
CREDIT NUMBER IDA 7672-HN

Financing Agreement

(Honduras Sustainable Connectivity Project)

between

REPUBLIC OF HONDURAS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION



CREDIT NUMBER 7672-HN

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF HONDURAS ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in the amount of one hundred eighty-seven million Dollars (\$187,000,000) (variously, "Credit" and "Financing"), to: (a) assist in financing the Project described in Schedule 1 to this Agreement ("Project"); and (b) provide the Rapid Response Option ("RRO").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.
- 2.05. The Interest Charge is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum; on the Withdrawn Credit Balance.
- 2.06. The Payment Dates are March 15 and September 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with Section 3.05 of the General Conditions and the repayment schedule set forth in Schedule 3 to this Agreement.



- 2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT; CONTINGENT EMERGENCY RESPONSE PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Contingent Emergency Response Project ("CERP"). To this end, the Recipient shall: (a) carry out, through SIT, the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement; and (b) shall carry out, or cause to be carried out, the CERP in accordance with Article V of the General Conditions.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely that the ICF Interinstitutional Agreement has been abrogated, amended, suspended, waived, or otherwise not enforced.
- 4.02. The Additional Event of Acceleration consists of the following, namely that Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) that the PEU has been established, and its Key Staff hired or designated, all in a manner acceptable to the Association; and
 - (b) that the Project Operational Manual has been prepared, approved, and adopted by the Recipient, through the SIT, in a manner acceptable to the Association.
- 5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.
- 5.03. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its Minister of Finance (*Secretario de Estado en el Despacho de Finanzas* – SEFIN).



6.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

Secretaría de Estado en el Despacho de Finanzas
Dirección General de Crédito Público
Avenida Cervantes, Barrio el Jazmín
Tegucigalpa, M.D.C.
Honduras, C.A.; and

- (b) the Recipient's Electronic Address is:

Telex:	Facsimile:	E-mail:
(504)2237-4142	(504)2237-4142	dgcp@sefin.gob.hn

6.03. For purposes of Section 11.01 of the General Conditions:

- (a) the Association's address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

- (b) the Association's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423 (MCI)	1-202-477-6391	mkerf@worldbank.org



AGREED as of the Signature Date.

REPUBLIC OF HONDURAS

By



Authorized Representative

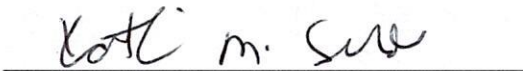
Name: Christian Durk

Title: Minister of Finance

Date: 12/18/24

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Katherine M. Solt

Title: Representative Resident

Date: 18/12/2024

SCHEDULE 1

Project Description

The objective of the Project is to improve climate-resilient and safe transport access in the northwestern regions of the Republic of Honduras and promote sustainable livelihoods in selected areas through landscape management and woman-led economic initiatives.

The Project consists of the following parts:

Part 1: Construction of the CA-4 – CA-13 Connection Road Corridor:

Construction of the Connection Road Corridor, through: (a) technical assistance to support the preparation of technical, social, and environmental studies and detailed designs; (b) civil works for the construction of the Connection Road Corridor; (c) technical assistance to support technical, social, and environmental supervision; and (d) Resettlement Costs for Part 1 of the Project.

Part 2: Resilient Improvement of Feeder Roads:

Upgrading and paving approximately 41 kilometers of unpaved existing feeder roads in the Municipalities of Quimistan, Azacualpa, Nueva Frontera, and Macuelizo (all in the Department of Santa Barbara) that will be directly or indirectly connected to the Connection Road Corridor, and construction of related drainage infrastructure, through: (a) technical assistance to support the preparation of the engineering design; (b) civil works for paving the feeder roads and drainage infrastructure; (c) technical assistance to support technical, social, and environmental supervision; and (d) Resettlement Costs for Part 2 of the Project.

Part 3: Inclusive and Integrated Sustainable Landscape Management:

Gender-inclusive sustainable landscape management with community-driven economic development in areas adjacent to the CNP (including declared micro-basins) along the Connection Road Corridor, through technical assistance, training, capacity building, and acquisition of goods to support: (a) the involvement of local populations in restoration, including reforestation of degraded landscapes to enhance connectivity within the network of existing protected areas and biological corridors; (b) the promotion and adoption of sustainable value chains based on local productions that promote sustainable agroforestry and climate-smart agriculture in targeted area; and (c) community-based tourism initiatives and women's entrepreneurship.



