

BELIZE

No. HR22/1/12

HOUSE OF REPRESENTATIVES

Friday, 28th September 2018

10:00 A.M.

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S U P P L E M E N T A R Y

ORDERS OF THE DAY

7. Presentation of Reports from Select Committees.

No. HR167/1/12 - Report from the Finance and Economic Development Committee on the International Fund for Agricultural Development US\$8,000,000 – Resilient Rural Belize (Be-Resilient) Project Loan Motion, 2018.

No. HR168/1/12 - Report from the Finance and Economic Development Committee on the Conditional Settlement Agreement between NEWCO Limited and the Government of Belize Ratification Motion, 2018.

No. HR169/1/12 - Report from the Finance and Economic Development Committee on the Caribbean Development Bank Third Water (South Ambergris Caye Water and Sewerage Expansion) Project – Belize Water Services Limited Loan Guarantee Motion, 2018.

(The Honourable Chairman of the Finance and Economic Development Committee)

14. Public Business.

A. Government Business

I MOTIONS (For text of Motions see Notice Papers attached)

1. International Fund for Agricultural Development US\$8,000,000 – Resilient Rural Belize (Be-Resilient) Project Loan Motion, 2018.

(referred 28th September 2018)

2. Conditional Settlement Agreement between NEWCO Limited and the Government of Belize Ratification Motion, 2018.

(referred 28th September 2018)

3. Caribbean Development Bank Third Water (South Ambergris Caye Water and Sewerage Expansion) Project – Belize Water Services Limited Loan Guarantee Motion, 2018.

(referred 28th September 2018)

(The Honourable Acting Prime Minister and Minister of Education, Culture,
Youth and Sports)

BELIZE**No. HR22/1/12****HOUSE OF REPRESENTATIVES**Friday, 28th September 2018

10:00 AM.

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S U P P L E M E N T A R Y**NOTICES OF QUESTIONS AND MOTIONS****M O T I O N S**

1. **International Fund for Agricultural Development
US\$8,000,000 – Resilient Rural Belize (Be-Resilient) Project
Loan Motion, 2018.**

(referred 28th September 2018)

WHEREAS, Belize, being a member of the International Fund for Agricultural Development (IFAD), is eligible for development assistance in the form of loans, grants, and technical assistance from IFAD on such terms and conditions as may be agreed between Belize and the International Fund for Agricultural Development from time to time;

AND WHEREAS, the Government of Belize has approached the International Fund for Agricultural Development for financial assistance in the execution of a Resilient Rural Belize Project;

AND WHEREAS, such project consists of Climate Resilient Value Chains Development (CRVC); this component shall introduce/strengthen smallholder participation in select value chains through the promotion of climate resilient production methods, product diversification, and related innovations; value chain development will be participatory, with the objectives of: (i) supporting high quality smallholders' production for commercialization; and (ii) enhancing sustainable smallholder farmer access to markets; additionally, this component shall support self-consumption and healthy food choices through support for backyard gardens;

The project also consists of Climate Resilient Rural Infrastructure and Assets Development which will support climate resilient productivity and improved market access through rehabilitation and provision of new road, drainage, and irrigation infrastructure in priority areas; the overarching goal of this component is to support climate resilience infrastructure, enhancing

smallholder farming business/rural enterprise opportunities, while serving the largest number possible of direct and indirect Programme beneficiaries;

AND WHEREAS, the International Fund for Agricultural Development has offered financing of up to US\$8,000,000 for the said purpose under the following terms and conditions:

Lender:	International Fund for Agricultural Development;
Loan Principal Amount:	US\$8,000,000.00 Single Currency Facility Loan;
Disbursement Schedule:	Over a period of six (6) years from the date of signature of the Loan Contract;
Loan Term:	Eighteen (18) years inclusive of thirty six (36) months Grace Period on Principal Repayments;
Grace Period:	Thirty six (36) months beginning from the date of signature of the Loan Contract;
Repayment Period:	To be repaid in 30 approximately equal, semi-annual and consecutive installments of some US\$266,666.66, commencing thirty six (36) months after signature of Loan Contract;
Purpose:	To minimize the impacts of climatic and economic events on smallholder farmers while supporting sustainable market access for their produce;
Rate of Interest:	A rate equal to the IFAD Reference Interest Rate which is reviewed semi-annually and the new rate takes effect January 1 and July 1 of each year;

