



BELIZE

**CLIMATE VULNERABILITY REDUCTION PROGRAM
(SL-L1028)**

**MINISTRY OF WORKS
(MoW)**



PROGRAM OPERATIONAL MANUAL

DRAFT

NOVEMBER 2017

**BELIZE
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(BL-L1028)**

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ACRONNYMS

AOP	Annual Operational Plan
BCC	Belize City Council
BZ\$	Belize Dollar
CBA	Central Building Authority
CBB	Central Bank of Belize
CC	Climate Change
CCVC	Caye Cauker Village Council
CEMO	City Emergency Management Organization
CEO	Chief Executive Officer
CITO	Central Information Technology Office (CITO)
CZMAI	Coastal Zone Management Authority and Institute
DRM	Disaster Risk Management
ERP	Enterprise Resource Planning
ESMP	Environmental and Social Management Plan
FP	Financial Plan
GAAP	Generally Accepted Accounting Principles
GoB	Government of Belize
GRP	Government Resource Planning System
ICB	International Competitive Bidding
IDB	Inter-American Development Bank
MAFFESDI	Ministry of Agriculture, Fisheries, Forestry, the Environment, Sustainable Development and Immigration
MEDPITC	Ministry of Economic Development and Petroleum, Investment, Trade and Commerce
MNR	Ministry of Natural Resources
MoF	Ministry of Finance
MoW	Ministry of Works
MTCA	Ministry of Tourism and Civil Aviation
NCB	National Competitive Bidding

cont.

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ACRONNYMS CONT.

NEMO	National Emergency Management Organization
OC	Ordinary Capital
PEA	Program Executing Agency
PEP	Program Execution Plan
PMU	Program Management Unit
POM	Program Operational Manual
PP	Procurement Plan
PS	Permanent Secretary
PSC	Project Steering Committee
SBD	Standard Bidding Document
SCF	Single Currency Facility
SEPA	Procurement Plans Management System
SRP	Standard Request for Proposals
TSA	Treasury Single Account
US\$	Dollar of the United States of America

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I. INTRODUCTION

A. Objective of the Program Operational Manual

- 1.1 The present Program Operational Manual (POM) constitutes the basic instrument that contains guidelines, norms and procedures of the “Climate Vulnerability Reduction Program” (BL-L1028), as well as the Program execution mechanisms. The POM establishes the general policies and terms and conditions applicable to the activities of the Program as contained in the Loan Contract signed between the Inter-American Development Bank (IDB) and the Government of Belize (GoB).
- 1.2 Specifically, the objective of the present POM is to: (a) establish the organizational structure and corresponding execution mechanism of the Program; (b) delineate the activities and responsibilities of the various actors of the Program including the Ministry of Works—including its internal departments and units--, the Program Management Unit (PMU), other public and private institutions, and the Bank; (c) establish the main technical, administrative, control and monitoring activities which will contribute to an effective, efficient and transparent implementation of the Program, as well as to the corresponding accomplishment of its objectives and tasks, in particular, with respect to planning, execution, monitoring and evaluation, and technical and financial administration; (d) define the relations between the various actors of the Program; and (e) establish the necessary mitigation actions with respect to governance, social and environmental, fiduciary and execution risks of the Program.
- 1.3 *The approval and entry into effect of the POM according to the terms and conditions previously agreed with the Bank will be special contractual conditions prior to the first disbursement of the financing.***

B. Scope and Reach of the Operational Manual of the Program

- 1.4 The POM will guide and norm, along with the Loan Contract No., the execution of the Program, in accordance to Article No... of the Special Conditions of the Loan Contract. Notwithstanding, if contradictions should exist between the stipulations of the Loan Contract and those of the POM, the dispositions contained in the Loan Contract will prevail. The norms and procedures contained in the POM will be applied to all eligible

operating, investment, technical assistance and institutional strengthening activities of the Program, which are funded by the Bank within the framework of the Loan Contract.

C. Users

- 1.5 The main users of the present POM include the MoW as Program Executing Agency (PEA) and the Program Management Unit (PMU). Its application also extends to the finance and planning institutions of the Central Administration of the GoB including the Ministry of Finance (MoF) and the Ministry of Economic Development and Petroleum, Investment, Trade and Commerce (MEDPITC). Furthermore, the POM delineates specific responsibilities to national and local public institutions directly or indirectly related to the tourism and environmental sectors in Belize, including the Ministry of Tourism and Civil Aviation (MTCA); the Ministry of Agriculture, Fisheries, Forestry, the Environment, Sustainable Development and Immigration (MAFFESDI); the Ministry of Natural Resources (MNR); the National Emergency Management Organization (NEMO); the City Emergency Management Organization (CEMO); the Coastal Zone Management Authority and Institute (CZMAI); and municipal institutions including the Belize City Council (BCC), Caye Cauker Village Council (CCVC), and Goff's Caye local authorities, among others.

D. Modifications

- 1.6 The POM will be in effect throughout the duration of the execution of the Program. Should modifications to the document be deemed necessary to provide for more flexibility, efficiency and transparency to execution, the PEA will proceed in accordance with the Special Conditions of the Loan Contract. Changes to the content of the POM will be submitted for consideration of the IDB and will be undertaken through "addenda" to the specific articles of the document, while maintaining the rest of articles unaltered. Such changes will form an integral part of the POM on the date of the approval by the IDB. It is the responsibility of the Program Executing Agency through the Program Management Unit (PMU) to maintain an updated version of the POM at all times. The Office of the Chief Engineer is responsible for introducing any proposed changes/addenda to the POM upon review from the Program Steering Committee, prior to its submission to the Bank for non-objection.

E. Structure and Content

- 1.7 The following table shows a summary of the structure and content of the POM, consistent with each of the sections that form part of the document.

**TABLE NO. I-1
STRUCTURE OF THE OPERATIONAL MANUAL OF THE PROGRAM**

SECTION	CONTENT
1. Background of the Program	Loan operation, objectives, and components of the Program, and costs and funding sources.
2. Mechanism and structure for the execution of the Program	Institutional structure for the implementation of the Program; description of the functions and responsibilities of the PEA, the PMU, and other pertinent stakeholders; and inter-institutional coordination.
3. Structure and Governance	Strategic and operational planning; technical, administrative and financial management; policies and norms for administration, internal control systems, procurement, and maintenance of the assets; procedures for disbursements; preparation of financial statements; operation of the accounting and financial administration system; and independent external audit.
4. Monitoring and evaluation	Initial and periodic reports, and monitoring of the progress in the financial and physical implementation of the Program, evaluation.
5. Technical execution of the Program	Specific technical norms and procedures applicable to each of the components, including the delegation of technical responsibilities, intra and inter-institutional coordination, and other.

II. BACKGROUND OF THE PROGRAM

A. Objectives

- 2.1 The objective of the Program is to reduce Belize’s climate vulnerability and risk, through the implementation of climate resilient measures in the tourism sector, and by improving the governance of Belize’s Disaster Risk Management (DRM).

B. Components

- 2.2 The Program has two components which are described below.

1. Component 1: Climate Risk Reduction in the Tourism Sector

- 2.3 Comprises the following activities: (a) implementation of climate resilient flood control measures that take into consideration Climate Change (CC) scenarios to protect public and private infrastructure in tourism and residential areas of downtown Belize City; and (b) shoreline stabilization measures on public land in public tourism areas in Caye Caulker and Goff’s Caye.

- 2.4 In Belize City, this Component includes the financing of studies, works and the procurement of goods and services for flood reduction investments in Orange Street (an area that concentrates comparatively higher climate risk). *First*, the proposed risk reduction system's backbone comprises a pumping station that is designed to drain the rainfall accumulated in each rainfall spell within the project area towards the sea. It will connect the low areas through a network of canals, the main ones being the Collet Canal and East Canal. *Second*, with respect to the pumping facility, located on the coastline at

the southern outlet of Collet Canal, and which comprises low-maintenance helicoidal (screw) pumps to raise the water to the sea, the project includes the construction of three gates to isolate it from the surrounding water (Haulover Creek, West Canal and the sea, up to a certain level) so that no water enters from the outside. *Third*, the project includes the building of a bridge in Belama's neighborhood, so as to improve the safety of a canal previously constructed under the Flood Mitigation Program.

