

**AGREEMENT BETWEEN  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND  
THE GOVERNMENT OF BELIZE REGARDING A DEBT-FOR-NATURE SWAP  
TO PREPAY AND CANCEL CERTAIN DEBT OWED BY THE GOVERNMENT OF  
BELIZE TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND ITS  
AGENCIES**

The Government of the United States of America and the Government of Belize,

*Seeking to* facilitate the conservation, protection, restoration, and sustainable use and management of tropical forests in Belize, which provide a wide range of benefits to humankind,

*Noting* that rapid rates of tropical deforestation and forest degradation continue to be serious problems in many regions of the world,

*Recognizing* that the alleviation of external debt in the context of broader economic reforms can reduce economic pressures on countries and result in increased protection for tropical forests,

*Further recognizing* the Government of Belize's strong record in implementing market-based economic reforms including sustained efforts to liberalize its investment regime,

*Wishing to* ensure that resources freed from debt are targeted for the conservation of tropical forests,

*Further recognizing* The Nature Conservancy's interest in tropical forest protection in Belize, and the success of non-governmental organizations in Belize in conserving and managing tropical forest land in Belize, and

*In furtherance of* the goals of the U.S. Tropical Forest Conservation Act of 1998, Public Law No. 105-214, and the Foreign Operations, Export Financing, and Related Programs Appropriations Act, FY 2000, Public Law No. 106-113,

Have agreed as follows:

**ARTICLE I  
DEFINITIONS**

- .1. Defined Terms. The capitalized terms contained and used in this Agreement which are defined below shall have the respective meanings ascribed to them as follows:

- (a) "Agreement" means this agreement, as it may be amended from time to time.
- (b) "Belize NGOs" mean, collectively, BAS, PfB, the PACT Foundation, and TIDE, or successor of, any of the foregoing.
- (c) "BAS" means the Belize Audubon Society, a not-for-profit corporation organized under the laws of Belize, and any of its successors.
- (d) "Business Day" means any day on which the Government of the United States and the Government of Belize are both open for business.
- (e) "Closing" has the meaning set forth in Section 2.3.
- (f) "Closing Date" means the Business Day upon which the conditions precedent to effectiveness specified in Article III have been satisfied or waived, which date shall be no later than September 30, 2001, or such later Business Day as may be agreed by the Parties and TNC in writing before September 30, 2001.
- (g) "Crown Block Land" means Crown Block 127 which constitutes approximately 11,000 acres of tropical forest land in the Maya Mountain Marine Transect in the Toledo District of Belize to be sold and transferred, free of all liens and encumbrances under the laws of Belize, by GOB to TIDE on or before the Closing Date and, thereafter, held in trust for the people of Belize.
- (h) "Debt Restructuring Account" means the "Debt Restructuring Program Account," Account # 11X0091 at the U.S. Department of the Treasury.
- (i) "Escrow Account" means an interest-bearing account at the U.S. Department of the Treasury into which GOB shall deposit the Escrow Amount.
- (j) "Escrow Amount" means the amount of U.S.\$710,152, which sum is approximately equal to the amount, in the aggregate, that GOB is obligated to pay pursuant to the Forest Conservation Agreement in the first contract year of such agreement.
- (k) "Forest Land" means the MMMT Land and the Crown Block Land.
- (l) "Forest Conservation Agreement" means the Forest Conservation Agreement, to be entered into among BAS, PfB, PACT, TIDE, TNC, and GOB pursuant to which the parties thereto agree to promote activities designed to conserve, maintain, or restore the tropical forests of Belize, including the Forest Land.

