for inclusion in each Annual Work Plan to be prepared under Section I.D of this Schedule 2 under overall coordination and with the support of the Department of Environment, the following actions are taken in a manner acceptable to the Bank:

- (a) if an Environmental Management Plan would be required for a Subproject on the basis of the Environmental Management Framework: (i) such Environmental Management Plan shall be prepared in accordance with the requirements of the Environmental Management Framework, disclosed locally and furnished to the Bank as part of the Annual Work Plan; and (ii) the Subproject shall be carried out in accordance with such Environmental Management Plan as approved by the Bank;
- (b) if a Land Acquisition and/or Involuntary Resettlement Plan would be required for a Subproject on the basis of the Land Acquisition and Involuntary Resettlement Policy Framework: (i) said Land Acquisition and/ or Involuntary Resettlement Plan shall be prepared in accordance with the requirements of the Land Acquisition and Involuntary Resettlement Policy Framework, disclosed locally and furnished to the Bank as part of the Annual Work Plan; and (ii) no works under a Subproject shall be commenced until (A) all measures required to be taken under said Land Acquisition and/or Resettlement Plan prior to the initiation of said works have been taken; (B) BSIF has prepared and furnished to the Bank a report in form and substance satisfactory to the Bank, on the status of compliance with the requirements of said Land Acquisition and/or Involuntary Resettlement Plan; and (C) the Bank has confirmed that said works may be commenced; and

- (c) if an Indigenous Peoples Plan would be required for a Subproject on the basis of the Indigenous Peoples Framework: (i) said Indigenous Peoples Plan shall be prepared in accordance with the requirements of the Indigenous Peoples Framework, disclosed locally and furnished to the Bank as part of the Annual Work Plan; and (ii) no works under a Subproject shall be commenced until (A) all measures required to be taken under said Indigenous Peoples Plan to address the needs of the Indigenous Peoples in the areas under the Project have been taken; (B) BSIF has prepared and furnished to the Bank a report in form and substance satisfactory to the Bank, on the status of compliance with the requirements of said Indigenous Peoples Plan; and (C) the Bank has confirmed that said work may be commenced.
- 2. The Borrower shall cause BSIF to ensure that all measures required for carrying out the recommendations of the Safeguard Instruments are taken in a timely manner.
  - 3. Without limitation to its other reporting obligations under this agreement and under Section 5.08 of the General Conditions, the Recipient shall cause BSIF to include in the Project Reports referred to in Section II.A of this Schedule adequate information on the implementation of the Safeguard Instruments, giving details of:
    - (a) measures taken in furtherance of such Safeguard Instruments;
    - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments;
    - (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such Safeguard Instruments; and
    - (d) afford the Bank a reasonable opportunity to exchange views with the Recipient on such reports. Each such report shall be furnished to the Bank not later than one month after the end of the six months covered by such report and the first such report shall be furnished to the Bank not later than one month after the end of the six months in which the works under the first Subproject commenced.

**Section II. Project Monitoring Reporting and Evaluation**

**A. Project Reports**

- 1. The Borrower, through MED, shall cause BSIF to monitor and evaluate the progress of the Project and prepare and furnish to the Bank Project Reports in

accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in the Project Operational Manual. Each Project Report shall cover the period of six months and shall be furnished to the Bank not later than forty five days after the end of the period covered by such report.

2. On or about the date twenty four months after the Effective Date, the Borrower, through MED, shall undertake in conjunction with the Bank, and BSIF a comprehensive mid-term review of the Project during which it shall exchange views generally on all matters relating to the progress of the Project, the performance by the Borrower of its obligations under this Agreement and the performance by BSIF of its obligations under the Subsidiary Agreement, having regard to the performance indicators referred to in paragraph 1 of this Part A.
3. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project (Completion Report) and related plan required pursuant to that Section shall be furnished to the Bank not later than six months after the Closing Date.

