



Lilia Burunciuc
Director, Caribbean
Latin America and the Caribbean Region

June 30, 2024

Honourable John Briceño
Prime Minister
Ministry of Finance, Economic Development, and Investment
Sir Edney Cain Building
Belmopan City
Belize

Dear Honourable John Briceño:

Climate Resilient Debt Clause – Amendment to Loan Agreements

We refer to the loan agreements entered into between Belize (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”) in respect of the Loans listed in Annex I to this letter (the “Loan Agreements”).

In connection with the Bank’s offer of the inclusion of the Climate Resilient Debt Clause (CRDC) in the loan agreements of certain eligible borrowers, we hereby confirm the Bank’s agreement to amend the relevant provisions of each of the Loan Agreements for the Loans listed in Annex I to this letter, so as to modify the General Conditions and Loan Agreements applicable to such Loans as provided in Annex II to this letter.

The amendments (set forth in Annex II to this letter) to the provisions of the Loan Agreements and the General Conditions incorporated by reference therein, are based on the versions of the General Conditions and template Loan Agreements, existing as of the date of this amendment. All Loan Agreements covered by this amendment are hereby amended in their equivalent provisions, to give full effect to the revisions set forth in Annex II hereto, regardless of differences in terminology or enumeration.

Please confirm your agreement with the foregoing by signing and dating this letter and the other enclosed original. Upon signing and dating both originals, please return to us one of the signed originals for our records and keep the other original for your records. This amendment shall become effective upon due execution by both parties.

Sincerely,

Diletta Doretti

Diletta Doretti
Acting Director, Caribbean
Latin America and the Caribbean Region

**AGREED:
BELIZE**

By: Christopher Coxe

Title: Minister of State - Ministry of Finance, Economic Development & Investment

Date: 01-Jul-2024

Cc:

Mr. Joseph Waight, Financial Secretary, Ministry of Finance, Economic Development and Investment

Mr. Carlos Pol, Ag. Chief Executive Officer, Ministry of Economic Development and Investment

Mr. Duane Belisle, Director, Policy and Planning Unit, Ministry of Finance, Economic Development & Investment

Ms. Rubiceli Perera, Ministry of Finance, Economic Development & Investment

Ms. Katharine Rechico, Executive Director, World Bank

Mr. Edward Tierney, Alternate Executive Director, World Bank

Mr. Ranse Brian Mark Langrin, Advisor to the Executive Director, World Bank

Mr. George Richardson, Director, Global Head of Capital Markets, World Bank

Mr. Junxue Chu, Director, World Bank

Mr. Miguel Navarro-Martin, Manager, World Bank

Ms. Patricia De la Fuente Hoyes, Manager, World Bank

Mr. David A. Tan, Manager, World Bank

Mr. Victor Ordonez, Senior Finance Officer, World Bank

Ms. Gaukhar M. Kaliaskarova, Senior Counsel, World Bank

Mr. Isaias Losada Revol, Senior Counsel, World Bank

Mr. Jake Jungkwan Kim, Financial Officer, World Bank

Mr. Jose C. Janeiro, Senior Finance Officer, World Bank

Ms. Lelia Sampaio Werner, Finance Analyst, World Bank

Ms. Marina Batkovic, Finance Analyst, World Bank

ANNEX I**List of Loans by Project Name and Number**

| Project Id | Financier | Loan Number | Project Name |
|-------------------|------------------|--------------------|-------------------------------|
| P111928 | IBRD | 79580 | BZ Municipal Development |
| P127338 | IBRD | 84160 | BZ Climate Resilient Infrast. |
| P172592 | IBRD | 93470 | BELIZE-CRESAP |
| P177987 | IBRD | 93440 | Belize COVID-19 Project |

ANNEX II

Amendments to General Conditions applicable to Loans

1. New Section 4.06 is introduced as follows¹:

“Section 4.06. *Early Termination.*

Except as otherwise provided in the Conversion Guidelines, upon the early termination of any Conversion by either the Bank, or the Borrower: (i) the Borrower shall pay a transaction fee for the early termination, in such amount or at such rate as announced by the Bank from time to time and in effect at the time of the early termination of the Conversion; and (ii) the Borrower or the Bank shall pay an Unwinding Amount, if any, for the early termination (after setting off any amounts owed by the Borrower to the Bank), in accordance with the Conversion Guidelines. Transaction fees provided for under this paragraph and any Unwinding Amount payable by the Borrower pursuant to this paragraph shall be paid not later than sixty (60) days after the effective date of the early termination.”

2. In paragraph [75²] of the Appendix, the term “Loan Payment” is modified to read as follows:

“[75]. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, any deferred amount pursuant to the Loan Agreement and any interest thereon, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any surcharge, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

3. The following definitions of new terms are inserted in the Appendix as paragraphs [114-121], respectively:

“[114]. “CRDC” or “Climate Resilient Debt Clause” means a mechanism established in the Loan Agreement allowing the eligible Borrower to defer certain payments of principal and/or interest (and other Loan charges) during a Deferral Period upon occurrence of an Eligible Event.

¹ Applicable to the General Conditions prior to 2017 edition.

² References to the sections here and the remainder of the document are to references to the relevant provisions in the General Conditions for IBRD Financing Investment Project Financing, dated December 14, 2018 (Last revised on July 15, 2023). Amended terms apply to the corresponding equivalent provisions in the General Conditions of other vintages as applicable, with appropriate adjustment to their terminology or enumeration. To account for such differences in terminology or enumeration, references herein are placed in brackets.

