

PD-ABD-455  
ISN 74420

A.I.D. Project Number 505-0042

PROJECT GRANT AGREEMENT  
between the  
GOVERNMENTS OF BELIZE  
and the  
UNITED STATES OF AMERICA  
acting through the  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
for the  
RURAL ACCESS BRIDGES PROJECT

Dated: September 24, 1991

Appropriation : 72-1111021  
BPC : LDNA-91-25505-KG13  
Control No. : A110345  
This Obligation : \$1,000,000.00  
Total Obligation: \$1,000,000.00

Project Grant Agreement

Dated: September 24, 1991

Between

Belize ("Grantee")

and

the United States of America, acting through the  
Agency for International Development ("A.I.D.")

Article 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2: The Project

SECTION 2.1. Definition of Project. The Project, which is further described in Annex 1, will consist of financial and technical assistance to the Grantee to provide all-weather access in key rural areas through construction of bridges and rehabilitation of rural roads with emphasis on private sector participation. Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.3, without formal amendment of this Agreement.

SECTION 2.2. Incremental Nature of the Project

(a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

### Article 3: Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed the equivalent of One Million United States ("U.S.") Dollars (\$1,000,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency costs, as defined in Section 6.2, of goods and services required for the Project.

#### SECTION 3.2. Grantee Resources for the Project

(a) The Grantee agrees to provide or cause to provide for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by the Grantee for the Project will be not less than the equivalent of Two Million Four Hundred and Seventy Thousand U.S. dollars \$2,470,000, including costs borne on an "in-kind" basis.

#### SECTION 3.3. Project Assistance Completion Date

(a) The "Project Assistance Completion Date" (PACD), which is September 30, 1996, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

**Article 4: Conditions Precedent to Disbursement**

**SECTION 4.1. First Disbursement.** Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) an opinion of the Attorney General of the Government of Belize that this Agreement has been duly authorized and/or ratified by, and executed on behalf of the Government of Belize, and that it constitutes a valid and legally binding obligation of the Government of Belize in accordance with all of its terms;

(b) a statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.3., and of any additional representatives, together with a specimen signature of each person specified in such statement.

**SECTION 4.2. Additional Disbursement.** Prior to any disbursement for road rehabilitation or bridge construction, or to issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee will, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D.:

(a) evidence of the appointment of the full-time head of the Rural Roads Unit and a full-time Bridge Engineer within the Ministry of Works (MOW), who will be responsible for the proper and timely implementation of the Project;

(b) a copy of the official geometric and structural design standards which the MOW intends to use for all rural road rehabilitation and improvement works under the Project;

(c) written certification by the Road Priority Committee (RPC) that it has recommended the selection of the bridges to be installed and the rural road sections to be rehabilitated;

(d) for each bridge or road segment, an assessment of the environmental impact of the proposed construction.

**SECTION 4.3. Terminal Dates for Conditions Precedent**

(a) If all of the conditions specified in Section 4.1 have not been met within sixty days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

(b) If all of the conditions specified in Section 4.2 have not been met within 180 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to

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the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

Article 5: Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

(a) evaluation of progress toward attainment of the objectives of the Project;

(b) identification and evaluation of problem areas or constraints which may inhibit such attainment;

(c) assessment of how such information may be used to help overcome such problems; and

(d) evaluation, to the degree feasible, of the overall development impact of the Project.

SECTION 5.2. Other Covenants. The Grantee covenants that, except as A.I.D. may otherwise agree in writing:

(a) the MOW will be allocated sufficient funds annually to permit adequate maintenance of the designated rural-roads network, the quantity of said funds to be that which the Maintenance Management System (MMS) indicates are required;

(b) during and after the completion of the Project, adequate funding will be provided for the MOW district maintenance offices to continue to carry out maintenance operations at a satisfactory level on its rural-road network;

(c) it will continue to use and refine the MOW Maintenance Management System (MMS) for roads, establish an evaluation unit to periodically audit reports, review the applicability of performance standards, and provide MMS data to the office responsible for medium-term planning of maintenance needs;

