

**BELIZE**

**No. 14/1/13**

**SENATE**

**Friday, 19<sup>th</sup> May 2017**

**10:00 A.M.**

Pursuant to the direction of Mr. President, in writing, dated 12<sup>th</sup> May 2017, the Senate met in the National Assembly Chamber in Belmopan on Friday, 19<sup>th</sup> May 2017, at 10:00 A.M.

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Members Present:

Senator, the Honourable Lee Mark Chang – President  
Senator, the Honourable Godwin Hulse – Leader of Government Business  
and Minister of Agriculture, Forestry, Fisheries, the Environment,  
Sustainable Development and Immigration  
Senator, the Honourable Dr. Carla Barnett – Vice-President and Minister of  
State in the Ministry of Finance and Ministry of Natural Resources  
Senator, the Honourable Michael Peyrefitte – Attorney General  
Senator, the Honourable Macario Coy Sr.  
Senator, the Honourable Stephen Duncan  
Senator, the Honourable Aldo Salazar  
Senator, the Honourable Eamon Courtenay  
Senator, the Honourable Michel Chebat – Temporary  
Senator, the Honourable Paul Thompson  
Senator, the Honourable Markhelm Lizarraga  
Senator, the Honourable Rev. Ashley Roche  
Senator, the Honourable Elena Smith  
Senator, the Honourable Osmany Salas

Member Absent:

Senator, the Honourable Valerie Woods

MR. PRESIDENT *in the Chair*.

PRAYERS *by Senator Rev. A. Roche*.

#### **OATH OF ALLEGIANCE OF A NEW SENATOR**

**MR. PRESIDENT:** Mr. Clerk, please kindly administer the Oath of Allegiance to the new Senator.

**SENATOR M. CHEBAT:** I, Michel Chebat, do swear that I will bear true faith and allegiance to Belize and will uphold the Constitution and the law, and that I will conscientiously, impartially and to the best of my ability discharge my

duties as a Senator and do right to all manner of people without fear or favour, affection or ill-will. So help me, God.

**MR. PRESIDENT:** Good morning, Senators, and welcome again, Senator Michel Chebat.

### **ANNOUNCEMENT BY THE PRESIDENT**

**MR. PRESIDENT:** Honourable Members, by letter dated 12<sup>th</sup> May 2017, Cabinet's recommendation has been signified to the following:

1. Caribbean Development Bank - Eighth Consolidated Line of Credit to the Development Finance Corporation - Loan and Guarantee Motion, 2017; and
2. Caribbean Development Bank - Belize Social Investment Fund III – Loan Motion, 2017.

### **MOTIONS RELATING TO THE BUSINESS OR SITTINGS OF THE SENATE**

**SENATOR G. HULSE (Leader of Government Business and Minister Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Immigration):** A pleasant good morning, Mr. President and colleagues. First of all, I wish to welcome back Senator Chebat who is no stranger to these chambers. Welcome Senator.

Mr. President, I move that at its rising today the Senate adjourn to a date to be fixed by the President.

**MR. PRESIDENT:** Honourable Members, the question is that, at its rising today, the Senate adjourn to a date to be fixed by the President.

All those in favour, kindly say aye; those against, kindly say no. I think the ayes have it.

**SENATOR M. CHEBAT:** Mr. President, I rise on a Motion of privilege.

**MR. PRESIDENT:** And what is your Motion of privilege?

**SENATOR M. CHEBAT:** Mr. President, the Motion is the ability of the Senators to conduct the Senate investigation hearing without interruption.

**MR. PRESIDENT:** Excuse me, Senator Chebat, we've spoken at the back about this matter already. So I respectfully decline because I did speak with your Senator colleague earlier, and I already told him that I decline. And so it won't happen. Thank you.

**SENATOR M. CHEBAT:** You will not allow me to speak, Mr. President?

**MR. PRESIDENT:** No, because we've spoken about it already. It's not that I won't allow you to speak. It's that we have discussed the issue, and so we need to move on with the day's business. Thank you, Senator Chebat.

**SENATOR M. CHEBAT:** Mr. President, I am exercising a right under the Standing Orders to speak on this Motion.

**MR. PRESIDENT:** You know what, Senator Chebat, go through the process. We've already discussed this, and I, as the President, have a right to accept or decline, right. We've discussed this behind closed doors. So why bring it out in public, Senator?

**SENATOR M. CHEBAT:** Mr. President, under which Standing Order are you refusing to allow me to speak?

**SENATOR M. PEYREFITTE:** Mr. President, which privilege is Senator Chebat trying to invoke? This was discussed already with the former Prime Minister Musa in the National Assembly. There is no privilege here like that here.

**MR. PRESIDENT:** Senator Chebat, please let us continue with our sitting today. Next time, if you want, send it in writing one hour before, and then we can proceed.

**SENATOR M. CHEBAT:** Mr. President, you were advised an hour before, at about 8:30 this morning, that we would be making this Motion.

**MR. PRESIDENT:** Senator, I was not advised an hour before. When the phone call came, it was after 9:00 A.M. Senator Courtenay can attest to that.

**SENATOR E. COURTENAY:** Mr. President, I will attest to the fact that exactly at 8:37 this morning I ...

**MR. PRESIDENT:** There was a phone call that came in at 8:37 A.M., and it was not answered, Senator Courtenay. I returned the call after. Sorry, you returned the call after 9:00 A.M. Senator Courtenay, we've already been through this at the back already, and we've already discussed that.

One second, Senator Courtenay, please have a seat. "General Authority of the President – (1) The President shall have power to regulate the conduct of business in all matters not provided for in these Standing Orders. (2) The decision in all cases for which these Standing Orders do not provide, shall lie within the discretion of the President, and shall not be open to challenge. (3) The President shall be responsible for the management and general administration of the Chamber."

As I said to you, Senator Courtenay and Senator Chebat, now, we've discussed this already at the back, right. I understand that, yes, certain things have to be mentioned, but let us move on, please.

## **PUBLIC BUSINESS**

### **A. GOVERNMENT BUSINESS**

#### **I MOTIONS**

**SENATOR M. LIZARRAGA:** Mr. President.

**MR. PRESIDENT:** Yes, Senator Lizarraga?

**SENATOR M. LIZARRAGA:** I rise to seek clarity on exemption from notice 25(k). It says that, "Unless the Standing Order otherwise provides, ..."

**MR. PRESIDENT:** And I refer back to Standing Order 84, which I just read out. Thank you.

**SENATOR M. LIZARRAGA:** So, Mr. President, is it my understanding then that a Motion relating to a matter of privilege, where the Standing Order says you can be exempted from notice, that it is no longer your intention to allow 25(k) to be used? It is just for clarity. Thank you, Mr. President.

**MR. PRESIDENT:** Senator Lizarraga, Senator Courtenay, and Senator Chebat, probably you didn't know that I had a conversation with Senator Courtenay before, and I am invoking Standing Order 84, so that we can continue. Thank you.

**SENATOR E. COURTENAY:** Mr. President, we do not, unfortunately, accept that you can muzzle us like this, and, therefore, in protest we are leaving the Senate for today's sitting. And we want to put on record our condemnation of what happened here on Wednesday and the assault on the press, and we are now leaving.

**MR. PRESIDENT:** It is your right, Senators, to leave if you wish.

1. **Caribbean Development Bank - Eighth Consolidated Line of Credit to the Development Finance Corporation - Loan and Guarantee Motion, 2017.**

**SENATOR G. HULSE (Leader of Government Business and Minister Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Immigration):** Mr. President, I move that - **WHEREAS**, section 15(1) of the Development Finance Corporation Act, 2009 (No. 1 of 2009), provides that the Development Finance Corporation (DFC) may, with the approval of the Minister of Finance, and subject to the principles of sound fiscal management, borrow sums domestically or internationally, for meeting any of its obligations or discharging any of its functions;

**AND WHEREAS**, subsection (3) of the said section 15 further provides that in consideration of the resultant contingent liability on the balance sheet of Government, the DFC must obtain the approval of the National Assembly to increase its amount of foreign debt;

**AND WHEREAS**, section 6 of the Loans (Caribbean Development Bank) Act, Chapter 74 of the Laws of Belize provides, *inter alia*, that a statutory board (such as the DFC) may in such manner and on such terms and subject to such conditions as may be agreed between the statutory authority and the Caribbean Development Bank (CDB) borrow from the CDB from time to time such sums as may be required by the statutory authority, provided that no agreement in respect of such borrowing shall be executed unless the terms and conditions thereof have been first approved by a resolution of the House of Representatives to that effect and the Minister has given to the statutory authority his approval in writing thereof;

**AND WHEREAS**, the Caribbean Development Bank (CDB) has offered to the DFC:

- (a) A Loan of **US\$20,000,000** in the form of a Consolidated Line of Credit, for on-lending to the following priority sectors:

- (i) Small and medium-sized enterprises;
- (ii) Student loans;
- (iii) Low-income housing; and
- (iv) Energy efficiency/renewable energy;.

And,

- (b) A Grant of an amount not to exceed **US\$185,000** to finance Consultancy Services:
  - (i) To strengthen the DFC's due diligence capacity for Climate Risk Assessment of sub-projects; and
  - (ii) For institutional strengthening and capacity building of the DFC;

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

- (a) **US \$19,000,000.00 from the Bank's Ordinary Capital Resources (OCR)** – to be repaid in sixty-eight (68) equal or approximately equal and consecutive quarterly installments on each Due Date, commencing on the first Due Date, five (5) years after the agreement date;
- (b) **US \$1,000,000.00 from the Bank's Special Funds Resources** – to be repaid in sixty-eight (68) equal and consecutive quarterly installments on each Due Date, commencing on the first Due Date, five (5) years after the agreement date;
- (c) **Interest on the OCR Portion** at the rate of 3.3% per annum to be paid quarterly on the withdrawn and outstanding portion of the loan;
- (d) **Interest on the SFR Portion** at the rate of 2.5% per annum to be paid quarterly on the outstanding portion of the loan; and
- (e) **Commitment Fee** at the rate of 0.25% per annum on any amount of the OCR Portion un-withdrawn from time to time. Such charge shall accrue the sixtieth (60<sup>th</sup>) day after the agreement date and shall be paid quarterly;

**AND WHEREAS**, in addition to the above financial terms, another key condition is that the Loan shall be guaranteed by the Government of Belize;

**AND 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 **statutory body** 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;

**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 DFC to provide funding on an economically sustainable and environmentally acceptable basis: (i) approves that the DFC may borrow the said sum of US\$20,000,000 from the CDB on the terms and conditions set out above and further authorizes the Board of Directors of the DFC to execute and deliver the Loan Agreement and all other documents associated therewith; and (ii) further approves and confirms that the Government may enter into a Guarantee Agreement with the CDB 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.