Part 4: Institutional Strengthening, Capacity Building, and Project Management:

Part 4.1: Institutional Capacity Building of SIT:

Consulting activities, training, and goods aimed at supporting: (a) strengthening the SIT's asset management capacity; (b) promotion of gender equality in the road sector; and (c) citizen engagement activities.

Part 4.2: Road Safety:

Enhancing SIT's road safety management capacity through, *inter alia*: (a) a road safety management capacity assessment, including a review of institutional arrangements, to inform the development of a national road safety strategy; (b) creation of an integrated road safety database; (c) a safety assessment of the primary and secondary paved road network to identify high risk locations; (d) training and certifying road safety auditors and trainers, in collaboration with academic institutions; and (e) development of a road safety engineering manual, and updating road design and construction standards with a focus on safety.

Part 4.3: Project Management Support.

Supporting Project management, through: (a) hiring of the specialists of the Project Executing Unit for the day-to-day implementation, monitoring, and evaluation of the Project; (b) hiring the consulting firm (the "Project Management and Monitoring Agency") to provide backstop support to the PEU; and (c) financial audits of the Project.



SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient, through SIT, shall:
 - (a) Establish within SIT, and thereafter maintain, throughout Project implementation, a Project Executing Unit ("PEU") responsible for implementing the Project, with composition, staff in numbers and with qualifications, resources, terms of reference, and functions acceptable to the Association, as further set out in the Project Operational Manual.
 - (b) No later than sixty (60) days after the Effective Date, hire or appoint to the PEU and thereafter maintain, throughout Project implementation, one or more social specialists with competencies in GBV and community outreach matters, all in a manner acceptable to the Association with the resources and functions set forth in the Project Operational Manual.
 - (c) No later than eight (8) months after the Effective Date, engage and retain, throughout Project implementation, the Project Management and Monitoring Agency to provide support to the SIT and the PEU, all in a manner acceptable to the Association with the resources and functions set forth in the Project Operational Manual.
2. Interinstitutional Agreement
 - (a) To facilitate the carrying out of Part 3 of the Project, the Recipient, through SIT, shall, no later than ninety (90) days after the Effective Date, cause SIT and ICF to enter into an interinstitutional agreement under terms and conditions acceptable to the Association, ("ICF Interinstitutional Agreement") setting forth the obligation of ICF to provide technical support and assist in the carrying out of Part 3 of the Project in accordance with the provisions of this Agreement, the ESCP, the Project Operational Manual, and the Anti-Corruption Guidelines.
 - (b) The Recipient shall exercise its rights under the ICF Interinstitutional Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.
 - (c) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the ICF Interinstitutional Agreement or any of its provisions.



3. Without limiting the provisions of Paragraph 2(a) above, the Recipient, through SIT, shall ensure that no works are carried out under Part 3 of the Project unless the Agreement referred to in said paragraph has been entered into.

B. Project Operational Manual

1. The Recipient, through SIT, shall prepare, approve, and adopt, and thereafter maintain and carry out the Project in accordance with, a manual (the "Project Operational Manual"), which shall set forth, *inter alia*: (a) detailed description of the Project activities and institutional arrangements for the Project; (b) the Project administrative, budgeting, accounting, auditing, reporting, financial, procurement, and disbursement procedures; (c) the monitoring indicators for the Project; (d) the detailed procedures for coordination and collaboration among the relevant Recipient's institutions and other stakeholders in the carrying out of the Project; (e) Personal Data collection and processing requirements in accordance with good international practices; (f) detailed environmental and social risk management measures and procedures; and (g) arrangements for preventing, detecting, reporting, investigation, remediation, and otherwise addressing fraud and corruption, including compliance with the Anti-Corruption Guidelines.
2. Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend, terminate, or assign the Project Operational Manual or any provision thereof.
3. In case of a conflict between the terms of the Project Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

C. Environmental and Social Standards

1. The Recipient shall, through SIT, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall, through SIT, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall, through SIT, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and



- (d) the ESCP, or any provision thereof, is not amended, repealed, suspended, or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- 3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 4. The Recipient shall, through SIT, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public, or workers, in accordance with the ESCP, the environmental and social instruments referenced therein, and the Environmental and Social Standards.
- 5. The Recipient, through SIT, shall establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
- 6. The Recipient, through SIT, shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health, and safety risks, and the risks of sexual exploitation and abuse, sexual harassment, and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.



