Belize
Guarantee Agreement
(Second Caribbean Development Bank Project)
between
BELIZE
and
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated November 30, 1982
BELIZE
GUARANTEE AGREEMENT

AGREEMENT, dated November 30, 1982, between BELIZE (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) by the Loan Agreement, dated January 9, 1980, between the Bank and Caribbean Development Bank (hereinafter called the Borrower) the Bank has agreed to make to the Borrower a loan in various currencies equivalent to twenty-three million dollars ($23,000,000), on the terms and conditions set forth in the Loan Agreement, the proceeds whereof are to be used for Sub-loans to finance Investment Projects and Regional Investment Projects located in the states and territories of the Borrower's regional members;

(B) the Loan Agreement provides, inter alia, that no proceeds of the Loan may be withdrawn in respect of a Sub-loan unless there shall have been provided to the Bank a guarantee satisfactory to the Bank for repayment by the Borrower to the Bank of the part of the Loan equivalent to the full amount of such Sub-loan together with all interest and other charges thereon; and

(C) the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to provide for such purposes a guarantee in respect of Sub-loans as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated March 15, 1974, with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said General Conditions Applicable to Loan
Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

ARTICLE II

Guarantee

Section 2.01. (a) The Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan, and the premium, if any, on the prepayment of the Loan, all as set forth in the Loan Agreement, to the extent of the amounts of the Loan withdrawn for Sub-loans to the Guarantor or, with the approval of the Guarantor, to any agencies or instrumentalities thereof, and, additionally, all Sub-loans for the Investment Project or Investment Projects described in Schedule 1 to this Agreement, as such Schedule may be amended from time to time by agreement between the Guarantor and the Bank, to the extent part or all of the aforesaid amounts of the Loan have not been repaid to the Bank, and together with any interest and other charges, including any premium on advanced repayment outstanding thereon.

(b) The Guarantor also hereby unconditionally and in proportion to the proprietary interests of nationals of the Guarantor in the Investment Enterprise carrying out the Investment Project for which the Sub-loan shall have been made or in such other proportion as may be agreed between the Guarantor and the Bank, guarantees, as primary obligor and not as surety merely, the due and punctual payment of the appropriate portion of the principal of, and interest and other charges on, the Loan and of the premium, if any, on the advanced repayment of the Loan, all as set forth in the Loan Agreement, in respect of the amounts of the Loan withdrawn for all Sub-loans for Regional Investment Projects located in the territories of the Guarantor or from which the Guarantor shall be likely to benefit and which shall be described in Schedule 2 to this Agreement, as such Schedule may be amended from time to time by agreement between the Guarantor and the Bank, to the extent part or all of the aforesaid amounts have not
been repaid to the Bank, and together with any interest, other charges and premiums outstanding thereon.

**ARTICLE III**

**Other Covenants**

Section 3.01. (a) It is the policy of the Bank, in making loans to, or with the guarantee of, its members not to seek, in normal circumstances, specific security from the member concerned but to ensure that no other external debt shall have priority over its loans in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member. To that end, if any lien shall be created on any public assets (as hereinafter defined), as security for any external debt, which will or might result in a priority for the benefit of the creditor of such external debt in the allocation, realization or distribution of foreign exchange, such lien shall, unless the Bank shall otherwise agree, *ipso facto*, and at no cost to the Bank, equally and ratably secure the obligations of the Guarantor to the Bank under Section 2.01 of this Agreement, and the Guarantor, in creating or permitting the creation of such lien, shall make express provision to that effect; provided, however, that, if for any constitutional or other legal reason such provision cannot be made with respect to any lien created on assets of any of its political or administrative subdivisions, the Guarantor shall promptly and at no cost to the Bank secure the obligations of the Guarantor to the Bank under Section 2.01 of this Agreement by an equivalent lien on other public assets satisfactory to the Bank.

(b) The foregoing undertaking shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property or as security for the payment of debt incurred for the purpose of financing the purchase of such property; and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) As used in this Section, the term "public assets" means assets of the Guarantor, of any political or administrative subdivision thereof and of any entity owned or controlled by, or operating for the account or benefit of, the Guarantor or any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or
exchange stabilization fund, or similar functions, for the Guarantor.

Section 3.02. The Guarantor covenants that it will not take, or cause or permit any of its political subdivisions or any of its agencies or any agency of any such political subdivision to take, any action which would prevent or interfere with the performance by the Borrower of its obligations contained in the Loan Agreement and will take or cause to be taken all reasonable action necessary or appropriate to enable the Borrower to perform such obligations.

ARTICLE IV

Representative of the Guarantor; Addresses

Section 4.01. The Minister of the Guarantor is designated as representative of the Guarantor for the purposes of Section 11.03 of the General Conditions.

Section 4.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Guarantor:

Ministry of Finance
Government of Belize
Belize

Cable address: Telex:

Ministry of Finance
Belize

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: Telex:

INTBAFRAD 440098 (ITT)
Washington, D.C.

440098 (ITT)
IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be executed in Belmopan, Belize and in the District of Columbia, United States of America, and delivered in said District of Columbia, all in their respective names and as of the day and year first above written.

BELIZE

By

/\ George Price, Prime Minister

Minister of Finance

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

/\ Nicolas Andrioto-Barletta

Regional Vice President
Latin America and the Caribbean
SCHEDULE 1

Investment Projects
SCHEDULE 2

Regional Investment Projects