**B. Financial Management, Financial Reports and Audits**

1. The Borrower shall, and shall cause BSIF to, maintain each a financial management system, all in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower, through MED, shall cause BSIF to prepare, interim unaudited financial reports, covering a calendar quarter, in form and substance satisfactory to the Bank. The Borrower, through MED, shall cause BSIF to furnish to the Bank consolidated interim reports, not later than forty five days after the end of each quarter.
3. The Borrower, through MED, shall cause BSIF to have its Financial Statements (including the Project's Financial Statements) audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance of the Project. The Borrower, through MED, shall cause BSIF to ensure that the audited Financial Statements for each such period shall be: (a) furnished to the Bank not later than four months after the end of each such period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

**Section III. Procurement**

**A. General**

1. **Goods, Works and Non-Consultant Services.** All goods, works and Non-Consultant Services required for the Project and to be financed out of the proceeds of the Loan shall be procured, and/or caused to be procured, in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured, and/or caused to be procured, in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-Consultant Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and Non-Consultant Services shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.
2. **Other Methods of Procurement of Goods, Works and Non-Consultant Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and Non-Consultant Services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b><u>Procurement Method</u></b>
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b><u>Procurement Method</u></b>
(a) Least-Cost Based Selection
(b) Quality-Based Selection
(c) Selection Based on the Consultants' Qualifications
(d) Single Source Selection
(e) Selection under a Fixed Budget
(f) Procedures set forth in paragraphs 5.1 through 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(g) Sole Source Procedures for the Selection of Individual Consultants set forth in paragraph 5.4 of the Consultant Guidelines for the Selection of Individual Consultants

**D. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<b><u>Category</u></b>	<b><u>Amount of the Loan Allocated (expressed in Dollars)</u></b>	<b><u>Percentage of Expenditures to be financed (inclusive of Taxes)</u></b>
(1) Non-Consultant Services, and consultants' services under Part A of the Project	1,322,500	100%
(2) Goods and works under Part A of the Project	10,120,000	97%
(3) Goods, Non-Consultant Services, consultants' services, and Training under Part B of the Project	1,050,000	100%
(4) Goods, Non-Consultant Services, consultants' services, Operating Costs, and Training under Part C of the Project	1,670,000	100%
(5) Refund of the Preparation Advance	800,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
(6) Front-end Fee	37,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(7) Premia for Interest Rate Caps and Interest Rate Collars	0	Amount payable pursuant to Section 2.07(c) of this Agreement
<b>TOTAL AMOUNT</b>	15,000,000	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$ 1,500,000 equivalent may be made for payments made within one year prior to this date but on or after August 1, 2010, for Eligible Expenditures.

2. The Closing Date is November 30, 2015 or any later date as the Bank may agree, and notify to the Borrower in writing.

**Section V. Access to Information**

The Bank may disclose the Legal Agreements and any information related to the Legal Agreements in accordance with its policy on access to information, in effect at the time of such disclosure.

**Section VI. Other Covenants**

Not later than one month after the Effective Date, the Borrower shall cause BSIF to recruit the following key staff to the PIU: (a) a project coordinator; (b) a project engineer; (c) a social officer; and (d) a procurement officer, all in accordance with Section III.C of Schedule 2 to this Agreement.

**SCHEDULE 3**

**Amortization Schedule**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each April 15 and October 15 Beginning October 15, 2015 through April 15, 2035	2.5%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
  - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as

withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- 4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
- 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each amount.

## SCHEDULE 4

### Terms and Conditions of the Subsidiary Agreement

The Subsidiary Agreement shall contain, *inter alia*, the following provisions:

- A.** The obligations of the Borrower:
1. through MoF, to promptly disburse to BSIF the proceeds of the Loan to finance the carrying out the Project with due diligence and efficiency;
  2. to support the implementation of Parts A and B of the Project as follows: (i) assist BSIF in the carrying out the activities under Part A of the Project; (ii) assist BSIF to carry out the activities under Part B.1 of the Project; (iii) through MLLGRD and MNRE, participate in the carrying out of the activities under Part B.2 of the Project, all under the overall guidance and oversight of the PSC; and (iv) take all necessary measures to obtain, throughout Project implementation, the cooperation of other agencies of the Borrower, including *inter alia*, the Borrower's ministries of works (Ministry of Works) and housing and urban development (Ministry of Housing and Urban Development);
  3. to take or permit to be taken all actions to enable BSIF to comply with its obligations referred to in Section C of this Schedule;
  4. to ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines;
  5. with respect to the assistance to be provided to TCCs to develop their municipal growth plans under Part B.1 of the Project, the Borrower shall cause BSIF to ensure that the terms of reference for said Project activities include a provision, satisfactory to the Bank, mandating that the TCCs incorporate and/or cause to be incorporated the applicable Bank Safeguard Policies to said plans;
  6. to provide adequate funding as shall be required for the implementation of any Resettlement Action Plan; and
  7. not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subsidiary Agreement or any provision thereof unless as may otherwise be agreed by the Bank.
- B.** The right of the Borrower to take remedial actions against BSIF in case BSIF shall have failed to comply with any of its obligations under the Subsidiary Agreement (which actions shall previously be agreed with the Bank);

- C. The obligations of BSIF:
1. to carry out (a) Part A of the Project, with the participation of Participating TCCs; (b) Part B.1 of the Project with the participation of TCCs; (c) Part B.2 with the participation of MLLGRD and MNRE; and (c) Part C of the Project, all in accordance with the provisions of this Agreement, the Subsidiary Agreement, and the Project Operational Manual;
  2. to carry out the fiduciary (*i.e.*, financial management and procurement) and monitoring and evaluation aspects of the Project, including the obligation to: (i) ensure that all goods, works and services to be financed out of the Loan are procured in accordance with the provisions of this Agreement; (ii) ensure that adequate policies and procedures are maintained to enable it to monitor and evaluate, in accordance with indicators acceptable to the Bank, the progress of the Project and the achievement of its objective; (iii) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (B) at the Bank's request, have such financial statements audited by independent auditors acceptable to the Bank, and promptly furnish the statements so audited to the Bank; and (iv) maintain the PIU throughout Project implementation, as provided in Section I.A.2 (a) of Schedule 2 to this Agreement;
  3. with respect to the implementation of Part A of the Project, to:
    - (a) prepare Subproject proposals, based on the list of priority Subprojects prepared by the corresponding Participating TCC;
    - (b) evaluate and approve Subprojects, in accordance with the criteria and procedures set forth in the Project Operational Manual;
    - (c) enter into Subproject Agreements with each Participating TCC, under terms and conditions satisfactory to the Bank, which shall include those set forth in the Project Operational Manual, *inter alia*: (i) the obligation of the relevant Participating TCC to: (A) comply with the provision of the Anti-Corruption Guidelines in connection with the activities of the Project under its responsibility; (B) assist BSIF in the implementation and supervision of Subprojects; (C) once the pertinent Subproject has been carried out in a manner acceptable to the Bank, operate and maintain the investments supported under said Subproject, with due diligence and efficiency, and in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices, and the applicable provisions of this Agreement; (D) not to assign, amend, terminate, abrogate, repeal, waive or fail to

enforce the pertinent Subproject Agreement or any provision thereof, unless previously agreed by the Bank; and (E) to take or permit to be taken all actions to enable the Borrower and BSIF to comply with their respective obligations referred to in this Agreement and/or in the Subsidiary Agreement, as the case may be; and (ii) BSIF's right to take remedial actions against the Participating TCC in case it shall have failed to comply with any of its obligations under the Subproject Agreement (which actions shall previously be agreed with the Bank);

- (d) upon approval of any given Subproject, according to the criteria and procedures set forth in the Project Operational Manual, carry out said Subproject with due diligence and efficiency, and in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices, and in accordance with the applicable provisions of the Loan Agreement and the Safeguard Instruments; and
  - (e) upon approval of a Subproject, and prior to the carrying out of said Subproject: (a) carry out an environmental assessment of said Subproject, and prepare an environmental management plan (or similar environmental instrument), avoid and minimize environmental issues and land acquisition and involuntary resettlement, all acceptable to the Bank; and (b) thereafter, to carry out or cause to be carried out said plan in accordance with its terms.
4. to comply with the provisions of the Anti-Corruption Guidelines in connection with the activities of the Project under its responsibility;
  5. not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the pertinent Subsidiary Agreement or any provision thereof, unless previously agreed by the Bank; and
  6. to take or permit to be taken all actions to enable the Borrower to comply with their respective obligations referred to in this Agreement and/or in the Subsidiary Agreement, as the case may be.