- 2.5 In Caye Caulker, the Component includes the financing of works and the procurement of goods and services for shoreline stabilization works at Palapa Gardens public beach. The investments include: (a) installation of a mangrove groyne on the northern end of the beach; and (b) planting of trees and other suitable vegetation at strategically placed locations. *First*, the mangrove groyne will be designed to function as a sand trap, so as to reduce the effects of erosion on the Beach, while facilitating beach accretion. Moreover, the mangrove groyne will be designed to protect infrastructure and settlements along and down-drift from the approximately 50 meters of beach frontage. *Second*, the strategic planting of trees and other vegetation will be aimed at preventing beach erosion and enhance the aesthetics of the beach.
- 2.6 In Goff's Caye, the Component includes the financing of works and the procurement of goods and services to reduce the impacts of intense tourism activities on the surrounding coral reef and sea grasses, which provide coastal protection ecosystem services when in healthy condition. These interventions include: (a) implementation of management and monitoring plans for reef and coastal ecosystems to contribute to informed sustainable management decision making; (b) upgrading of Goff's Caye's public installations, including relocation of the palapa, upgrading of bathrooms to reduce their impacts on coral degradation and coastal erosion, installation of solar panels to replace the diesel power generation systems, re-vegetation to enhance coastal protection and to provide shading, and proper signage to engender coral reef public practices that have lower impacts on coral reefs and coastal ecosystems; and (c) installation of three mooring fields for day vessels, along with a pier, to avoid damage to coral reefs and sea grasses currently caused by indiscriminate mooring.

2. Component 2: Governance for Disaster Risk Management and Climate Change Adaptation

- 2.4 Comprises the financing of studies and procurement of services including: (a) a consultancy for the development and dissemination of a Web-based platform, which could constitute the input to the development of a National Climate Risk Information System, aimed at sharing existing climate risk information. Includes the coverage of maintenance costs for the first two years of operation along with the execution of the training modules in the use of the Web-based platform. Design will take into account other similar national initiatives in place such as the National Spatial Data Infrastructure housed at the Ministry of Natural Resources (MNR), as well as a needs assessment to improve and expand such systems; (b) a consultancy to support the Central Building

Authority (CBA) through the provision of technical guide containing recommendations for building in coastal areas, including innovative nature-based solutions; and (c) a consultancy for the design of a climate risk financing strategy for the tourism and agriculture sectors.

C. Cost and Financing

2.5 The Program has a total cost of US\$10.0 million, to be fully funded by the IDB, with resources from the Single Currency Facility (SCF) of the Ordinary Capital (OC) Fund. Table No. III-1 presents the detailed budget by component and funding source, as established in Loan Contract No.

**TABLE NO. II-1
COST AND FINANCING OF THE PROGRAM**

2.6 The Program has been structured as a Specific Investment Operation, to be executed in a period of four years (48 months)--see Table No. III-2--, based on the implementation and corresponding disbursement schedule contained in the Program Execution Plan (PEP) agreed upon between the GoB and the IDB.

Investment categories	IDB (US\$)	%
Component 1: Climate risk reduction in the tourism sector	8,539,461	85.4%
Climate resilient flood control measures in Belize City	6,960,720	69.6%
Investments in Caye Caulker and Goff's Caye	961,400	9.6%
Environmental measures	200,000	2.0%
Coastal monitoring for Goff's Caye (erosion and coral reef)	303,691	3.0%
Management plans for Palapa beach (Caye Caulker) and Goff's Caye	113,650	1.1%
Component 2: Governance for Disaster Risk Management and CC adaptation	618,241	6.2%
Risk information system	478,241	4.8%
Designing of building codes	70,000	0.7%
Climate risk financing strategy for the tourism and agriculture sectors	70,000	0.7%
Project Management	842,298	8.4%
Technical Unit	627,298	6.3%
Annual Evaluations and Audits	215,000	2.2%
Total	10,000,000	100%

**TABLE NO. II-2
COST AND FINANCING OF THE PROGRAM
(in 1000US\$)**

	Year 1	Year 2	Year 3	Year 4	Total
BID and Total	1,533	1,500	1,936	5,031	10,000
% Total	15%	15%	20%	50%	100%

III. INSTITUTIONAL FRAMEWORK OF THE PROGRAM

A. Borrower

- 3.1 The Inter-American Development Bank (IDB) and the Government of Belize (GoB), the “Bank” and the “Borrower”, respectively, entered into Loan Contract No. , on...., 2017, to cooperate in the execution of the “Climate Vulnerability Reduction Program” (BL-L1028). The Borrower designated the Ministry of Works (MoW) as the Program Executing Agency (PEA) as established in Section 3 of the Special Conditions of the Loan Contract.

B. Program Executing Agency

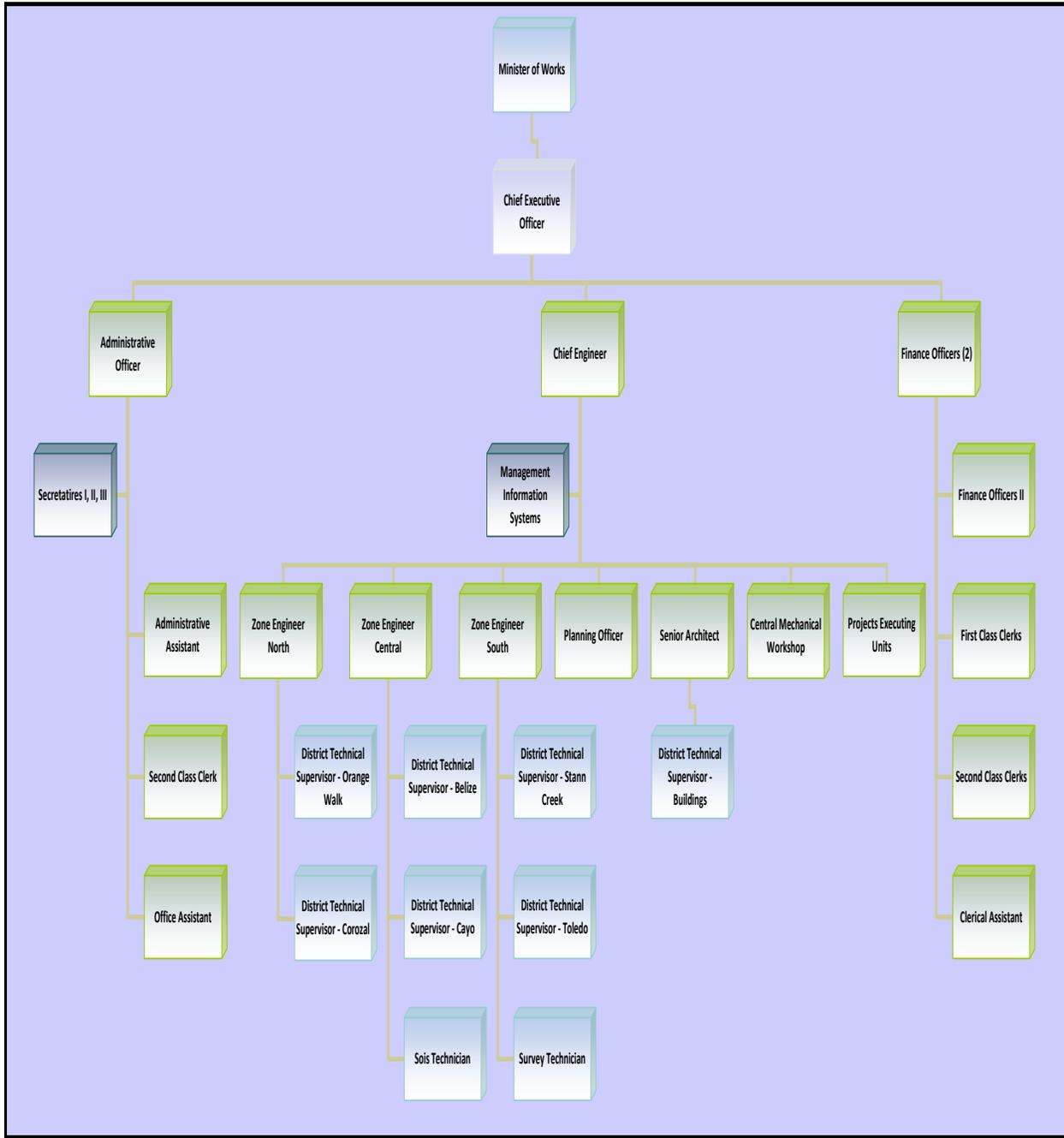
1. Institutional and Legal Background
- 3.2 The Ministry of Works (MoW) was established in July 1852 with the set up of the Board of Public Works, which provided the legal framework for the operations and services rendered by the Ministry.
2. Mandate and Responsibilities
- 3.3 The MoW is commissioned with the responsibility for the maintenance of all national assets comprising the transportation network including roadways, bridges, culverts, drainage channels, and safety appurtenances, with a view to providing good riding quality, all weather road upgrading, appropriate user friendly safety, and general access to enable transit activity, urbanization, and agricultural and commercial development.
- 3.4 With respect to its specific technical mission, the Ministry is charged with the responsibility to:
- (a) Study, design and execute capital works through its internal workforce and/or through private sector implementation by competitive tendering.
 - (b) Undertake national mechanical maintenance services and general equipment inventory management.
 - (c) Provide for disaster alleviation by emergency response to relieve obstruction or perils on public roadways, edifications and waterways.
 - (d) Promote research and development as well as foster and monitor advancement of professional standards in the construction industry in Belize and, in particular, in architecture, civil engineering and construction.
- 3.5 Such responsibilities establish an umbrella for the allocation of public funds to the MoW

with the aim of providing a safe, reliable and appropriate physical infrastructure (i.e. roads, bridges, public buildings and other) throughout the country.