**SENATOR M. LIZARRAGA:** Mr. President, please indulge me before I share my comments. I have always considered you to be a fair and reasonable President. But, as we've discussed before, Mr. President, sometimes, you know, allow people to have their say in the Honourable House. Thank you. I will continue, Mr. President.

**MR. PRESIDENT:** Please continue with the topic, Senator Lizarraga.

**SENATOR M. LIZARRAGA:** Yes, I will.

**MR. PRESIDENT:** This is the Senate you know, Senator Lizarraga. This is not personal, you know. I am guided by Standing Orders to run this Senate. And, like with fairness, sometimes you get your way and sometimes you don't. That is life. We need to move on. So we don't need opening statements to correct me when I invoke my right. Thank you, Senator Lizarraga. Please continue with the topic.

**SENATOR M. LIZARRAGA:** Thank you, Mr. President, and thanks for being so fair. Mr. President, we rise to make a few comments, and we are very pleased to see that in the preamble to this Motion there is talk of it being subjected to the principles of sound financial or fiscal management. In the second paragraph, we notice that it speaks, Mr. President, about the balance sheet of Government. I have never seen such a balance sheet, Mr. President. A balance sheet, as I know it, would consist of both the assets and the liability side, not only contingent liabilities but real liabilities and assets as well. As a matter of fact, perhaps, we could get some clarity, but we have requested in previous occasions that we see a balance sheet of the Government. Perhaps it is time for us to be able to clearly see on a balance sheet what the true assets and liabilities of the Government of Belize are, including all contingent liabilities.

We're especially pleased, as well, to see that this line of credit is going to be used on certain priority sectors, (i), Mr. President, which is the small and medium-sized enterprises. We believe that the strength of any economy certainly is the small and medium-sized enterprises empowering our people to become self-sustainable and not dependent. And growth in this sector, in our country, is extremely needed. We as well, of course, recognize the need for student loans, for

low-income housing, and for energy efficiency and renewable energy in our country.

One of the concerns we have, and, perhaps, somebody can lend clarity to it, is that when you look at the monies that we are borrowing from this institution, and I am going to be making a brief reference only for one simple matter to the previous Motion, Mr. President, in that it seems to me that, when we sit down with this institution to negotiate terms, we should look at the following. If we notice the interest on the SFR portion, it is at 2.5%, and we would be borrowing \$1 million from the bank's Special Funds Resources at 2.5%. However, the majority of this loan comes from the bank's Ordinary Capital Resources, and that will be at 3% or some 32% higher than the OCR Portion. If we look at the Motion to come, and just as a simple reference, the bank, it seems, has the ability from the OCR Portion to lend at 1.89% and, also, has the ability to lend from its Special Fund Resources at 2.5%.

In the second Motion before us, the 2.5% would reflect a 32% higher interest rate than the interest rate being proposed from the OCR. So it seems that there is this arbitrary, without more information and without more input. In some instances, the bank, from one fund, can lend at 1.8%, and, in the other instances, it can lend at 2.5%. Why are we not negotiating for the lower? In one instance it is lending from its Ordinary Funds at 2.5%, and, on the other instance, it is lending at 3% from the same fund. So, perhaps, some clarity and some explanation can be given there, Mr. President. Thank you.

**SENATOR O. SALAS:** I rise to give my comments on this Motion, but I beg your indulgence, Mr. President, to very briefly state that I stand in solidarity with my colleagues on the other side of the aisle.

**MR. PRESIDENT:** Senator Salas, there are guidelines, rules and regulations. We've had this discussion at the back already. Come on. Are you guys, I mean, and I don't want to say some of the words that I want to say, man. Let us just stick to the business of the day, and let us move on. Thank you. Please continue, Senator Salas.

**SENATOR O. SALAS:** Yes, I understand, Mr. President. I chose to stay, but if my departure would have meant stopping and cancelling the sitting today I would have left, but that wouldn't have done anything, and I need to stay to share my views on behalf of the NGO community. So thank you, Mr. President.

I want to share a few comments on this Motion. I want to start off by saying that we need to give some kudos to the leadership of the DFC and to the Government. My understanding is that this is the first time, and I confirmed that in the latest financial audit of the DFC that was approved by their Board just last month. This is the first time that the DFC is standing on its own strength and getting a loan directly, although it is with the guarantee of the Government.

I want to mention that the loan portfolio statistics of the DFC indicate that, from 2014 to 2016, the agriculture portfolio increased by 1%, tourism by 2%, and student loans by 3%. When we reviewed the loan spread, there was no significant growth in the tourism credit portfolio at the DFC, and we know that there are several factors there. Our concern, Mr. President, is that the mandate of the DFC points to a bigger risk appetite that will see it continued to invest in high risk facilities, particularly education. And don't get me wrong, Mr. President. We all know and we will all accept that education is very important, and we must support it every chance we get. But our concern, Mr. President, is, where will these students go after they graduate? Where are the jobs? Jobs need to be created.

Low-income housing is on the agenda, and I point out what we all know, that every week there are pages upon pages of foreclosure on our papers of low-income houses and farm lands, listed on the DFC site as well for foreclosure. We know that the agriculture sector has suffered tremendous losses due to drought, disease, and international market forces, and it would be a long road to recovery. So I comment, Mr. President, that it is incumbent on the DFC and the Government to revisit its strategy for business development, to employ creative risk mitigation strategies to continue to develop the agriculture sector and to ensure that it can pull its weight in the event that the sovereign guarantee is called in.

The tourism sector, Mr. President, has been receiving the lowest attention in the DFC's mandate, while, Mr. President, this sector can become the lowest risk to this institution, if real development goals, including lower cost of operations, are focused on. So the last audited report of the DFC reveals a higher concentration of receivables on student loans and housing amounting to 34.9% while tourism represented only 9.7%. Yet that industry itself accounts for up to 15% of direct and indirect employment, essentially one out of seven employed persons in this country. So we would want this line of credit, Mr. President, to focus on reducing the cost of accessing capital by the business community, by the NGOs, so that we can grow and develop this country. We believe that accessing cheaper capital will translate into reduced capital requirement from the Government, while the business community improves their viability.

You know, to conclude, Mr. President, in short, the cycle seems to be never ending. The business community is asked to pay higher taxes, while the financial market continues to be priced at a rate that is not conducive to real development that will boost the economy. The latest reduction in world's oil prices was not passed through to the business sector in any real or meaningful way. The effects of correspondent banking relationships and excess liquidity in the market resulted in several restructuring across the banks and even increased unemployment, Mr. President. The excess liquidity is as a result of the high cost of finance, a lesser performing economy which indicates a high risk investment environment. So we ask, Mr. President, that the Motion for this CDB Line of Credit includes commitments on behalf of the Government and the DFC to see a direct pass-through of the access to cheaper capital to the community that bears the real burden of a government guarantee, the stable sector of our economy, the business community and the NGO community. Thank you, Mr. President.

**SENATOR E. SMITH:** Good morning, Mr. President. Thank you. I would just like to make a few comments on this Motion, Mr. President, on behalf of my organization. As we sat to go over this, we realize that the document given to us lacks a lot of details, I am sure that we are going to be hearing the responses to whatever questions we have. Unfortunately, Mr. President, we make our decisions based on what we have in front of us. So we could only make the decision based on what we have here. So we have several questions or clarity that we would need to have made today for us.

Now, we support the work of the DFC because we understand and we know that persons who are really in need are the persons who benefit from the DFC, and so we cannot help but support that those persons be given assistance. We look at this Motion here, and we see that it is going to be used for four sectors: small and medium-sized enterprises, the student loans, low-income housing, and then the energy efficiency/renewable energy. Our first thought was, so how will these funds be distributed among these four areas? If we look at dividing them equally, it would mean that each sector would get roughly about \$10 million. And



so we looked at the cost of a low-income home, and that would be probably about, what, \$40,000 or so for a regular low-income home. If we were to allocate \$10 million for that sector, it would mean that 250 persons or 250 homes would be built from that \$10 million.

When we look at student loans, Mr. President, and we allocate another \$10 million to that sector, a student who would want to pursue a bachelor's degree, which we are roughly saying would cost about \$15,000 to \$20,000 to have that degree, it would allow 600 plus persons to benefit from the \$10 million, if these funds would be allocated the way we are assuming that they would be. And so that is what happens when we don't have details. We have to assume. The number of persons who are out there wanting to educate themselves or to further educate themselves far surpasses 600. And I know that we cannot help everybody, but a lot of these persons who need the help would not be able to get it because of the amount that would be placed in this area. And so, how will these funds be allocated to these different sectors?

Secondly, Mr. President, we look at the grant of US\$185,000, and it says to finance consultancy services. And so we are trying to figure out, what do we mean by that? It is not that we don't know what consultancy means. But really and truly the DFC has been in existence for a while now, and we are sure that the DFC has certain capacities, and it may need some more. So what are the areas that they need to strengthen? We aren't aware of that. We are not sure what those areas are. How many persons? Are we talking about hiring persons? Are we talking about hiring a person? We are not sure, Mr. President.

And so, instead of having to come here with more questions as opposed to being able to fully support a Motion, we would want to ask that when these documents are given to us, as we always ask, that we be given enough information so that we can make proper decisions. At the end of the day, Mr. President, my organization represents workers and the poor of this country. This is an area where they can benefit from, and if we don't have proper details we cannot make proper decisions. And then when we come here and we say that we cannot support or we say that we support then we get all kinds of arguments, and, "Oh, you can't support this and you should be supporting this for these reasons." But if I am not given those things then I cannot make a proper decision. We are partners, all of us. We are called partners. We are not here to be voting against or to not be supporting. All we are asking is that when we see that something comes in front of us that will be beneficial for the workers and the poor of this nation that we be given proper documentation so that when we say, "We support", or when we say "We don't support", we have done so based on information and based on knowledge. And so I would like for those questions to be answered.

As well, I would like an explanation, Mr. President, for the area which says, and it is the last 1, 2, 3, before the end of the Motion where it says, "AND WHEREAS, section 12(1) of the Loans," where it says that "guarantee the discharge by a statutory body of the company's obligations under any agreement for borrowing from the Bank." We are not sure if we interpreted this properly, but we are wondering, if that means that should the DFC not be able to make payments, does this mean then that the Government can then ask another statutory body to assist? We are not sure what it means, and hence my reason for saying that we need to have proper information that when we make decisions we do not make decisions based on false assumption. So I would like to have that clarified as well as the other questions that we had. How will this money be shared among these four areas? And we also had concern with regard to the fourth area which is the energy efficiency and renewable energy. Can we get some clarity on that? What is it that that entails? What is the plan for that? We have some ideas, but we

are not sure if our ideas are correct. So can we get clarity on those?

