Belize
Roads and Municipal Drainage Project
(Loan 4575-BE)
Proposed Amendment of the Loan Agreement

BACKGROUND

1. The Roads and Municipal Drainage Project (Loan 4575-BE) was designed to: improve traffic flows on the national road network, assess the potential of private sector participation in road maintenance activities in Belize, improve the natural drainage in selected municipalities and improve the management of the transport sector. The Project was approved by the Board on September 5, 2000, declared effective on January 30, 2001 and is scheduled to close on March 31, 2005. The Loan amount is USD 13 million and the Government of Belize’s contribution is USD 5.4 million. To date, approximately USD 11.3 million of the Loan has been disbursed.

IMPLEMENTATION OF THE PROJECT

2. The implementation of the Project has been successful and it is currently rated satisfactory. The works and institutional strengthening activities financed by the Project are either under way or have been completed. The works include the improvement of the Burrell Boom Road Bypass, and the construction/improvement of drainage works in six municipalities (Dangriga, Corozal, Orange Walk, Punta Gorda, San Ignacio/Santa Helena and Benque Viejo). The institutional strengthening component is still ongoing and advancing satisfactorily. Both the ongoing works and institutional strengthening activities are small and will be completed prior to the official Loan’s Closing Date of March 31, 2005.

3. With respect to the Road Maintenance Pilot Project Component of the Loan whose objective was to assess the possibility of increasing the participation of the private sector in road maintenance activities, the Prime Minister in a letter to the Bank dated January 13, 2004 requested that it be cancelled and that the Loan proceeds allocated to this component (USD 650,000) be used to finance additional drainage works and the corresponding consultant services in the municipalities of Orange Walk and Corozal. The cancellation request was based on a decision of the Government to include in a loan financed by the Inter-American Development Bank a pilot project with essentially the same characteristics and objectives as the one included under Loan 4575. In his letter, the Prime Minister also requested a 9-month extension to the Loan’s Closing Date to complete the ongoing works and the technical assistance activities. This extension was granted on February 5, 2004.

4. The report documenting the results of the IDB-financed work was received by the Bank on July 29, 2004 and the Bank’s Project team has reviewed the work undertaken under the IDB loan and is satisfied that it meets the project objectives envisaged under the Bank’s Loan and that the proposed reallocation of resources would improve the
drainage needs of the two municipalities. Furthermore, the requested reallocation would not require additional implementation arrangements or modification to the procurement procedures or adjustments to the financial arrangements.

PROPOSED PROJECT AMENDMENT

5. The proposed Project amendment consists of the cancellation of the Road Maintenance Pilot Project Component and the reallocation of the Loan proceeds originally allocated to this component to the proposed additional drainage works in the municipalities of Orange Walk and Corozal and to related consultants services. The Amendment Letter will reflect this change and includes the revised Schedule 1 to the Loan Agreement showing the reallocation of the Loan proceeds. The Letter also will reflect the extension to the Project’s Closing Date granted on February 5, 2004.