

**RESOLUTION NO.**

**PARLIAMENT**

**WHEREAS** by virtue of section 4 of *Debt Conversion (Counter-Guarantee) Act, 2022-12*, the Government may with the approval of Parliament, enter into counter-guarantee agreements to allow the Government to buy back Eurobonds due 2029 and prepay Series E debt.

**AND WHEREAS** the Government may by resolution of both Houses of Parliament, enter into counter-guarantee agreements in respect of guaranteed payments of principal and interest due in respect of loans to be used to buy back Eurobonds due 2029 and prepay Series E debt, on such terms and conditions as it thinks fit, but such guaranteed amounts shall not exceed the sum of BBD 300 million dollars, exclusive of the interest payable thereon;

**AND WHEREAS** the Government is seeking a guarantee of approximately BBD 200 million from the Inter-American Development Bank and to enter into a corresponding counter-guarantee on the terms and conditions of an Agreement, the main provisions of which are set out in the *First Schedule* to this Resolution;

**AND WHEREAS** the Government is seeking a guarantee of up to approximately BBD 100 million from The Nature Conservancy and to enter into corresponding counter-guarantee on the terms and conditions of an Agreement, the main provisions of which are set out in the *Second Schedule* to this Resolution;

**AND WHEREAS** the Government commits to use low cost guaranteed funding to buyback or prepay more expensive existing debt and pay the net savings over 15 years to a local trust which will manage conservation work on the terms and conditions of the Conservation Funding Agreement, the main provisions of which are set out in the *Third Schedule* of this Resolution;

**AND WHEREAS** the Government commits that the local trust will use the proceeds under the Conservation Fund Agreement to pursue environmental milestones as outlined in the Conservation and Sustainability Commitments Agreement, the main provisions of which are set out in the *Fourth Schedule* of this Resolution;

**BE IT RESOLVED** that Parliament approve the counter-guarantee agreements with the Inter-American Development Bank and The Nature Conservancy of up to approximately BBD 300 million, to enable the Government to buyback or prepay more expensive existing debt on the terms and conditions of the Agreements, the main provisions of which are set out in the *First Schedule* and *Second Schedule* respectively;

**AND BE IT RESOLVED** that Parliament approve the Conservation Funding Agreement for the purpose of paying the net savings over 15 years to a local trust which will manage conservation work, the main provisions of which are set out in the *Third Schedule*;

**AND BE IT RESOLVED** that Parliament approve the environmental and conservation commitments under the Conservation and Sustainability Commitments Agreement, the main provisions of which are set out in the *Fourth Schedule*;

**APPROVED** by the House of Assembly this            day of            ,  
, Two Thousand and Twenty-two.

**Speaker**

**APPROVED** by the Senate this            day of            ,  
, Two Thousand and Twenty-two.

**President**

## FIRST SCHEDULE

**TERMS AND CONDITIONS**

Facility:	Counter-guarantee
Counter-Guarantor:	Inter-American Development Bank (IADB)
Borrower:	Government of Barbados
Counter-Guarantee Amount:	up to BBD 200 000 000.
Purpose:	To buyback or prepay more expensive existing debt and pay the net savings over 15 years to a local trust which will manage conservation work
Terms:	20 years with a Weight Average Life of up to 12.75 years
Drawn amounts:	Any amounts drawn under the Guarantee will not be reinstated. Any reimbursement made will not be available for new Guaranteed Payments.
Conditions Precedent:	<ul style="list-style-type: none"><li>(a) the contract has entered the force;</li><li>(b) legal opinion;</li><li>(c) satisfaction of the bank of the structuring of the guaranteed instrument;</li><li>(d) designation of officials with authentic copies of the signatures of said representatives;</li><li>(e) complied Policy conditions;</li></ul>

*First Schedule - (Cont'd)*

Conditions Precedent  
(Concl'd):

- (f) The Counter-Guarantor
- (i) shall be in compliance with all the obligations provided under this Contract; and
  - (ii) shall not be in default for a period longer than thirty (30) days of any payment obligation set forth in this Contract or under any other contract entered into with the Bank.

Guarantee fee:

The Guarantee fee shall be paid semi-annually, calculated using the variable lending ending spread applicable to sovereign guaranteed loans granted by the Bank and financed with resources from the Bank's ordinary capital. First payment due on the expiration date of the 6-month period following the date of entry into force of the Guarantee Contract.

Standby fee:

The Standby fee shall not exceed 0.75% per annum and will begin to accrue from the date of signature until the date in which the Guaranteed Amount is one hundred percent (100%) callable.

Payments under  
the Guarantee:

The payments under the guarantee to be made upon receipt of a payment demand. IADB will not be required to make any investigation as to whether the information contained in it is correct.

