Global Environment Facility
Grant Agreement
(Energy Resilience for Climate Adaptation Project)

between

BELIZE

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility
AGREEMENT dated as of the Signature Date, entered into between:

BELIZE ("Recipient"); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF").

WHEREAS, the World Bank, acting as an implementing agency of the GEF, and BEL (BEL Grant Agreement), agreed to make a grant to BEL in an amount of five million six hundred twenty thousand Dollars ($5,620,000), to assist in financing Parts I.3, II, and III.2 (b) of the project described in Schedule 1 to the Agreement (the Project) on the terms and conditions set forth in the BEL Grant Agreement; and

NOW THEREFORE, the Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions 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 Standard Conditions or in this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the Project. To this end the Recipient shall carry out: (i) Parts I.1, III.1 and III.2 (a) of the Project through MFPSEPU; and (ii) Part I.2, through MFPSEPU with the assistance of NMS, all in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.
Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to two million three hundred eighty thousand Dollars ($2,380,000) ("Grant"), to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following:

(a) The Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by BEL of its obligations under the BEL Grant Agreement.

(b) That the World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

Article V
Effectiveness;Termination

5.01. 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) The execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action.
The BEL Grant Agreement has been executed and delivered and all conditions precedent to the effectiveness of said agreement, or to the right of the Borrower to make withdrawals under said agreement (other than the effectiveness of this Agreement) have been fulfilled.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (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 on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. 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 Grant 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.

5.04. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the Signature Date, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance, Public Service, Energy and Public Utilities.

6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance, Public Service, Energy and Public Utilities
Sir Edney Cain Building
Belmopan City, Belize

Facsimile:
501-822-2886

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6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

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

AGREED at the District of Columbia, United States of America, on behalf of the World Bank on 1-15-2006 and at Belmopan, Belize, on behalf of the Recipient on September 27, 2006.

BELIZE

By

Authorized Representative

Name: DEAN O. BARLOW
Title: Prime Minister and Minister of Finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the
Global Environment Facility

By

Authorized Representative

Name: SABINE HADER
Title: Country Operations Adviser
SCHEDULE 1

Project Description

The objective of the Project is to demonstrate solutions that enhance the resilience of the energy system to adverse weather and climate change impacts.

The Project consists of the following parts:

Part I. Long-Term Planning and Capacity Building for Adaptation

1. Developing the Recipient’s capacity to carry out long-term energy and climate adaptation planning through, *inter alia*: (a) the collection of detailed meteorological data, and of socioeconomic and energy data; and (b) the development and periodic update of a predictive planning model to test the impact of energy policies and investments.

2. Enhancing the collection of meteorological and hydrological data through, *inter alia*: (a) the installation of meteorological and hydro-meteorological monitoring stations; and (b) the carrying out of a hydrological modeling of the Macal Catchment Area.

3. Designing and implementing an emergency response and recovery plan for the energy sector, including: (a) an assessment of the Hurricane Preparedness Plan; (b) the development of protocols and procedures for rapid response and efficient reconstruction; and (c) strengthening BEL’s capacity to implement the emergency response and recovery plan developed under this Part of the Project.

Part II. Demonstration Measures to Enhance the Resilience of the Energy Sector

1. Segmenting the transmission network to isolate faults and limit the impact of system failures through, *inter alia*, the upgrading of key substations to contain faults and enable all generation sources to dispatch to operational parts of the system.

2. Strengthening the transmission network structures to withstand extreme weather events with minimal damages through, *inter alia*: (a) the evaluation of the suitability of materials for the identified terrain; (b) the rehabilitation and replacement of transmission poles and associated infrastructure in weak line segments identified in the Operational Manual.

3. Enhancing the resilience of Distribution Substations through, *inter alia*: (a) the carrying out of structural improvements of damaged control buildings and Distribution Substations; and (b) the relocation and securing of battery banks within substations that are susceptible to flooding.
4. Enhancing BEL’s capabilities for better systems operation and management to increase adaptive capacity through, *inter alia*: (a) the establishment of a backup load control and dispatch center; (b) the development of an outage management system; (c) the piloting of Advanced Metering Infrastructure; and (d) the access to real-time meteorological and hydrological information.

