July 18, 2013

Hon. Dean O. Barrow
Prime Minister and
Minister of Finance and Economic Development
Ministry of Finance and Economic Development
Sir Edney Cain Building
Belmopan City, Belize
Belize

Re: Belize: Advance Agreement for Preparation of Proposed Climate Resilient Infrastructure Project
Project Preparation Advance No. P4680-BZ

Excellency:

In response to the request for financial assistance made on behalf of Belize ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed one million five hundred thousand Dollars ($1,500,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve the resilience of critical infrastructure to natural hazards and understood impacts of climate variability and to strengthen the capacity of the national and local government in managing climate resilience ("Project"), for the carrying out of which the Recipient has requested the World Bank's financial assistance.

The Recipient represents, by confirming its agreement below that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.
Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date specified by the World Bank in accordance with Section 6.03 of the Annex to this Agreement.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: [Signature]
Françoise Clottes
Country Director
Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED:

BELIZE

By: [Signature]
Authorized Representative

Name: Hon. Dean Barrow
Title: Prime Minister and Minister of Finance and Economic Development
Date: 29th August, 2013

Enclosures:

(1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and

(2) Disbursement Letter for the Advance of the same date as this Agreement, together with "World Bank Disbursement Guidelines for Projects", dated May 1, 2006.
Article I
Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement. The following additional terms have the following meanings:

(a) "Bank’s Safeguard Policies" means the World Bank operational policies and procedures set forth in the World Bank’s Operational Manual under Ops/BPs 4.01, 4.04, 4.36, 4.09, 4.11, 4.10, 4.12, 4.37, 7.50 and 7.60, as said manual is published under www.WorldBank.org/opmanual.

(b) "Operating Costs" means the incremental expenses incurred by the SIF (as defined below) on account of the implementation of the Activities, including office equipment and supplies, reasonable commercial banking charges and fees, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, per diem and supervision costs, but excluding salaries or honoraria of officials and employees of the Recipient’s civil services.

(c) "SIF" means the Social Investment Fund (SIF), an autonomous institution established by the Recipient’s Social Investment Fund Act, Chapter 43, as revised through October 31, 2003.

(d) "Subsidiary Agreement" means the agreement referred to in Section 2.03(a) of this Agreement to be concluded between the Recipient and SIF and pursuant to which the Recipient shall make the proceeds of the Advance available to SIF.

(e) "Training" means training related to the Advance, including (i) reasonable travel, room, board and per diem expenditures as incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution.

Article II
Execution of the Activities

2.01. Description of the Activities. The Activities for which the Advance is provided consist of the following parts:

(a) Preparation of studies relating to pre-engineering activities.

(b) Preparation of environmental and social impact assessment, resettlement framework and indigenous people’s framework for the Project.
(c) Provision of technical equipment required for the Activities.

(d) Technical assistance for the implementation of the Recipient’s National Land Use Management Plan and National Spatial Data Infrastructure (NSDI) policy.

(e) Establishment of a project implementation unit (PIU) within the SIF.

(f) Financing of Training and Operating Costs.

(g) Consultancy services for audit of the Advance.

2.02. Execution of the Activities Generally. The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall cause the Activities to be carried out by the SIF in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article 11; (c) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011; and (d) the Subsidiary Agreement.

2.03. Institutional and Other Arrangements. (a) (i) The Recipient shall, through its Ministry of Finance, enter into an agreement (the “Subsidiary Agreement”) with the SIF, under terms and conditions satisfactory to the World Bank, whereby the Recipient shall make the proceeds of the Advance available to the SIF and SIF will administer the proceeds of the Advance and be responsible for the implementation of the Activities as well as for all procurement, financial management, reporting, monitoring and evaluation activities in respect of the Activities.

(ii) The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Advance. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

(b) The Recipient shall cause SIF to: (i) maintain and designate staffing and resources for implementation of the Activities, with functions, terms of reference and qualifications satisfactory to the Bank; and (ii) ensure that such designated staff report to the Ministry of Finance and Economic Development.

(c) The Recipient shall ensure that the terms of reference for any consultancies shall be satisfactory to the Bank and, to that end, such terms of reference shall require that the advice conveyed and documentation prepared through such technical assistance be consistent with the requirements of the Bank’s Safeguards Policies.

