

MEMORANDUM OF UNDERSTANDING

BETWEEN

MINISTRY OF TOURISM AND CIVIL AVIATION

AND

BELIZE TOURISM BOARD

This Memorandum of Understanding is made the *1st* day of *February*, 2009 by and between the **MINISTRY OF TOURISM AND CIVIL AVIATION**, a Ministry of the Government of Belize with offices situate at 106 South Street, Belize City, Belize for itself and for and on behalf of the Government of Belize, AND the **BELIZE TOURISM BOARD**, a statutory body with offices situate at 64 Regent Street, Belize City, Belize.

WHEREAS:

1. The Ministry of Tourism and Civil Aviation and the Belize Tourism Board have embarked on a Program known as the Sustainable Tourism Program, the goal of which is to increase the contribution of tourism to national economic growth in a manner that is environmentally and socially responsible.
2. The objectives of the Program are to support the improvement, restoration and diversification of overnight destinations and to strengthen national and local capacity for sector policy, destination planning and management through direct finance investments and other activities.
3. The Program is projected to cost Fourteen Million Six Hundred Eighty-two Thousand United States Dollars (\$14,682,000.00 USD) and will be funded through a loan from the Inter-American Development Bank in the amount of Thirteen Million Three Hundred Twenty-two Thousand United States Dollars (\$13,322,000.00 USD) together with a local contribution of One Million Three Hundred Sixty Thousand Dollars (\$1,360,000.00 USD).
4. It is a condition precedent to the first disbursement of the loan from the Inter American Development Bank that the Parties herein execute this Agreement setting out their respective roles and functions in the management and implementation of the Program.

NOW THEREFORE the Parties herein agree as follows:

Interpretation

1. In this Agreement, unless the context indicates otherwise:



- a. "Annual Plan of Operations" means the Annual Plan of Operations of the Sustainable Tourism Program
- b. "Bank" means the Inter-American Development Bank
- c. "BTB" means the Belize Tourism Board
- d. "Contractor(s)" means a person or entity hired to carry out specific Program activities and works or to provide services as part of the Sustainable Tourism Program
- e. "Executing Agencies" mean the Ministry of Tourism and Civil Aviation and the Belize Tourism Board
- f. "Government" means the Government of Belize
- g. "Loan" means the loan obtained from the Inter American Development Bank to partially fund the Sustainable Tourism Program
- h. "Loan contract" means the Special Conditions of the Loan, the General Conditions of the Loan and the Annex
- i. "Memorandum" means this Memorandum of Understanding
- j. "MTCA" means the Ministry of Tourism and Civil Aviation
- k. "Participating Agencies" mean Government departments or agencies, statutory or municipal bodies or any like entity, the cooperation or permission of which is necessary to carry out any specific Program activity or works
- l. "Program" means the Sustainable Tourism Program
- m. "PCU" means the Project Coordination Unit for the Sustainable Tourism Program
- n. "Program Operational Manual" means the Program Operational Manual for the Sustainable Tourism Program

Schedule 2. The components of the Program are set out in the Schedule to this Memorandum, which is incorporated as part of this Memorandum.

Borrower 3. The Government shall be the borrower of the Loan.

Government's
Functions

4. The Government shall cause the Loan funds to be fully applied to finance the Program in accordance with the terms set out in the Loan contract and in accordance with this Memorandum.

Sustainable
Tourism Fund

5. The Government shall:
 - a. Create and manage an account at the Central Bank of Belize or at a local financial institution to be known as the Sustainable Tourism Program Fund and all Loan disbursements received from the Bank shall be paid into that account
 - b. Establish, in consultation with the BTB and the PCU, an efficient system to ensure that the funds in the account are made readily available to the BTB to utilize for the management and implementation of the Program
 - c. Maintain a system of adequate financial and accounting controls to ensure accountability in accessing funds from the account
 - d. Prior to the first disbursement of the Loan funds, decide either to maintain the interest rate alternative originally selected for the financing as determined in Sections 1.02(b) and 2.02(a) of the Special Conditions of the Loan or change the interest rate alternative of the financing as determined in Section 2.03 of the Special Conditions of the Loan and submit to the Bank a letter of its decision on the interest rate, such letter to satisfy all the conditions set out in 4.01(g) of the General Conditions of the Loan.

