

**Inter-American Development Bank – Water Supply and Modernization  
Program - US\$5.0 Million - Loan and Guarantee Motion, 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 31<sup>st</sup> 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.