2.04. Monitoring, Reporting and Evaluation of the Activities. The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. Financial Management. (a) The Recipient shall maintain, and cause SIF to maintain, a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.
(b) The Recipient shall cause SIF to prepare interim un-audited financial reports for the Activities and to furnish such reports to the World Bank not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall cause SIF to have the Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than four months after the end of such period.

(d) The Recipient shall cause SIF to have its entity financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one fiscal year of the SIF, and the Recipient shall cause SIF to: (a) furnish its audited entity financial statements for each period to the World Bank not later than four (4) months after the end of the period; and (b) to make its audited entity financial statements for each period publicly available in a timely fashion and in a manner acceptable to the World Bank.

2.06. Procurement

(a) General. All goods, non-consulting services and consultants’ services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Activities in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Article III**

**Withdrawal of the Advance**

3.01. *Eligible Expenditures.* The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Advance Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, non-consulting services and consultants’ services (including audit, Training and Operating Costs under the Activities)</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,500,000</td>
<td></td>
</tr>
</tbody>
</table>
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed $500,000 equivalent may be made for payments made prior to this date but on or after July 1, 2013, for Eligible Expenditures.

3.03. **Refinancing Date.** The Refinancing Date is August 1, 2014.

**Article IV**

**Terms of the Advance**

4.01. **Interest.** The Recipient shall pay interest on the Withdrawn Advance Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Fixed Spread. Interest shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. The Interest Period Determination Dates are January 1 and July 1 in each year.

4.02. **Repayment.** The Withdrawn Advance Balance, together with interest accrued thereon shall be repaid by the Recipient to the World Bank in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with interest accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such interest, in accordance with the provisions of the Refinancing Agreement.

(b) **Repayment in the absence of a Refinancing Agreement:** If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by this date, it has been so executed but terminates without becoming effective, then:

(i) if the amount of the Withdrawn Advance Balance does not exceed US$50,000, it shall be repaid by the Recipient to the World Bank (together with interest accrued on the Withdrawn Advance Balance to the date of repayment), on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and

(ii) if the amount of the Withdrawn Advance Balance exceeds US$50,000, it (together with interest accrued on the Withdrawn Advance Balance to the Notice Date) (the “Aggregate Balance”) shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates (“Payment Dates”) which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date (“Notice Date”) of dispatch of such notice. The Recipient shall pay interest on the Aggregate Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Fixed Spread, payable in arrears on each Payment Date. Notwithstanding the foregoing, if any amount of the Aggregate Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the Recipient shall pay the
Default Interest Rate on such overdue amount in lieu of the interest rate specified above in this subparagraph (ii) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

Article V
Additional Remedies

5.01. Additional Events of Suspension. The Additional Event of Suspension consist of the following:

(a) SIF has failed to comply with any of its obligations under the Subsidiary Agreement.

(b) The Recipient's Social Investment Fund Act, Chapter 43, as revised through October 31, 2003, pursuant to which the SIF has been established and is operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the SIF to perform any of its obligations under the Subsidiary Agreement.

5.02. Additional Events of Acceleration. The Additional Event of Acceleration consists of the following: (a) The event specified in paragraph (a) of Section 5.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the World Bank to the Recipient; and (b) the event specified in paragraph (b) of Section 5.01 of this Agreement occurs.

Article VI
Effectiveness; Termination

6.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) If the World Bank so requests, the condition of the SIF, as represented or warranted to the World Bank at the date of this Agreement, has undergone no material adverse change after such date.

(b) The Subsidiary Agreement referred to in Section 2.03 of this Annex has been executed on behalf of the Recipient and the SIF.

6.02. As part of the evidence to be furnished pursuant to Section 6.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing that the Subsidiary Agreement referred to in Section 2.03 of this Annex has been duly authorized or ratified by the Recipient and the SIF and is legally binding upon each such party in accordance with its terms.

6.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Advance Account if this Agreement had
been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

Article VII
Recipient’s Representative; Addresses

7.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 9.02 of the Standard Conditions is its Minister of Finance and Economic Development.

7.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Finance and Economic Development
Sir Edney Cain Building
Belmopan City, Belize

Telex: 501-822-3866
Facsimile: 501-822-2886

7.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 9.01 of the Standard Conditions is:

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391