

**Caribbean Development Bank - Agricultural and Industrial Line of Credit
for the Development Finance Corporation (DFC) – US\$12.5 Million – Loan
and Guarantee Motion, 2023.**

WHEREAS, Belize, as a member of the Caribbean Development Bank (the “Bank”), is eligible for development assistance in the form of loans, grants, and technical assistance from the Bank on such terms and conditions as may be agreed between Belize and the Bank from time to time;

AND WHEREAS, section 15(1) of the Development Finance Corporation Act, Chapter 279, 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 (4) of section 15 of Development Finance Corporation’s (Amendment) Act, 2022, further provides that the Aggregate Domestic Debt of or above five million Belize dollars (BZ\$5,000,000) 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 purpose of the DFC, as per section 4 of the Development Finance Corporation (Amendment) Act, 2022, is to expand and strengthen the economy of Belize by providing guarantees and funding on an economically and environmentally sustainable basis to those persons seeking financing, including those who would otherwise be unable to obtain funding from other sources on reasonable terms and conditions;

AND WHEREAS, the Bank has approved a line of credit to the DFC in the sum of US\$12.5 million to enable the DFC to on-lend to Micro, Small and Medium-sized Enterprises (MSMEs) within the Belizean economy, for agricultural and industrial purposes in the productive sector;

AND WHEREAS, the Line of Credit, with a fixed interest cost of 0.75% per annum, will also enable the DFC to better manage its interest rate risk noting that the cost of funds from the Bank’s ordinary capital resources has increased from 3.3% to 4.9% per annum and from other sources from 1.2% to 5.74% per annum during the period from November 2021, to date;

AND WHEREAS, the main terms and conditions of the Line of Credit are as follows:

Loan Amount:	US\$12,500,000 from the Special Fund Resources of the Bank;
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Purpose:	To support the financing of Sub loans to Micro, Small, and Medium-sized Enterprises (MSMEs) for agricultural and industrial credit in the productive sector;
Loan Term:	Principal repayment over twenty-five (25) years following five (5) years grace period;
Rate of Interest:	Interest shall be paid at the fixed rate of zero decimal seven five percent (0.75%) per annum on the loan disbursed and outstanding from time to time;
Disbursement Schedule:	The first disbursement shall be submitted by 30 th September 2023, with the loan being disbursed up to 31 st December 2026; both dates are subject to adjustment for a later date once specified in writing by the Bank;
Repayment Period:	To be repaid in 100 equal, or approximately equal, and consecutive quarterly installments on the amount drawn down, on each due date commencing on the first due date after the expiry of five (5) years following the date of this loan agreement or on such later due date as the Bank may specify in writing;
Commitment Period:	The loan shall be totally committed by the Borrower by 31 st December 2025, or on such later date as may be specified in writing by the Bank;
Security:	Government of Belize Sovereign Guarantee;

AND WHEREAS, a general condition of the Bank's lending programs is that the Principal, Interest, Fees, Premiums, and any other loan charge, shall be paid without any deduction or restriction whatsoever, exempt from any tax, fee, duty, or charge established or that may be established by the Borrower;

AND WHEREAS, under the provisions of 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 Line of Credit from the Bank to the DFC will increase the number of viable MSMEs leading to enhanced productive capacity to contribute to economic growth

and the export potential of Belize, and sustaining and creating employment opportunities, (i) approves that the DFC may borrow the said sum of US\$12.5 million from the Bank 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 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 Bank, on 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.