3. Organizational Structure

- 3.6 As can be seen in Figure No. III-1, under delegation from the Minister of Works, the Chief Executive Officer (CEO) or Permanent Secretary (PS) is responsible for managing and implementing the planning, technical, administrative and project management functions, among others, along with the allocation of the necessary organizational, personnel and financial resources necessary for the attainment of the Ministry's strategic goals and correspondingly, broad sector objectives.
- 3.7 Under the Office of the CEO, the MoW presents a functional organizational structure whereby the technical, administrative and financial management responsibilities are delegated to the Chief Engineer, Administrative Officer and two Finance Officers, respectively. Advisory functions are limited to Management Information Systems (MIS) under the Office of the Chief Engineer.

**FIGURE NO. III-1
MINISTRY OF WORKS
ORGANIZATIONAL STRUCTURE**



IV. PROGRAM EXECUTION GOVERNANCE

A. Functions and Responsibilities of the Project Executing Agency

4.1 As PEA, the MoW will be responsible for the coordination, planning and monitoring, financial management, procurement, technical administration, and the implementation of social and environmental safeguards of the Program.¹

1. Coordination, Planning and Monitoring

4.2 Responsibilities include, among others:

- (a) Ensuring the effective compliance with the “Conditions Prior to First Disbursement” established in the Loan Contract between the IDB and the GoS.
- (b) Defining and establishing the inter-institutional coordination mechanisms with other public and private organizations related and/or beneficiaries of the Program.
- (c) If necessary, providing the necessary coordination mechanisms with other donor agencies supporting the GoB in the environmental, CC and other areas.
- (d) Promoting and disseminating the Program among beneficiaries, public entities, and other stakeholders.
- (e) In close coordination with the pertinent technical and administrative personnel of the MoW, undertake the strategic and operations planning activities of the Program, including the development of the Annual Operations Plan (AOP), the Procurement Plan (PP), the Financial Plan (FP), and other documentation, in compliance with the requirements of MoW, MoF, MEDPITC, and the IDB, and submission for non-objection and approval.
- (f) Monitoring the activities of the Program in compliance with its global strategic objectives and those of its two technical components, as well as the targets established in the AOP.
- (g) Implementing the Programs’ risk management mechanisms on the basis of the IDB tool Risk Management in Projects with Sovereign Guarantee (RMP), taking into consideration the assessment and evolution of the risk factors, the factors of probability and impact, and risk mitigation measures.

¹ The MOW will discharge these responsibilities through the Program Management Unit (PMU), whose establishment will be responsibility of the Ministry as PEA.

- (h) Preparing the periodic physical and financial progress reports to be submitted to MoW, MoF, MEDPITC, and the Bank.
- (i) Presenting to the Bank the required data, reports and other documentation of the Program as a whole and its individual components, as established in the Loan Contract.

2. Financial Administration

4.3 Responsibilities include, among others:

- (a) Managing, in an effective and transparent manner, the financial resources of the Program.
- (b) Preparing the “Chart of Accounts” of the Program, and submitting it for consideration and non-objection of the Bank.
- (c) Maintaining the *payment and budgetary records* of the Program in the SmartStream system/platform, following the guidelines of the MoF, and implementing a parallel Enterprise Resource Planning (ERP) platform to maintain the *accounting, budgetary and treasury records of the Program (including the general ledger) as well as the preparation of financial reports*.
- (d) Preparing the Program’s Financial Plan, including the investment and disbursement plans in accordance to the Program Execution Plan (PEP), the Procurement Plan (PP), and the Annual Operational Plan (AOP).
- (e) Following applicable national and internal procedures, executing *through the Treasury Single Account (TSA)* the payments, transfers and disbursement of resources to cover eligible expenses to contractors, goods and services providers, consultants and other.
- (f) Preparing and submitting, for consideration of the IDB, the bi-annual budget execution reports and financial statements in formats agreed with the Bank and classified by component, subcomponent and product/activity.
- (g) Preparing and submitting to the Bank, the expense reports and supporting documentation, along with the requests for advances of funds.
- (h) Maintaining an adequate filing system for the Programs’ financial records (budget, accounting and treasury), including the payment records, among others.

- (i) Contracting the annual independent external audits, following IDB norms and procedures.

3. Technical and Administrative

4.4 Responsibilities include, among others:

- (a) Managing the direct investment and institutional strengthening and technical activities in the MoW, within the framework of responsibilities for each of the two components of the Program.
- (b) Preparing terms of reference, public bidding documents and technical specifications, among others, as part of the bidding, selection and contracting of works and procurement of goods, services other than consulting, and consultancy services that form part of the Program, in full accordance with procurement norms and procedures of the IDB, and the use of Standard Bidding Documents agreed between the IDB and the Government of Belize, when appropriate.
- (c) Supervising the work of consultants, contractors, goods and service providers, and other project stakeholders.
- (d) Supervising the design and implementation of the new database platforms including the National Climate Risk Information System, and facilitating the inter-institutional collaboration and coordination with public agencies including the MNRI, as well as the CBA for the development and validation of coastal areas construction standards, among others.
- (e) Ensuring the compliance with quality control norms and procedures in each of the technical components of climate risk reduction (infrastructure development) and governance for disaster risk management and CC adaptation (institutional building/strengthening).
- (f) Ensuring the effective implementation of the monitoring and evaluation activities of the Program including the adoption of methodologies for performance evaluation.
- (g) Ensuring the adequate and transparent accounting and registry of the assets obtained with the Program's resources, as well as the execution of necessary preventive and recurrent maintenance to guarantee their safeguard and sustainability.