And so, again, Mr. President, on behalf of my organization, I ask, again, that when we get these documents for the meeting that we please be provided with sufficient information so that we can make proper representation. Thank you, Mr. President.

**SENATOR REV. A. ROCKE:** Again, thank you, Mr. President, for allowing me to make my contribution to this Motion before us. I believe that when we are given Motions it is our responsibility to find the sense in what is presented to us. And in our deliberations, talking with some of the representatives of our church, we felt that the two entities in question have done tremendous in representing or doing fiduciary responsibility as it relates to loans. The DFC has been known to have done exceptionally well in the last period. They have rebound from the last situation they found themselves in. The SIF, also, has been known to have done some stellar work as it relates to school development and other things of that sort. And so the intricacies of the Motion, I don't know that we've been able to touch that, but I don't know that that is our responsibility. I believe the technocrats are the ones who are given this responsibility to assume what will happen with the loan, to make sure that it is used in a way that will bring clarity, guidance, and sustainability to our country, and those are the real issues. And so we lend our support to the Motions relating to the loans for the DFC and the SIF.

**SENATOR M. PEYREFITTE:** I am much obliged, Mr. President. I have two very short points, Mr. President. I hear my fellow Senators, specifically Senator Lizarraga, Senator Smith, and Senator Salas, asking for more information on a Loan Motion like this. The government or parliament cannot give more details as to what will happen with these loans because it is not the central government or parliament that determines who gets the loans. How can we come here and attach to a Loan Motion and say in advance who will get what, how much will be allocated to, to which sector, and which persons will get the student loans? Then the Government will be accused of predetermining who will have access to the DFC funds. That is not how it works. The DFC, the desire and the confidence that the people have in the economy, they are lined up, as the Prime Minister said, to access low-interest funds from the DFC. The DFC has its own mechanism as to how they determine, in what way, and in what amounts, they give their loans, to which persons and for which category. It may, and not because it is four categories...

**MR. PRESIDENT:** One second, Senator Peyrefitte. Senator Lizarraga, go ahead.

**SENATOR M. LIZARRAGA:** Mr. President, just for clarity and correction, Attorney General, never did we request, or certainly myself, and you mention me, but I did not request such a list as you are proposing. I know that we cannot expect the DFC to tell us who they are going to be lending too. And I did not ever ask for that.

**SENATOR M. PEYREFITTE:** I am not aware that that was a point of order, you know. There is a procedure for them to speak again, to correct, if I have misinterpreted what they've said. That's not a point of order, Mr. President.

**MR. PRESIDENT:** Thank you. Senator Salazar, what is your point of order?

**SENATOR A. SALAZAR:** I rise on a point of order, Mr. President. The

point of order is this. Getting up in that fashion is really out of order. If you want to interrupt someone, and this has been going on and on in this Senate. The Standing Orders are very clear. I don't have the specific section right now, but if you rise it has to be on a point of order or if you want to clarify something which you said. If you want to clarify something, the speaker has to cede. The person on his feet has the right to concede. "Okay, I am going to sit down, and let you speak." Or he can say, "I will not give way for you to interrupt me." And we keep on rising, getting up and saying that we want to clarify when the speaker has not ceded. So the point of order is really just to say that I would like to see more adherences to our Standing Orders.

**MR. PRESIDENT:** Thank you, Senator Salazar. One second, Senator Peyrefitte. Yes, your point is taken in terms of the point of order and things like that. I try to keep it amicable and, you know, very friendly to all my Senator colleagues. In terms of the point of order, yes, point taken. Please continue, Senator Peyrefitte.

**SENATOR M. PEYREFITTE:** Let me put it to you this way then, Mr. President. In a Loan Motion of this nature, the type of details that the Senators are requiring are not the types of details that you can give at this stage. Why? It is because the DFC is a statutory body. The DFC determines who will get what and how those monies will be disbursed. There is only so much details that we, as a Government, can do. What you have to understand, what people have to understand before you grandstand, is this. All what the Government is doing with the Caribbean Development Bank is guaranteeing a loan from the Caribbean Development Bank that will go to the DFC, as it says here, for on lending. How the money is disburse, how the money is divided up, is totally up to the DFC. We at the National Assembly level cannot give the type of details that are being asked for or required. Plus, there is a DFC report that comes out every year. You can take a look at that and see what is the habit of the DFC on how they disburse their funds.

And not because there are four categories here and we are borrowing \$40 million means that it has to be divided equally into four. The DFC may determine that they want to give or lend more for student loans than they do for low-income housing. It is up to them. That level of detail is not established here. But let me tell you what can be established. And forgive me, Senator Hulse, but, as my leader in this Chamber, I am allowed to steal from you a good idea. This is, indeed, Mr. President, and, Senator Salas did, to be fair to him, give commendation to the Government and to the DFC for securing this loan. It is, indeed, a tale of two different DFCs. You know when I see the number like \$40 million, and Senator Smith is generous in assuming that this Government is going to give so many houses, about 250, she said, and so many student loans. Man, during the time of the People's United Party this was one loan to one person in one day. What we have to establish is that, under this Government, the reputation of the DFC is stellar. There have been no scandals. There has been nothing untoward, nothing untoward. And I am sorry that Senator Courtenay decided to leave us here today because I would have reminded him who was not able to recall during Senate inquiries. So what you have to determine from this Loan Motion here is that we, in this United Democratic Party Government, whenever we borrow money for on-lending, there is transparency, there is efficiency, and there is confidence in the DFC. So I fully support this Motion, Mr. President.

**SENATOR A. SALAZAR:** Just briefly, and, if I may, I just wanted to, and I think you may call this my pet peeve with these Standing Orders and the lack of adherence to it. I would just like to read from it. "A Senator shall not interrupt another Senator, except by rising on a point of order."

**MR. PRESIDENT:** That point is taken already, Senator.

**SENATOR A. SALAZAR:** Okay, it is just Standing Order 35.

**MR. PRESIDENT:** I acknowledge you are correct, and I am going over this thing, Senator Salazar. Thank you. Senator Barnett, go ahead.

**SENATOR A. SALAZAR:** No, no, but I am not finish. I just wanted to support...

**MR. PRESIDENT:** Oh, I thought you just wanted to express that point of order, and so I said, yes, point taken.

**SENATOR A. SALAZAR:** No, no, that was in addition. That was my introduction to what I was going to say, Mr. President.

**MR. PRESIDENT:** Continue, please.

**SENATOR A. SALAZAR:** I just wanted to say as well that the people at the DFC should be commended for stellar track record under this new reemerged DFC. I think that it is a good loan, and I think that it is deserving of support.

I just wanted to address one matter which Senator Salas raised which is the issue of higher risk loans from the DFC. But I want to say that the point of a development finance institution is really to target higher risk loans. It is really to target that sector because these loans may be a little bit marginalized, and there is no room in the domestic banking sector for these types of loans. So by virtue of the fact that it is a development finance institution there has to be a higher risk involved. I just wanted to clarify that.

**SENATOR DR. C. BARNETT:** Thank you very much, Mr. President. Let me start with the last comment that Senator Salazar made just now because that was one of the points that I was going to make. DFC has a particular role that it plays. It finances where development of business cannot easily be accommodated within the commercial banking sector. These businesses have higher risk, yes, and longer gestation period for project. So an agricultural project that requires 7 years to 9 years before it reaches peak performance would be better served by an institution that can lend for a longer period of time, and the commercial banks tend to lend for a shorter period of time. So DFC has a particular niche, and the observation from Senator Salas in relation to the tourism sector, having a lower level of growth from DFC lending, reflects that because tourism projects tend to have a quicker turnaround, a quicker reaching their maturity, and so they are better able to access funding from the commercial banks. Smaller tourism developments, tourism development that is more integrated with sustainable development that requires a longer gestation period, are the ones that would tend to attract preferential treatment from a development finance institution.

Let me see if I can clarify some of the issues that have been raised by some of my colleagues. I want to deal first with the issue of section 12(1) of the CDB Loans Act. All that is saying is that when CDB lends to a statutory body such as the DFC, and in our case it is really only the DFC that would borrow from CDB. In other countries, it may be other statutory bodies, but that Act says, when CDB lends to a statutory body, if that statutory body is not able to pay them, then the government pays. That's all that is. It is a guarantee. It is not relating to or it is not saying that any other statutory body can be called to pay on behalf of the one

that cannot pay. That is not so at all, and so let's not confuse those matters.

Let me also remind my colleagues that the DFC is governed by a Board of Directors, and this Board of Directors is appointed by government on the advice of several bodies. We have private sector representation. In particular, we've had people on the Board nominated by the Chamber of Commerce. I believe there is a member on the Board now who is nominated by the Chamber of Commerce. We've had a member nominated by the Belize Tourism Industry Association. We have representation by the Association of Tertiary Level Institutions. We have the Bar Association. We have the Institute of Accountants who are also on the Board of the DFC. So all of these institutions have representatives, and, if I missed anybody, my apologies. I am not close enough to be able to read all of this that is in front of me. Yes, the Credit Union League is also on the Board of the DFC. So these institutions are there represented by people who have the capacity to lead, direct and design the policies of the DFC and to report on an annual basis on the operations of the DFC. And, as far as I am aware, DFC's Reports are up-to-date, published and available for people who want to see them. DFC operates independent of government. It has its Board. Government does not direct, as my colleague said, who gets money from DFC. That's a thing of the past. And it is expected that it will make its decisions independently when its Board meets on a regular basis to determine its operational matters. So that is just to clear that up.

In terms of the rates at which the CDB is lending to the DFC, I am in a position of having been a Director on the Board of CDB and, in fact, having been a Vice-President at CDB. So I can perhaps provide a little inside information where people may not necessarily know how these things are determined. CDB gets Special Fund Resources in the form of grants and very low interest funds that it can make available to countries, but these are limited resources. So it generally blends these resources with the more expensive, what we call OCR, which is the Ordinary Capital Resources. Ordinary Capital Resources are supplemented by CDB going on the market and being able to raise bonds that will generate funds that it can then make available to countries. So there is a process of blending the two sets of funds. And the extent to which countries have access to the Special Fund Resources is determined not only by the volume of these special funds that CDB can put in its pool of SFR funds, but it's also determined by whether the countries are more developed or less developed, the nature of the project that is being put forward, if it is a social sector project, or if it is a project that is an infrastructure project, the economic rate of return on the project. All of those things are taken into account when CDB is determining how much Special Funds can be made available to a country and within a country to a specific project. So all of that is in there. That's not really a matter that is negotiable, in terms of the rates. Those are set by the Board. CDB is a development finance institution as well. It is a regional development finance institution, and so it functions in that kind of way, and it is not only concerned with the individual projects but with the economy as a whole. So I don't know if that helps you, Senator Lizarraga. But there are, every year, decisions made at the Board of Directors of CDB to determine how much SFR resources a country can have access to in a funding cycle because those funds are scarce, and they have to be allocated with some amount of fairness and some amount of determination of the impact of those resources. And generally those SFR resources go to projects that will have an impact at the level of the people who are of major priority, poor people, those particularly in rural communities, and all of that is taken into account when CDB is determining how all of this is allocated.

