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BELIZE

No. HR29/1/13

HOUSE OF REPRESENTATIVES

Friday, 11th August 2023

10:00 A.M.

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SUPPLEMENTARY (2)

ORDERS OF THE DAY

7. Presentation of Reports from Select Committees.

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| No. HR214/1/13 - | Report from the Finance and Economic Development Committee on the Accounting Records (Maintenance) (Amendment) Bill, 2023. |
| No. HR215/1/13 - | Report from the Finance and Economic Development Committee on the Customs and Excise Duties (Amendment) Bill, 2023. |
| No. HR216/1/13 - | Report from the Finance and Economic Development Committee on the Saudi Fund for Development - Construction of Solar Energy Plant Project - 288,750,000 Saudi Riyals/US\$77 Million - Loan Motion, 2023. |
| No. HR217/1/13 - | Report from the Finance and Economic Development Committee on the Caribbean Development Bank - Agricultural and Industrial Line of Credit for the Development Finance Corporation (DFC) – US\$12.5 Million – Loan and Guarantee Motion, 2023. |
| No. HR218/1/13 - | Report from the Finance and Economic Development Committee on the Inter-American Development Bank – Water Supply and Modernization Program - US\$5.0 Million - Loan and Guarantee Motion, 2023. |

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

14. Public Business.

A. Government Business

I MOTIONS (*For Text of Motion see
Notice Paper attached*)

1. Saudi Fund for Development - Construction of Solar Energy Plant Project - 288,750,000 Saudi Riyals/US\$77 Million - Loan Motion, 2023.
(referred 19th May 2023.)
2. Caribbean Development Bank - Agricultural and Industrial Line of Credit for the Development Finance Corporation (DFC) – US\$12.5 Million – Loan and Guarantee Motion, 2023.
(referred 19th May 2023.)
3. Inter-American Development Bank – Water Supply and Modernization Program - US\$5.0 Million - Loan and Guarantee Motion, 2023.
(referred 19th May 2023.)

(The Honourable Prime Minister and Minister of Finance, Economic Development, and Investment)

II BILLS FOR SECOND READING

1. Accounting Records (Maintenance) (Amendment) Bill, 2023.

Bill for an Act to amend the Accounting Records (Maintenance) Act, Chapter 261:01 of the Substantive Laws of Belize, Revised Edition 2020; to require entities to maintain accounting records within Belize at its registered office or office of its registered agent in Belize; and to provide for matters connected therewith or incidental thereto.

(The Honourable Prime Minister and Minister of Finance, Economic Development, and Investment)

2. Customs and Excise Duties (Amendment) Bill, 2023.

Bill for an Act to amend the Customs and Excise Duties Act, Chapter 48 of the Laws of Belize, Revised Edition 2020; to implement the tenth phase of reduction of duties in accordance with the CARIFORUM-EU Economic Partnership Agreement; to implement the tenth phase of reduction of duties in accordance with the CARIFORUM-UK Economic Partnership Agreement; to vary the rates of duty on sanitary products; and to provide for matters connected therewith or incidental thereto.

(The Honourable Prime Minister and Minister of Finance, Economic Development, and Investment)

III COMMITTEE OF THE WHOLE HOUSE ON BILLS

IV BILLS FOR THIRD READING

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BELIZE

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HOUSE OF REPRESENTATIVES

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S U P P L E M E N T A R Y (2)

N O T I C E S O F Q U E S T I O N S A N D M O T I O N S

M O T I O N S

1. Saudi Fund for Development - Construction of Solar Energy Plant Project - 288,750,000 Saudi Riyals/US\$77 Million - Loan Motion, 2023.

(referred 11th August 2023.)

WHEREAS, the Saudi Fund for Development (SFD) (hereinafter referred to as “the Saudi Fund”) is a government organization that provides soft loans and grants to finance development projects and programs in developing countries;

AND WHEREAS, the Government of Belize has requested assistance from the Saudi Fund to provide partial financing for the construction of a Solar Energy Plant (hereinafter referred to as “the Project”);

AND WHEREAS, the Board of Directors of the Saudi Fund for Development has recently approved a Loan to the Government of Belize in the amount of Two Hundred Eighty-Eight Million Seven Hundred and Fifty Thousand (288,750,000) Saudi Riyals, (equivalent to approximately US\$77 Million), to assist in financing for the Project;

AND WHEREAS, the purpose of the Loan is to assist the Government of Belize in financing the construction of utility scale solar power plants with a total capacity of no less than 60 megawatts of solar PV generation, and supply and install solar panels to avoid emissions from the energy sector of the equivalent of about 60,000 tons of carbon dioxide equivalent per year through system efficiency and consumption of at least 100 GWH/year;