- (m) "GOB" means the Government of Belize, its agencies and instrumentalities.
- (n) "Local Currency" means the legal tender of Belize (\$BZ) in effect as of the date of the Agreement's entry into force or any other legal tender of Belize that may come into effect on a subsequent date.
- (o) "MMMT Land" means the approximately 12,000 acres of tropical forest land in the Maya Mountain Marine Transect in the Toledo District of Belize that includes (i) the TIDE Land, and (ii) the New Preserve Land.
- (p) "New Preserve Land" means the approximately 7,800 acres of real property located in the Maya Mountain Marine Transect in the Toledo District of Belize that, as of the date hereof, is owned in separate lots by private individuals. Pursuant to the Forest Conservation Agreement, TIDE will agree to (i) use its reasonable efforts to purchase all or part of the New Preserve Land after the Closing Date in accordance with the terms and conditions set forth in the Forest Conservation Agreement, and (ii) dedicate any New Preserve Land purchased by TIDE to public use and hold it in trust for the people of Belize.
- (q) "NGO Endowments" means the separate endowments of each of TIDE, PFB and BAS, capitalized through a stream of payments to be received from GOB in accordance with the terms of the Forest Conservation Agreement, that will be used to fund future conservation-related management of forested lands in Belize.
- (r) "Outstanding USAID Interest" means any interest accruing, due and unpaid on the Outstanding USAID Obligations from the date of the last payment made by GOB to the USAID Account to the date of and including the day of the Closing Date.
- (s) "Outstanding USAID Obligations" means Loan 505-K-004A, Loan 505-K-004B and Loan 505-K-004D under the agreement entitled "Loan and Grant Agreement between the Government of Belize and the Government of the United States of America Acting through the Agency for International Development for Economic Stabilization," dated February 28, 1985, that obligates GOB to repay principal and interest on debt whose outstanding principal amounts to U.S.\$6,359,031.18, U.S.\$1,907,709.29, and U.S.\$ 317,951.52, respectively, as of July 31, 2001.
- (t) "PACT" means the Protected Areas Conservation Trust, a Belizean entity created pursuant to the PACT Act, and any of its successors.
- (u) "PACT Act" means the Protected Areas Conservation Trust Act, (Chapter 218), a Belizean law.
- (v) "PACT Endowment" means an endowment managed by the board of the PACT

Foundation, capitalized through a stream of payments to be received from GOB in accordance with the terms of the Forest Conservation Agreement, the interest of which will, upon the endowment's establishment, fund annual expenditures for the stewardship of forested lands in Belize, which lands shall be managed by not-for-profit organizations in Belize other than TIDE, PfB, BAS, and the PACT Foundation.

(w) "PACT Foundation" means the foundation to be established by PACT with representation from PACT, BAS, PfB and TIDE and, as non-voting members, the United States and TNC, and, in any event, the majority of whose board members are non-governmental organizations.

(x) "Party" means either the United States or GOB, and "Parties" means, collectively, the United States and GOB.

(y) "PfB" means Programme for Belize, a not-for-profit corporation organized under the laws of Belize, and any of its successors.

(z) "Schedule A" means the schedule, attached to this Agreement, for the U.S. dollar-indexed, Local Currency payments to be made by GOB to the Belize NGOs as provided in the Forest Conservation Agreement.

(aa) "Swap Fee Contractual Agreement" means that certain agreement between the United States and TNC, dated as of the date hereof, pursuant to which TNC agrees to make the TNC Swap Fee on the terms and subject to the conditions set forth therein, substantially in the form of Exhibit A hereto.

(bb) "TIDE" means the Toledo Institute of Development and Environment, a not-for-profit corporation organized under the laws of Belize, and any of its successors.

(cc) "TIDE Land" means approximately 4,200 acres of real property located in the Maya Mountain Marine Transect in the Toledo District of Belize that was purchased by TIDE with funds provided by TNC. Pursuant to the Forest Conservation Agreement, TIDE will agree to dedicate the TIDE Land to public use and hold it in trust for the people of Belize.

(dd) "TFCA" means the U.S. Tropical Forest Conservation Act of 1998, Public Law No. 105-214.

(ee) "TNC" means The Nature Conservancy, a nonprofit corporation organized under the laws of the District of Columbia in the United States of America, and any of its successors.

(ff) "TNC Swap Fee" means the payment by TNC of eight hundred thousand U.S. dollars (U.S.\$800,000.) to the USAID Account in accordance with the terms and conditions set forth

in the Swap Fee Contractual Agreement.

(gg) "Trust Account" means a trust account opened at a private bank or trust company located in Belize to receive funds paid by GOB for the benefit of the PACT Foundation in accordance with the terms of the Forest Conservation Agreement.

(hh) "United States" means the Government of the United States of America, acting primarily through the U.S. Department of the Treasury.

(ii) "USAID Account" means the Debt Restructuring Liquidating Account #11X4137 at the U.S. Agency for International Development in the name of "Controller, Office of Financial Management, Agency for International Development", ALC# 72000001, on the books of the Federal Reserve Bank of New York.