4. Social and Environmental

4.5 Responsibilities include, among others:

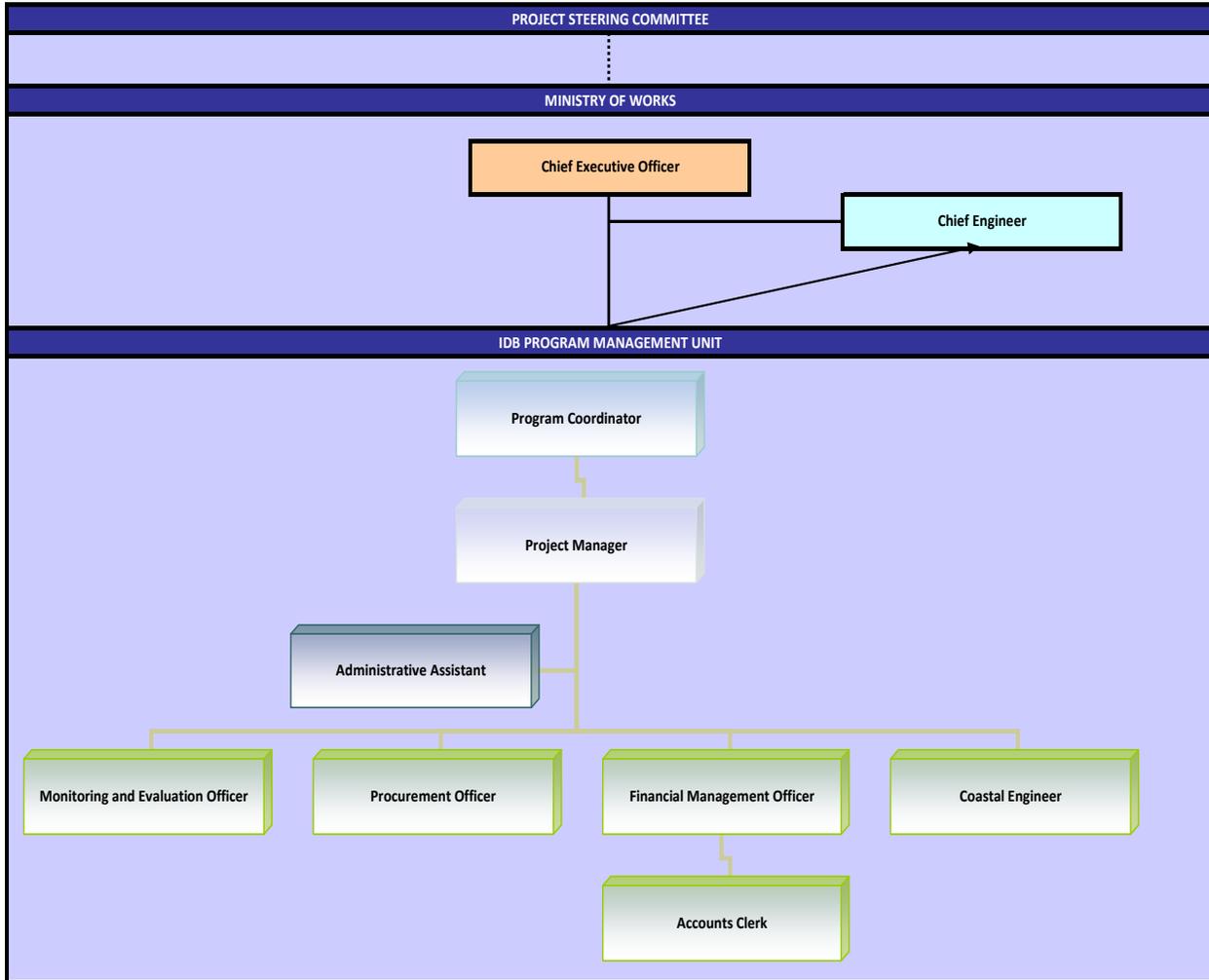
- (a) Ensuring a solid and adequate environmental management of the Program, following national regulations and standards, and in accordance with the agreed Environmental and Social Management Plan (ESMP) of the Program.
- (b) Strengthening and monitoring the institutional environmental and social management instruments and procedures.
- (c) Ensuring the adequate and timely consideration of possible environmental and social impacts of the investment activities of the Program, during both, the design and execution stages.
- (d) Ensuring and contributing to the incorporation of risk mitigation measures in all activities of the Program, so as to avoid or minimize potentially averse environmental and social impacts from the implementation of the Program's investment and operating activities.
- (e) Contributing to enhancing and disseminating the positive environmental and social impacts of the Program.
- (f) Providing for the effective monitoring of the environmental and social aspects of the Program, both, at the local and national levels, and supporting the execution of corrective actions, as necessary.
- (g) Contributing to the definition and identification of the institutional responsibilities of the various stakeholder institutions of the Program with respect to the implementation of risk mitigation and measures during the execution of the Program, and within the framework of the ESMP.
- (h) Contributing to the design of environmental and social indicators, as part of the eligibility criteria of physical and governance support investments of the Program.
- (i) Ensuring the incorporation of environmental and social contents in the technical specifications, terms of reference and other procurement documents.
- (j) Contributing to environmental control and monitoring and risk mitigation in infrastructure investments including the construction of the pumping station, coastline gates, bridges, groyne, bridges and other, as well as replanting and conservation actions in coastal mangroves.

- (k) Acting as liaison with other institutions related to the Program, and supporting their efforts in the incorporation of institutional procedures for environmental and social management.
- (l) Promoting the active involvement and participation of citizens, local organizations and other stakeholders in the implementation of the activities of the Program, and taking into consideration, among others, gender aspects.
- (m) Providing a permanent institutional platform to address specific environmental and social risks such as the physical displacement of sewerage systems of houses, temporary adverse economic impact on pier owners, economic displacement of local fishermen, displacement of vendors, management of hazardous waste, and other.
- (n) Contributing to the execution of environmental protection and natural resources management education and awareness activities as part of the investment components of the Program.

B. Program Execution Structure

- 4.6 The Office of the Chief Engineer under the Office of the CEO represents the focal point for the execution of the Program and will thereby have the responsibility to ensuring the effective compliance with Program implementation responsibilities including planning, technical administration, financial management and control of the Program, as well as the intra-institutional coordination with other internal technical and administrative departments of the MoW.
- 4.7 Figure IV-1 presents the organizational structure for Program execution. Under such structure and, as described below, the Project Steering Committee (PSC) provides for the strategic oversight of Program implementation; the MoW assumes the responsibility for overall Program implementation as PEA through the Office of the CEO; and a Program Management Unit (PMU) with specific technical and administrative responsibilities for Program execution.

**FIGURE NO. IV-1
CLIMATE VULNERABILITY REDUCTION PROGRAM
PROGRAM EXECUTION STRUCTURE**



C. Program Management Unit

- 4.8 The MoW will establish the Program Management Unit (PMU) under the Office of the CEO with direct reporting responsibilities to the Office of the Chief Engineer. The PMU will be responsible for the overall coordination of three IDB funded investment projects including the present Climate Vulnerability Reduction Program (BL-L1028), the George Price Highway Rehabilitation Project (BL-L1019), and the Sustainable Development of the Caracol Region (BL-L1022).
- 4.9 The PMU will act as the vehicle through which the MoW will discharge its functions and responsibilities within the framework of the three investment Programs, and will serve as the liaison and coordinating point with the various administrative, financial and technical departments and units of the Ministry, the Bank, as well as other external agencies and institutions.

- 4.10 As shown in Figure No. IV-1 above, the PMU will be head by a Program Coordinator who will be responsible to ensuring the presence of a governance environment which allows for the effective use and allocation of technical and financial resources among the Programs, while ensuring the presence of synergies with respect to objectives, policies, procedures and impact.
- 4.11 The present Climate Vulnerability Reduction Program (BL-L1028) will be head by a Project Manager directly under the Program Coordinator of the PMU. A functional project execution structure will be established under the Project Manager including the responsibilities for planning, monitoring and evaluation; procurement administration; financial management; and technical administration. The PMU will maintain a constant and effective process of knowledge transfer and will provide a continuous support the Ministry in the discharge and compliance with its functions and responsibilities related to the Program implementation, control and reporting, among others.
- 4.12 *Structure and personnel.* The PMU will be staffed with the following core team funded with the Program's administrative budget, and who must discharge their responsibilities in direct coordination with planning, administrative, financial and technical personnel assigned by the Ministry;
- (a) Program Coordinator, whom, as indicated above, will be responsible for providing the overall project management governance and leadership of all IDB funded initiatives under the umbrella of the MoW, ensuring the effective allocation of resources, and establishing the institutional channels and structure to ensure administrative synergies among the investment projects, along with a coherent reporting and coordination mechanism to/with the MoW through the Office of the CEO and the Office of the Chief Engineer. To be contracted for the duration of the IDB-funded investment projects.
 - (b) Project Manager, responsible for providing the strategic, organizational, financial and technical direction, and serve as the main focal point of the Program with the MoW and other public and private institutions. To be contracted for the entire Program execution period.
 - (c) Monitoring and Evaluation Officer, responsible for leading the strategic and operational planning activities of the Program, as well as the monitoring the progress in the implementation of the two components, with respect to the attainment of its overarching objectives as well as of the individual investment plans. To be contracted for the entire Program execution period.
 - (d) Procurement Officer, responsible for leading the management processes for the contracting of works, and purchases of goods and services, consultancies and other contemplated in the two investment components of the Program, as well

as its administration, and ensuring the compliance with IDB procurement policies and applicable GoB requirements. To be contracted for the entire Program execution period.

- (e) Financial Management Officer, responsible for the overall financial administration of the Program (i.e. accounting, budget administration, treasury, and asset management), and for ensuring the presence of the necessary control environment for effective and transparent financial reporting in compliance with IDB and national regulations. To be contracted for the entire Program execution period.
- (f) Accounts Clerk, responsible for providing the necessary assistance to the Financial Management Officer, in addition to contributing to, among others, the management of the payment administration processes and controls of the Program. To be contracted for the entire Program execution period.
- (g) Administrative Assistant, responsible for facilitating the work of the PMU and, particularly, supporting the Program Coordinator and other members of the Unit in all administrative support matters. To be contracted for the entire Program execution period.

4.13 In addition, the PMU will be supported by a Social and Environmental Monitoring Consultant who will be responsible for the implementation and monitoring of all investment activities of the Program within the guidelines contained in the ESMP, and providing the necessary recommendations for corrective actions as necessary.