Let me, for the record, commend the Development Finance Corporation for turning the institution around and allowing it to be in a position where CDB will lend directly to it. There was a time when that had stopped, not only from

CDB but from everybody else. So the fact that we are in a position where the DFC on the basis of its capacity to manage its resources, its capacity to appraise and supervise the projects in which it invests, and its capacity to report, to be in constant contact with CDB who supervises its loans very closely, DFC has made a strong turnaround over the years, and I would want to commend them and let them know that we expect them to continue to do a good job or better, as they've been doing over the last several years. It has been a long haul, it's been difficult, but they are in a position now where they are able to stand on their own and negotiate and access resources with the guarantee from Government. This is not Government borrowing and passing it. This is DFC borrowing.

And with that, Mr. President, I want to put my full support behind the DFC Eight Consolidated Line of Credit. What this means is that it is the eight time DFC has borrowed from CDB. So a consolidated line of credit simply means that it is credit to be used for a variety of purposes. So they consolidated, and rather than a line of credit for energy efficiency, a line of credit for education, a line of credit for whatever, it is all bundled into one, and they are able to determine how they will use those funds for those purposes that are specified.

I believe there was one question that was raised by Senator Smith, I think, in terms of using the grants for institutional strengthening and what that would be implying. In this particular case, I don't know because it is not my business to know. It is the business of the Board to know, but I can tell you what generally happens. What generally happens is that an institution like DFC, when it wants to support an area of the economy where we are doing new things such as energy efficiency, for example, it may need to bring on board specialist advice to help the institution to analyze a project or a set of projects in a sector like that, and so they have grant funding to building capacity within the institution so that they can, for whatever is in the portfolio now or whatever may come in the future, in a new area in which they are venturing, to build their capacity to assess and to deliver good projects in those areas. So it is not general institutional capacity building. It is normally specifically to support proper implementation of the projects that are going to be funded by this line of credit. Thank you very much, and, as I say, I fully support this, Sir.

**SENATOR S. DUNCAN:** Thank you, Mr. President. Before I start let me just say a shout-out to the Lupus and Rheumatoid Arthritis Association of Belize. Today is their P.O.P Day, as they call it, put on purple, and so I've noticed that I'm kind of alone here. I should have advised you guys. I guess you guys didn't get the memo.

**MR. PRESIDENT:** Yes, you should have done so. I would have brought on a purple tie.

**SENATOR S. DUNCAN:** So I want to shout them out for the good work that they are doing in the country on that autoimmune disease. (Applause)

Mr. President, I too want to support this Motion. We, as a country, found it necessary, in 2009, to totally restructure, and I think that is a mild word. I think we actually had to resuscitate and to add life to it once again because it was just about dead. And so it is very good to see how it has been running and managing its affairs since. And I think I want to give a lot of credit to the two people at the helm, in particular Mrs. Natalie Goff, General Manager, and Mr. Magloire for the good work that they are doing.

I want to make the distinction that what we are debating today and what we are voting on today is not for a loan but rather for the Government to

guarantee a loan which is two different things. And, in fact, the DFC is borrowing the money and not Government. Rather Government is simply providing the guarantee to enable or to facilitate the transaction. So the bulk of the details will be, indeed, as previous speakers have said, with DFC. But we do know that, since 2009, the DFC has been managing its affairs satisfactorily, and on that basis I am certainly supportive of their desire to go further and to do further support and assistance to the country in terms of these loans that they want to do. So, on that basis, I fully support the Motion. And I give kudos to the management and the Board of Directors of DFC for the good work they are doing. Thank you, Mr. President.

**SENATOR G. HULSE (Leader of Government Business and Minister Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Immigration):** Mr. President, my colleague, Senator Peyrefitte, already mentioned the famous statement, a tale of two DFCs. But a little history might be good, and we will wind this up quick. First of all, I want to thank all my colleagues for their contribution, but there are a few things that I think we really need to clarify. The Motion before us is really to guarantee or not to guarantee monies to the DFC. The loan is between the DFC and the CDB. It is not, as Senator Barnett said, the Government of Belize. Why is that necessary? It is because back in 2005 we discovered that the DFC had made loans, the infamous UHS Loan, which the government had to take over and put in its debt portfolio. And that borrowing was done at the time by the DFC, or the lending was done by the DFC, and government gave a guarantee for which there was no provision. So the unions, the Chamber, and all of us hit the streets to try to get this corrected. And I recall sitting as Chair of this negotiation on the Finance and Audit (Reform) Act, and we had present those people who can go back in their memory. Senator Lizarraga was part of that, and Senator Barnett was part of that. I think Senator Smith was part of that. And all we tried to do at that time was to say, "Look, if the government is going to guarantee any statutory body or any private institution and the amount is over \$5 million, come to the National Assembly for approval." So really that is what the DFC is doing. They've come before. Senator Salas, this is not the first time. They've come before. When they come, they say, "Well, look, the loans are going to be for these areas." We won't have the details of that because they don't have the details of that yet. It is for these general areas that they are going to lend.

But we are now satisfied that the track record of the DFC is such that we have the confidence that they will do so and that they will be able to pay back their loan. The DFC was restructured. Its Board now is controlled by private sector, and not by the government. Its Chair is private sector, Denis Jones. So we are confident that the stewardship of the DFC has been so good that Government doesn't have any qualms in saying, "Okay, we will guarantee a further loan." The CDB doesn't have any difficulty in lending the DFC. And like most of my colleagues have said the role of the DFC is to do exactly that development finance. I am very cognizant of that and very happy that that is so.

There is one quick thing that I wanted to correct. I continue to hear about people going to study and come back, and there are no jobs. And I want to relate to a statement that my deceased, great good friend, Bert Tucker, once said in the Belize River Valley, when he pulled together Dr. Young, and Dr. Young, two Doctors Young on the River Valley, my good friend, Denton Belisle, myself, and all of us who got together to form what was called the Belize River Valley Development Program. And he made this famous statement. He said, "We continue to say that we send our students abroad to study and when they come back there are no jobs, and, in fact, they migrate back to where they studied." But he made the point that all these students who go to study go from struggling poor

parents who themselves hardly ever went to high school, but they struggle to try to get their child to go and study. And, when the child comes back, what is it now? Well, where is the job that I am coming back to? The idea of that is to come back and create the job. That is why you went, to expand your mind, to see opportunities and come back to invest and create the job. You need institutions like the DFC that will be prepared to lend you. My son complains all the time that development finance is not available. And how can you start a business if you don't have collateral? And where would you get the collateral from? This is a vicious cycle. The DFC at least helps to ease that a little bit where a young person can maybe get a loan to start off and do something. And, if you begin to see some of the creative things that are happening in this country, Mr. President, you would be amazed. So I just wanted to say those few words and ask that the question be put.

**MR. PRESIDENT:** Honourable Members, the question is **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 DFC to provide funding on an economically sustainable and environmentally acceptable basis: (i) approves that the DFC may borrow the said sum of US\$20,000,000 from the CDB on the terms and conditions set out above and further authorizes the Board of Directors of the DFC to execute and deliver the Loan Agreement and all other documents associated therewith; and (ii) further approves and confirms that the Government may enter into a Guarantee Agreement with the CDB 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.

All those in favour, kindly say aye; those against, kindly say no. I think the ayes have it.

**2. Caribbean Development Bank - Belize Social Investment Fund III – Loan Motion, 2017.**

**SENATOR G. HULSE (Leader of Government Business and Minister Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Immigration):** Mr. President, I move that - **WHEREAS**, section 3(1) of the Loans (Caribbean Development Bank) Act, Chapter 74 of the Substantive Laws of Belize, Revised Edition 2011, provides that subject to such conditions as may be agreed between the Government and the Caribbean Development Bank (“the Bank”), the Government may borrow from the Bank from time to time such sums as may be required by the Government;

**AND WHEREAS**, section 3(2) of the said Act further provides that no agreement in respect of sums borrowed under the powers conferred by section 3(1) shall be executed unless the terms and conditions thereof have been first approved by a Resolution of the House of Representatives to that effect;

**AND WHEREAS**, the Board of Directors of the Bank has recently approved a Loan to the Government of Belize in the sum of **US \$10,000,000**;

**AND WHEREAS**, the purpose of the Loan is to provide funds to the Government of Belize to be made available to Belize Social Investment Fund (BSIF) on a non-reimbursable basis for use by BSIF to finance social and economic infrastructure, social services and organizational strengthening sub-projects in poor rural communities;



**AND WHEREAS**, the Project consists of the following components:

- (a) *Community Sub-projects*: finance 24 small/medium-sized community projects to improve the living conditions of approximately 35,000 beneficiaries;
- (b) *Design and Supervision Services*: support architectural and engineering consultancy services for designs of sub-projects, preparation of bidding documents, construction supervision services, and hydrological surveys;
- (c) *Institutional Strengthening*: consultancy services for an assessment of the organizational management, legal and financial arrangements for the road sector, and recommendations for its reform;
- (d) *TA*: provide short-term consultancy services for a Gender and Social Inclusion specialist to enhance BSIF's capacity to apply differential participatory and action research methods to strengthen the participation of women and vulnerable groups in community development;
- (e) *Project Management*: project coordination expenses including consultancy fees, equipment, auditing, consultations, supervision and field visits, social marketing and visibility;

**AND WHEREAS**, the Bank has offered to lend to the Government the sum of **US\$10,000,000** ("the Loan") in two Portions to finance the Project on the following terms and conditions:

**Special Funds Resources Portion**

- (a) **US \$7,500,000 from the Bank's Special Fund Resources (SFR)** – to be repaid in eighty (80) equal or approximately equal and consecutive quarterly installments on each Due Date commencing on the first Due Date, five (5) years after the Agreement Date;
- (b) **Interest** at the rate of 2.5% per annum to be paid quarterly on the outstanding SFR portion of the Loan;

**Ordinary Capital Resources Portion**

- (a) **US \$2,500,000 from the Bank's Ordinary Capital Resources (OCR)** – to be repaid in forty-eight (48) equal or approximately equal and consecutive quarterly installments on each Due Date, commencing on the first Due Date, five (5) years after the Agreement date;
- (b) **Interest** at the rate of 1.89% per annum on the amount of the Equity and Market Tranche of the OCR Portion withdrawn and outstanding;
- (c) **A Commitment Fee** of 1% per annum to be paid on the un-withdrawn portion of the loan from time to time over the

disbursement period of the Loan beginning from the sixtieth (60<sup>th</sup>) day after the date of the Loan Agreement;

The Loan shall be fully disbursed by June 30, 2021, or such later date as the Bank may specify in writing;

**NOW, THEREFORE, BE IT RESOLVED** that this Honourable House, being satisfied that the Project will significantly contribute to the Government's efforts to finance social and economic infrastructure, social services and organizational strengthening sub-projects in poor rural communities, approves and confirms that the Government may enter into a Loan Agreement with the Caribbean Development Bank on the terms and conditions set out above, and further authorizes the Minister of Finance to execute and deliver the said Agreement and all other documents associated therewith.

