

CARIBBEAN DEVELOPMENT BANK



**NOTIFICATION OF APPROVAL BY THE PRESIDENT OF AN ADDITIONAL GRANT –
TECHNICAL ASSISTANCE – PHILIP S. W. GOLDSON HIGHWAY UPGRADING –
PREPARATION OF A FEASIBILITY STUDY AND DETAILED DESIGNS – BELIZE**

BD 59/17 Add. 1

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Notified at the Two Hundred and Eighty-Fifth Meeting
of the Board of Directors on March 28, 2019

*Director
Projects Department*

Mr. Daniel M. Best

*Division Chief
Economic Infrastructure Division*

Mr. L. O'Reilly Lewis

MARCH 2019

Team Members:

Glen McCarvell, Senior Operations Officer (Coordinator); Dave Waithe, Legal Counsel; and Tracie Richards, Coordinating Secretary

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CARIBBEAN DEVELOPMENT BANK

TWO HUNDRED AND EIGHTY-FIFTH MEETING OF THE BOARD OF DIRECTORS

TO BE HELD IN BARBADOS

MARCH 28, 2019

PAPER BD 59/17 Add. 1

**NOTIFICATION OF APPROVAL BY THE PRESIDENT OF AN ADDITIONAL GRANT –
TECHNICAL ASSISTANCE – PHILIP S. W. GOLDSON HIGHWAY UPGRADING –
PREPARATION OF A FEASIBILITY STUDY AND DETAILED DESIGNS – BELIZE**

In accordance with the authority delegated by the Board of Directors at its Two Hundred and Seventieth Meeting (Minute 270.32), the President approved an additional grant of an amount not exceeding one million and sixty thousand Pounds Sterling (£1,060,000) (the Additional Grant) from the Special Funds Resources of the Caribbean Development Bank (CDB), allocated from funds provided to CDB by the United Kingdom through the Department for International Development under the United Kingdom Caribbean Infrastructure Partnership Fund, to assist the Government of Belize in meeting the cost of consultancy services to prepare a feasibility study and detailed designs, for the upgrading of sections of the Philip S. W. Goldson Highway, on the terms and conditions referred to in the attached Paper.

2. It is a condition of the aforementioned-delegated authority that each technical assistance project approved by the President and the terms and conditions thereof, be reported to the Board at its first convenient scheduled meeting after approval of the project.
3. The Board is therefore asked to note the approval by the President of the Additional Grant and the terms and conditions thereof.

TECHNICAL ASSISTANCE – ADDITIONAL GRANT

PHILIP S. W. GOLDSON HIGHWAY UPGRADING – PREPARATION OF A FEASIBILITY STUDY AND DETAILED DESIGNS – BELIZE

1. BACKGROUND

1.01 The Board of Directors (BOD) of the Caribbean Development Bank (CDB) at its Two Hundred and Seventy-Sixth Meeting held on May 22, 2017, considered Paper BD 59/17 (the Board Paper) and approved a grant of an amount not exceeding the equivalent of seven hundred thousand Pounds Sterling (£700,000) (the Grant) from the Special Funds Resources (SFR) of CDB, allocated from funds provided by the United Kingdom through the Department for International Development to CDB under the United Kingdom Caribbean Infrastructure Partnership Fund (UKCIF) to the Government of Belize (GOBZ) to assist in meeting the cost of consultancy services to prepare a feasibility study and detailed designs, for the upgrading of sections of the Philip S. W. Goldson (PSWG) Highway (the Project), on the terms and conditions set out and referred to in Paragraph 12 of the said Paper. The terms and conditions of the Grant are presented at Appendix 1 (the Original Terms and Conditions).

1.02 The expected outcome of this intervention is the establishment of technically viable solutions to upgrade the PSWG Highway so that it can contribute to improved road safety, support economic development, generate positive social impacts, and promote greater climate change resilience.

2. STATUS OF PROJECT IMPLEMENTATION

2.01 The Grant Agreement between CDB and GOBZ, in respect of the Project was signed on July 11, 2017. The condition precedent to first disbursement of the Grant was satisfied on September 14, 2017. The contract for the consulting services was signed on May 24, 2018, and the consultant is delivering its services. A total of £412,736.13 has been disbursed as at December 18, 2018.