5. Improving the communication network through, *inter alia*: (a) the upgrading to a digital very-high frequency system; and (b) the installation of additional relays to provide full coverage to BEL’s transmission and distribution network locations.

6. Developing a vegetation management plan to include better vegetation management practices in order to: (a) reduce potential damages from fallen trees and branches to the transmission and distribution network; and (b) improve access to sites during emergencies.

**Part III. Project Implementation Support and Information Dissemination for Knowledge Sharing**

1. Engaging citizens and disseminating information on the Project’s lessons learned and potential for replication, through the carrying out of: (a) citizen and stakeholder engagement activities; and (b) citizen and stakeholder workshops within the Recipient’s territory and the Caribbean region.

2. Supporting Project management through: (a) the provision of support to the Recipient to carry out Project audits and comply with the financial management, procurement and safeguards requirements under its respective Parts of the Project, including the financing of Operating Costs; and (b) the provision of support to BEL to carry out Project audits and comply with the financial management, procurement and safeguards requirements under its respective Parts of the Project, including the financing of Operating Costs.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient, through MFPSEPU shall ensure that a Project implementation unit (the PIU) is operated and maintained, throughout implementation of the Project, with functions, staffing (including two energy planning specialists), and responsibilities satisfactory to the World Bank, as set forth in the Operational Manual.

2. For purposes of carrying out Part I.2 of the Project, the Recipient, through MFPSEPU shall coordinate and obtain the required technical inputs from NMS.

3. For purposes of assisting in Project oversight and coordination, the Recipient shall, no later than ninety (90) days after the Effective Date, establish, and thereafter maintain, throughout Project implementation, a committee (the Steering Committee), with functions, responsibilities and composition including representatives of MFPSEPU and BEL, all acceptable to the World Bank and as set forth in the Operational Manual.

B. Operational Manual

1. The Recipient shall maintain and carry out the Parts of the Project under its responsibility in accordance with the provisions of a manual (the Operational Manual) acceptable to the World Bank, which shall include, inter alia: (a) a detailed description of Project activities and institutional arrangements for the Project; (b) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures; (c) the monitoring indicators for the Project; (d) the institutional and administrative mechanisms established to ensure inter-institutional coordination; (e) the functions, responsibilities and composition of the PIU and the Steering Committee; and (f) the EMPs.

2. Except as the World Bank may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Operational Manual or any provision thereof.

3. In case of any conflict between the terms of the Operational Manual, and this Agreement, the provisions of this Agreement shall prevail.
C. **Anti-Corruption**

The Recipient shall ensure that the Parts of the Project under its responsibility are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. **Safeguards**

1. The Recipient shall carry out Part 1.2 of the Project in accordance with the Meteorological EMP.

2. The Recipient shall ensure that the terms of reference for any consultancy in respect to Part 1 of the Project shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

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

A. **Project Reports; Completion Report**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. **Financial Management; Financial Reports; Audits**

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Parts of the Project under its responsibility are prepared and furnished to the World Bank not later than forty five days after the end of each calendar quarter, covering the pertinent quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have the Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal
year of the Recipient. The audited Financial Statements for each such period shall
be furnished to the World Bank not later than six months after the end of such
period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works non-consulting-
   services and consultants' services required for the Project and to be financed out
   of the proceeds of the Grant shall be procured in accordance with the requirements
   set forth or referred to in:

   (a) Section I of the Procurement Guidelines in the case of goods, works and
       non-consulting services, and Sections I and IV of the Consultant
       Guidelines in the case of consultants' services; and

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

2. Definitions. The capitalized terms used below in 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.

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

1. International Competitive Bidding. Except as otherwise provided in paragraph
   2 below, goods, works and non-consulting services shall be procured under
   contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting
   Services. The following methods, other than International Competitive Bidding,
   may be used for procurement of goods, works and non-consulting services for
   those contracts specified in the Procurement Plan: (a) National Competitive
   Bidding, subject to the provisions set forth in the Operational Manual;
   (b) Shopping; and (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 methods, other than Quality- and Cost-based Selection, may be used for 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.