4.14 *The presentation of evidence that the MoW has selected the PMU according to the terms and conditions previously agreed with the Bank will be a special contractual condition prior to the first disbursement of the financing.*

D. Project Steering Committee

4.15 A Program Steering Committee (PSC) will be established to provide a solid governance framework to the IDB-funded projects, and which will support the MoW and the PMU throughout the execution period by:

- (a) Providing the strategic framework, guidance and direction for Program execution.
- (b) Facilitating and providing for the necessary inter-institutional coordination and collaboration, and expediting the effective participation of the various public sector actors directly involved in the Program including beneficiary organizations.

- (c) Monitoring the effective attainment of the strategic objectives of the projects, by periodically assessing the progress and results.
- (d) Reviewing the projects' PEP, AOP and PP and providing comments for adjustments, as necessary.
- (e) Assessing the implementation of the various activities of the projects vis-à-vis. the strategic and operational plans.
- (f) Informing Program management of any variations to GoB policies and priorities which may impact the strategic direction and/or implementation of the projects.
- (g) Assisting in securing the necessary GoB resources to ensure the timely implementation of projects' investment activities and, thereby, contributing to the attainment of established timelines and targets.
- (h) Contributing to inter-institutional coordination, and to enhancing the relation with other organizations with respect to sector support and Program implementation.
- (i) Learning of obstacles that may arise during projects' implementation, and making decisions on corrective actions, as necessary.

4.16 The PSC will be chaired by the MEDPITC (or alternatively, the MoW), who will provide leadership to the governance and oversight platform for the umbrella IDB-funded Program (i.e. three investment projects) in the MoW. The PSC will comprise representatives from: (a) MoW, as PEA; (b) MoF and MEDPITC, as it relates to the country economic development and fiscal goals, targets, and policy and planning guidelines; (c) MTCA, as institution of the Central Administration of Belize, whose sector is the target of the Program; and (d) MAFFESDI, MNR, NEMO, CEMO and CZMAI, as environmental policy and management authorities in Belize; and (e) the Ministry of Agriculture and Fisheries. As necessary, the PSC will draw on the expertise of MoW specific technical personnel and the PMU, who will play a key role in the monitoring of the various inter-institutional agreements and commitments within the framework of the BL-L1028 Program, at both the Central Administration and municipal levels.

V. PROCUREMENT ADMINISTRATION

A. Responsibility

- 5.1 The PMU will be responsible for conducting the procurement activities of works, goods and services of the Program, and ensuring the quality, efficiency and transparency of such processes. For this purpose, the PMU will coordinate such activities with the Finance Officers as well as the Office of the Chief Engineer whom will provide the overall institutional support to procurement administration of the Program. The PMU will at all times ensure the compliance by the PEA with the stipulations contained in the present POM along with the Special Conditions of the Loan Contract with respect to procurement administration.
- 5.2 For this purpose, the PMU will prepare, on an annual basis or as required, the Procurement Plan (PP) to be submitted to the Bank for non-objection. The approved PP will serve as the basis for purchasing and contracting, as established in the Special Conditions of the Loan Contract with respect to procurement.

B. Procurement Norms and Procedures

- 5.3 The Fiduciary agreements contained in Section 4.01 of the Special Conditions of Loan Contract No. 4097/OC-SU, establish the dispositions to be applied by the MoW, as PEA in the procurement of works, goods and services of the Program. In particular:
- (a) The contracting of infrastructure works and purchase of goods and services other than consultancies will take place in accordance with the document "Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank" (GN-2349-9) of March 2011, approved in April 2011.
 - (b) The selection and contracting of consulting services will take place in accordance with the provisions of the document "Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank" (GN-2350-9) of March 2011, approved in April 2011.

C. Basic Guidelines

- 5.4 Procurement administration will necessarily adopt the following guidelines:
- (a) The PMU, in collaboration with the Office of the Chief Engineer and Finance Officers (and support personnel) will prepare, on an annual basis or, as required, the Procurement Plan (PP) of the Program to be submitted to the Bank for non-objection. The approved PP will be the basis for the execution of the annual purchases and contracting of the Program, as established in the Special

Conditions of the Loan Contract, with respect to procurement.

- (b) All purchases and contracts of works, goods and services must be directly related to a component, product and activity of the investment Program, and effectively contained in the corresponding PEP, AOP and PP.
 - (c) The PP should be subject to continuous monitoring by the Program Coordinator, Project Manager and Chief Engineer, in direct coordination with the pertinent technical personnel of the MoW. This, with the objective of ensuring the effective progress and compliance with executions plans, and to introduce adjustments when necessary.
 - (d) All purchases and contract requests of the Program must be consistent with the products and activities of the PEP, and must be technical and financially validated by technical and administrative personnel of the MoW and PMU (planning, procurement and finance) so as to ensure: (i) the adequate allocation of the transaction/activity based of the programmatic structure (i.e. chart of accounts) of the Program, being investment or administrative activity; (ii) the incorporation of the activity in the AOP and PP; (iii) the allocation and corresponding budget availability; and (iv) the presence of all supporting documentation for each transaction/activity.
- 5.5 The Central District Technical Supervisor and Central Zone Engineer corresponding to the Belize District and Cayo District along with the Chief Engineer and Project Manager constitute the requesting units for the procurement processes of the works, goods and services assigned to them based on the activities of the Program under their individual responsibility.
- 5.6 In this respect, the preparation of terms of reference, technical specifications, and all documentation supporting the procurement activities, is the responsibility of such internal dependencies working in direct coordination and the support with/of the PMU. These documents must be supported by technical justifications along with the agreed reach and scope of the activity as contained in the PEP. Procurement personnel of the PMU will analyze and review such documents, and will verify that all technical, procedural and format elements are in place so as to ensure the compliance with the necessary standards to begin the procurement administration activities.
- 5.7 Finally, following national norms as well as institutional procedures of the MoW, the Ministry and the PMU will provide the necessary internal controls so as to ensure that any procurement and financial transaction, from requisition to payment must be supported by: (a) the works, good, or service requisition; (b) technical specifications or terms of reference; (c) budget certification; (d) requests for quotations; (e) quotes; (f) tender documents and evaluations; (g) purchase orders; (h) invoices; (i) receipts for delivery; and (j) payment vouchers.

D. Procurement Plan

- 5.8 The Office of the Chief Engineer and the Project Manager will ensure at all times the effective execution, quality and transparency of the procurement of works, goods and services within the framework of the Program, based on the joint actions of the procurement area of the PMU and the Finance Officers and supporting staff of the MoW. For this purpose and, as indicated before, the PP will be prepared on an annual basis and updated as required for each of the investment components and administration of the Program and consolidated. The PP will be published in the IDB and MoW Web sites, and procurement notices included in the United Nations procurement portal.
- 5.9 The PP will describe, in a detailed manner, each of the works, goods and services required by the Program in each calendar/fiscal year, following the stipulations contained in the Bank's procurement policy and, when applicable national and institutional norms and procedures. The PP will contain, as a minimum:
- (a) The code of each procurement activity directly associated to the Program's programmatic structure (chart of accounts) for the investment components and administration. In particular, by component, product and activity.
 - (b) The product to be delivered as a result of the purchase or contract, consistent with the PEP, AOP and PP.
 - (c) The type of procurement activity classified by works, goods, services other than consultancies, and consulting services (individual consultants or firms),
 - (d) The procurement method based on the thresholds agreed upon between the IDB and the GoB for each procurement activity and corresponding amount.
 - (e) The estimated costs or budgets for each purchase or contract (or groups of purchases and contracts) based on the PEP and AOP.
 - (f) The ex-ante or ex-post review requirements of the IDB. In particular, with respect to the review by the Bank of bidding documents, terms of reference, publications and other, prior to the publication of the procurement notice or, alternatively, the review by the Bank of documents of all/sample documents executed by MoW, as PEA, in a specified period of time.
 - (g) The estimated dates of publication of the procurement notices, as well as the estimated dates for the conclusion of the contracts or delivery of goods and services of the Program.

(h) The specific cases which would require pre-qualification.

5.10 The PP of the Program will be incorporated in the IDB Procurement Plans Management System (SEPA), following the guidelines established by the Bank for control and monitoring. The MoW/PMU will be responsible for the annual update of the PP or when deemed necessary during the execution of the Program. Updates and modifications to the PP will be subject to the review, consideration and non-objection of the Bank.