- [115]. “CRDC Terms and Conditions” means the Climate Resilient Debt Clause terms and conditions, as issued and revised from time to time, by the Bank, in effect at the time of the Payment Deferral request.
- [116]. “Deferral Period” means the period of up to 24 (twenty-four) months, during which the Payment Deferral is activated pursuant to the provisions of the Loan Agreement.
- [117]. “Eligible Event” means (i) an earthquake; and/or (ii) a tropical cyclone affecting the Borrower, corresponding to the parameters established by the Bank in the CRDC Terms and Conditions, which may constitute a Payment Deferral Trigger.
- [118]. “Interest Payment Deferral” means a one-time temporary deferral of payment of Interest and other applicable Loan charges during a Deferral Period, requested by the Borrower, and activated by the Bank pursuant to the provisions of the Loan Agreement.
- [119]. “Payment Deferral” means a Principal Payment Deferral and/or Interest Payment Deferral, requested by the Borrower and activated by the Bank pursuant to the provisions of the Loan Agreement.
- [120]. “Payment Deferral Triggers” means the set of primary and secondary triggers based on the Eligible Events established by the Bank in the CRDC Terms and Conditions, which, upon verification by the Bank in accordance with the CRDC Terms and Conditions, serve as the basis for an activation of a Payment Deferral.
- [121]. “Principal Payment Deferral” means the one-time temporary deferral of repayments of the Withdrawn Loan Balance during a Deferral Period, requested by the Borrower, and activated by the Bank pursuant to the provisions of the Loan Agreement.”

Amendments to Loan Agreements³

1. Relevant Sections of the Loan Agreements relating to the repayment obligations of the Borrower are modified to read as follows:

“[2.07]. Except as provided in Section [2.08] below, the principal amount of the Loan shall be repaid in accordance with Section [3.03] of the General Conditions and Schedule [3] to this Agreement.”

2. Article [II] of the Loan Agreements are modified by adding new Sections at the end, in accordance with the applicable numbering sequence, as follows:

“[2.--]. (a) Upon occurrence of an Eligible Event and issuance of a government declaration of national emergency, the Borrower may request the Bank to activate:

³ References to the sections here and the remainder of the document are to references to the relevant provisions in the Loan Agreements model as of the date of this amendment. Amended terms apply to the corresponding equivalent provisions in the individual Loan Agreements as applicable, with appropriate adjustment to their terminology or enumeration. To account for such differences in terminology or enumeration, references herein are placed in brackets.

- (i) the Principal Payment Deferral in respect of a portion or all of the Withdrawn Loan Balance; and/or (ii) Interest Payment Deferral; for the Deferral Period, provided that such request shall be made no earlier than in respect of the first Principal Payment Date and no later than the fifth anniversary prior to the final maturity of the Loan. Such request and any activation shall be made in accordance with the CRDC Terms and Conditions in effect at the time of the submission of the request, the provisions of which are hereby incorporated by reference and form an integral part of this Agreement. The activation of the Payment Deferral may occur only once during the term of the Loan.
- (b) At the time of requesting the Principal Payment Deferral pursuant to the provisions of paragraph (a) of this Section 2.0[8], the Borrower may also request repayment provisions different from those set out in Schedule [3] to this Agreement for a portion or all of the Withdrawn Loan Balance for which Principal Payment Deferral is requested, provided that: (i) the average maturity of the Withdrawn Loan Balance after the Deferral Period equals the original average maturity of such Withdrawn Loan Balance prior to the Principal Payment Deferral request and the final maturity of the Withdrawn Loan Balance after the Deferral Period will not exceed the original final maturity of such Withdrawn Loan Balance prior to the Principal Payment Deferral request; and (ii) such repayment provisions have been agreed between the Borrower and the Bank.
- (c) Upon verification by the Bank of the occurrence of the applicable Payment Deferral Trigger, the Bank shall take such actions as necessary to implement the Payment Deferral in accordance with the terms of this Agreement and the CRDC Terms and Conditions. Effective the date of the activation of the Payment Deferral as notified by the Bank to the Borrower, the provisions of this Agreement providing for repayment of the proceeds of the Loan, including the provisions of Schedule [3], shall be deemed to have been modified, as applicable. The Bank shall notify the Borrower of the applicable financial terms of the Loan, including any revised amortization provisions, if applicable, at the time of the Payment Deferral activation or promptly thereafter.
- (d) In the event the Interest Payment Deferral is activated, the Borrower shall pay to the Bank interest on any such deferred amount at the rate set forth in Section [2.05] of this Agreement until such time as the deferred amount is fully paid to the Bank. Such interest shall accrue from the respective dates when the relevant amounts are deferred after the Interest Payment Deferral is activated and shall be payable on the remaining Payment Dates after the Deferral Period.
- (e) The Payment Deferral shall not be activated, if the events specified in Section [7.02 (a)] or [7.07 (a)] of the General Conditions occurs and is continuing, provided, however, that the Payment Deferral, upon its activation, shall not constitute an event described in Sections [7.02 (a)] or [7.07 (a)] of the General Conditions. Furthermore, the Borrower shall continue to pay all applicable and accrued Loan Payments during the Deferral Period, except the amounts that have been deferred pursuant to the activated Payment Deferral as described herein.
- (f) If the Withdrawn Loan Balance or any interest and other applicable Loan charges, to which the request for Payment Deferral relates, is subject to a Currency Conversion then in effect, the Borrower and the Bank shall agree to amend or terminate such

Currency Conversion. In the event of an early termination of such Currency Conversion prior to the end of its Conversion Period as a result of the Payment Deferral, the provisions of Section [4.06(b)] of the General Conditions shall apply.”