## APPENDIX

### Section I. Definitions

1. “Affected Persons” means persons who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 with the modifications set forth in Section III of this Appendix.
3. “Bank Safeguard Policies” means the Bank’s operational policies and procedures set forth in the Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 as said manual is published under [www.WorldBank.org/opmanual](http://www.WorldBank.org/opmanual).
4. “BSIF” means Belize Social Investment Fund established and operating pursuant to the Social Investment Fund Act, Chapter 43 of the laws of the Borrower, Revised Edition 2000 - 2003.
5. “BSIF Legislation” means Social Investment Fund Act, Chapter 43 of the laws of the Borrower, Revised Edition 2000 - 2003.
6. “Category” means a category set forth in the table in Section IV of Schedule 4 to this Agreement.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
8. “Department of Environment” means the department within the Borrower’s Ministry of Natural Resources and Environment, with the responsibility for ensuring that the environmental and social safeguard concerns are considered during the Project implementation.
9. “Environmental Management Framework” or “EMF” means the Borrower’s framework, acceptable to the Bank, dated June 2010 and published on June 9, 2010, setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental

assessments and management plans under the Project, and such term includes all schedules and annexes to the Environmental Management Framework.

10. “Environmental Management Plan” or “EMP” means an environmental management plan, prepared in accordance with the Environmental Management Framework and the provisions of Section I.F.1 of Schedule 2 to this Agreement for the purposes of a Subproject and acceptable to the Bank, and giving details of the magnitude of the environmental impacts, as well as the specific actions, measures and policies designed to facilitate the achievement of the objective of the Environmental Management Framework under the Subproject, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies.
11. “Fiscal Year” means the fiscal year of the Borrower commencing on April 1 of each year and ending on March 31 of the following year.
12. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.
13. “Indigenous Peoples” means, a social group of people with a distinct social and cultural identity that makes them vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (i) a close attachment to ancestral territories and to the natural resources in these areas; (ii) self-identification and identification by others as members of a distinct cultural group; (iii) an indigenous language, often different from the national language; (iv) presence of customary social and political institutions; and (v) primarily subsistence-oriented production.
14. “Indigenous Peoples Framework” or “IPF” means the Borrower’s framework dated February 19, 2010, and published on June 5, 2010, acceptable to the Bank, setting forth procedures for preparation an indigenous peoples plan, measures for addressing the needs of the Indigenous Peoples, and providing guidelines and procedures for consultation with and informed participation of Indigenous Peoples residing or cultivating lands in areas under the Project, and referred to in Section I.F.3 of Schedule 2 to this Agreement.
15. “Involuntary Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes Affected Persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv)

business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.