E. Procurement Modalities and Thresholds

5.11 The procurement modalities will be applied based on the cost estimates of the work, good or service to be acquired. The following table shows the thresholds which will apply to each of the procurement categories within the framework of the Program, following the limits agreed by the IDB for its operations in Belize. Such thresholds may change during the execution of the Program based on expressed agreement between the Bank and the GoB.

TABLE NO. IV-1
PROCUREMENT MODALITIES OF THE PROGRAM
(in thousands of US\$)

Thresholds to Determine the Procurement Modality							
Works			Goods and Services other than Consultancies			Consulting Services	
International Competitive Bidding	National Competitive Bidding	Price Comparison (Shopping)	International Competitive Bidding 1/	National Competitive Bidding 1/	Price Comparison (Shopping)	National Short List	International Short List
≥1,000	100 – 1,000	<100	≥100	25 – 100	<25	<200	≥200

1/ Applies to non-common goods and services other than consultancies.

1. Procurement of Works, Goods and Non-Consulting Services

5.12 The contracts for works, goods and non-consulting services of the Program which are subject to International Competitive Bidding (ICB) will be executed through the use of Standard Bidding Documents (SBDs) issued by the IDB. The processes that are subject to National Competitive Bidding (NCB) will be executed through the use of National Bidding Documents satisfactory to the IDB. When these are not available, IDB Standard Bidding Documents will be used. The review of technical specifications in all cases, during the process of selection is the responsibility of the IDB Sector Specialist assigned to the Program.

2. Procurement of Consulting Services

- 5.13 Consultancy service contracts for consulting firms of the Program will be executed through the use of Standard Request for Proposals (SRP) issued or agreed by the bank. The selection and contracting of individual consultants may be executed through local, national or international advertising in order to create the short list of qualified consultants. MoW is responsible for preparing the terms of reference, short lists, selection of consultants, and awarding and subsequently administering the contracts, with Bank supervision. The review of terms of reference for the selection of consulting services is the responsibility of IDB Sector Specialist assigned to the Program.
- 5.14 Individual Consultants will be selected for assignments for which: (a) teams of personnel are not required; (b) no additional outside (home office) professional support is required; and (c) the experience and qualifications of the individual are the paramount requirement. Individual consultants will be selected on the basis of their qualifications for the assignment. Advertisement is not required and consultants do not need to submit proposals. Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the PEA. Individual Consultants may be selected on a sole-source basis with due justification in exceptional cases.

F. Procurement Supervision

- 5.15 The review method for all procurement activities of the Program will be initially ex-ante. The PEA through the PMU will be responsible for providing to the Bank on a timely basis, with all the necessary information and documents for review before the start of any procurement process.
- 5.16 If a procurement activity is moved to ex-post, the ex-post procurement supervision should take place at least once every 12 months--upon the conclusion of the calendar/fiscal year--, and in accordance with the supervision plan of the Program. For this purpose the PEA will give access to the Bank to the supporting documentation of the procurement activities of the year for review. In addition, the Bank will conduct, as required, physical/inspection visits to be chosen from the list of procurement processes subject to ex-post review.
- 5.17 The Bank will assess, on an annual basis or, as required, the progress and performance of MoW with respect to the Program, as it gradually builds/strengthens its procurement administration capacity. Such assessments will allow the Bank to assess modifications of the review methods from ex-ante to ex-post, and based on the types of works, goods, services, and their corresponding amounts.

G. Procurement Monitoring

- 5.18 The main instruments for the MoW to monitor the procurement processes of the Program are the AOP and the PP, duly approved by the Bank. Procurement personnel of the PMU will be responsible for the updating the PP so that the annual activities programming exercise takes place based on the actual progress of the physical and financial implementation of the activities contained in the AOP along with other requirements that may arise during the execution of the Program. The AOP and the PP will be reviewed by the Program Coordinator and presented for consideration of Chief Engineer and the CEO, as part of the internal approval, before its delivery to the IDB review and non-objection.
- 5.19 The PMU and the Chief Engineer will ensure the effective and transparent adoption and application of the PP by the Ministry, based on Bank's policies and applicable national norms.

H. Records and Filing

- 5.20 The PMU will be responsible for maintaining an adequate and safe filing system (based on accepted best practices), including the necessary physical space to guarantee the safety and integrity of the documentation of each procurement process of the Program, from advertising through the contract's final payment. The filing system should ensure the necessary control and should facilitate the update and access to documentation as required, as well as the ex-post review by the Bank, and the execution of the annual external independent audits. Files will be kept for up to three years beyond the end of the Program's execution period. The Fiduciary Team of the IDB Representation Office in Belize will review and assess the MoW/PMU's capacity in this matter during its inspection visits.

VI. FINANCIAL MANAGEMENT AND INTERNAL AND EXTERNAL CONTROL SYSTEMS

A. Responsibility

- 6.1 The PMU will be directly responsible for the financial administration of the resources of the Program in direct coordination with the Finance Officer(s), under the Office of the CEO of MoW. For this purpose, the PMU will take into consideration:
- (a) The administration of dual currencies (i.e. United States Dollars---US\$--and Belize Dollars—BZ\$).
 - (b) The application of integrated budget, accounting and treasury management procedures.

- (c) The development of the “Chart of Accounts” of the Program, and its submission to the IDB for approval and adoption.
- (d) The generation of budget, accounting and cash reports in compliance with the requirements of the Bank, including the necessary sources and uses of funds reports required for justification of advances from the Bank.
- (e) The accounting administration based on the programmatic structure/Chart of Accounts of the Program, and in accordance with IDB and GoB requirements.
- (f) Correspondingly, the preparation of financial reports by component and activity based on the AOP--reflecting the Chart of Accounts--agreed with the Bank.
- (g) The designation of first and second signatories for payments and approvals of all financial transactions.

6.2 In this context, the specific responsibilities of the PMU include, among others:

- (a) Maintaining the payment and budgetary records of the Program in the SmartStream platform, following the guidelines of the MoF, and implementing an off the shelf, parallel Enterprise Resource Planning (ERP) platform/accounting software solution to maintain the accounting, budgetary and treasury records of the Program (including the general ledger) as well as the preparation of financial reports.
- (b) Preparing the schedules of budgetary commitments and payments, as well as the Financial Plan (including Detailed, Consolidated and Model to Request Advances) based on the related AOP and PP.
- (c) Following internal payment procedures previously agreed with the Finance Officer(s), and defined in the present POM, carrying out the disbursements and transfers of the Program financial resources for payment to contractors, consultants, suppliers and others for approved project activities.
- (d) Executing such payments, transfers and disbursement of resources through the TSA, following MoF norms and procedures.
- (e) Preparing and submitting, for consideration of MoW and the Bank: (i) the Budget Execution Reports of the Program by sources and uses of funds; and (ii) the financial statements of the Program by component and consolidated, and based on the programmatic structure and the chart of accounts agreed with the Bank. The applicable norms and procedures of the IDB and GoB will guide the preparation of these documents.

- (f) Preparing and submitting requests for Advance of Funds in a timely manner and in accordance with the prevailing terms of contracts and agreements.
- (g) Ensuring that the documentation supporting the expenses is available for review by the Bank, auditors or other consultants contracted to carry out a detailed review of the payments made.
- (h) Selecting and contracting the independent external audits, based on the application of IDB norms and procedures.

B. Financial Management and Internal Controls

6.3 The Financial Management Officer of the PMU, in coordination with the Project Manager and the Finance Officer(s) of the MoW will be ultimately responsible for the implementation and operation of the financial administration and accounting systems as well as the necessary internal controls. The internal control systems of the PMU will comprise, as a minimum:

- (a) A clear programmatic structure of the Program with a corresponding Chart of Accounts.
- (b) Solid norms and procedures for integrated budgetary, financial, accounting and treasury systems implemented by the PMU, with support from the Finance Officer(s).
- (c) Integration of the AOP and PP to the budgetary process, in direct relation to the physical and financial progress in the implementation of the Program, by components and activities.
- (d) Budgetary and cash flow projections for the investments (direct costs) and administration of the Program, as a direct input to the Advances of Funds and direct payment to contractors and vendors by the Bank (see below).
- (e) Updated accounting and financial records of the Loan, along with financial statements developed in congruence with the stipulations of the Loan Contract.
- (f) Physical inventories of the assets acquired with resources of the Program and corresponding allocation to the MoW and other institutions.
- (g) Streamlined IDB and MoF procedures and internal controls for: (i) the disbursement of the Loan's resources, including the accounting for retroactive expenses; and (ii) the execution of payments through the GoB Treasury Single Account (TSA).