(d) it will include A.I.D. in its annual planning, programming and budgeting discussions related to the Project and will submit, in form and substance satisfactory to A.I.D., annual implementation plans and budgets and semi-annual reports on cash and in-kind contributions to the Project;

(e) roads in and through designated national parks, forests, wildlife reserves, and other recognized ecologically sensitive areas will not be rehabilitated with resources from this Grant, except with written approval from A.I.D. and after stringent

safeguards are in place to restrict settlement and otherwise protect the area influenced by the road; and

(f) Mayan ruins or other archaeological sites will not be used as a source of construction material or in any other way be destroyed or damaged in the process of implementation of this Project. The Commissioner of Archaeology, Ministry of Tourism and Environment, will be advised opportunely by the MOW of its intention to carry out any construction or rehabilitation under the Project and will assist MOW in the identification of acceptable sites for borrow pits, gravel pits and deposits, or other sources of construction materials.

#### Article 6: Procurement Source

SECTION 6.1 Foreign Exchange Costs. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having, with respect to goods, their source and origin, and with respect to services their nationality in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance. Ocean transportation costs will be financed under the grant only on vessels under flag registry of the United States, except as A.I.D. may otherwise agree in writing.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Belize ("Local Currency Costs"). To the extent provided for under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

#### Article 7: Disbursement

##### SECTION 7.1. Disbursement for Foreign Exchange Costs

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or service required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (a) requests for reimbursement for such goods or services, or, (b) requests for A.I.D. to procure commodities or services in the Grantee's behalf for the Project; or,

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (7) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (b) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by the Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless the Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

#### SECTION 7.2. Disbursement for Local Currency Costs

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained:

(1) by acquisition by A.I.D. with U.S. dollars by purchase; or

(2) by A.I.D. (a) requesting the Grantee to make available the local currency for such costs, and (b) thereafter making available to the Grantee, through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Grantee or its designee, an amount of U.S. dollars equivalent to the amount of local currency made available by the Grantee, which dollars will be utilized for procurement from the United States under appropriate procedures described in Project Implementation Letters.

The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b)(1) above, the amount of U.S. dollars required by A.I.D. to obtain the local currency, and in the case of subsection (b)(2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation Memorandum hereunder as of the date of the opening or amendment of the applicable Special Letter of Credit.

SECTION 7.3. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.4. Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into Belize by A.I.D. or any public or

private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Belize at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Belize.

Article 8: Miscellaneous

SECTION 8.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee:  
Mail Address:

Permanent Secretary  
Ministry of Works  
Belmopan, Belize

Alternate address for cables:

Permanent Secretary  
Ministry of Works  
TELEFAX NO. 08-22862

To A.I.D.:  
Mail Address:

USAID/Belize  
Gabourel Lane at Queen Street  
P.O. Box 817  
Belize City

Alternate address for cables:

AMEMBASSY BELIZE  
Belize City, Belize  
TELEFAX NO. 02-30215

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice. The Grantee, in addition, will provide the USAID Mission with a copy of each communication sent to A.I.D.

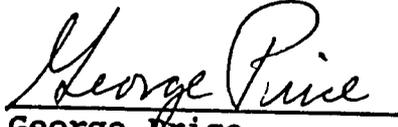
SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of Permanent Secretary, Ministry of Works, and A.I.D. will be represented by the individual holding or acting in the office of A.I.D. Representative, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

BELIZE

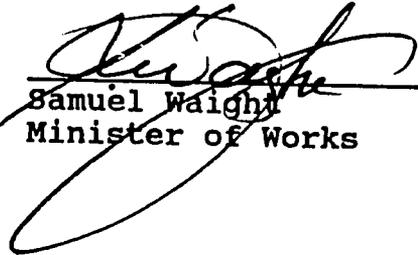
BY:



George Price  
Prime Minister

Title:

BY:



Samuel Waight  
Minister of Works

Title:

UNITED STATES OF AMERICA

BY:



Eugene L. Scassa

Title:

Ambassador

BY:



Barbara P. Sandoval

Title:

A.I.D. Representative

## Amplified Description of the Project

### I. General Project Description

The goal of the Project is to increase economic production, particularly in agriculture and tourism, by providing all-weather access in key rural areas. Its purpose is to construct bridges and rehabilitate rural roads with emphasis on private sector participation.

