

Caribbean Development Bank and Development Finance Corporation (DFC)
Loan Agreement - A Project to Support the Financing of Tertiary Education
in Belize US\$6.0 Million Loan and Guarantee Motion, 2022.

WHEREAS, section 15(1) of the Development Finance Corporation Act, Chapter 279 of the Substantive Laws of Belize, Revised Edition 2020, 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 section 15 of the said Act 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, subsection (4) of section 15 of the said Act, as amended by Act No. 6 of 2022, further provides that any agreement, contract or other instrument effecting any borrowing or loan to the Corporation of or above the equivalent of five million dollars shall only be validly entered into pursuant to a resolution of the National Assembly authorizing the DFC to raise the loan or to borrow the money;

AND WHEREAS, the Caribbean Development Bank (CDB) has offered financing up to US\$6.0 million to the Development Finance Corporation (the Borrower), with the Government of Belize as Guarantor, for a dedicated Line of Credit for Education, consisting of CDB's Special Funds Resources (SFR) and Ordinary Capital Resources (OCR) to facilitate the financing of DFC's Student Loan Program; the Loan Agreement was approved by the CDB Board of Directors on 22nd September 2022; key terms and conditions of the Loan Agreement are as follows:

Loan Amount:	An amount equivalent to \$7.0 million (US\$3.5 million) from OCR and \$5.0 million (US\$ 2.5 million) from SFR;
Repayment Term:	68 equal or approximately equal and consecutive quarterly instalments, commencing five (5) years after the date of the loan agreement;
Interest Rate:	Variable rate on the OCR portion disbursed and outstanding from time to time; and a fixed rate of 0.75% per annum on the SFR portion disbursed and outstanding from time to time;
Payment Frequency:	Quarterly;

Commitment Fee: 0.25% per annum on any amount of the OCR Portion undisbursed from time to time; such fee shall accrue from the 60th day after the date of this Loan Agreement and shall be payable quarterly;

Implementation: Implement and administer the project in accordance with the Bank's Student Loan Scheme Guideline, and maintain procedures acceptable to the Bank for processing and making sub loans;

AND WHEREAS, section 7 (6) of the Finance and Audit (Reform) Act, 2005, provides that, before the Government offers any guarantee or some other form of security in support of a loan made directly to a private sector entity or a statutory body by any public or private bank, financial institution or capital market in or outside of 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 proceeds would significantly assist the DFC to improve its capacity to finance tertiary education in Belize which is key in promoting economic development, (i) approves that the DFC may borrow the said sum of US\$6.0 million from the CDB on the terms and conditions substantially as set out above and further authorizes the Board of Directors of the DFC to execute and deliver the Loan Agreement and other associated documents; and (ii) approves that all principal, interest, fees, premiums and other charges under the loan shall be tax, fee, duty or charge exempt as provided for in the loan and guarantee agreements; and (iii) 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 documents associated therewith.