(jj) "U.S. Debt Reduction Payment" means the transfer of five million, five hundred forty-two thousand, six hundred and fifty-eight U.S. dollars (U.S.\$5,542,658) by the United States from the Debt Restructuring Account to the USAID Account.

## **ARTICLE II CLOSING**

- .1. Obligations of the United States. At the Closing, the United States shall make the U.S. Debt Reduction Payment, thereby prepaying and canceling all amounts due and unpaid under the Outstanding USAID Obligations.
- .2. Obligations of GOB. At the Closing, GOB shall (a) make the first payments due in accordance with the terms of the Forest Conservation Agreement, (b) deposit the Escrow Amount in the Escrow Account, and (c) sell, transfer, assign and convey the Crown Block Lands to TIDE, free and clear of all liens and encumbrances, in accordance with the Forest Conservation Agreement, which Crown Block Land shall held in trust for the people of Belize.
- .3. Closing. The consummation of transactions contemplated in this Article II shall take place simultaneously in a single act (the "Closing") as soon as practicable after the date on which GOB and TNC shall have received notice from the United States that the conditions set forth in Section 3.1 have been satisfied or waived, but in no event later than (a) September 30, 2001, or (b) such later Business Day as may be agreed by the Parties and TNC in writing prior to September 30, 2001.

## **ARTICLE III CONDITIONS TO CLOSING**

- .1. Conditions Precedent of the United States. The obligation of the United States hereunder to

make the U.S. Debt Reduction Payment at the Closing shall be subject to the fulfillment or waiver on or prior to the Closing Date of the following conditions, each of which shall be performed to the satisfaction of the United States:

(a) Swap Fee Contractual Agreement. TNC shall have executed and delivered the Swap Fee Contractual Agreement, such agreement shall be in full force and effect as of the Closing Date, and TNC shall have duly performed and complied in all material respects with all agreements, covenants and conditions required to be performed or complied with by it under the Swap Fee Contractual Agreement as of the Closing Date.

(b) Purchase of TIDE Land. The United States shall have received from GOB a copy of the deed or other documentary evidence which evidences (i) the purchase of the TIDE Land by TIDE, and (ii) that lawful title to the TIDE Land has passed to and, as of the Closing Date, is held by TIDE free and clear of all liens and encumbrances.

(c) Transfer of Crown Block Land. The United States shall have received from GOB a copy of the deed or other documentary evidence which evidences (i) the transfer of the Crown Block Land by GOB to TIDE, and (ii) that lawful title to the Crown Block Land has passed, or immediately after the Closing will pass, to TIDE, free and clear of all liens and encumbrances, which Crown Block Land shall held in trust for the people of Belize.

(d) Opinion of Attorney General of Belize. The United States shall have received a legal opinion of the Attorney General of Belize addressed to the United States and TNC providing an opinion (i) as to the validity of the transfer of the TIDE Land to TIDE in accordance with the laws of Belize, (ii) as to the validity of the transfer of the Crown Block Land to TIDE in accordance with the laws of Belize, (iii) confirming that, as of the Closing Date, TIDE has good, valid and enforceable title, free and clear of all liens and encumbrances, to the TIDE Land, (iv) confirming that, immediately following the Closing, TIDE will have good, valid and enforceable title, free and clear of all liens and encumbrances, to the Crown Block Land, (v) confirming that the transactions contemplated herein and in the Forest Conservation Agreement will be free of taxes and duties under the laws of Belize, and (vi) confirming that the Forest Conservation Agreement will be a legal, valid and binding obligation of the GOB, enforceable in accordance with its terms.

(e) Forest Conservation Agreement. TNC, the Belize NGOs, and GOB shall have executed and delivered a Forest Conservation Agreement and such agreement shall include (i) a payment schedule substantially in the form of Schedule A, and (ii) other terms and conditions substantially similar to those set forth in Exhibit B hereto.

(f) Opinion of Belize Counsel. The United States shall have received a legal opinion of Belize counsel to TNC addressed to the United States and TNC providing an opinion as to the

enforceability of the Forest Conservation Agreement under the laws of Belize.

(g) Escrow Payment. The United States shall have received the payment of the Escrow Amount into the Escrow Account.

(h) Other Documents. The United States shall have received from GOB such further documents, opinions and/or certificates as the United States shall reasonably request.