The principal objective of the Project is to complete the installation of the remaining bridge sets procured by USAID under the prior Rural Access Roads and Bridges Project (505-0007), which the Government of Belize (GOB) was unable to install because of inadequate financial resources.

To ensure that completed bridges will provide the calculated benefits to road users, the Project also includes the rehabilitation of some 120 miles of inadequate feeder roads and stipulates that the Ministry of Works (MOW) will take effective action to improve the use and effectiveness of its maintenance management system (MMS).

Project activities will be undertaken in a manner that will reduce adverse effects on the environment that would result from the bridge and road improvements.

The major project elements include:

--construction of permanent bridges on priority rural road sections, using surplus bridge sets procured under the previous project and already in Belize; and

--rehabilitation of selected road sections to be done primarily by local private contractors. Some sections may be rehabilitated by existing MOW work crews, but only as a last resort if, reasonable bids are not received.

A.I.D. financing for both bridge construction and road rehabilitation will be made available on a Fixed Amount Reimbursement (FAR) basis, described more fully in Section IV. Detailed listings of bridge sites and sets and of roads to be rehabilitated must be prepared and agreed to by A.I.D. Selections will be made by the Road Priority Committee based on criteria agreed to by the Parties and data collected on the road priority data form.

The Project also provides for procurement of additional computers and software for the MOW to ensure sufficient capacity for planning and design and for management information systems, with one computer to be dedicated solely to the roads MMS. In addition, a small mobile drilling rig will be procured for use by the MOW materials laboratory in determining foundation conditions at the bridge sites.

All construction financed under the Project will be subject to prior assessment of the environmental impact of the proposed construction. Funds are available under the Project for technical assistance to complete these assessments. In addition, as part of the FAR procedure, all construction is subject to prior approval of engineering designs and cost estimates.

## II. Responsibilities of the Parties

Within the limits stated in the Agreement, A.I.D. will make funds available for reimbursement of a portion of the construction costs; procurement of commodities; technical assistance for environmental impact assessments; Project oversight and engineering reviews required to approve designs and cost estimates and to certify completed construction; evaluations; and audits as may be required by A.I.D.'s Inspector General.

The GOB will be responsible for the selection of bridge sites and road segments to be rehabilitated; participation in environmental impact assessments; preparation of detailed engineering designs and cost estimates; tendering contracts for construction and financing all costs, a portion of which will be subsequently reimbursed by A.I.D. upon satisfactory completion; supervision of construction; and improvements in road maintenance and the MMS.

## III. Illustrative Financial Plan

The Illustrative Financial Plan is provided in Attachment 1 to this annex. Changes in the plan may be made by the representatives of the Parties named in the Agreement provided that the changes do not cause (1) A.I.D.'s contribution to exceed the amount specified in the text of the Agreement, and (2) the Grantee's contribution to be less than the amount specified in the text of the Agreement.

The Project is to be incrementally funded by A.I.D. and future obligations are subject to availability of funds and mutual agreement by the Parties to proceed.

## IV. Financing Methods

### A. Construction

A.I.D. reimbursement of construction costs will be in a fixed amount, to be determined as a percentage (67%) of the cost

estimate for each construction unit (bridge or road segment), and approved by A.I.D. before beginning construction or awarding construction contracts for that unit. It is expected that the submissions of detailed engineering designs and cost estimates will be submitted to USAID in annual batches, representing the work to be undertaken in the following year. Environmental impact assessments, completed with technical assistance to be financed by A.I.D., will be a precondition for USAID's review of the design and cost estimates.

Once USAID and the GOB have agreed in writing to the design and cost estimate and the fixed amount to be reimbursed, the GOB, using its own resources, will proceed with implementation of the construction, using contracts awarded competitively to private contractors. In the event no reasonable bid is received for a particular unit of construction, the GOB may, with written approval from USAID, proceed to implement the construction with MOW work crews. USAID, with its own staff or consultants, will monitor progress and conduct periodic inspections to satisfy itself that the work is being implemented in accordance with the agreed specifications, in order to facilitate final inspection and acceptance.