AND WHEREAS, under the provisions of section 7 (2) of the Finance and Audit (Reform) Act, 2005, the Government of Belize is required to obtain the prior authorisation of the National Assembly, by way of a Resolution, for such a borrowing;

NOW, THEREFORE, BE IT RESOLVED that this Honourable House, being satisfied that the Loan proceeds would significantly assist the Government of Belize to minimize the impacts of climatic and economic events on smallholder farmers while supporting sustainable market access for their produce, approves

and confirms that the Government may borrow from the International Fund for Agricultural Development the sum of US\$8,000,000 on the terms and conditions set out above, and further authorises the Minister of Finance to execute and deliver the Loan Agreement and all other documents associated therewith.

2. **Conditional Settlement Agreement between NEWCO Limited and the Government of Belize Ratification Motion, 2018.**

(referred 28th September 2018)

WHEREAS, NEWCO, Belize and the Belize Airports Authority (BAA) entered into a concession agreement dated November 27, 2002, to develop and operate the Philip S.W. Goldson International Airport in Belize City, Belize (the “**Concession Agreement**”);

AND WHEREAS, Belize terminated the Concession Agreement on October 27, 2003;

AND WHEREAS, NEWCO commenced an UNCITRAL arbitration against Belize in 2005, pursuant to the terms of the Concession Agreement;

AND WHEREAS, the arbitration tribunal issued an arbitration award in favor of NEWCO, and against Belize, on June 23, 2008, in the face amount of US\$4,259,832.81, plus interest at 8%, compounded quarterly (the “**Award**”);

AND WHEREAS, the arbitration tribunal issued an arbitration award in favor of the BAA, and against NEWCO, on June 23, 2008, in the face amount of US\$9,998.00, plus interest at 8%, compounded quarterly (the “**BAA Award**”);

AND WHEREAS, the United States District Court for the District of Columbia has issued a final judgment recognizing and confirming the Award in the United States (the “**U.S. Confirmation Judgment**”), and the U.S. Confirmation Judgment has been affirmed on appeal by the U.S. Court of Appeals for the District of Columbia Circuit;

AND WHEREAS, in October 2008, Belize commenced proceedings against NEWCO in Belize to collect allegedly unpaid taxes in the amount of Belizean Dollar 5,477,805.00 (the “**Belizean Tax Case**”);

AND WHEREAS, in December 2008, Belize commenced proceedings in the Supreme Court of Belize to enjoin NEWCO from pursuing the U.S. Confirmation Judgment and certain other relief related to the Award (the “**Belizean Injunction Proceedings**”);

AND WHEREAS, Belize and NEWCO seek to settle their differences arising out of the Concession Agreement, including the Award, the BAA Award, the U.S. Confirmation Judgment, the Belizean Tax Case and the Belizean Injunction Proceedings;

AND WHEREAS, NEWCO and Belize entered into a Conditional Settlement Agreement on 31 August 2018, under certain terms and conditions;

AND WHEREAS, the key terms and conditions of the Conditional Settlement Agreement are as follows:

Settlement Amount:	Six Million United States Dollars (US\$6.0 million);
Payment:	In two equal installments of Three Million United States Dollars (US\$3.0 million) each;
Payment Dates:	First Installment Due on 30 October 2018, and Second Installment Due on 30 September 2019;
Releases:	Upon receipt by NEWCO of the two installments in full, each of the Parties agrees to release the other Party from any and all claims, liabilities, obligations, losses, actions or causes of action of any kind or nature whatsoever arising out of or relating to the Concession Agreement;
Stay and Dismissal of Pending Proceedings:	<p>A. During the pendency of this Conditional Settlement Agreement:</p> <ul style="list-style-type: none"> (i) NEWCO agrees to stay enforcement related activities of any kind against Belize relating to the Award or the U.S. Confirmation Judgment; and (ii) Belize agrees to stay the Belizean Tax Case and the Belizean Injunction Proceedings; <p>B. Within 30 days following receipt by NEWCO of the Second Installment:</p>