AND WHEREAS, the Project will consist of two main components whose activities will include the supply of PV modules, inverters, racking and mounting, cabling and wiring, and grid connection; the Project will contribute to adding sixty (60) megawatts of clean energy source to the national electricity grid;

AND WHEREAS, it is intended that the execution of the Program shall be carried out, on behalf of the Government, by the Central Executing Unit of the Ministry of Economic Development, acting as Executing Agency;

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

Lender:	The Saudi Fund for Development;
Loan Principal Amount:	Two Hundred Eighty-Eight Million Seven Hundred and Fifty Thousand

	Saudi Riyals (or approximately US\$77 million);
Loan Term:	Twenty (20) years (5 years grace period plus 15 years repayment period);
Grace Period:	Five (5) years from the effective date of the Loan Agreement;
Rate of Interest:	Fixed interest rate of two percent (2.0%) per annum on the principal amount withdrawn and outstanding from time to time;

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

NOW, THEREFORE, BE IT RESOLVED that this Honourable House, being satisfied that the loan proceeds, would have a positive impact on improving the reliability of the electrical network and reduce the cost of electricity to national electricity provider, as well as improve the energy sector and contribute to the economic development of Belize, approves, confirms and ratifies that the Government of Belize may enter into a Loan Agreement with the Saudi Fund for Development on the term and conditions set out above, and further authorizes the Minister of Finance to execute and deliver the said Loan Agreement and all other documents associated therewith with effect from 1st August 2023.

Cabinet’s recommendation to be signified.

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

(referred 11th August 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 the 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;
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 instalments 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.

Cabinet's recommendation to be signified.

3. Inter-American Development Bank – Water Supply and Modernization Program - US\$5.0 Million - Loan and Guarantee Motion, 2023.

(referred 11th August 2023.)

WHEREAS, Belize, as a member of the Inter-American 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, the Belize Water Services Limited (BWSL) is a state-owned water and sewage utility company whose mission is to improve the lives of consumers by delivering cost-effective and sustainable supply of high quality water and wastewater services, in an environmentally and socially responsible manner;

AND WHEREAS, on 31st May 2023, the Bank's Board of Executive Directors approved financing in the sum of US\$5 million, to assist the BWSL to be able to undertake its Water Supply and Modernization Program, on the condition, among others, that the Loan shall be guaranteed by the Government of Belize;

AND WHEREAS, the Program will consist of two components with the following specific objectives: (i) to increase access to water services in peri urban areas and rural villages near BWSL service areas, including the installation of pipes and water meters in Belmopan and Harmony Ville suburbs; and (ii) to improve the planning capacity and the operational financial performance of BWSL in selected service areas with a focus on climate change adaptation and mitigation, and will comprise of water disinfection, energy efficiency and smart metering technologies;

AND WHEREAS, the proposed program will be financed through an IDB direct investment loan to the BWSL up to the sum of US\$5,000,000, a non-reimbursable investment financing of US\$1.0 million and a Sovereign Guarantee

issued by the Government of Belize up to the sum of US\$5,000,000;

AND WHEREAS, the execution of the program shall be carried out by the BWSL, acting as the Executing Agency;

AND WHEREAS, the Bank has offered financing of up to **US\$5,000,000** to the BWSL (the Borrower) for the said Program, under the following terms and conditions:

Loan Principal Amount:	US\$5,000,000;
Disbursement Schedule:	Over a period of four (4) years from the effective date of the Loan Contract but may be extended subject to the consent of the Government of Belize and IDB;
Loan Term:	Twenty-five (25) Years inclusive of a sixty-six (66) month grace period on principal repayments;
Repayment Period	To be repaid in 39 approximately equal, semi-annual, and consecutive installments of about US\$128,205.12;
Purpose:	To reduce service gaps between urban and rural areas and to strengthen the institutional capacity of BWSL;
Rate of Interest:	Interest will be charged on the daily outstanding balance of the loan, as per the SOFR-Based Interest Rate, plus the applicable lending spread for the Bank's ordinary capital loans;
Credit Fee:	A Credit Fee will be charged on the undisbursed loan balance at a percentage to be established by the Bank on a periodic basis, not exceeding 0.75% per annum;

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 Loan proceeds would assist the Government of Belize in its continued efforts to expand the water distribution system of BWSL to meet current and future potable water demands for the citizens of Belize, as well as make advancements through the implementation of relevant technologies in the sector; (i) approves that the BWSL may borrow the said sum of US\$5.0 million from the IDB on the terms and conditions set out above, and further authorizes the Board of Directors of the BWSL 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 IDB, 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.

Cabinet's recommendation to be signified.

(The Honourable Prime Minister and Minister of Finance, Economic Development, and Investment)

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