Executing
Agencies

6. The MTCA and the BTB shall be the Executing Agencies responsible for the execution of the Program.

Due Diligence

7. The Executing Agencies shall execute the Program with due diligence in conformity with sound financial and technical practices and in accordance with the plans, specifications, investment schedule, budgets, regulations and other documents approved by the Bank.

Joint
Coordination

8. The Executing Agencies shall be responsible jointly for the coordination of the Program and shall work together to ensure efficient and effective coordination.

MTCA's
Functions

9. The MTCA shall:
 - a. Provide general oversight of the Program
 - b. Ensure that the Program is integrated into Government's economic and social policies and plans



- c. Communicate with the National Assembly, Cabinet, the Ministry of Finance and other Government Ministries and departments, municipal bodies and tourism industry stakeholders to ensure that the Program is implemented effectively
- d. Advise the Belize National Tourism Council on the status of Program implementation
- e. Ensure that the Loan receives the approval of the National Assembly and that it complies in all respects with the provisions of the Finance and Audit (Reform) Act and other laws relating to Government borrowing
- f. Prior to the first disbursement of the Loan, cause a sub-committee of the Belize National Tourism Council to be created to act as a steering committee for the Program
- g. Prior to the first disbursement of the Loan, obtain from the Office of the Solicitor General or from other such qualified Attorney or Attorneys and submit to the Bank one or more well-founded legal opinions which establish, with citations of the pertinent constitutional, legal and regulatory provisions, that the obligations undertaken by the Government and the Executing Agencies in the Loan contract are valid and enforceable, such opinion shall also refer to and address any other legal question that the Bank may reasonably deem relevant
- h. Prior to the first disbursement of Loan funds, ensure that an official auditing agency referred to in the Special Conditions of the Loan agrees to perform the audit function as set out in the Loan contract or agree with the Bank on the selection of a firm of independent public accountants to perform the audit function as set out in the Loan contract or as required by the Bank
- i. Work with the Ministry of Finance to ensure that the Loan funds are applied to finance the Program in accordance with the terms of the Loan and that the Loan funds are made available to the BTB to utilize for the management and implementation of the Program
- j. Ensure that works and equipment included in the Program are adequately maintained according to generally accepted technical standards and that the other parts of Section 4.03 of the Special Conditions of the Loan "Maintenance of Works" are complied with

Subcommittee's
Function

- 10. The Steering Committee referred to in Clause 9(e) shall be responsible for overall strategic guidance and stakeholder participation in the Program and shall approve the Program Operational Manual, vet and disseminate the Annual Plan of

Operations and results of the Program, recommend adjustments in targets, and monitor overall Program performance.

Composition of
the Subcommittee

11. The Steering Committee referred to in Clause 9(e) shall be made up of the following members:

- a. The Chief Executive Officer in the MTCA
- b. The Director of Tourism
- c. One representative each from the Ministry of Works and the Ministry of Economic Development
- d. One representative each from the Department of the Environment and the National Institute of Culture and History
- e. The President of the Belize Tourism Industry Association

BTB's Function

12. The BTB shall:

- a. Coordinate the management and implementation of the Program
- b. Establish, support and supervise the administrative funding of the PCU
- c. In consultation with the MTCA, select a suitably qualified person with demonstrated experience in sustainable tourism as Project Director to head the PCU
- d. Liaise with the Bank on all aspects of Program management and implementation
- e. Report to the Bank and to the MTCA on all aspects of Program management and implementation
- f. Prior to the first disbursement of Loan funds, demonstrate to the Bank that sufficient resources have been allocated to cover, at least during the first calendar year, the execution of the Program in accordance with the investment schedule referred to in the following sub-clause
- g. Prior to the first disbursement of Loan funds, prepare and submit to the Bank and to the MTCA an initial report prepared in the form indicated by the Bank, which shall serve as the basis for the preparation and evaluation of the semi-annual progress reports referred to in sub-clause (u). Such report, in addition to any other information that the Bank may reasonably require pursuant to the terms of the Loan contract, shall set forth: (i) a plan for implementation of the Program including, except with respect to a