NEWCO and Belize shall take appropriate steps to dismiss with prejudice all legal proceedings commenced by them against the other;

AND WHEREAS, this Conditional Settlement Agreement shall only have full force and effect upon the ratification by the House of Representatives and the Senate;

AND WHEREAS, the Government of Belize is desirous of settling its differences with NEWCO;

NOW, THEREFORE, BE IT RESOLVED that this Honourable House, being satisfied that it is in the public interest to settle outstanding differences with NEWCO, and being further satisfied that the proposed terms and conditions are appropriate and acceptable in the circumstances, hereby authorizes the Minister of Finance or his designate to execute the Conditional Settlement Agreement between the Government of Belize and NEWCO Limited and approves the terms and conditions contained therein.

3. **Caribbean Development Bank Third Water (South Ambergris Caye Water and Sewerage Expansion) Project – Belize Water Services Limited Loan Guarantee Motion, 2018.**

(referred 28th September 2018)

WHEREAS, section 12(1) of the Loans (Caribbean Development Bank) Act, Chapter 74 of the Substantive Laws of Belize, Revised Edition 2011, provides, *inter alia*, that the Government may in such manner, and on such terms and subject to such conditions, as may be agreed by it and the Caribbean Development Bank (the “Bank”), guarantee the discharge by a company of the company’s obligations under any agreement for borrowing from the Bank;

AND WHEREAS, subsection (5) of the said section 12 provides that no guarantee above the sum of BZ\$5.0 million shall be given by the Government without the approval of the National Assembly;

AND WHEREAS, section 7(6) of the Finance and Audit (Reform) Act (No. 12 of 2005) provides that, before the Government offers any guarantee or some other form of security in support of any loan made directly to a private sector entity or statutory body by any public or private bank, financial institution or capital market in or outside Belize, the Government shall seek the approval of the National Assembly;

AND WHEREAS, the Bank has offered a Loan of **US\$8,517,000.00** to Belize Water Services Limited (“BWSL”), on the condition, among others, that the Loan shall be guaranteed by the Government of Belize;

AND WHEREAS, the main purpose of the Loan is to purchase the shares of Consolidated Water Belize Limited; expand the existing water treatment plant; retrofit the San Pedro water and sewage system; supply and install water distribution pipelines; water transmission mains; sewage collection pipelines; water service connections; and sewer connections; and supply and installation of 41kW photovoltaic generation system;

AND WHEREAS, the terms and conditions of the Loan are as follows:

- (a) **US\$8,517,000.00 from the Bank’s Ordinary Capital Resources (OCR)** – to be repaid in forty (40) equal or approximately equal and consecutive quarterly installments on each Due Date, commencing on the first Due Date, two (2) years after the Loan Agreement date;
- (b) **Interest** at the rate of 4.5% per annum to be paid quarterly on the outstanding portion of the loan;
- (c) **Commitment Fee** at a rate of 1% per annum to be paid quarterly on the amount of the Loan withdrawn from time to time;

NOW, THEREFORE, BE IT RESOLVED that this Honourable House, being satisfied that the Loan would contribute to the social and economic development of Belize by improving the capacity of BWSL to supply water and sewerage to South Ambergris Caye, approves and confirms that the Government may enter into a Guarantee Agreement with the Bank on the terms and conditions

set out above, and further authorizes the Minister of Finance to execute and deliver the said Guarantee Agreement and all other documents associated therewith.

(The Honourable Acting Prime Minister and Minister of Education, Culture,
Youth and Sports)