Section II. Project Monitoring, Reporting and Evaluation

The Recipient, through SIT, shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions, the Recipient may withdraw the proceeds of the Financing to: (a) to finance Eligible Expenditures for the Project or the CERP in accordance with the respective Disbursement and Financial Information Letter; and (b) for the Complementary Financing for the Cat DDO in accordance with the provisions of Section II.A of the relevant Schedule on "Program Actions, Availability of Financing Proceeds" (or such equivalent heading) to the Cat DDO Legal Agreement (including the relevant provisions of any other document that is referred to or forms part of the Cat DDO Legal Agreement), which are hereby incorporated by reference in this Agreement, and which shall apply, *mutatis mutandis*, to the amount of the Financing allocated to the aforementioned Category; all in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training, and Operating Costs for Parts 1, 2, and 4 of the Project	162,000,000	100%
(2) Goods, works, non-consulting services, consulting services, Training, and Operating Costs for Part 3 of the Project	5,000,000	100%
(3) Resettlement Costs for Parts 1 and 2 of the Project	20,000,000	100%



(4) Eligible Expenditures for the CERP	0	100%
(5) Complementary Financing for the Cat DDO	0	(Not applicable)
TOTAL AMOUNT	187,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed thirty-seven million four hundred thousand Dollars (\$37,400,000) may be made for payments made prior to this date but on or after the date falling twelve (12) months prior to the Signature Date, for Eligible Expenditures under Category (1), following an Environmental and Social Audit, satisfactory to the Association, showing that the pertinent obligations set forth in this Agreement, as applicable to each Eligible Expenditure, have been complied with);
 - (b) under Category (2), until and unless the ICF Interinstitutional Agreement has been entered into between SIT and ICF in a manner acceptable to the Association, and all conditions precedent to its effectiveness have been fulfilled;
 - (c) for Eligible Expenditures under Category (3) until and unless the respective RAP has been prepared, disclosed, and adopted by the Recipient;
 - (d) for Eligible Expenditures under Category (4), until and unless the Association has notified the Recipient that the conditions set forth in Section 5.15(a) of the General Conditions have been fulfilled; or
 - (e) for Complementary Financing for the Cat DDO under Category (5), until and unless:
 - (i) the Recipient has furnished to the Association a request to reallocate and thereafter withdraw all or part of the Unwithdrawn Credit Balance for the Complementary Financing for the Cat DDO, and such notice specifies the Cat DDO Legal Agreement; and



- (ii) the Association has accepted said request and notified the Recipient thereof, and is satisfied, based on evidence satisfactory to it, that the conditions precedent to withdrawal of the financing provided under the Cat DDO Legal Agreement have been fulfilled.
- 2. In the event of withdrawal of the Complementary Financing for the Cat DDO, the Recipient shall comply with any provisions on "Deposits of Financing Proceeds/Amounts" and "Audits" (or such equivalent heading) set forth in Section II of the relevant Schedule on "Program Actions, Availability of Financing Proceeds" (or such equivalent heading) to the Cat DDO Legal Agreement (including the relevant provisions of any other document that is referred to or forms part of the Cat DDO Legal Agreement) to the same extent as if such provisions have been set out in full in this Agreement, except that: (a) the terms "Credit", "Grant", or "Financing" (or such equivalent terms) shall be deemed to refer to the amount of the Complementary Financing for the Cat DDO; and (b) the terms "Credit Account", "Grant Account", or "Financing Account" (or such equivalent terms) shall be deemed to refer to the Credit Account for this Credit.
- 3. The Closing Date is December 31, 2031.



SCHEDULE 3

Repayment Schedule

The Recipient shall repay the principal amount of the Credit in accordance with the table set forth below.

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 15 and September 15:	
commencing March 15, 2030, to and including September 15, 2049	1.65%
commencing March 15, 2050 to and including September 15, 2054	3.40%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05(b) of the General Conditions.



APPENDIX

Section I. Definitions

1. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006, and revised in January 2011 and as of July 1, 2016.
2. "Cat DDO Legal Agreement" means the agreement between the Recipient and the Association or the Bank, as the case may be, for the Cat DDO, whose closing date is after the date when the Recipient requests the withdrawal of the Complementary Financing for the Cat DDO, as further specified by the Recipient in such request for withdrawal.
3. "Cat DDO" means the financing provided under the Cat DDO Legal Agreement with a deferred drawdown option for catastrophe risks.
4. "Basis Adjustment to the Interest Charge" means the Association's standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association and expressed either as a positive or negative percentage per annum.
5. "Basis Adjustment to the Service Charge" means the Association's standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association and expressed as a percentage per annum.
6. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
7. "CNP" means Cusuco National Park.
8. "Complementary Financing for the Cat DDO" means the amount of the Credit allocated to the Category entitled "Complementary Financing for the Cat DDO" in the table set forth in the table in Section III.A of Schedule 2 to this Agreement.
9. "Connection Road Corridor" means an approximately 46-kilometer two lane new road connecting the CA-4 road (near Macuelizo) and the CA-13 road in the vicinity of Corinto, near the Guatemalan land border.
10. "Concessional Financing" means without limitation to the definition of said term in paragraph 19 of the General Conditions, the Credit extended by the Association



to the Recipient on the terms referred to in Article II to this Agreement and in the General Conditions.