program for the granting of credits, the plans and specifications deemed necessary by the Bank; (ii) the calendar or schedule of work or granting of credits, as the case may be; (iii) a table of the source and use of funds setting forth a detailed schedule of investments in accordance with the categories of investment established in the Loan contract and an indication of the annual contributions needed from the various sources of funds from which the Program will be financed. If the Loan contract permits the recognition of expenditure made prior to its signature or to the date of the Resolution authorizing the financing of the Loan, the initial report shall include a statement of investment and, in accordance with the objectives of the Loan, a description of the works carried out under the Program or a statement as to the credits granted, as the case may be, up to a date immediately preceding the report.

- h. Prior to the first disbursement of the Loan funds, present to the Bank the plan, catalog or code of accounts referred to Article 7.01 of the General Conditions of the Loan
- i. Develop the Program Operational Manual, which shall contain details of the management, monitoring, evaluation, procurement, recording and reporting functions of the Program to guide the Executing Agencies and the Participating Agencies and which shall include details of the preparation of the Annual Plan of Operations, procedures for the environmental, economic and financial analysis of investments by type and the procedure for the small grants facility
- j. Maintain an effective system to manage, monitor and evaluate Program implementation
- k. Oversee, in conjunction with the Ministry of Tourism, the procurement of goods and works for the Program in accordance with Document GN-2349-7 "Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank" and the provisions set out in Section 4.01 of the Special Conditions of the Loan "Procurement of Works and Goods"
- l. Oversee, in conjunction with the Ministry of Tourism the procurement of consulting services for the Program in accordance with Document GN-2350-7 "Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank" and the provisions set out in Section 4.05 of the Special Conditions of the Loan "Selection and Contracting of Consulting Services"
- m. Coordinate with Government Ministries and departments, municipal bodies and Tourism industry stakeholders to ensure that the Program is implemented effectively



- n. Negotiate and execute agreements with Participating Agencies to set up the legal framework necessary to carry out specific Program activities and works
- o. Ensure that works and equipment included in the Program are adequately maintained according to generally accepted technical standards
- p. Secure the full cooperation of Participating Agencies in the operation and maintenance of facilities financed by the Program after works have been completed
- q. Submit to the Bank and to the MTCA a report on the status of works and equipment included in the Program and an annual maintenance plan for such works and equipment, the said report and plan to be submitted within the first quarter of each year for ten years following the completion of the first of the works included in the Program
- r. Comply with all requests, directives and instructions given by the Bank or the MTCA regarding the maintenance of works and equipment included in the Program to ensure that such maintenance complies with generally accepted technical standards
- s. Submit to the Bank within a period of twelve months from the effective date of the Loan contract for the Bank's approval: (i) the baseline data pertaining to the indicators on the Results Matrix of the Program and (ii) a description of the procedure that will be followed in compiling and processing data to be used for the annual comparisons with the initial baseline data to evaluate the results of the execution of the Program
- t. Submit to the Bank beginning with the third year after the effective date of the Loan contract and continuing annually thereafter until the fifth year after the last disbursement of the Loan funds the annual comparative data referred to in sub-cause (s)
- u. Submit to the Bank and to the MTCA the semiannual progress reports referred to in Section 5.01 of the Special Conditions of the Loan, such reports to include the components referred to in Section 4.07 of the Annex: (1) the Program's financial performance, (2) a breakdown of projects completed and findings on the maintenance of civil works, (3) findings on monitoring of environmental impact and implementation of mitigation measures, and (4) an analysis of problems encountered and steps taken to resolve problems, the said reports shall be submitted within sixty days following the end of each calendar Semester or within such other period as the Bank and the BTB may agree and such reports shall be



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prepared in accordance with the relevant rules agreed upon between the BTB and the Bank