Reimbursement:

To be reimbursed within a period of not more than 180 days. An amortization schedule may be agreed to through written agreement with the counter guarantor established under the Bank's guarantee policy, the Flexible Financing Facility and Chapter III and V of the General Conditions.

*First Schedule - (Concl'd)*

- Interest rate: Semi-annually due on the 15<sup>th</sup> day of the month. SOFR-Based Interest Rate plus the applicable lending spread for the Bank's ordinary capital loans.
- Early Disbursement Event:
- (a) The Bank may make an early disbursement of the Guarantee through a deposit in an escrow account nominated by and for the benefit of the Guaranteed Creditors, if any default events.
  - (b) In the event that the Bank makes an Escrow Payment equivalent to the Maximum Guaranteed Amount, the Bank's Guarantee will be canceled once the Guaranteed Creditors have been notified. Upon the occurrence of an Early Disbursement Event of the Guarantee, it is the right of the Bank to declare that the Outstanding Balance or a portion thereof is immediately due and payable.

## SECOND SCHEDULE

**TERMS AND CONDITIONS**

Facility:	Counter-guarantee
Counter-Guarantor:	The Nature Conservancy (TNC)
Borrower:	Government of Barbados
Counter Guarantee Amount:	up to BBD 100 000 000.
Purpose:	To buyback or prepay more expensive existing debt and pay the net savings over 15 years to a local trust which will manage conservation work
Terms:	20 years from date of entry into force
Amounts drawn:	Any amounts drawn under the Guarantee will not be reinstated.
Conditions Precedent:	<ul style="list-style-type: none"><li>(a) duly executed agreements;</li><li>(b) legal opinions;</li><li>(c) each of the representations and warranties made be true and correct in all material respects;</li><li>(d) satisfaction of the bank of the structuring of the blue loan agreement;</li><li>(e) designation of officials with authentic copies of the signatures of said representatives;</li></ul>

*Second Schedule - (Cont'd)*

Conditions Precedent (Concl'd):	(f) The Counter-Guarantor <ul style="list-style-type: none"> <li>(i) shall be in compliance with all the the obligations provided under this Contract and each other Transaction Document; and</li> <li>(ii) shall not be in default for a period longer than thirty (30) days of any payment obligation under any other contract entered into with TNC or IADB.</li> </ul>
Guarantee fee:	0.90% per annum on maximum guaranteed amount payable semi-annually beginning 6 months following date of entry into force on the 20 <sup>th</sup> of the month
Conservation Advisory Payment:	BBD 180,000 for 1-5 years BBD 140,000 until maturity (aggregate payments shall not exceed BBD 2.30M)
Reimbursement:	Within 180 days from guaranteed payment made by TNC. TNC, in its sole discretion, and through written agreement with the Counter-Guarantor, may agree to a payment schedule that is different than the one specified.
Interest rate:	Highest coupon on the blue loan agreement
Default Interest rate:	Interest rate plus 1%



*Second Schedule - (Concl'd)*

## Prepayment:

- (a) TNC may make an early disbursement through a deposit in an escrow account nominated by and for the benefit of the Guaranteed Creditors, if any default of the events.
- (b) In the event that TNC makes an Escrow Payment equivalent to the Maximum Guaranteed Amount, the Guarantee will be canceled once the Guaranteed Creditors have been notified. Upon the occurrence of an Early Disbursement Event of the Guarantee, the right of the TNC to declare that the Outstanding Balance or a portion thereof is immediately due and payable will be exercisable by TNC.

## THIRD SCHEDULE

**TERMS AND CONDITIONS**

The main financial terms and conditions of the Conservation Funding Agreement are as follows:

Payment Schedule:	Net savings achieved through guaranteed funding and debt conversion to be paid over 15 years in semiannual installments at 0% interest
Late Payment Charge:	Rate per annum equal to the sum of (a) the highest annual [coupon] on the blue loan agreement plus (b) one percent (1%).
Expenses:	50% of all cost and expense
Natural Disaster Clause:	Yes
Pari Passu Clause:	Yes
Termination Events:	Yes
Payments under the Fund:	<p>Following receipt of any payment made pursuant to the Conservation Funding Agreement on each Payment Date, BESF shall apply all such amounts in the following order of priority:</p> <ul style="list-style-type: none"> <li>(a) first, BESF shall set aside an amount necessary to fund fifty percent (50%) of the general, administrative and operation expenses of BESF for that year, subject to the annual limit set.</li> <li>(b) second, for each Payment Date that occurs in the first seven (7) years from the Effective Date, BESF shall retain an amount that is 50% of the amount to be applied by BESF towards grants for Barbados in the context of the development of the MSP; and</li> </ul>

*Third Schedule - (Concl'd)*

Payments under the Fund  
(Concl'd):

- (c) third, after setting aside the amounts set forth in clauses (a) and (b) above received by BESF as of such Payment Date, commit any remaining amounts of such payment as grants to third parties in accordance with the requirement under Exhibit A (Conservation Fund Terms) of the Agreement.