11. "Environmental and Social Audit" means an instrument to be prepared and adopted by the Recipient, through SIT, that shall: (a) determine the nature and extent of environmental and social areas of concern of all goods, services, works, and other activities to be retroactively financed under the Project; (ii) identify appropriate mitigation or corrective measures, as necessary, related costs and a schedule to implement such measures; all as set out in the ESCP, and in accordance with the Environmental and Social Standards.
12. "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Project, dated November 12, 2024, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring, and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
13. "Key Staff" means a Project coordinator, a field engineer, an environmental specialist, a social specialist, a procurement specialist, and a financial management specialist.
14. "GBV" means gender-based violence.
15. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Investment Project Financing", dated December 14, 2018 (last revised on July 15, 2023), with the modifications set forth in Section II of this Appendix.
16. "ICF" or "*Instituto Nacional de Conservación y Desarrollo Forestal, Areas Protegidas y Vida Silvestre*" means the Recipient's National Institute of Forest Conservation and Development, Protected Areas and Wildlife, established pursuant to the Recipient's Executive Decree 98-2007 dated February 26, 2008, or any successor thereto acceptable to the Association.
17. "ICF Interinstitutional Agreement" has the meaning ascribed to that term in Schedule 2, Section I.A.2(a) of this Agreement.
18. "Operating Costs" means reasonable costs, as shall have been approved by the Association, for the incremental expenses incurred on account of Project implementation, consisting of communication costs, office rental, office supplies and maintenance, equipment maintenance, utilities, document



duplication/printing, non-durable goods, insurance, fuel, maintenance and repair of vehicles, travel cost and *per diem* for staff, including SIT staff, for travel linked to the implementation of the Project (but excluding salaries of officials of the Recipient's civil service).

19. "Personal Data" means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata, and factors specific to the physical, physiological, genetic, mental, economic, cultural, or social identity of an individual.
20. "Project Management and Monitoring Agency" has the meaning ascribed to that term in Schedule 2, Section I.A.1(c) of this Agreement.
21. "Project Operational Manual" and "POM" has the meaning ascribed to that term in Schedule 2, Section I. B.1 of this Agreement.
22. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated September 2023.
23. "Project Executing Unit" or "PEU" has the meaning ascribed to that term in Schedule 2, Section I.A.1(a) of this Agreement.
24. "Rapid Response Option" or "RRO" means the use of all or any portion of the Credit that has been requested by the Recipient and accepted by the Association in accordance with the terms of this Agreement to: (a) assist in financing the CERP; and (b) provide complementary financing in support of the program defined in the Cat DDO Legal Agreement.
25. "Resettlement Action Plan" or "RAP" means, the documents to be prepared, disclosed and adopted by the Recipient for each of Part 1 and, as the case may be, Part 2 of the Project in accordance with the RPF and the ESCP, as said RAP may be revised from time to time with the prior written agreement of the Association; and "RAPs" means, collectively and indistinctively, all such RAPs.
26. "Resettlement Costs" means the expenditures incurred by the Recipient on account of implementation of a RAP in form and substance acceptable to the Association, and which consist of the costs to finance expenditures for cash payments for compensation or other cash payments for assistance due to a Project affected person, for livelihood restoration, or for the cost of land acquisition related to the



activities to be carried out under Part 1 and, as the case may be, Part 2 of the Project.