3. REQUEST

3.01 GOBZ applied to CDB by letter dated April 30, 2018, for an additional grant totalling one million, one hundred and eighty-four thousand, six hundred and thirteen dollar and fifty cents United States currency (USD1,184,613.50), to assist in financing cost increases associated with the implementation of the Project.

4. PROPOSAL

4.01 It is proposed that CDB provide an additional grant to GOBZ of an amount not exceeding £1,060,000 from its SFR allocated from the UKCIF resources. The proposed financing will assist GOBZ in meeting the differential between the original appraisal estimate of the budget associated with satisfying the requirements of the Terms of Reference and the actual contracted amount of USD2,152,926, for these consultancy services.

5. JUSTIFICATION

5.01 The consulting firm scoring the highest in the technical evaluation also had the lowest financial proposal. The other proposing firms' financial proposals were significantly higher (from 18% to 44%). The key areas of underestimation from the budget developed at appraisal were with respect to the level of effort for professional staff, surveys and investigations. All shortlisted firms also proposed a higher level of effort from non-key experts, which were higher than those used in the budget estimate. Similarly, rates for surveys and investigations were higher than originally budgeted with foreign sub-contractors being

retained rather than local firms that were anticipated in developing the original estimate. During negotiations, the first ranked consultant was able to substantiate their proposed level of effort. As a percentage of the estimated value of the capital works, the cost of the consulting services is within what would be expected for similar assignments. GOBZ and CDB staff are satisfied that the consultant has proposed a comprehensive approach and that it represents fair value for money. The movement of the Pound Sterling versus the United States Dollar was not a significant contributing factor.

6. EXECUTION

6.01 Arrangements for project implementation remain unchanged. GOBZ has assigned the day-to-day coordination and management of the project to a Ministry of Works (MOW) staff member as Project Coordinator (PC), whose qualifications and experience are acceptable to CDB.

7. REVISED PROJECT COST AND FINANCING

7.01 The cost of the Project has been revised to reflect the actual contract award amount. A further 10% contingency has been provided to cater for unforeseen additional services. The original and revised summary of the budget for the Project is set out in Table 1 below. The Additional Grant to GOBZ will be for an amount not exceeding one million and sixty thousand Pounds Sterling (£1,060,000) from its SFR allocated from UKCIF resources. The revised Project cost has been estimated at £1,897,500, with CDB providing grant resources of £1,760,000 to meet 93% of the project cost. GOBZ’s counterpart contribution of £137,000 will be towards the financing of project management. The revised budget for the Project is set out at Appendix 2 (the Revised Budget).

TABLE 1: SUMMARISED ORIGINAL AND REVISED BUDGET
(£)

Item	Original			Revised		
	CDB	GOBZ	Total	CDB	GOBZ	Total
Engineering Consultancy		-			-	
Project Management	700,000	137,500	837,500	1,760,000	137,500	1,897,500
Sub-Total						
Contingency						
Total	700,000	137,500	837,500	1,760,000	137,500	1,897,500
Percentage	84	16	100	93	7	100

8. LOANS COMMITTEE RECOMMENDATION

8.01 Loans Committee considered this proposal on September 17, 2018, and agreed to recommend it for the approval of the President.

9. RECOMMENDATION

9.01 It is recommended that with respect to the grant to GOBZ approved by the President and notified to the BOD at its Two Hundred and Seventy-Sixth Meeting held on May 22, 2017, pursuant to Paper BD 59/17 entitled “Technical Assistance – Philip S. W. Goldson Highway Upgrading – Preparation of a Feasibility Study and Detailed Designs - Belize” (the Board Paper), the President approve:

- (a) an additional grant to GOBZ of an amount not exceeding one million and sixty thousand Pounds Sterling (£1,060,000) from CDB's SFR allocated from UKCIF resources, on the Original Terms and Conditions, except as modified in paragraph (b) below;
- (b) a variation of the Original Terms and Conditions as follows:
 - (i) paragraph 12.01 is deleted in its entirety and the following paragraph substituted therefor:

“12.01 It is recommended that the President approve a grant to GOBZ of an amount not exceeding one million seven hundred and sixty thousand Pounds Sterling (£1,760,000) (the Grant) from CDB's SFR, allocated from UKCIF resources, to assist GOBZ in financing consultancy services to prepare a feasibility study and detailed designs for the upgrading of sections of the PSWG Highway between Mile 24.5 and 92 in accordance with the TOR set out at Appendix 1 (the Project), on CDB's standard terms and conditions, and on the following terms and conditions:”;
 - (ii) paragraph 12.01(1)(b)(iii) is deleted in its entirety and the following substituted therefor:
 - “(iii) payments exceeding one million five hundred and eighty-four thousand Pounds Sterling (£1,584,000), representing ninety percent (90%) of the amount of the Grant, until CDB shall have received:
 - (aa) the requisite number of copies of the final report or other deliverables, in form and substance acceptable to CDB, to be furnished by the Consultants to GOBZ and CDB in accordance with the TOR set out at Appendix 1; and
 - (bb) a certified statement of the expenditures incurred by GOBZ in respect of, and in connection with, the Project.”; and
 - (iii) paragraph 12.01(1)(c) is deleted in its entirety and the following substituted therefor:

“The first disbursement of the Grant shall be made by September 30, 2017 and the Grant shall be fully disbursed by June 30, 2019, or such later dates as CDB may from time to time specify in writing.”; and
- (c) a revision to the budget for the Project by deleting the budget appearing at Appendix 7 to the Board Paper and substituting therefor the Revised Budget appearing at Appendix 2 hereto.

Signed: Monica La Bennett
Chairman
Loans Committee

December 19, 2018
Date:

10. APPROVAL

Signed: W^m Warren Smith
President
Caribbean Development Bank

December 20, 2018
Date

SUPPORTING DOCUMENTATION

- Appendix 1 - Original Terms and Conditions
- Appendix 2 - Revised Budget

ORIGINAL TERMS AND CONDITIONS

(Paper BD 59/17)

12. RECOMMENDATION

12.01 It is recommended that the President approve a grant to GOBZ of an amount not exceeding seven hundred thousand Pounds Sterling (£700,000) (the Grant) from CDB's SFR, allocated from UKCIF resources, to assist GOBZ in financing consultancy services to prepare a feasibility study and detailed designs for the upgrading of sections of the PSWG Highway between Mile 24.5 and 92 in accordance with the TOR set out at Appendix 1 (the Project), on CDB's standard terms and conditions, and on the following terms and conditions:

(1) Disbursement

- (a) Except as CDB may otherwise agree, and subject to paragraph (b) below, the Grant shall be paid by CDB to GOBZ as follows:
 - (i) an amount not exceeding seventy thousand Pounds Sterling (£70,000) (the Advance) shall be paid by CDB to GOBZ as an advance on account of expenditure in respect of the Project, after receipt by CDB of:
 - (aa) a request in writing from GOBZ for such funds;
 - (bb) a copy of the signed contract between GOBZ and the consultants engaged to carry out the FSDC (the consultants); and
 - (cc) evidence acceptable to CDB that the condition precedent to first disbursement of the Grant set out at paragraph (3) below has been satisfied; and
 - (ii) the balance of the Grant shall be paid to GOBZ periodically after receipt by CDB of an account and documentation satisfactory to CDB, in support of expenditures incurred by GOBZ in respect of, and in connection with, the Project.
- (b) Provided, however, that CDB shall not be under any obligation to make:
 - (i) the first payment pursuant to paragraph (1)(a)(ii) above, until CDB shall have received an account and documentation, satisfactory to CDB, in support of expenditures incurred by GOBZ in respect of the Advance;
 - (ii) any payment pursuant to paragraph (1)(a)(ii) above, until CDB shall have received the requisite number of copies of the reports or other deliverables, in form and substance acceptable to CDB, to be furnished for the time being by the Consultants to GOBZ and CDB in accordance with the TOR set out at Appendix 1; and
 - (iii) payments exceeding six hundred and thirty thousand Pounds Sterling (£630,000), representing ninety percent (90%) of the amount of the Grant, until CDB shall have received:

- (aa) the requisite number of copies of the final report or other deliverables, in form and substance acceptable to CDB, to be furnished by the Consultants to GOBZ and CDB in accordance with the TOR set out at Appendix 1; and
- (bb) a certified statement of the expenditures incurred by GOBZ in respect of, and in connection with, the Project.
- (c) The first disbursement of the Grant shall be made by September 30, 2017 and the Grant shall be fully disbursed by December 31, 2018, or such later date as CDB may from time to time specify in writing.