- (h) Adoption of pertinent IDB and applicable GoB norms and procedures for individual consulting contracts and/or personnel management for the PMU. This includes the implementation of a contract monitoring system in the PMU.

C. Information System

- 6.4 The PMU, with support from the Central Information Technology Office (CITO) of the GoB will implement the SmartStream integrated financial administration platform to maintain the payment and budgetary records of the Program, following the guidelines of the MoF. This should include, as a minimum, the following modules: (a) funds control; (b) payables reconciliation; (c) payments; and (d) purchases (purchase orders).
- 6.5 In addition and, as indicated above, parallel to the adoption of the SmartStream System of the GoB, the PMU will install and deploy, in coordination with the Finance Officer(s) of the MoW, an ERP tool/solution, taking into consideration the following financial management processes required for the administration of the IDB Loan: (a) budget formulation; (b) request and approval of budget modifications; (c) activities programming; (d) requests for disbursement; (e) accounting for each of the steps in the budget execution process (i.e. commitment and payment) originated through the request, procurement and reception of the works, goods and services acquired within the framework of the Program; (e) execution and recording of the corresponding payments in US\$ and BZ\$; (f) reconciliation of expenses and disbursements; (g) generation of accounting records based on the General Ledger (GL); and (h) elaboration of reports and financial statements in compliance with IDB formats and requirements.
- 6.6 Financial administration of the Program will adopt the pertinent Generally Accepted Accounting Practices (GAAP) for public sector administration. For the purpose of financial reporting to the IDB and, as agreed with the Bank, the PMU will apply “modified cash basis” accounting procedures. In this respect and, based on the AOP, the systems platforms must allow for: (a) the reporting and classification of all financial transactions; (b) the provision of timely and effective information on planned versus actual financial execution of the Program, and consistent with the physical implementation reports; and (c) the generation of financial reports and supporting documentation for the Advance of Funds.
- 6.7 The PMU will be responsible for ensuring that ERP platform contributes to the efficiency, integrity and transparency of the accounting, financial and budget execution records, as well as the accuracy and reliability of the financial statements and supporting internal control systems and, thereby, of the overall management of the Program’s financial resources.

D. Disbursements

- 6.8 The IDB will disburse the financial resources of the Program to the MoW based on an

initial advance and periodic requests for *Advance of Funds*. These resources are expected to be fully utilized and justified in 180 days. The Advance of Funds will be subject to the progress attained in the physical and financial implementation of the components and activities of the Program based on the PEP and AOP, and the presentation by the PMU of the necessary documentation supporting the commitments and actual expenses of the previously advanced resources and, for this purpose, IDB norms and procedures will apply. The PMU will apply the Manual of Disbursement Procedures of the Bank, and its execution will be subject to the proper request and justification of the advances of funds. The justification of eligible expenses related to the advances should be submitted when at least 80% of the advanced amount has been used.

- 6.9 Upon request from the MoW to the Ministry of Finance, adequate banking arrangements will be established at the Central Bank of Belize (CBB) for the management of the Program resources. The Financial Plan will serve as the basis for the disbursement of funds to the PMU to cover the Program's financial needs and for the purpose of maintaining IDB's projections. As indicated above, the main disbursement methodology will be the advance of funds to cover a period up to 180 days, based on liquidity needs of the Program. The funds will be advanced by the MoF through the TSA. Other disbursement methodologies that will be used on a smaller scale are the reimbursement of payments made and direct payments to suppliers. Disbursements will be reviewed *ex post*, except for requests for direct payment to suppliers. The PMU will be responsible for the maintenance of adequate and original documentation to support the program expenditures and shall be made available for the *ex-post* reviews.
- 6.10 In this context, the Project Manager, in coordination with the Finance Officer(s) of the MoW, will be responsible for undertaking the following activities previous to the first disbursement of the IDB:
- (a) Request the recording of the Loan No. 4097/OC-SU in the National Public Investment System of the GoB.
 - (b) Ensure the existence of the necessary fiscal space for the Program during the estimated project execution period, and to timely include the Program's budget in the annual budget of the GoB, under "Capital 3" category.
 - (c) Request to the MoF the corresponding budgetary registry for the disbursements and control of the resources of the Loan.
 - (d) Undertake the opening of exclusive Bank account(s) for the Program under the authorization and clearance from the MoF. In particular, a Special US\$-denominated account, and a BZ\$-denominated account at the CBB.
 - (e) The opening of two sub-accounts for the Program in US\$ and BZ\$ within the TSA

for the Program in the MoF.

- (f) Present to the MoF, for approval and confirmation, the names of the authorized signatories to execute and approve the payments budgeted in the Program both, from the MoW side--i.e. Office of the CEO, Office of the Chief Engineer, Finance Officer(s)--, and the PMU (i.e. Program Coordinator, Project Manager and Financial Management Officer), and indicating the requirements regarding the joint signing as well as the authorization for alternative authorities in case of temporary absence of a signatory.

6.11 The PMU through the MoW can request to the IDB: (a) the direct payment to contractors and suppliers of goods and services of the Program; and (b) the Advance of Funds; both imputed to the Loan based on Bank norms and procedures for disbursement. The PMU will maintain strict control over the utilization of the Advance of Funds and direct payments, and ensure the fast and effective verification and reconciliation of balances between the PEA's records (i.e. the PMU) and the IDB records contained in the Loan Management System (LMS).

6.12 The following table details the supporting forms that are required for each type of disbursement under the ex-post modality.

**TABLE NO. VI-1
IDB FORMS REQUIRED FOR DISBURSMENTS**

TYPE OF DISBURSEMENT	MANDATORY FORMS	OPTIONAL FORMS 1/
A. Advances of Funds	- Disbursement Request Form - Financial Plan/Model to Request Advances	- List of Commitments - Physical/Financial Progress Reports
B. Justification of Advances of Funds	- Disbursement Request Form - Project Execution Status - Statement of Expenses - Reconciliation of Bank Resources	- List of Commitments - Physical/Financial Progress Reports
C. Reimbursement	- Disbursement Request Form - Project Execution Status - Statement of Expenses	- List of Commitments - Physical/Financial Progress Reports
D. Direct Payment to Supplier	- Disbursement Request Form - Acceptable Supporting Documentation	- List of Commitments - Physical/Financial Progress Reports

1/ Information that can be requested by the IDB.

E. Programming and Budget

6.13 For the purposes of the Program, the PMU will be responsible for starting the strategic and operational planning process as the basis for the annual budgeting. It will prepare and implement an operational plan, which will include the budget plan, procurement plan and financial plan, consistent with a 12-month financial plan that will be required from the PMU on an annual basis. Additionally, the PMU will report on a semi-annual basis on implementation matters via a comprehensive report that covers actual versus planned operational, financial and procurement matters.

- 6.14 As previously indicated, the MoW will timely request the MoF for the annual budgetary allocations (budget space) for the Program, taking into consideration the actual and estimated commitments and execution levels for each year. The Program's budget structure will include the necessary disaggregation and detail to indentify the components and activities, which should also allow the PEA/PMU to conduct a continuous monitoring of the committed amounts and short-term obligations. The budget should be consistent and directly derive with/from the PEP, AOP and PP.

F. Accounting and Financial Statements

1. Responsibility

- 6.15 The PMU will be responsible for the preparation and maintenance of the accounting and financial records of the Program. The Finance Officer(s) of the MoW will be informed regularly. These will be generated in the ERP platform, in conjunction with the budgetary information contained in the SmartStream platform. The MoW must at all times safeguard all supporting documentation, and provide for the timely and effective preparation financial information and corresponding financial statements of the Program, as established in the Loan Contract. For this purpose, the PEA/PMU will: (a) adopt the programmatic/budgetary structure based on components, products and activities; (b) define the sources of funds of the Program (mainly IDB); (c) prepare the accounting records based on the chart of accounts; and (d) provide for the recording of the actual costs of both, investment and administrative activities.
- 6.16 The PMU will be responsible for the preparation of semiannual and fiscal year-end financial statements of the Program based on GAAP, and based on the guidelines of the IDB, MoF, and in conformity with the MoW. The financial statements will be produced fully with the deployment of the ERP software, and based on the Chart of Accounts and formats agreed with the Bank. In addition, the MoW will periodically reconcile the accounting records and financial statements of the Program with the records contained in the SmartStream platform. No manipulation of the financial information should take place utilizing other desktop applications.

2. Currency

- 6.17 The PMU will maintain the budgetary, financial and accounting records in US\$ and BZ\$, and present them to the Bank in US\$ following the stipulations of the Loan Contract and applicable norms of the MoF.