27. "Resettlement Policy Framework" or "RPF" means the resettlement policy framework to be prepared, disclosed, and adopted by the Recipient for the Project in accordance with the ESCP, and in form and substance satisfactory to the Association, as such framework may be amended from time to time with the prior written agreement of the Association.
28. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.
29. "SIT" means the Recipient's Secretariat of Infrastructure and Transport (*Secretaria de Infraestructura y Transporte*) established pursuant to the Recipient's Decree of the President in the Council of Ministers No. PCM-005-2022 of April 6, 2022, published in the Official Gazette La Gaceta, edition No. 35,892 of April 6, 2022, in Article No. 7, or any successor thereto acceptable to the Association.
30. "Training" means expenditures (other than those for consulting services) incurred in connection with study tours, training courses, seminars, workshops, and other training activities, not included under goods or service providers' contracts, including costs of training materials, space and equipment rental, travel, *per diem* costs for trainees and trainers and trainers' fees (as applicable), all based on an annual budget satisfactory to the Association.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 1.01 (*Application of General Conditions*) is modified by adding a new paragraph as follows:

"If the Financing Agreement provides for the use of the Financing to assist in financing the CERP, references in these General Conditions to the Project and the Respective Parts of the Project (other than those in sub-Sections 5.08(b)(i) and 5.08(c)(i), and the definitions of terms "Anti-Corruption Guidelines", "Procurement Regulations", "Project", and "Respective Part of the Project") shall be deemed to also refer to the CERP and the Respective Parts of the CERP, respectively. Conversely, if the Financing Agreement does not provide for the use of the Financing to assist in financing the CERP, references to the CERP and the Respective Parts of the CERP in these General Conditions, and all clauses applicable exclusively to them, shall be disregarded."



2. Paragraphs (b) and (c) of Section 5.08 (*Project Monitoring and Evaluation*) are modified to read as follows:

“(b) The Recipient shall:

- (i) in respect to the Project, prepare or cause to be prepared periodic reports (“Project Report”), in form and substance satisfactory to the Association, integrating the results of such Project monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of the Project, and to achieve its objectives;
- (ii) in respect to the CERP, prepare or cause to be prepared periodic reports (“CERP Report”) and in form and substance satisfactory to the Association, integrating the results of the monitoring and evaluation activities of the CERP and setting out measures recommended to ensure the continued efficient and effective execution of the CERP, and to achieve its objectives; and such CERP Reports shall be prepared: (A) on an annual basis in the absence of an Eligible Crisis and Emergency; and (B) at least semi-annually, as further determined in the CERP Manual, throughout the implementation period of a Crisis Response Plan during an Eligible Crisis and Emergency; and
- (iii) the Recipient shall furnish or cause to be furnished each Project Report or CERP Report to the Association promptly upon its preparation, afford the Association a reasonable opportunity to exchange views with the Recipient and the Project Implementing Entity on any such report, and thereafter implement such recommended measures, taking into account the Association’s views on the matter.

(c) Except as the Association may reasonably determine otherwise, the Recipient shall prepare, or cause to be prepared, and furnish to the Association:

- (i) in respect to the Project, not later than six (6) months after the Closing Date: (A) a report of such scope and in such detail as the Association shall reasonably request, on the execution of the Project, the performance by the Recipient and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing; and (B) a plan designed to ensure the sustainability of the Project’s achievements; and



- (ii) in respect to the CERP, not later than six (6) months after the end of the implementation period of the CERP: (A) a report of such scope and in such detail as the Association shall reasonably request, on the execution of the CERP, the performance by the Recipient and the Association of their respective obligations, and the accomplishment of the purposes of the Financing; and (B) a plan designed to ensure the sustainability of the CERP's achievements."
- 3. A new Section 5.15 (*Contingent Emergency Response Project*) is added to read as follows:

"Section 5.15. *Contingent Emergency Response Project*

- (a) If the Financing Agreement provides for the use of the Financing to assist in financing the CERP, the Association may reallocate all or part of the Unwithdrawn Financing Balance for the financing of a specific Crisis Response Plan if the Association has notified the Recipient that the following conditions have been fulfilled:
 - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to reallocate and thereafter withdraw all or part of the Unwithdrawn Financing Balance for the financing of a specific Crisis Response Plan under the CERP under implementation at the time of the request; and (B) the Association has agreed with such determination and accepted said request; and
 - (ii) the Recipient has adopted the CERP Manual (with the CERP ESCP attached as an annex) and the Crisis Response Plan, both in form and substance acceptable to the Association.
- (b) The Recipient shall carry out, or cause to be carried out, the CERP pursuant to the Crisis Response Plan(s), the CERP Manual, the Environmental and Social Standards, the CERP ESCP, and the environmental and social instruments prepared thereunder, all in a manner acceptable to the Association. To this end, the Recipient shall ensure that:
 - (i) the structures and arrangements referred to in the CERP Manual are maintained throughout the implementation of the CERP and each of the Crisis Response Plans, in a manner and substance acceptable to Association;
 - (ii) the environmental and social instruments required for the CERP and the respective Crisis Response Plan are prepared, disclosed,



and adopted in accordance with the CERP Manual and the CERP ESCP, and in form and substance acceptable to the Association;