D. 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.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant 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 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 Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services,</td>
<td>2,380,000</td>
<td>100%</td>
</tr>
<tr>
<td>Operating Costs and Training under Parts I.1, I.2, III.1 and III.2(a) of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,380,000</td>
<td></td>
</tr>
</tbody>
</table>

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 Signature Date, except that withdrawals up to an aggregate amount not to exceed $476,000 equivalent may be made for payments made prior to this date but on or after the date falling twelve months before the Signature Date, for Eligible Expenditures.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is July 31, 2020.
APPENDIX

I. Definitions

1. “Advanced Metering Infrastructure” or “AMI” means a metering system that, *inter alia*, enables enhanced awareness of customer outages.


3. “BEL” means Belize Electricity Limited, a company registered in Belize City, Belize, on October 5, 1992, organized and existing under the Laws of Belize.

4. “BEL Grant Agreement” means the agreement referred to in the Whereas Clause of this Agreement.


7. “EMP” or “Environmental Management Plan” means either the Meteorological EMP, the Replacement EMP or the Resilience EMP, collectively referred to as “EMPs”.

8. “Hurricane Preparedness Plan” means the Recipient’s plan dated June 2016, to be followed before, during and after a hurricane setting forth, *inter alia*, actions to address the following: (i) the protection of personnel and property; (ii) the maintenance of services, in the event of a hurricane, for as long as possible, bearing in mind the safety of both the public and the Recipient’s personnel and equipment; (iii) the restoration of full service as expeditiously as possible after a hurricane; and (iv) the response to all reports from the public relating to power failure and keeping the public informed as to the status of repairs.

9. “Macal Catchment Area” means the area (in western Belize) of the Macal River Watershed located upstream of the Vaca, Mollejon and Chalillo hydroelectric plants, inclusive of all tributaries.

10. “Meteorological EMP” means the Recipient’s site-specific environmental risk management plan for Part I.2 of the Project, acceptable to the World Bank, and disclosed at Infoshop on March 8, 2016, describing, *inter alia*, the environmental
mitigation measures for activities under said Part of the Project, as the same may be amended from time to time with the prior approval of the World Bank.


13. “Operating Costs” means the incremental expenses incurred on account of Project management, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, bank charges under the designated account, office administration costs, utilities, travel and per diem, excluding the salaries of the Recipient’s civil service.

14. “Operational Manual” means the Recipient’s manual dated May 16, 2016, set forth in Section I.B.1 of Schedule 2 to this Agreement, as said manual may be amended from time to time with the agreement of the World Bank.

15. “PIU” means the Recipient’s Project implementation unit within MFPSEPU referred to in Section I.A.1 of Schedule 2 to this Agreement.


17. “Replacement EMP” means the Recipient’s site-specific environmental risk management plan for Part II.2 of the Project, acceptable to the World Bank, disclosed at Infoshop on March 4, 2016, describing, inter alia, the environmental mitigation measures for activities under said Part of the Project, as the same may be amended from time to time with the prior approval of the World Bank.

18. “Resilience EMP” means the Recipient’s site-specific environmental risk management plan for Parts II.1, II.3, II.4 and II.5 of the Project, acceptable to the World Bank, disclosed at Infoshop on March 4, 2016, describing, inter alia, the environmental mitigation measures for activities under said Parts of the Project, as the same may be amended from time to time with the prior approval of the World Bank.

19. “Signature Date” means the latest of the two dates on which the Recipient and the Bank signed the Grant Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.

21. "Steering Committee" means the committee referred to in Section I.A.3 of Schedule 2 to this Agreement.

22. "Training" means the cost associated with the training and workshops approved by the World Bank, for reasonable expenditures (other than expenditures for consultants’ services), including: (i) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.