3. Exchange Rate

- 6.18 The exchange rate applicable in the rendering of accounts of the program will be the same rate used in the conversion from US\$ to BZ\$ for the execution of corresponding transfers and payments.

G. Internal Controls

- 6.19 For the execution of the Program, the PMU will establish an internal control system which should provide reasonable assurance that: (a) the Program funds are used for their intended purpose; (b) Program assets are properly safeguarded; (c) Program transactions, decisions and activities are properly authorized and documented; and (d) Program transactions are executed in accordance with the established policies, practices and procedures delineated in the present POM, the Loan Contract, and in concordance with IDB and GoB norms and procedures. In addition, proper segregation of duties, approval authority levels for signature of contracts, commitment of funds, reception of goods and services, and payment to suppliers and beneficiaries, must be adequately arranged.

H. External Audit

1. Requirements and Scope of the Audit

- 6.20 The fiscal year-end financial statements of the Program will be subject to annual external audits to be conducted by an independent firm of public accountants, to be contracted by the MoW with resources from the Loan.
- 6.21 The general objective of the external audits of the Program will be to obtain a professional opinion from independent auditors with respect to the financial and operational information required by the Bank, the evaluation of the internal control system, and the utilization of Program resources, in accordance with the terms and conditions of the Loan Contract. The Bank's audit policy is outlined in the "Guide for Financial Reports and External Audits for Operations Financed by the Inter-American Development Bank".

2. Contracting

- 6.22 The selection and contracting of the external audit firm will be responsibility of the PEA (i.e. the MoW) through the PMU. For this purpose, the PMU will apply the provisions contained in "Bidding Document for External Audit and Contract Model" (AF-200), and terms of reference contained in the "Guide for Financial Reports and External Audits for Operations Financed by the Inter-American Development Bank" (AF-400), as well as other applicable guides and/or documents that the Bank may consider relevant.
- 6.23 Also, the PMU will follow the guidelines contained in the document "Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank" (GN-2350-9), with the necessary adjustments agreed upon with the IDB. The selection will take place based on the modality "Quality and Cost-Based Selection". Under an ex-ante supervision procedure, the PMU will present to the IDB, for non-

objection, the terms of reference and procurement documents duly prepared for the Program external audit. Evaluation and selection by the PMU will take place based on the list of pre-qualified independent firms provided by the IDB.

- 6.24 Once the PMU receives the non-objection from the IDB, it will proceed to send the invitations for request for proposals to the pre-selected audit firms. The selected firm will be contracted for a period of one to three years (renewable). The contract will contain the necessary provisions for the termination of the contract in case of non-compliance with the terms of the contract or quality of the service.

I. Supervision

- 6.25 The financial monitoring of the Program will take place with the non-audited financial statements prepared and contained in the ERP platform, with the necessary disaggregation contained in complementary financial information and notes. Such reports will be prepared on a bi-annual basis and will be presented to the Bank by the PEA within 45 days after the closing of the semester-based calendar. The notes to the financial information and statements must be consistent with the policies and monitoring tools of the Bank. Such reports must effectively show the progress in the execution of the activities contained in the PEP and the corresponding Financial Plan.
- 6.26 During the first semester of the Program, the Bank may undertake *in situ* reviews of the financial information prepared by the PEA/PMU. Also, the fiduciary risks will be assessed in order to determine the possible need for more frequent reviews.

VII. TECHNICAL EXECUTION OF THE PROGRAM

VIII. MONITORING AND EVALUATION

A. Product Indicators

- 8.1 The monitoring activities of the Program will be undertaken based on the specific products and outputs identified, as well as the target dates for each of the two components, and contained in the “Results Framework” of the Program (see Annex I). The PMU will develop the monitoring system for gathering and maintaining the data related to the different indicators of the Results Framework.

B. Reports

- 8.2 As Program Executing Agency, the MoW--through the PMU and with the deployment of the Program’s monitoring system--will present to the IDB, periodic reports which will allow the Bank to establish, among others, the progress and attainment of targets and

indicators with respect to physical and financial implementation of the Program, the compliance with the norms and procedures established in the Loan Contract, and other aspects relevant to the successful execution and administration of the Loan's resources.

1. Initial Report

8.3 The Executing Agency of the Program will present to the IDB an initial document which will contain:

- (a) The Program Execution Plan (PEP).
- (b) The Annual Operations Plan (AOP) for the first 18 months of Program implementation.
- (c) The Procurement Plan (PP) for the first 18 months of the Program.
- (d) The detailed Financial Plan the Program by sources and uses of funds based on the programmatic structure and Chart of Accounts agreed with the Bank, by component and also based on the investment categories of the Program.
- (e) The initial calendar or work program.

2. Semiannual Progress Reports

8.4 Within 60 days after the closing of each semester, the PMU will present to the Bank a report on the course of implementation of the Program which will contain the assessment of the physical and financial progress, taking into consideration the indicators, products and target dates contained in the Results Framework and based on the PEP, AOP and PP. The semiannual reports will also contain: (a) a description of the problems and obstacles encountered during the period and the corrective measures and decisions adopted to resolve them; (b) the review of the environmental and social aspects related to the implementation of the Program; and (c) lessons learned which have implications on future actions and efforts of the Program.

8.5 In addition, the PMU will prepare and update the Project Monitoring Report (PMR) to track and measure the Program's outputs and outcomes relative to its estimated time and cost parameters, based on the Results Matrix (RM) and PEP.

3. Annual Operations Plans

8.6 During the last quarter of each fiscal year, the PMU will present to the Bank the Program's Annual Operations Plan (AOP) for the following year. Such document will contain, as a minimum:

- (a) The physical and financial implementation plan adjusted based on previous year's progress, as well as the modifications foreseen in the execution and timeline for the operating and investment activities of the Program.
- (b) The activities to be undertaken during the year along with the corresponding costs and internal instances in the PMU and the MoW responsible for their implementation, and taking into consideration the outputs and targets of the Results Framework.
- (c) The procurement activities expected for the year, contained in the PP, which will be annexed to the AOP and updated based on the accomplishment of previous year's targets as well as the modifications to the AOP. The PP will contain the procurement activities by component, category, estimated cost, procurement method and estimated date for execution.
- (d) The personnel and instances responsible to undertake, in an efficient and effective manner, the activities contained in the AOP.
- (e) The transfers required between investment categories with the previous non-objection of the Bank.
- (f) The disbursement forecasts.
- (g) The updates to the risk matrix of the Program and corresponding risk mitigation plan, taking into consideration the initial matrix and the evolution of the overall framework affecting the risk environment from Program execution, administration and control.
- (h) Other activities and relevant information related to Program implementation.

8.7 The AOP will be delivered by the PMU to the IDB no later than the last day of February of each year taking into consideration GoB' fiscal year which begins on April 1.

4. Mid-Term and Final Evaluations

8.8 As Executing Agency, the MoW through the PMU will present the following document as part of the Monitoring and Evaluation System of the Program:

- (a) An initial/preliminary assessment report, 18 months after the signing of the Loan Contract.
- (b) A mid-term evaluation report, 90 days after two years of Program execution or when 50% of the Loan have been committed and/or disbursed, whichever comes first.

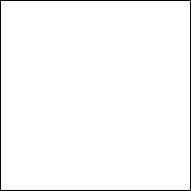
- (c) A final evaluation report, 90 days after the disbursement of 90% of the Loan resources has taken place.

8.9 These reports will contain, among others:

- (a) The analysis of the financial execution of the Program, by component and funding source.
- (b) The progress in the attainment of products, results and impacts included in the Results Framework, as well as the results of the comparative analysis with the base level of the Program.
- (c) The assessment in the completion of the Program indicators in order to assess progress and, if necessary, propose changes in order to attain the Program's targets.
- (d) The effectiveness of the PMU in the application of the POM.
- (e) The compliance by the PEA and PMU with the stipulations of the Loan Contract.
- (f) A summary of the results of the independent external audits of the Program with respect to the financial statements, procurement activities, disbursement requests, and internal control systems, among others.

8.10 The final evaluation report will also contain the results of the impact evaluation of the Program, including an ex-post cost-benefit analysis which will allow for an assessment of the contribution of the initiative to the overarching objectives of the GOB with respect to country's CC vulnerability and resilience. It will also identify and describe the lessons learned as a contribution to future initiatives of Belize and the Bank in this area.

8.11 The mid-term and final evaluations of the Program will be conducted by independent technical specialists to be contracted by the MoW through the PMU, and will be funded with resources from the Loan.



ANNEXES