- (iii) the measures and actions specified in the CERP ESCP are implemented with due diligence and efficiency, as provided in the CERP ESCP;
 - (iv) sufficient funds are made available to cover the costs of implementing the CERP ESCP;
 - (v) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the CERP ESCP, as provided in the said CERP ESCP;
 - (vi) subject to the prior written agreement of the Association, any revised CERP ESCP or environmental and social documents prepared thereunder is disclosed promptly after their approval;
 - (vii) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the CERP ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the CERP ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*:
(A) the status of implementation of the CERP ESCP;
(B) conditions, if any, which interfere or threaten to interfere with the implementation of the CERP ESCP; and
(C) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (viii) the Association is promptly notified of any incident or accident related to or having an impact on the CERP which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the CERP ESCP, the environmental and social instruments referenced therein, and the Environmental and Social Standards.
- (c) The Recipient shall ensure that neither the Crisis Response Plan(s) nor the CERP Manual nor the CERP ESCP is amended, suspended, abrogated, repealed, or waived without the prior written agreement by the Association. Nevertheless, in the event of any inconsistency between the provisions of the CERP Manual, the Crisis Response Plan(s), or the CERP ESCP, on the one side, and any provision of these General Conditions or



the Legal Agreements, on the other, the provisions of the Legal Agreements and these General Conditions shall prevail.

- (d) The Recipient shall, or shall cause to, establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of people affected by the CERP, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
- (e) The Recipient shall ensure that that all bidding documents and contracts for civil works under the CERP include the obligation of contractors, subcontractors, and supervising entities to: (i) comply with the relevant aspects of the applicable CERP ESCP and the environmental and social instruments referred to therein; and (ii) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health, and safety risks, and the risks of sexual exploitation and abuse, sexual harassment, and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts."

4. The following definitions are inserted in the Appendix in alphabetical order as paragraphs [#]-[#], and the remaining definitions and paragraphs (as the case may be) renumbered accordingly:

"[#]. "CERP ESCP" means the environmental and social commitment plan for the CERP to be prepared and adopted by the Recipient, as the same may be amended from time to time in accordance with the provisions thereof, setting forth the material measures and actions that the Recipient shall carry out to address the potential environmental and social risks and impacts of the activities detailed in the Crisis Response Plan, including the timeframes of the actions and measures, institutional, staffing, training, monitoring, and reporting arrangements, and any environmental and social instruments to be prepared thereunder."

"[#]. "CERP Manual" means the implementation manual to be prepared and adopted by the Recipient setting forth the detailed implementation arrangements for the CERP, including: (a) any structures or institutional arrangements, allocation of responsibilities and decision making powers for coordinating and implementing the activities thereunder; (b) the specific activities to be implemented under the CERP in response to the declared/determined Eligible Crisis and Emergency pursuant to the Crisis Response Plan; (c) the template for the Crisis Response Plan; (d) the positive list of Eligible Expenditures for the CERP; (e) the financial management and withdrawal arrangements for the implementation of the CERP; (f) the procurement methods and procedures to be followed in the implementation of the CERP; (g) a description of the environmental and social assessment and



management arrangements applicable to the CERP; and (h) template of the CERP Reports as well as the monitoring and evaluation arrangements for the activities thereunder.”

“[#]. “CERP Report” means each report on the CERP to be prepared and furnished to the Association pursuant to Section 5.08(b)(ii) of these General Conditions.”

“[#]. “Contingent Emergency Response Project” and the term “CERP” mean the contingent emergency response project prepared from time to time by the Recipient and agreed with the Association aimed at responding promptly and effectively to an Eligible Crisis or Emergency, as further elaborated in the Crisis Response Plan(s), as amended from time to time by agreement between the Recipient and the Association.”

“[#]. “Crisis Response Plan” means the plan to be prepared and adopted by the Recipient in response to an Eligible Crisis or Emergency detailing, among others: (a) the activities to be implemented under the CERP in response to the Eligible Crisis or Emergency; (b) the estimated budget therefor and corresponding appropriations and/or financing sources; (c) the implementation timeline which, unless the Association otherwise agrees, shall not exceed twelve (12) months; (d) the foreseeable procurement and an abridged CERP Procurement Plan therefor; and (e) the envisioned results framework and indicators.”

“[#]. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.”

“[#]. “Environmental and Social Standards” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.”