**SENATOR M. LIZARRAGA:** Madam President, I ask my colleagues to please listen very carefully to my presentation because, if I am misquoted, I will rise, under section 33(4) of the Standing Order, to offer an explanation if I believe that some material part of my speech has been misunderstood or misinterpreted, and I will rise under section 35(a) of the Standing Orders on a point of order.

Madam President, in reference to this Motion before us today, and in support of the position previously stated, I lend clarity, Senator Salazar, that what Senator Smith was saying, and I make reference to what is before us now, if there is a loan proposal before us right now for the sum of \$20 million or US\$10 million to finance 24 small/medium-sized community projects, where did this number 24 come from? Certainly it did not come out of the air. Certainly these projects have been identified, one would hope, and we know exactly where these projects are going to be done and for what purposes. So what is the problem with providing us with the details that Senator Smith, myself, and other Senators continue to call for? Why can't we not be given the materials that we need, in advance, so that we can rise and gladly support all those projects that are needed? That is simply what we ask for. We don't ask for the technical designs and the details as such, but just tell us what purpose, where are you going to be spending the money, and on what. And I think that that is reasonable.

Madam President, when you rose, as Senator, to give explanation or your attempt to explain some of things that I had questioned, I thank you for your attempt. However, the point I was trying to make, and, perhaps, I was not sufficiently clear, was that, if we look in the previous Loan Motion, the OCR portion of the loan was 3.3%. In this loan, the OCR portion of that loan is 1.89%, and so the previous one attracted 74.6% more from the same tranche of the same bank. And the point I was making was, why can we, under one portfolio, under one loan, pay 1.89% yet in the other one pay 3.3%? If I am negotiating with the same bank, you think that the more you borrow the cheaper it gets, or the more you borrow the more you can negotiate. That was the point that I was trying to make, that we were borrowing from the same bank, from the same portion under one loan at 3.3% and on the other loan at 1.89%. And one would think that we would strenuously seek to negotiate these things the same way we sought to renegotiate on our super bond because rates have been falling, and we've been taking advantage of prevailing drops in the world market interest rates.

So those were the points I was trying to make. I am happy to see that we continue to invest in social services, organizational strengthening, and projects in poor rural communities. But, again, Madam President, it would be nice for us to be able to have a list of those 24 projects that certainly have been identified because I know this 24 did not come out of the thin air and so that we can gladly

go out there and say, “Today in the Senate we approved so and so for these needed communities.” Thank you very much, Madam President.

**SENATOR M. PEYREFITTE:** Very quickly, Madam President, let me see if I can capture what my friend, Senator Lizarraga, said. So he doesn’t violently raise on a point of order. They are asking for details, again. Madam President, what is the Senate to do? Is it to list the projects? Listen, we got these papers a week ago. If there were these questions to be had, just go to the Social Investment Fund, Senator Lizarraga. Being a Senator is a contact sport. You don’t sit down and wait and say, “Okay, provide the information to me so I can go and argue as to what the merits or demerits are.” You can visit the Social Investment Fund for that at any time.

**SENATOR M. LIZARRAGA:** Madam President, on a point of order and in reference to section 33(4), I did not receive my papers a week ago. I got my papers yesterday, Senator. Thank you.

**SENATOR M. PEYREFITTE:** It was not a point of order, but in any event we will proceed. It is your duty, as a Senator, whenever you receive them, to look them over, and if you want more details go and seek those details. It is not something that can be spelled out. We can’t spoon-feed to you all the information. For some of the information, you need to take an initiative to go and find out. We are being paid to be Senators, except for the Ministers. Isn’t that right, Senator Hulse? We are being paid to be Senators. It is your job to go and look and see, and the information is right there for anybody who wants information. Senator Smith, you want information, Senator Lizarraga, Senator Rocke, Senator Salas, there is the Freedom of Information Act. This is the Government of the United Democratic Party. There is no secrecy, no secrecy at all. Whatever you want to debate, whatever information you want, you can get it from the relevant department. And once again the Social Investment Fund is not a government department. We don’t instruct them what to do with their funds. If they have a structure in place and they have ways and means as to how they carry out their projects, you have every right, as a Senator, as the Member of the Upper House, to call that organization and say, “Listen to me, I am about to vote on 24 community projects to help 35,000 beneficiaries. Can I get the details of that?” And they will give it to you. But it is not for the Senate to come and provide documents upon documents to show you the details of every project. That is for the Social Investment Fund.

So with that, Madam President, I support it. Once again, it is a sign that the Caribbean Development Bank has confidence in this economy. And let me tell you something. The interest is high, according to you, on one side and not on the other side, Senator Lizarraga. Maybe that’s a part of the, and it is high for one category on this loan and low for this category on this loan, but maybe that is the negotiation process. They are a bank. They are not giving away money. So then they have their negotiating powers too, and we need the funds to provide for our people to do their projects and uplift their lives. We cannot say, “Oh, we did not secure the US\$10 million loan from the Caribbean Development Bank for SIF or for DFC, and we, therefore, are not able to provide these people with the resources they need to help themselves”, simply because we want to appear as great negotiators, penny-pinching over half of percentage here and a quarter of a percentage here, just to say that we have a negotiated good deal. The important thing is for the people to have access to the funds, and that is what the Government is trying to do, and that is why I support this Motion as well.

**SENATOR M. COY. SR.:** Madam President, with your permission, allow me to salute and congratulate our colleague, Senator Elena Smith, for being

the new National President of the BNTU. My President, congratulations to you. (Applause) And, if it is not too late, and obviously it is not, also allow me to salute all the wonderful and beautiful mothers of this country. We know we are still in the month of May, and just recently it was Mother's Day. They are mothers on a daily basis. If it wasn't for my mother, I wouldn't have been here today. So allow me to salute them and congratulate them. (Applause) As well, allow me to salute the hardworking teachers of this country, progressing through education. Allow me also to salute the police officers, the Belize Defence Force, the Coast Guard, and all the public officers of this country. Since it is May, it is all a combination of one thing to another.

Then I also want to say how saddened I am, specifically for the municipality of Punta Gorda Town and the Toledo District, and the nation, for the recent loss of one of our musicians of Punta Gorda that was lately stabbed to death. He is the son of a friend of mine, Mr. Peter Eden Martinez. So my condolences go to his family. And, of course, the young man was a very good friend of mine as well.

But, Madam President, I rise in support of this Caribbean Development Bank – Social Investment Fund III – Loan Motion, 2017. As I listened to the Senator, I take this opportunity as well to inform or to update the nation of what is taking place in the Toledo District. I listened to Senator Lizarraga questioning what will be done with the loan for the Social Investment Fund, what is its purpose, and what are the projects that can be listed in this Loan Motion. I want to remind him of some of the projects that we are currently being funded through the Belize Social Investment Fund. I will specifically talk for the Toledo District, and not for a specific area, but for the nation. I am hoping that I won't be, again, put on the social media where they will say that Senator Coy is questioning about this and that. We respect the media. The media is very important. I love them too because that's the only way I can move on and step forward in what I am doing. So I appreciate that. I love when they put things about what Senator Coy is saying. I am inviting them to come to the Toledo District so that we can walk together, and they will be able to see on their own. One of the recent things I said on the last sitting, the state-of-the-art building that we have, I wish the media responsible for putting that on social media can come to Toledo. We can walk together, and I would be able to show them what is happening from here to there.

But anyway today I am here just to inform the Honourable Senator of some of the projects that have been funded through the Social Investment Fund. In fact, SIF is one of the biggest organizations that assist us in the Toledo District. We have the Santa Ana water system. These villagers, about 300 and odd, now have a spanking water system. These villagers didn't had access to safe drinking water, but now we can say thanks to the Government of Belize and the Social Investment Fund for putting a new water system in Santa Ana Village. Pueblo Viejo in the Toledo District, Mr. President, we know that we had been drilling wells after wells in Pueblo Viejo, Jalacte, and San Vicente lately, and we were unsuccessful, but I am proud to say that Pueblo Viejo is now on track. I must say that. I must also say that this is through the Social Investment Fund. We have a new spanking generator, and, of course, it is one of the first of the few in the Toledo District, and it is in Conejo Village. They, as well, have a solar energy system that provides energy so that the water can be pumped to the villagers on a daily basis. We also have the expansion of the San Isidro water system. People of San Isidro have been waiting for it for a long time, but now thanks to the Social Investment Fund and the Government of Belize they have that access. Now they don't have to go to the nearby creeks. Trio is also another village where the water system has been expanded. Silver Creek, my very own community, we have now our own water system, and it is running 24/7. Now I don't have to go to the creek

to bathe. I can just go to the nearby pipe and get a little bucket and I bathe there, Mr. President, and I am thankful for that. At Midway Village, we also have expanded the water system through the Social Investment Fund, as well as for San Vicente. All these five villages are also receiving material for the expansion and improvement of the water system within these villages.

I will continue, Mr. President, because this is the Social Investment Fund doing all of these projects. Materials have also been received in Cristo Rey. In fact, I was reading one of the newspapers earlier today, and it was very helpful. It said that in education, and this is evidence, this is a fact, and this is real. This is what we are facing in now. The All Saints Primary School extension is being built through the Social Investment Fund. The Gracie Rock Primary School, and the Deputy Prime Minister and some other officials were there just lately to inaugurate the building, it was done through the Social Investment Fund. There was also an expansion of the Arms of Loving Primary School, Mr. President, and for St. Edmond Champion R.C. School, substitution and extension. We lately had an expansion at Sunday Wood in the Toledo District, Mr. President. There is the Orange Walk Technical High school, the San Pedro Columbia. . .

**MR. PRESIDENT:** Senator Coy, one second please. Senator Lizarraga, what is your point of order?

**SENATOR M. LIZARRAGA:** I didn't, but thanks for the opportunity. Are we here to discuss this Motion today? You see the details that we want. It is about this loan and these projects that this loan will be used for, not for the past but now. We are here to debate this Motion. Now what the SIF has done in the past we didn't question that. We are questioning what they will do with the money they will be given now.

**MR. PRESIDENT:** Well, Senator Lizarraga, with all fairness, I did heard about past projects, yes, but I am also hearing him mention about, I think, a school which was opened up with the SIF about one or two days ago.