- v. The semiannual progress reports referred to above should also include reports on the Revolving Fund, updates of the Annual Plan of Operations, audited financial reports and other financial reports as required or requested by the Bank or by the MTCA
- w. Submit to the Bank and to the MTCA such other reports as the Bank or the MTCA may reasonably request regarding the investment and use of the Loan funds, the use of goods acquired with such funds and the status of Program implementation
- x. Conduct, in consultation with the MTCA, the mid-term evaluation referred to in Section 4.07(c) of the General Conditions of the Loan, which shall focus on: (1) the level of progress in attaining the Program's objectives based on the indicators in the Results Matrix; (2) the degree of effectiveness in complying to the Program Operating Manual; (3) the degree of compliance with environmental specifications for civil works as established in applicable regulations; and (4) the degree of effectiveness of the internal and the Bank's monitoring and supervision system
- y. Conduct, in consultation with the MTCA, the final evaluation referred to in Section 4.07(d) of the General Conditions, which shall assess: (1) degree of attainment of Program objectives in relation to plans and reasons for any variances; (2) effectiveness of the organization and arrangements established for Program execution; (3) sustainability of the activities funded under the Program; and (4) lessons learned that could be applied to future projects in this sector and which shall be made available to the public through the BTB's website and used for the Program completion report prepared by the Bank
- z. Submit to the Bank and to the MTCA three copies of the financial statements for the Program as of the close of each fiscal year of the BTB and supplementary financial information relating to the statements, such financial statements shall be submitted within one hundred twenty days following the close of each fiscal year of the BTB, beginning with the fiscal year in which the Program was commenced and continuing for each year thereafter during the period specified in the Special Conditions of the Loan
- aa. Submit, where the Special Conditions of the Loan so require, three copies of the financial statements of the BTB as of the close of each fiscal year, and supplementary financial information relating to the statements, such financial statements shall be submitted during the period stipulated in the Special Conditions of the Loan and beginning with the fiscal year in which



the Program was commenced and shall be submitted within one hundred twenty days following the close of each fiscal year of the BTB

- bb. Submit, along with the financial statements referred to in sub-clauses (z) and (aa), the opinion of the auditing agency or firm specified in the Special Conditions of the Loan and in accordance with requirements that satisfy the Bank
- cc. Contribute One Million Three Hundred Sixty Thousand Dollars (\$1,360,000.00 USD) to fund the Program as provided for and according to Section 1.04 of the Special Conditions
- dd. Provide ongoing technical supervision of the Program

PCU's
Composition

13. The PCU shall be set up as part of the operational structure of the BTB and shall be staffed, as a minimum, with: (1) a Financial and Procurement Specialist; (2) a Tourism Specialist; and (3) a Physical/environmental Planner.

PCU's Function

14. The PCU shall:

- a. Set-up all technical and operational aspects of the Program
- b. Provide technical and other assistance to the BTB regarding Program management and implementation
- c. Report to the BTB on all aspects of Program implementation and the status of specific Program activities and works
- d. Carry out the procurement of goods and services in consultation with the Belize Tourism Board and the Ministry of Tourism and Civil Aviation
- e. Prepare or assist in the preparation of plans, project descriptions, specifications, budgets and other documents to carry out specific Program activities and works
- f. Prepare and obtain Bank approval for all bidding documents required to hire contractors and consulting firms
- g. Coordinate the bidding process in accordance with Document GN-2349-7 "Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank" and Document GN-2350-7 "Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank" and the provisions set out in Section 4.01 of the Special Conditions of the Loan "Procurement of Works and Goods" and Section 4.05 of the Special Conditions of the Loan "Selection and Contracting of Consulting Services"