## FOURTH SCHEDULE

**TERMS AND CONDITIONS**

The following milestones are agreed under the Conservation and Sustainability Commitments Agreement, which include the value of having a Marine Spatial Plan (MSP) i.e. what Barbados is willing to commit to achieving over the next 5 to 7 years; the supporting frameworks/tools/systems for MSP preparation and long term sustainability.

**Milestone 1: Initiation of the MSP**

No later than three (3) months after the signing of the Counter Guarantee Agreements (“CGA” or the “Agreement”), Barbados shall initiate the process of developing a MSP for its Ocean by the

- (a) designation of a Government of Barbados ministry or agency to lead and manage MSP process; and
- (b) establish a MSP project-steering committee (“MSP Steering Committee”) comprised of both
  - (A) senior level officers or employees from governmental agencies; and
  - (B) qualified representatives from non-governmental organizations.

*Fourth Schedule - (Cont'd)***Milestone 2: Completion of First Draft of Zoning Design**

No later than thirty-six (36) months after the date of signing of the Conservation and Sustainability Commitments Agreement, the government shall complete a first draft of the marine zoning design for the complete area of affected Ocean showing at least three (3) spatial scenarios that could achieve up to an aspirational goal of 30% biodiversity protection, including at least one option evaluating the potential for 15% in High Protection Biodiversity Zones and 15% in Medium Protection Biodiversity Zones that would allow for long-term, sustainable, effective management of Barbados' Ocean resources. The draft zoning design will include spatial maps in sufficient detail to allow visual assessment of each proposed area of protected space in each scenario, the rationale for each Zone area including estimates of km<sup>2</sup>, percentage of Ocean, biodiversity significance, existing uses and activities, existing maritime zones, threats or pressures, and proposed categorization as High or Medium Protection Biodiversity Zones. The zoning design spatial scenarios will be evidence-based, using all relevant data and information, including participatory mapping and other sources of information collected for appropriate marine spatial models and planning tools. Evidence of stakeholder engagement and participation shall be included in the Milestone Report.

**Milestone 3: Government Approval of**

- (a) Legislation and Regulations to Declare Marine Biodiversity Protection Zones/MPAs; and**
- (b) MSP Institutional Frameworks**

No later than four (4) years and six (6) months after the date of signing of the Conservation and Sustainability Commitments Agreement, the Government shall:

- (a) approve the legislation and regulations that allows for the legal declaration, Gazetting, and management of feasible marine Biodiversity Protection Zones/MPAs (identified as part of the MSP process), including bestowing of authority to an appropriate government agency / agencies for monitoring and enforcement;
- (b) approve and effect the institutional framework required for MSP implementation; and
- (c) legally declare and Gazette 10% of Ocean under biodiversity protection, if deemed feasible within the scientific analysis provided by the MSP.

*Fourth Schedule - (Cont'd)***Milestone 4: Completion of the MSP, Gazetting of Biodiversity Protection Zones/MPAs and MSP implementation**

No later than five (5) years after signing the Agreement Barbados shall,

- (a) have completed the MSP;
- (b) legally declared and Gazetted as MPAs whichever is the lower of either
  - (i) an aspirational goal of 30% of Ocean, with at least 15% in High Protection Biodiversity Zones and at least 15% in Medium Protection Biodiversity Zones; or
  - (ii) the percentage of Ocean declared as MPAs, with percentages of High Protection Biodiversity Zones and Medium Protection Biodiversity Zones deemed achievable in the MSP; and
- (c) Implement the MSP.

**Milestone 5: Government Approval and Adoption of Management Plans**

No later than seven (7) years and six (6) months after the date of signing of Conservation and Sustainability Commitments Agreement, Barbados shall have

*Fourth Schedule - (Concl'd)*

- (a) approved Management Plans for each Gazetted Biodiversity Protection Zone MPA; and
- (b) the agency(s) with authority over such plans shall have adopted a Management plans support of Barbados 's goals for longterm, sustainable, effective management of their Ocean using, but not limited to, strategies for protected area management, aligned with recognized standards.



**ADDENDUM**

This Resolution seeks the approval of Parliament for the Government to enter the counter-guarantee agreements, the conservation funding agreement and the conservation and sustainability commitments agreement on the terms and conditions contained in agreements, the main provisions of which are set out in the *Schedules* to this Resolution.

The said agreements are pursued to facilitate the financing of marine conservation in Barbados.