**SENATOR M. LIZARRAGA:** We are talking about this money today.

**SENATOR M. PEYREFITTE:** But, Mr. President.

**MR. PRESIDENT:** What is your point of order, Senator Peyrefitte?

**SENATOR M. PEYREFITTE:** No, no, it is just to add something.

**MR. PRESIDENT:** Just to add on?

**SENATOR M. PEYREFITTE:** No, no, my submission to the...

**MR. PRESIDENT:** Oh, your submission, but Senator Coy is not finished yet.

**SENATOR M. PEYREFITTE:** No, no, I am just saying why he should be allowed to continue.

**MR. PRESIDENT:** Okay, please.

**SENATOR M. PEYREFITTE:** No, because I was going to say that he has to list those successful projects in the past to show why we should have confidence in this new Motion being passed. That is what he is doing. That is all he is doing.

**MR. PRESIDENT:** Please continue, Senator Coy.

**SENATOR M. COY SR.:** Allow me, Mr. President, to say that sometimes the truth hurts you know, but we have to be real. This is a real situation that we are in here. We have to be real. And, if they don't want me to speak the truth, then, where will I speak the truth, Mr. President? I have to make this public to the nation. I have to go on record and say these things. I will continue, Mr. President, even if they don't want to hear it. I will continue because they know that this nation is aware of what is happening in this beloved country of mine. Mr. President, I hope I won't be interrupted again. There is the San Jose Government Primary school which has an extension and rehabilitation project, Mr. President. Santiago Juan Preschool is under construction.

When it comes to the water system and sanitation, I mentioned a few in the Toledo District, and I will continue to mention some more. Maskall Village has a new water system that is spanking new. Chan Pine Ridge, Mr. President, Indian Church and San Carlos, they all have a new water system as well. Sarteneja went through a water system rehabilitation project. Cotton Tree, St. Matthews, and Franks Eddy, they all had water supply expansion. Young Bank, Camalotte, and Corozalito Villages have new water systems. Biscayne and Santa Ana, I had mentioned those in the Toledo District.

So, Mr. President, I can continue on and on, listing those projects. But, Mr. President, I want to say this. If we are here to support this, and anybody, even the blind man and even the one that cannot hear, know. I wish we were in the days of the good Lord so that they continue to be blessed, Mr. President. I wouldn't want to go far into that. I am saying that the reason why I continue to list these developments and projects funded by the Social Investment Fund is, that, and in fact, let me not forget because I might get into trouble. The Social Investment Fund has built a new spanking four-classroom building at the Corazon Creek Technical High school where I work. And they will continue to help us. Hopefully they will continue to do more projects for one of the most remote high schools in this country. It is coming up thanks to the principal of that high school who is doing all what he can do.

So, Mr. President, again, as I said, I can continue to go on and on, but I will wrap up by saying this. It is just sad not to see the Opposition there. Let me not say that as I don't want to get into problems. But our Honourable colleagues on the other side decided to walk out today. I think if they were here probably they would have learned some lessons and I might have continued, but I will leave it like that for today, Mr. President. They decided to go, and that's their right, I believe. They walked away. But, Mr. President, I won't dwell on that. I am here to support this Motion, and I will continue to support this Motion because when it comes to development, Mr. President, I will support it because all the development that is happening in the Toledo District and throughout the nation anyone can see and can testify to that, even if we are ignorant to accept it. Some of us don't accept what is happening. Some of us continue to talk, "Oh, but they are building the road and the road is already breaking up." Yes, we can't stop that because natural disaster comes, and the rain comes. We have been seeing this upgrade of roads happening in San Felipe, all the way to Dolores, in San Vicente area, and when it rains it washes again, and so we have to continue again and again. That is just nature. We cannot stop that, Mr. President. When it comes to the Social Investment Fund, I am here, and I am 100% in support. And I know that the people of the Toledo District will continue to enjoy and will continue to see the fruitfulness of this Social Investment Fund. With that then, Mr. President, I support this Motion.

**SENATOR O. SALAS:** Thank you. I want to make a very brief comment on this Motion. While we can certainly assume that the Social Investment Fund has done great work and they are expectant to do good work in the future, and in the recent years the DFC as well, I just want to raise the point that we need to ensure that, as statutory bodies that they are, we require them not only to produce Annual Reports but to table them at the House and at this Senate, and I stand to be corrected if that has already been occurring. My understanding is that SIF does prepare Annual Reports which it submits to the Ministry of Economic Development, but that needs to go to the House. I will very briefly say that the DFC has Annual Reports for the last years on their website, and kudos to them. I congratulate them for that. So, again, I stand to be corrected, but I just want to make the point that these Annuals Reports should be tabled at the House and at the Senate. Thank you, Mr. President.

**SENATOR DR. C. BARNETT:** Thank you very much, Mr. President. First, let me reassure my colleague, Senator Salas, that, in fact, these reports are published. They are brought to the House, and they are on the SIF website. So you can access them once they are available there, or you can go and you can ask. One of the truths about the Belize Social Investment Fund is that it is seen in the region as one of the best practices. So other SIFs come here to learn how we manage it, how we process our stuff, and how we supervise projects, so they can take that information and go and do stuff. There are two in the region that are really good, one in Jamaica and one in Belize. And so we are able, and, if you notice, SIF is now an implementer of other projects, not only projects that are funded through loans like this. So let me put that on the record and congratulate them for that.

I want to see if I can add a little further clarity to the issue of the difference between the two loans and why the interest rates would be different and the mix of funds would be different. Remember that the DFC facility includes a commercial component. We are talking about lending for business activity. That will attract a slightly higher rate of interest, and therefore CDB will lend DFC at a more of the OCR funding for those kinds of commercial activity. The SIF funding is strictly for community, social development projects, and, therefore, those projects will attract the lower rates of interest. And we have to remember that CDB is owned by the governments of the region. So Belize like the other countries of the region are members of the CDB, and so we are part owners. So when we are negotiating a loan with the CDB there is a limit to the negotiation. There are policies that determine how much flexibility there is in terms of determining currency mix, interest rate mix and all of those various things, that are seen in the loan agreements that we eventually sign.

Let me also speak a little bit about the projects that are going to be funded. As with the DFC, SIF has a Board, and on that Board sits members of the NGO community and members of the private sector organizations. They help to make decisions. They are part of the oversight of the institution. Those decisions are not made by Government. Government is borrowing the money for use by the Social Investment Fund. And the 24 projects that we are talking about here, all of those projects would not be identified as yet. This is a facility that will be drawn down over 5 years or 4 years. I think it is a four-year project, and so the decisions are not made in year one on a full list of projects. In fact, what has to happen from each community, although there may be a sense within communities of where projects are likely to come from, a community project has to be submitted. It has to be reviewed and appraised before the Board, with the approval of the CDB, can say that that project will be funded. So Government can't bring a list as if a decision has been made because that goes against the rules of operation of the SIF

and of the CDB, in relation to the use of the funds that it lends, and so it just cannot be done. There has to be a process of appraising every individual community-based project. Whatever project is going to be funded by the Social Investment Fund, it has to go through that process of appraisal and then decision-making. And, if a project, as I say, is of a certain size, it also has to have the approval of the CDB because of the nature of the loan agreement and the relationship inherent in the loan agreement before the funds can be used for a particular project.

And, indeed, even in the supervision of some of the projects that are under implementation you would see CDB personnel on the ground, helping to ensure that these projects are being implemented within the rules of both the SIF and the CDB. So that is the way it works. It is not that you can decide ahead of time what you are going to be using these funds for. What you will see in every single budget that comes before this institution, if there is a project that is going to be implemented, as a government project through SIF, then you would see that being included in the budget, but, if it is not going to be implemented as a government project but as a SIF project, the right place for it to be is in the SIF annual program of work. Does that help? It does. Okay, thank you very much.

And, Mr. President, with those words, let me just say that I fully support this Loan Motion. And I want to congratulate, as well, the management of the Social Investment Fund in Belize, its Board, for the tremendous work that they have been doing with these loan funds. Thank you very much.

**SENATOR E. SMITH:** Thank you, Mr. President. If I may, please allow me to thank my colleague for his congratulations that he gave me earlier on my election. I saw you, Senator Coy, at our convention. I know you were there. I did see you there. Thank you for attending our convention. And I saw you quite busy campaigning, although it wasn't for me, right, but thank you for being there. I hope that you will share those pictures that you took with us. I saw you clearly doing that. Don't worry, but thank you all for your congratulations.

**MR. PRESIDENT:** Senator Smith, please continue.

**SENATOR E. SMITH:** Yes. Mr. President, I have just a few comments here on this Motion. Thank you, Senator Barnett, for your explanations because we, as well as Senator Lizarraga, had some of those same questions that we were going to put forth. But we are happy to see that these projects that they are going to be embarking on will be for poor rural communities because we are quite aware that these communities do need this type of assistance in those areas. And so we are happy for that. The institutional strengthening, as well, we note that recommendations, and it says here, "recommendations for its reform," and, so this is something good. In our view, it is something good because there is always room for improvement, and so seeing that there is a plan to reform tells us that they have been doing some sort of revision of the SIF to see how they can better their organization, and so we hope that that will be done quickly and that the necessary changes will be made.

We also felt that SIF, having been in existence for quite some time now, we were just a bit concerned for some of these areas because we felt that some of these capacities would have been there already. And we know that, yes, we need to strengthen, but, for paragraph (e) where it says, "Project Management", we were looking at all that comes under that. It seems to us that that would probably be a Project Management Unit with all the work that it has listed there that they need to get done. Nonetheless, as I said, we are happy to see that some of the areas that are of concern to us will be addressed. Our poor areas will be assisted.



And so my organization is supporting this Motion. Thank you, Mr. President.

**SENATOR G. HULSE (Leader of Government Business and Minister Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Immigration):** Thank you, Mr. President. I want to thank my colleagues for the explanation, especially Senator Barnett. With respect to the previous Loan Motion, Senator Peyrefitte mentioned that it is the responsibility and right of every Senator to get clarification on any matter from the public service. Nobody can deny you that. Indeed, going through my papers, I also wondered what the 24 projects were about, and so I went to SIF. They didn't send it to me. I went to SIF to try to get an indication, and I was told that the reason they cannot give you the list of projects is because they don't have it. They said exactly what Senator Barnett said. But, for clarity for Senator Lizarraga, Senator Salas, and Senator Smith, they have what is called an indicative subproject pipeline. There are more than a hundred applications coming from all over the place to SIF. So SIF doesn't have the money, but they know that they have to continue to lend. So they put this proposal and say, "Okay, when we look at these subprojects we, from a big broad brush, are satisfied that we will be able to lend into education, water and sanitation, health, social services and also organizational strengthening projects." They can't list the projects because then people will think, "Well, I got my loan approved," but they haven't gotten their loan approved because they have to then go through the details etc., and that is not done yet. They can't get their loan approved because SIF doesn't have the money yet, and they haven't done that in detail. It is not a loan. It is projects that they are doing for these people. So let me make this clear. We get the loan. It goes to SIF, and SIF does these projects, water in this and that place. But they can't announce that yet because they are not sure of that as yet and how it is going to go. Under education, they have about 7 projects that they are looking at, under water and sanitation, about 3, under health, about 3, under social services, about 4 and under organizational strengthening, about 7, and that makes up the 24, and they have some indicative amounts.