- h. Communicate with contractors to resolve contractor claims or contract adjustment issues
- i. Prepare and submit to the Bank written disbursement requests together with all supporting documentation as required by the Bank and corresponding justification of expenses
- j. Monitor and evaluate specific Program activities and works
- k. Carry out, control and register all administrative and accounting procedures
- l. Maintain an effective system of accounting and financial controls with an appropriate support documentation filing system to permit the verification of transactions and to facilitate the timely preparation of financial statements and reports
- m. Maintain an effective system of record keeping that provides for the maintenance of records for a minimum of three years after the date of the final disbursement of the Loan funds, such system shall (a) make it possible to identify the sums received from the various sources; (b) show, in accordance with the catalogue of accounts approved by the Bank, the investments in the Project, both with the resources of the Loan and with the other funds to be provided for the Program's complete execution; (c) include sufficient detail to show the works performed, goods acquired and services contracted, as well as the utilization of such works, goods and services; and (d) include documentation relating to the bidding process and the execution of the contracts financed by the Bank including, but not limited to, bid requests, bid packages, summaries, bid evaluations, contracts, correspondence, work product and drafts, and invoices, including documents relating to the payment of commissions and payments to agents, consultants and contractors; and (e) show the cost of the investments in each category and the progress of the works. With respect to credit programs, the records shall also detail the credits granted, the recoveries obtained and the utilization of the funds recovered.
- n. Prepare and submit to the BTB for its approval a report on the status of works and equipment included in the Program and an annual maintenance plan for such works and equipment, the said report and plan to be submitted within the first quarter of each year for ten years following the completion of the first of the works included in the Program
- o. Compile data to record and control the results of the Program

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- p. Prepare and submit to the BTB for its approval within a period of twelve months from the effective date of the Loan contract: (i) the baseline data pertaining to the indicators on the Results Matrix of the Program and (ii) a description of the procedure that will be followed in compiling and processing data to be used for the annual comparisons with the initial baseline data to evaluate the results of the execution of the Program
- q. Prepare and submit to the BTB for its approval beginning with the third year after the effective date of the Loan contract and continuing annually thereafter until the fifth year after the last disbursement of the Loan funds the annual comparative data referred to in the above sub-cause
- r. Prepare and submit to the BTB for its approval the semiannual progress reports referred to in Section 5.01 of the Special Conditions of the Loan, such reports to include the components referred to in Section 4.07 of the Annex: (1) the Program's financial performance, (2) a breakdown of projects completed and findings on the maintenance of civil works, (3) findings on monitoring of environmental impact and implementation of mitigation measures, and (4) an analysis of problems encountered and steps taken to resolve problems, the said reports shall be submitted within sixty days following the end of each calendar Semester or within such other period as the Bank and the BTB may agree and such reports shall be prepared in accordance with the relevant rules agreed upon between the BTB and the Bank
- s. The semiannual progress reports referred to above should also include reports on the Revolving Fund, updates of the Annual Plan of Operations, audited financial reports and other financial reports as required or requested by the Bank or by the MTCA

Inspections
by the Bank

15. The Government and the Executing Agencies shall:

- a. Comply with all inspection procedures established by the Bank in accordance with Article 7.02(a) of the General Conditions of the Loan
- b. Permit the Bank, at any time or times, to inspect the Program and the equipment and materials involved therein and to examine any records and documents as the Bank may deem pertinent
- c. Fully cooperate with any investigator, agent, auditor or expert sent by the Bank to conduct any inspection referred to preceding sub-clause
- d. On the request of a duly authorized representative of the Bank, submit to the Bank in a timely manner any documents which the Bank might reasonably request, including procurement related documents

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- e. Make its personnel available, on reasonable notice, to respond to questions from Bank personnel, which arise during the review or audit of documents submitted in accordance with the preceding sub-clause

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| Additional Audit Information | 16. Where any audit is conducted by or at the request of the Bank or is required by the terms of the Loan contract, the Government and or the Executing Agencies shall authorize the auditing agency or firm to provide the Bank with any additional information the Bank may reasonably request regarding the financial statements and the audit report. |
| Designated Representatives | 17. Prior to the first disbursement of the Loan, the Government and the Executing Agencies shall agree among themselves and designate one or more officials to represent them in all acts relating to the implementation of the Loan contract and shall provide to the Bank authentic copies of the signatures of those representatives and where two or more officials are designated, the designation shall indicate whether such officials may act separately or must act jointly. |
| Duty of Good Faith | 18. The Parties shall ensure that the terms of this Memorandum and the terms of the Loan contract are carried out effectively and in good faith. |
| Dispute Resolution | 19. Differences which may arise in the interpretation or application of the provisions of this Memorandum shall be resolved by means of negotiation between the Parties herein. |
| Amendment | 20. This Memorandum may be amended with the written consent of the Parties herein, provided that such amendment is approved by the Bank. |
| Duration | 21. This Memorandum shall take effect on the date of signature and shall remain in effect for the full duration of the Program as specified by the Loan contract. |
| Survival of Terms | 22. Any term of this Memorandum which is intended by its nature or context to survive the duration period referred to in the clause above shall so survive. |

