

BELIZE

No. HR19/1/13

HOUSE OF REPRESENTATIVES

Monday, 12th December 2022

10:00 A.M.

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

ORDERS OF THE DAY

7. Presentation of Reports from Select Committees.

No. HR139/1/13 - Report from the Finance and Economic Development Committee on the Caribbean Development Bank and Development Finance Corporation (DFC) Loan Agreement - A Project to Support the Financing of Tertiary Education in Belize USD\$6.0 Million Loan and Guarantee Motion, 2022.

No. HR140/1/13 - Report from the Finance and Economic Development Committee on the International Cooperation and Development Fund Taiwan (ICDF Taiwan) Loan and Grant Agreement with the Development Finance Corporation (DFC) to Support the Sustainability of MSMEs in Belize USD\$5.0 Million Loan, Grant And Guarantee Motion, 2022.

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

No. HR141/1/13 - Report from the Constitution and Foreign Affairs Committee on the Auditor-General (Extension of Prescribed Age) Bill, 2022.

(The Honourable Chairman of the Constitution and Foreign Affairs Committee)

14. Public Business.

A. Government Business

I MOTIONS (*For Text of Motions see
Notice Papers attached*)

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

(referred 12th December 2022.)

2. International Cooperation and Development Fund Taiwan (ICDF Taiwan) Loan and Grant Agreement with the Development Finance Corporation (DFC) to Support the Sustainability of MSMEs in Belize USD\$5.0 Million Loan, Grant and Guarantee Motion, 2022.

(referred 12th December 2022.)

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

II BILL FOR SECOND READING

1. **Auditor-General (Extension of Prescribed Age) Bill, 2022.**

Bill for an Act to extend the prescribed age of a person to hold office as Auditor-General, or to act as Auditor-General; and to provide for matters connected therewith or incidental thereto, be read a second time.

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

III COMMITTEE OF THE WHOLE HOUSE ON BILL

IV BILL FOR THIRD READING



BELIZE**No. HR19/1/13****HOUSE OF REPRESENTATIVES**Monday, 12th December 2022

10:00 A.M.

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SUPPLEMENTARY (2)**NOTICES OF QUESTIONS AND MOTIONS****MOTIONS**

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

(referred 12th December 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;
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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 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.

2. **International Cooperation and Development Fund Taiwan (ICDF Taiwan) Loan and Grant Agreement with the Development Finance Corporation (DFC) to Support the Sustainability of MSMEs in Belize USD\$5.0 Million Loan, Grant and Guarantee Motion, 2022.**

(referred 12th December 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, Belize, as a member of the Inter-American Development Bank (IDB), 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 IDB has implemented a Global Credit Program for Safeguarding the Productive Sectors and Employment in Belize, under which IDB extended a US\$15 million loan facility to support the sustainability of the Micro, Small and Medium Enterprises (MSMEs) in Belize ("**IDB Program**");

AND WHEREAS, as part of the implementation of the IDB Program and Line of Credit (LOC) for US\$15.0 million, the IDB has played a coordinating role with the International Cooperation and Development Fund (ICDF) Taiwan in arranging co-finance with IDB, on a parallel basis, for substantially the same purposes and goals as the IDB Program with ICDF Taiwan for a LOC of US\$5.0 million ("Taiwan ICDF Program"); the facility is a part of ICDF Taiwan's efforts to support the sustainable recovery of MSMEs after the COVID-19 pandemic in Belize with a focus on Women and Green Financing; The lending program will also be accompanied by a **Grant component of US\$500,000**, which will be funded by the Ministry of Foreign Affairs, Republic of China (Taiwan), to facilitate DFC's efforts to strengthen its digitalization capabilities;

AND WHEREAS, the ICDF Taiwan has offered a financing facility to DFC for the said Program, under the terms and conditions of the Loan and Grant Agreement as follows:

A. Loan Component:

- 1. Loan Amount:** US\$5.0 million;
- 2. Program Objective:** The general objective is to support the sustainability of MSMEs as employment providers in Belize and to support the post-COVID economic recovery of MSMEs, especially those owned or led by women, through access to production-oriented finance;
- 3. Loan Administrator:** IDB will administer the loan (for an Administrative fee of 0.5% of the commitment), in accordance with this agreement and a separate Coordination Agreement; the Credit Regulations, which govern the IDB Facility, will be applicable in the implementation of this facility;
- 4. Commitment Period:** Roughly three (3) years from the date of the Agreement, i.e., to 31st December, 2025;
- 5. Interest Rate:** Fixed at 2%;

- 6. **Commitment Fee:** 0.75% on the undisbursed amount;
- 7. **Repayment Period:** 20 years, following 5 years of grace period;
- 8. **Payment Frequency:** Semi-annual;

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 provide affordable financing to support the sustainability of MSMEs in Belize, with a focus on Women and Green Financing, and to promote the economic recovery of MSMEs through access to production oriented financing, (i) approves that the DFC may borrow the said sum of US\$5.0 million from the ICDF Taiwan on the terms and conditions set out above and further authorizes the Board of Directors of the DFC to execute and deliver the Loan and Grant 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 grant, and guarantee agreements; and (iii) further approves and confirms that the Government may enter into a Guarantee Agreement with the ICDF Taiwan, on terms and conditions substantially as set out above and further authorizes the Minister of Finance to execute and deliver the said Guarantee Agreement and all documents associated therewith.

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