Once the money is approved and then they get into the detail analysis of these projects they will determine what they will do and how they will do it, and that is based on a bunch of criteria. The rate of interest, as Senator Barnett said, is because it is social. It is social development. And, as Senator Macario Coy mentioned, if we listened carefully, it is a review of the projects they have done, all social projects in various places. They've done markets and all sorts of things, and that helps to develop.

Of course, that institution also has to manage and supervise these projects, and so there is also a cost for that. They have engineers and other people who have to make sure that the money is properly spent and the project is properly done. We've had some little *goofas* along the way, but they have had to sort that out too. So, just for clarity, what we are being asked here to do today is to say, "Okay, do you agree that the Social Investment Fund should have access to another US\$10 million for ongoing projects in these various areas?" But we cannot stand up here and say, "A water system in this village and another water system in this other village", because I can tell you that when I was the Minister of Local Government we had about 15 to 20 water projects around the country, and everybody is vying for it. "Oh, man, mine is more important," and the Social Investment Fund then tries to do it. I think Senator Coy mentioned Pueblo Viejo. It is a village in which we dug about 17 holes, and we couldn't find water. In fact, I can tell you that we were about to make an agreement with the Guatemalans to get water from them for that village in exchange for them to get water from us somewhere around Benque into a village that they had which had no water. We couldn't get that agreement going. So it didn't go. But they were digging holes and digging holes. In Armenia, we couldn't find water either, but it was important

that we tried to do something there. So that project morphed from wells and a cistern to catchment tanks to all sorts of things. So we can't really come here with those details because they themselves are not clear. They would have known that they are trying to put water in Armenia or they are trying to put water in Pueblo Viejo. So, with that explanation, which I trust helps, added to what Senator Barnett has said, I support, and I ask that the colleagues support it. I ask that the question be put.

**MR. PRESIDENT:** Honourable Members, the question is **NOW, THEREFORE, BE IT RESOLVED** that this Honourable House, being satisfied that the Project will significantly contribute to the Government's efforts to finance social and economic infrastructure, social services and organizational strengthening sub-projects in poor rural communities, approves and confirms that the Government may enter into a Loan Agreement with the Caribbean Development Bank on the terms and conditions set out above, and further authorizes the Minister of Finance to execute and deliver the said Agreement and all other documents associated therewith.

All those in favour, kindly say aye; those against, kindly say no. I think the ayes have it.

**3. Resolution Authorizing the Ratification by Belize of the Agreement Establishing the European Union (EU) and Latin America and the Caribbean (LAC) International Foundation Motion, 2017.**

**SENATOR G. HULSE (Leader of Government Business and Minister Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Immigration):** Mr. President, I move that - **WHEREAS**, the European Union and the Latin America and the Caribbean Foundation (hereafter called "Foundation") was open for signature on 25<sup>th</sup> October 2016 during the Community of Latin America and Caribbean States (CELAC) and European Union Foreign Ministers' Meeting in Santo Domingo;

**AND WHEREAS**, the objective of the Foundation is *inter alia*, to contribute to the strengthening of the CELAC-EU bi-regional partnership process involving participation and inputs of civil society and other social actors, encourage further mutual knowledge and understanding between both regions, enhance the mutual visibility between both regions, as well as of the bi-regional partnership itself, promote and coordinate result-oriented activities in support of bi-regional relations and focus on the implementation of priorities established by CELAC-EU Summits;

**AND WHEREAS**, the Government of Belize is desirous of ratifying to the Agreement pursuant to Article 24(1) of the Agreement;

**AND WHEREAS**, section 61(A)(2)(a) of the Belize Constitution as amended by the Belize Constitution (Sixth Amendment) Act (No. 13 of 2008) provides that the Senate shall authorize the ratification to any treaty by the Government of Belize;

**NOW, THEREFORE, BE IT RESOLVED** that the Senate authorizes the Government of Belize to ratify the Agreement establishing the Foundation, a full text of which is hereto annexed.

Mr. President, a text of this was circulated to all Senators. Belize is a member of CELAC, and so the request is pretty straightforward.

**MR. PRESIDENT:** Honourable Members, that Motion is referred to the Constitution and Foreign Affairs Committee for examination, consideration and report.

4. **Resolution Authorizing the Ratification by Belize of the Agreement between the Government of the United Arab Emirates and the Government of Belize for the Promotion and Reciprocal Protection of Investments Motion, 2017.**

**SENATOR G. HULSE (Leader of Government Business and Minister Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Immigration):** Mr. President, I move that - **WHEREAS**, the Agreement between the Government of the United Arab Emirates and the Government of Belize for the Promotion and Reciprocal Protection of Investments (hereinafter called “the Agreement”) was signed on 1<sup>st</sup> October 2015;

**AND WHEREAS**, the objective of the Agreement is *inter alia*, to encourage and create favourable conditions for investment and to make investments in the territory of either Party, admit such investments in accordance with either Party’s laws and regulations and to accord fair and equitable treatment to the investments and returns of investors of either Party;

**AND WHEREAS**, the Government of Belize is desirous of ratifying to the Agreement pursuant to Article 16(1) of the Agreement;

**AND WHEREAS**, section 61(A)(2)(a) of the Belize Constitution as amended by the Belize Constitution (Sixth Amendment) Act (No. 13 of 2008) provides that the Senate shall authorize the ratification to any treaty by the Government of Belize;

**NOW, THEREFORE, BE IT RESOLVED** that the Senate authorizes the Government of Belize to ratify the Agreement, a full text of which is hereto annexed.

Mr. President, I just have a few words for clarity of my colleagues. This agreement and the subsequent one were negotiated between the United Arab Emirates and the Government of Belize. And what this seeks to do is that the Emirates is desirous of doing some investments in Belize. There are several areas they want to look at. And there have been continued contacts. The United Arab Emirates has sent large delegations into Belize to look at various things. They have been associated to a certain extent with some of the work that BNE is doing. As late as Wednesday of this week, Sheik Ali Abdunac visited and presented his greetings to the Honourable Prime Minister with a view to try to move things forward. There are some things that need to be done. The diplomatic relations have long been established, but there is a request to ratchet that up to a permanent representative in the UAE and one in Belize, and certainly other exchanges, an economic exchange and an open skies exchange. They are trying to find a foothold in Central America, and Belize looks like a good one to them. It speaks English, etc.

Investment areas involve oil exploration, but definitely not offshore, and, of course, areas of port expansion, cruise port expansion, investments in certain agricultural processing and the likes. Also, they’ve been looking at a bit of airport-expansion type of thing. It has been made clear to them that those

negotiations would be private sector to private sector. For example, the airport will be with the Belize Airport Authority. The port will be, and, of course, there is a receiver. They've been looking at the Belize Port, and there is a receiver there in charge of that. So Government doesn't really have a hand in that.

But more fundamentally it is to try to establish these macro agreements, government to government, so private sector can do their thing and get on with it. So, last but not least, it is that, in fact, while Belize looks for serious investment, the United Arab Emirates, as most people know, is well-poised financially to do those investments. And whatever they are looking to do in Belize will also come to the investment committee of the Cabinet for further deliberations. So we don't have any specifics to bring here, in case people would ask, but just to say that this is the framework to say that we will protect your investment. And, of course, the next resolution that we will read is also self explanatory. Thank you.

Mr. President, in accordance with Standing Order 10 (8), I move that the proceedings on the order paper may be entered upon and proceeded with at this day's sitting at any hour though opposed.

**MR. PRESIDENT:** Honourable Members, the question is that the proceedings on the order paper may be entered upon and proceeded with at this day's sitting at any hour though opposed.

All those in favour, kindly say aye; those against, kindly say no. I think the ayes have it.

**SENATOR O. SALAS:** Yes. I need a little clarity here, Mr. President. I guess this means that I can speak on the first agreement and the corollary one?

**MR. PRESIDENT:** Please proceed.

**SENATOR O. SALAS:** Yes. Thank you. I beg your indulgence to refer to my notes because I have a lot of questions that I want to raise, and I want to ensure that I don't miss any. The first observation I make, Mr. President, is that these agreements were signed, if I am not mistaken, about 17 months ago, and I think very little is known about these agreements. I did a research, I hope, an exhausted research to try to find out from the media and releases about this particular agreement. I was able to find one dated many months ago. My question is, why now and why did it take this long for these agreements to be presented for ratification? I also would like to know if we have similar agreements with other nations. While my understanding is that a double taxation agreement, an investment promotion agreement, is not unusual, to my knowledge, and I stand to be corrected, we have not yet signed agreements of this nature with other countries other than partial scope agreements, regional trading arrangements and the like. So I would like to know some more about that.

In Article 4.1(h) of the Double Taxation Avoidance Agreement, I ask, what is meant by resident? In Article 5, to be able to take advantage of this arrangement, does one simply have to reside on either of these states? Or do they have to hold citizenship? That is a question I have. It is also important to ask, Mr. President, what kinds of projects are intended to be furthered? I mean, you know, from my read of it, it seems that it is obvious that the United Arab Emirates is interested to come to invest in Belize, but in what sector? I would like some more clarity on that.

I would like to quote from a release that came out on an October 1, 2015, Article in PR Newswire, which stated that on that day "The UAE and Belize

signed bilateral trade agreements that will serve as a catalyst for investments from the UAE and will strengthen Belize's position as a Central American and Caribbean regional energy leader. These trade agreements," according to that article, "will serve as a foundation to catalyze private sector investments from the UAE as well as government-to-government investments." So, Mr. President, without the availability of any detailed information, and we understand that the specifics are not available, I am only able to conclude with related questions on these two agreements between Belize and the UAE, the principal one and the corollary one. My understanding is that these reflect-standard formats, as I have referred to, are used by the UAE for bilateral agreements which involve utilizing UAE state-managed-sovereign-well-funds for investments in the receiving country as well as the promotion of private investments. So clearly it seems that the GOB's broad objective of signing these two agreements is to create the necessary conditions for capital flows into Belize from the UAE. At face value, it seems to be highly desirable since it offers the possibility of a new source of foreign direct investments into Belize, particularly for infrastructural developments.