SCHEDULE

Component 1: Investments in overnight tourism destinations

1. This component will finance studies, final designs and investments in civil works and equipment aimed at improving the quality of the tourism natural and cultural products at consolidated destinations in line with Destination Management Plans (DMPs). The Program's resources will be directed at the following destinations within the framework of the DMPs:

A) San Ignacio and surroundings:



The activities and investments to be financed include: (a) the establishment of a regional welcome center to provide information on tourism services, activities and attractions in Cayo District, enabling visitors and local residents to better understand the area heritage; (b) improvement of road access and visitor facilities at the Cahal Pech Heritage and Nature Park; (c) the development of the San Ignacio Town Center Urban Design Strategy; (d) improvements in visitor facilities at Actun Tunichil Mukmal.

B) Ambergris Caye:

The activities and investments to be financed include: (a) the development of a Physical Tourism Development Plan for Ambergris Caye (to be formulated as part of the Belize Tourism Master Plan process); (b) beach restoration and enhancement in San Pedro that would involve the removal of piers causing erosion, beach nourishment, landscaping and establishment of visitor facilities, including a water sports center for the orderly provision of services such as dive shops, moorings and boat rental provided what is established in Section 4.01(c)(iii) of the Special Conditions; and (c) support for Park management activities and visitor facilities for the Bacalar Chico National Park/Marine Reserve.

C) Placencia peninsula and village

The investments to be financed by the Program cover development of a small pier and plaza to consolidate public maritime services in a single location. The proposal also includes technical assistance for: (a) a pilot Program for gaining 'Blue Flag' eco-labeling status in water quality, environmental education and information and for the adherence to international safety standards; and (b) development of a disaster risk management plan for the peninsula with a view to avoiding damages associated with flooding and breaching of access routes.

D) Belize City

The investments to be financed by the Program include: (a) a waterfront development strategy; (b) the physical improvement of the Fort Street pedestrian link between the Tourism Village and the town center as a catalyst for tourism-related urban regeneration.

Component 2: Institutional strengthening and capacity building for policy, destination planning and management

2. The Program will finance the following institutional strengthening activities: (a) the preparation of a National Tourism Master Plan for the entire sector (cruise and overnight) that will provide for the zoning approach proposed by the Government and translate sustainability objectives into actions, an assessment of



options for implementing the new Tourism Development Strategy and a Responsible Tourism Policy ; (b) technical assistance on the economic aspects of tourism, with particular emphasis on the development of policy options for increasing fees and taxes, and the design of revenue sharing mechanisms administered by the government agencies responsible the management of the tourism attractions and the national treasury; (c) establishment of a Tourism Satellite Account in collaboration with the Statistics Institute of Belize; (d) the development of an updated country branding strategy; and (e) training and development of tools for physical planning, environmental and visitor management. Capacity building activities include: (a) support to communities in promoting tourist access to the Maya and Garifuna cultures in the emerging destinations of Punta Gorda and Dangriga/Hopkins; (b) a matching grant facility for micro- and small businesses helping strengthen value chains for tourism, offset the costs of complying with existing industry standards, including sustainable tourism criteria and other specialized certifications and convert to cleaner technology.

IN WITNESS WHEREOF the Parties herein have by their duly authorized representatives set their hands hereunto on the day and year first hereinbefore written.


HONORABLE MANUEL HEREDIA
MINISTER OF TOURISM AND CIVIL AVIATION

GASPAR GUERRERO 29/1/19
CHAIRMAN
BELIZE TOURISM BOARD