When the construction unit has been completed, USAID will make a final inspection and, if acceptable, will arrange for reimbursement of the fixed amount agreed upon for that unit. If the completed work is found unacceptable due to failure to adhere to the agreed upon design and specifications, no reimbursement will be made until deficiencies are corrected to the satisfaction of USAID.

#### B. Commodities

The commodities to be financed by A.I.D. under the Project will be procured by the MOW under competitive invitations for bid. Financing will be through a direct Letter of Commitment issued by USAID to the supplier.

#### C. Technical Assistance

Technical services for environmental impact assessments, USAID project monitoring and engineering reviews, evaluations and audits will be procured through direct USAID contracts. Payments will be made directly by USAID.

#### V. Evaluation

Given the planned continual monitoring of construction and the reviews required in the FAR method of financing, only two evaluations will be required over the life of the Project. To facilitate evaluation, the GOB will compile and maintain baseline data as follows:

- an inventory of roads including length, surface type, width, average daily traffic and primary function;
- a survey of agriculture potential by the Extension Service of the Ministry of Agriculture and Fisheries for each road to be rehabilitated and a ranking of roads according to their potential;
- data on the road priority data form, including length, communities served, population, households served, transport costs, stores along the route, types of employment and types of land use, and other data and field notes collected during the road prioritization process; and
- road cost estimates for each road segment.

The first evaluation, at about the middle of the Project life, will examine the implementation and performance of the Project against its planned goal and purpose. It will make recommendations to USAID and the GOB on the state of Project activities and provide guidance on activities to be continued, discontinued or modified. Important elements will include:

- progress achieved, compared to schedule;
- sufficiency of GOB budgetary allocations for its counterpart funding, in-kind contributions, and road and bridge maintenance programs;
- the functional effectiveness of MOW's organization and adequacy of staff for Project supervision as well as for its other responsibilities;
- the overall quality of road and bridge maintenance, giving due consideration to special problems such as available surfacing material;
- performance of private contractors in road rehabilitation and adequacy of private contractors' capabilities.

The final evaluation will take place shortly before the PACD and will examine:

- progress achieved compared to what was scheduled;
- quality of the physical works completed;
- functional effectiveness of MOW's organization and adequacy of staff for Project supervision as well as for its other responsibilities;
- the overall quality of road and bridge maintenance; and

- performance of the private sector in bridge and road construction and rehabilitation compared to MOW performance under this and the prior project.

VI. Special Provisions

The A.I.D. funds included in the Illustrative Financial Plan for the USAID Project Management and Evaluation and Audit line items will be administered directly by USAID. Other Project inputs arranged or contracted by USAID on behalf of the Grantee (e.g., technical assistance) will be undertaken with specific agreement by the Grantee through Implementation Letters or Project Implementation Orders.

**PROJECT FINANCIAL PLAN**  
 (Source and Application of Funding - US\$ thousands)  
 As of September 15, 1991

<u>Project Inputs</u>	<u>Cumulative Obligations</u>		<u>Future Years Anticipated</u>		<u>Total L O P</u>	
	<u>A.I.D.</u>	<u>GOB</u>	<u>A.I.D.</u>	<u>GOB</u>	<u>A.I.D.</u>	<u>GOB</u>
Bridge Construction	320	1,110	1,910	0	2,230	1,110
Road Rehabilitation	310	1,040	1,800	0	2,110	1,040
Commodities	100	0	150	0	250	0
TA - Environmental Impact	100	0	100	0	200	0
USAID Project Management	100	0	550	0	650	0
Evaluation and Audit	20	0	200	0	220	0
Contingency & Inflation	50	320	790	0	840	320
<b>TOTALS</b>	<u>1,000</u>	<u>2,470</u>	<u>5,500</u>	<u>0</u>	<u>6,500</u>	<u>2,470</u>