(2) **Procurement**

- (a) Procurement shall be in accordance with the procedures set out and/or referred to in the Agreement between CDB and GOBZ providing for the Grant, or such other procedures as CDB may from time to time specify in writing.
- (b) The Procurement Plan approved by CDB is set out at Appendix 8. Any revisions to the Procurement Plan shall require CDB's prior approval in writing.

(3) **Condition Precedent to First Disbursement of the Grant:**

PC referred to in sub-paragraph (4)(b)(i) shall have been assigned.

(4) **Other Conditions**

- (a) Except as CDB may otherwise agree, GOBZ shall implement the Project through MOW.
- (b) GOBZ shall:
 - (i) assign from within MOW, for the duration of the Project, a PC, with qualifications and experience acceptable to CDB, who shall be responsible for the day-to-day coordination and management of the Project and shall carry out the duties and responsibilities set out in Appendix 6. The qualifications and experience of any person subsequently assigned as PC shall be acceptable to CDB;
 - (ii) in accordance with the procurement procedures applicable to the Grant, select and engage consultants to undertake the FSDC in accordance with the TOR at Appendix 1 and, within a time frame acceptable to CDB, implement such recommendations arising from the FSDC as may be acceptable to CDB;
 - (iii) collect and store, in a location accessible to the consultants, all existing, maps, reports, drawings, studies and any other relevant documentation required for the FSDC, including the data created as a result of the Project;

- (iv) except as CDB may otherwise agree, furnish or cause to be furnished to CDB the reports or other deliverables, in form and substance acceptable to CDB, to be furnished by the consultants and the PC to GOBZ and CDB in accordance with the respective TORs at Appendices 1 and 6;
 - (v) ensure that the contract with the consultants provides for the acknowledgement of, and that each deliverable produced by the consultants under the Project contains, a visibility statement acknowledging that the TA has been provided by UKaid and that the UKaid logo is utilised;
 - (vi) facilitate and permit, during implementation of the Project, and up to five (5) years after the end of UKCIF, any authorised representative of CDB or Department for International Development (DFID) to conduct investigations of credible suspicion of or actual fraud, corruption or any other financial irregularity, impropriety or wrong doing and if necessary request an appropriate refund in accordance with sub-paragraph (4)(d) below; and
 - (vii) permit CDB or DFID, or any person appointed thereby, to audit the expenditures financed by the Grant, and to provide CDB, or the appointed person with all reasonably required assistance, documents and information.
- (c) Except as CDB may otherwise agree, GOBZ shall:
- (i) meet or cause to be met:
 - (aa) the cost of the items designated for financing by GOBZ in the budget for the Grant set out in Appendix 7 (the Budget);
 - (bb) any amount by which the cost of the Project exceeds the amount set out in the Budget; and
 - (cc) the cost of any other items needed for the purpose of, or in connection with, the Project; and
 - (ii) provide or cause to be provided, all other inputs required for the punctual and efficient carrying out of the Project not being financed by CDB.
- (d) CDB shall be entitled to suspend, cancel or require a refund of the Grant, or any part thereof, if UKCIF resources or any part thereof is suspended, cancelled or required to be refunded, except that GOBZ shall not be required to refund any amount of the Grant already expended in connection with the Project and not recoverable by GOBZ, unless that amount already expended was misappropriated due to a proven fraudulent, unethical or other activity of wrong doing.

BUDGET
(£)

Item	CDB	GOBZ	Total
1. Professional Fees		-	
2. Airfare, accommodation and local transportation		-	
3. Surveys and Investigations	1,760,000	137,500	1,897,500
4. Project Management			
Sub-total			
5. Contingency			
Total	1,760,000	137,500	1,897,500
Percentage	93	7	100