So, as has been pointed out, there also seems to be a focus on the energy sector, and this could quite possibly be unsure, but I was not able to tell by simply looking at the agreements. So I have a few other questions, and I will just list them out quickly and end these comments. I would like to know what the Government has in mind with these agreements in relation to the energy sector. If we refer to Article 6.3 of the corollary agreement, under permanent establishment, there is reference to "offshore drilling site". And Article 6.3 continues and refers to "drilling rig or ship used for the exploring or exploiting of natural resources." So, if Belize, indeed, has a policy based moratorium on offshore oil, why and how, I ask, is offshore oil being included in this agreement? I would like to know, how the Government can reconcile this, especially given that the Belizean public has not seen the policy nor this agreement and has not had a right to way in? I would like to quote the Prime Minister who stated on May 15, 2015, that it is the official position of the Government that, "There is a moratorium on offshore exploration," and that no more offshore concessionary leases will be given. It is important, Mr. President, not to forget that, in 2012, there was this unofficial or mock referendum on offshore oil at which almost 30,000 voters participated, and 96% voted no to offshore oil. So, Mr. President, as a cautionary measure, I must ask, what seems to be a sudden rush to expedite ratification of these agreements by the Senate? There has been a passage of time since the signature of the agreements. Does that mean that the agreements have been carefully assessed to the extent that there is now a reasonable degree of certainty that there will be substantial gain for our Belizean economy?

Specifically, Mr. President, I seek to be assured that there has been due diligence performed with respect to the following: the matter of investments in hydrocarbon, that is, petroleum exploration in Belize is a matter of concern. I would like to ask the Leader of Government Business to please confirm whether there is an understanding that there will be no investment in offshore oil exploration. The issue of resolution of disputes and specified single avenue for legal recourse, Article 11, it is just a question as to whether we are talking about domestic law or international law.

And to finalize, Mr. President, I just ask if I can make a general observation that the foreign direct component of the total investment made by sovereign-well-funds is very minimal. In rare cases where direct investments are undertaken, they do not seek controlling interests or active roles in the management of investing companies. Is this a point of concern to our Government? Will there be a joint coordinating mechanism to promote awareness and provide oversight for the operation of these agreements? These, Mr.

President, are my questions and concerns, and I trust that they will be satisfactorily responded to. Thank you.

**SENATOR G. HULSE (Leader of Government Business and Minister Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Immigration):** Thank you, Mr. President. I want to thank Senator Salas for his questions. I want to assure him that some of them I've answered before. But let me just reiterate. First of all, there is no trade agreement that has been signed with the UAE. There is no agreement signed with the UAE beyond these. These are framework. What it does is to say that the Government of the United Arab Emirates, before they even begin to think of any investment in Belize, wanted a framework to protect those investments. It is not specific to any particular investment. It is for any investment that comes up, whether that is in the energy sector or something else. So it is subject to detailed analysis. It is subject to the review. There is a Cabinet subcommittee, and there is a lengthy process of that, and there are laws to govern that which hold in this country. This does not give any of those rights. In other words, these agreements do not say, "Oh, you can come and do this and that."

For purposes of this Senate, I may remind him that the Cabinet subcommittee has five clear provisions and requirements for investment. The first is that it must be economically and socially acceptable and legally doable. That's where we will stop, if you are doing offshore, because there is already a commitment. The second one is that it must bring revenue to the country, meaningful revenue. And the third is that it must bring foreign exchange, or we are wasting time. Fourth, it must create meaningful jobs, and we don't mean just jobs that are low-paying. We mean serious jobs. And, fifth, of course, it must protect the environment and the cultural heritage of this country. Those requirements are analyzed in depth. If you look at some of the projects that are before the investment committee, there is Blackadore. It has been on the table now going on for almost three years. It hasn't gone yet because it has had to go through that very careful and in-depth scrutiny. There is an EIA that is required. So the Lord knows, Senator Salas, that you can be assured that if there was any project that was going to drill offshore, man, we wouldn't even entertain because the Government has already spoken to that. It wouldn't pass the EIA or anything. This is a framework to protect their investments. In other words, all they are seeking here is that you don't nationalize their investments, basically to put it in as a very narrow sense.

I want to also just quickly touch on the matter of the issue that was raised of the specific projects. Government doesn't get into that. Those are going to be private sector to private sector. The reason why the rush is that there is not a rush. It is a little bit contradictory to say that we've waited two years or 18 months, and now we are rushing. I made clear, in the opening statement, that the Government of the United Arab Emirates is anxious for us to move forward. There was a little issue with establishing embassies and that sort of thing like where our money would come from, if that is worthwhile, who we will name, and these things take a little time until we get there. The Prime Minister and the Government, with prudence, does not rush into any agreement when somebody comes and says, "Well, look, man, we want to waltz. We want to dance. We want to marry." We have to be careful that it will benefit the people of Belize and that there is something in it for Belize. If it is a partnership, then it can't be a win-lose. It has to be a win-win. So with those few words, and I trust it satisfies the concern and the anxiety of my Senate colleagues, I ask that the question be put.

**MR. PRESIDENT:** Honourable Members, that Motion is referred to the Constitution and Foreign Affairs Committee for examination, consideration and report.

**5. Resolution Authorizing the Ratification by Belize of the Agreement between the Government of the United Arab Emirates and the Government of Belize for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Motion, 2017.**

**SENATOR G. HULSE (Leader of Government Business and Minister Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Immigration):** Mr. President, I move that - **WHEREAS**, the Agreement between the Government of the United Arab Emirates and the Government of Belize for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital (hereinafter called “the Agreement”) was signed on 1<sup>st</sup> October 2015;

**AND WHEREAS**, the objective of the Agreement is *inter alia*, to promote their mutual economic relations through the conclusion of an agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital;

**AND WHEREAS**, the Government of Belize is desirous of ratifying to the Agreement pursuant to Article 31 of the Agreement;

**AND WHEREAS**, section 61(A)(2)(a) of the Belize Constitution as amended by the Belize Constitution (Sixth Amendment) Act (No. 13 of 2008) provides that the Senate shall authorize the ratification to any treaty by the Government of Belize;

**NOW, THEREFORE, BE IT RESOLVED** that the Senate authorizes the Government of Belize to ratify the Agreement, a full text of which is hereto annexed.

And I think that we’ve already debated this one before we read the Motion. So it is the complimentary, and so I ask that the question be put.

**MR. PRESIDENT:** Yes, I allowed it. Thank you. Honourable Members, that Motion is referred to the Constitution and Foreign Affairs Committee for examination, consideration and report.

## **II COMMITTEE OF THE WHOLE SENATE ON MOTIONS**

**MR. PRESIDENT:** Honourable Members, in accordance with Standing Order 68A, the Senate will now resolve itself into the Constitution and Foreign Affairs Committee, a Committee of the whole Senate, to consider the Motions referred to it.

The media and the guests, can you please excuse us while we go into the Foreign Affairs Committee?

(In the Constitution and Foreign Affairs Committee)

MR. PRESIDENT in the chair.

1. **Resolution Authorizing the Ratification by Belize of the Agreement Establishing the European Union (EU) and Latin America and the Caribbean (LAC) International Foundation Motion, 2017.**

Motion in its entirety agreed to.

Motion to be reported back to the Senate for adoption without amendment.

2. **Resolution Authorizing the Ratification by Belize of the Agreement between the Government of the United Arab Emirates and the Government of Belize for the Promotion and Reciprocal Protection of Investments Motion, 2017.**

Motion in its entirety agreed to.

Motion to be reported back to the Senate for adoption without amendment.

3. **Resolution Authorizing the Ratification by Belize of the Agreement between the Government of the United Arab Emirates and the Government of Belize for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Motion, 2017.**

Motion in its entirety agreed to.

Motion to be reported back to the Senate for adoption without amendment.

## PUBLIC BUSINESS

### A. **GOVERNMENT BUSINESS**

### III MOTIONS

#### (Adoption of Motions)

1. **Resolution Authorizing the Ratification by Belize of the Agreement Establishing the European Union (EU) and Latin America and the Caribbean (LAC) International Foundation Motion, 2017.**

**SENATOR G. HULSE (Leader of Government Business and Minister of Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Immigration):** Mr. President, the Constitution and Foreign Affairs Committee has met and considered the Resolution Authorizing the Ratification by Belize of the Agreement Establishing the European Union (EU) and Latin America and the Caribbean (LAC) International Foundation Motion, 2017, and has agreed that it be returned back to the Senate for adoption.

I therefore move that the question be put.



**MR. PRESIDENT:** Honourable Members, the question is, **NOW, THEREFORE, BE IT RESOLVED** that the Senate authorizes the Government of Belize to ratify the Agreement establishing the Foundation.

All those in favour, kindly say aye; those against, kindly say no. I think the ayes have it.

**2. Resolution Authorizing the Ratification by Belize of the Agreement between the Government of the United Arab Emirates and the Government of Belize for the Promotion and Reciprocal Protection of Investments Motion, 2017.**

**SENATOR G. HULSE (Leader of Government Business and Minister of Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Immigration):** Mr. President, the Constitution and Foreign Affairs Committee has met and considered the Resolution Authorizing the Ratification by Belize of the Agreement between the Government of the United Arab Emirates and the Government of Belize for the Promotion and Reciprocal Protection of Investments Motion, 2017, and has agreed that it be returned back to the Senate for adoption.

I therefore move that the question be put.

**MR. PRESIDENT:** Honourable Members, the question is, **NOW, THEREFORE, BE IT RESOLVED** that the Senate authorizes the Government of Belize to ratify the Agreement.

All those in favour, kindly say aye; those against, kindly say no. I think the ayes have it.

**3. Resolution Authorizing the Ratification by Belize of the Agreement between the Government of the United Arab Emirates and the Government of Belize for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Motion, 2017.**

**SENATOR G. HULSE (Leader of Government Business and Minister of Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Immigration):** Mr. President, the Constitution and Foreign Affairs Committee has met and considered the Resolution Authorizing the Ratification by Belize of the Agreement between the Government of the United Arab Emirates and the Government of Belize for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Motion, 2017, and has agreed that it be returned back to the Senate for adoption.

I therefore move that the question be put.

**MR. PRESIDENT:** Honourable Members, the question is, **NOW, THEREFORE, BE IT RESOLVED** that the Senate authorizes the Government of Belize to ratify the Agreement.

All those in favour, kindly say aye; those against, kindly say no. I think the ayes have it.

**A D J O U R N M E N T**

**SENATOR G. HULSE (Leader of Government Business and Minister Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Immigration):** Mr. President, I now move that the Senate do now adjourn.

**MR. PRESIDENT:** Honourable Members, the question is that the Senate do now adjourn.

All those in favour, kindly say aye; those against, kindly say no. I think the ayes have it.

The Senate now stands adjourned.

The Senate adjourned at 12:13 P.M. to a date to be fixed by the President.

PRESIDENT

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