16. “Land Acquisition and/or Involuntary Resettlement Action Plan” or “RAP” means in respect of any Subproject involving resettlement, a resettlement plan for such Subproject prepared and implemented in accordance with the RPF and the provisions of Section I.F of Schedule 2 to this Agreement and approved by the Association, such resettlement plan to include a program of actions, measures and policies for compensation and resettlement of the Affected Persons, and setting forth the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements designed to ensure proper implementation of, and regular feedback on compliance with such plan.
17. “Land Acquisition and Involuntary Resettlement Policy Framework” or “RPF” means the Borrower’s framework dated February 15, 2010, and published on June 5, 2010, acceptable to the Bank, setting forth the modalities for resettlement and compensation of Affected Persons under the Project, as the same may be amended from time to time with the agreement of the Bank.
18. “MED” means the Borrower’s Ministry of Economic Development, Commerce and Industry, and Consumer Protection, or any successor thereto.
19. “MLLGRD” means the Borrower’s Ministry of Labor, Local Government and Rural Development, or any successor thereto.
20. “MNRE” means the Borrower’s Ministry of Natural Resources and the Environment, or any successor thereto.
21. “MoF” means the Borrower’s Ministry of Finance, or any successor thereto.
22. “Non-consultant Services” means (for the purpose of the table set forth in Section IV.A.1 of Schedule 2 to this Agreement), services which will be bid and contracted on the basis of performance of measurable physical outputs, such as the logistical service expenses for capacity building events, printing of training materials and media campaigns.
23. “Operating Costs” means (for the purpose of the table set forth in Section IV.A.1 of Schedule 2 to this Agreement), the incremental expenses incurred on account of Project implementation, based on AWP’s approved by the Bank pursuant to Section I.D of Schedule 2 to this Agreement, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, *per diem* and supervision costs of locally contracted employees, excluding the salaries of the Borrower’s civil service.

24. “Participating TCC” means any of the Borrower’s town and city councils that is legally autonomous entity, and which meets the selection criteria set forth in the Project Operational Manual to participate in the Project.
25. “PIU” means the Project Implementing Unit within BSIF referred to in Section I.A.2 of Schedule 2 to this Agreement.
26. “Preparation Advance” means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Bank to the Borrower pursuant to the letter agreement signed on behalf of the Bank on July 9, 2009, and on behalf of the Borrower on July 16, 2009.
27. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
28. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated July 26, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
29. “Project Operational Manual” means the manual, satisfactory to the Bank, and referred to in Section 5.01(a) of this Agreement, and in Section I.B of Schedule 2 to this Agreement, as the same may be amended from time to time with agreement of the Bank.
30. “Project Steering Committee” or “PSC” means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement, with the structure, functions and responsibilities acceptable to the Bank, as set forth in the Project Operational Manual.
31. “Safeguard Instruments” means the EMF, the RPF, the IPF, related EMPs, Resettlement Action Plans, and Indigenous Peoples Plans for the Project.
32. “Subproject” means a development infrastructure investment activity/project proposed by a TCC, consisting of, *inter alia*, investments related to drainage and traffic management (roads, road architecture, and signage), as well as public spaces, parks, tourism enhancements, bridges (smaller, municipal-responsibility), markets, and street lighting, related to drainage, markets, traffic management, management of public spaces, installation of street lighting, and development of associated infrastructure, selected in accordance with terms and conditions specified in the Operational Manual.

33. “Subproject Agreement” means the agreement to be executed between the BSIF and a Participating TCC pursuant to which such TCC shall participate in the implementation of a Subproject.
34. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to BSIF.
35. “TCC” means any of the Borrower’s town and city councils that is a legally autonomous entity, including a Participating TCC.
36. “Training” means (for the purpose of the table set forth in Section IV.A.1 of Schedule 2 to this Agreement), the cost associated with the training and workshops, based on AWP’s approved by the Bank pursuant to Section I.D of Schedule 2 to this Agreement, for reasonable expenditures (other than expenditures for consultants’ services and Non Consultant Services), including: (a) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. Paragraph (a) of Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance; Capitalizing Front-end Fee and Interest*

(a) If the Loan Agreement provides for the repayment out of the proceeds of the Loan of an advance made by the Bank or the Association (“Preparation Advance”), the Bank shall, on behalf of such Loan Party, withdraw from the Loan Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Loan Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Bank shall pay the amount so withdrawn to itself or the Association, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (l) of Section 7.02 is modified to read as follows:

“Section 7.02. *Suspension by the Bank*

... (l) *Ineligibility*. The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to

receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of: (i) a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association; and/or (ii) a declaration by another financier that the Borrower (other than the Member Country) or the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:
  - (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”
  - (b) The definition of the term “Conversion Date” is modified to read as follows:

“‘Conversion Date’ means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines.”

**Section III. Modifications to the Anti-Corruption Guidelines**

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been

debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full

set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank's website and otherwise be made known to staff and other stakeholders.”