#### **ARTICLE IV ADDITIONAL COVENANTS OF GOB**

- .1. Imposition of Taxes. GOB agrees to take no action, including the imposition of any taxes, levies, fees or other charges, that would interfere with or reduce any of its payments pursuant to the Forest Conservation Agreement.
- .2. Consultation. GOB agrees to consult with the Belize NGOs and TNC before undertaking any action that affects the activities of the Belize NGOs in or relating to the Forest Land, the NGO Endowments, or the PACT Endowment.
- .3. Financial Reports. GOB agrees to forward to the United States, within thirty (30) days of receipt, all annual activity reports, financial audits and other reports from the Belize NGOs required by the Forest Conservation Agreement relating to the use of payments received pursuant to the Forest Conservation Agreement, the preservation and conservation of the Forest Land and any other related activities of the Belize NGOs.
- .4. Amendment to PACT Act. Within sixty (60) days after the Closing Date, GOB agrees to introduce legislation into both houses of the National Assembly that would amend the PACT Act (Chapter 218) to provide for the establishment of the PACT Foundation. The proposed legislation shall include a provision that a majority of the PACT Foundation's board members shall be non-governmental organizations.
- .5. Drafts of Legal Opinions. GOB shall forward to the United States drafts of the legal opinion of the Attorney General of Belize set forth in 3.1(d) as such drafts become available.

#### **ARTICLE V ESCROW ACCOUNT AND RELEASE OF ESCROW AMOUNTS**

- .1. Escrow of Funds.
  - (a) Escrow Account. The United States shall establish the Escrow Account at the U.S. Department of the Treasury. At or prior to 10:00 a.m. (Washington, D.C. time) on the Closing Date, GOB shall transfer or have transferred to the United States the Escrow Amount for

deposit in the Escrow Account. GOB shall make the payment of the Escrow Amount into the Escrow Account in addition to, and not in lieu of, any other payments due under the Forest Conservation Agreement in the first contract year of such agreement.

(b) Interest on Escrow Amounts. All interest earned on the Escrow Amount shall be added to the amounts on deposit and disbursed in accordance with Section 5.2.

- .2. Release from Escrow. In the event the United States receives notice from TNC that GOB has failed to make an installment payment due under the Forest Conservation Agreement, the United States shall promptly consult with GOB and, if GOB fails to remedy the default to the satisfaction of the United States within sixty (60) days of the date such payment was due, then the United States, in its capacity as the escrow agent, shall make such payments and disbursements from the Escrow Account as may be required to satisfy the unpaid obligations of GOB under the Forest Conservation Agreement. The United States shall give notice to GOB when any such payments or disbursements have been made. Within sixty (60) days of the receipt of such notice of disbursements, GOB shall make such deposits into the Escrow Account as may be required to ensure that the amounts held in the Escrow Account are not less than the Escrow Amount.
- .3. Termination of Escrow Account. If, upon termination or expiration of this Agreement, any funds remain in the Escrow Account, the United States shall promptly remit such funds, together with any accrued interest thereon, to the GOB.

## **ARTICLE VI FAILURE TO MAKE PAYMENTS**

In the event GOB fails to make any payment specified in the Forest Conservation Agreement or this Agreement when due, no new agreements under Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law No. 83-480) or credit agreements under the Food for Progress Act of 1985 (Public Law No. 99-198) shall be concluded by the United States and GOB unless and until GOB shall have made all payments due under the Forest Conservation Agreement or this Agreement, or the United States otherwise agrees.

## **ARTICLE VII CONSULTATION**

Upon the written request of either Party, the Parties shall consult concerning the implementation or interpretation of this Agreement. These consultations shall take place within sixty (60) days after a request for consultations is received from the other Party.

## **ARTICLE VIII**

## AMENDMENT AND NOTIFICATION

- .1. Amendment. This Agreement may be amended with the written consent of both Parties.
- .2. Notice. Notifications under the Agreement shall be delivered as follows:
  - (a) To the United States:

Deputy Assistant Secretary for International  
Development, Debt and Environment Policy  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220 U.S.A.  
(202) 622-0154 (telephone)  
(202) 622-2536 (facsimile)

- (b) To GOB:

Embassy of Belize  
2535 Massachusetts Avenue, N.W.  
Washington, D.C., 20008 U.S.A.  
(202) 332-9639 (telephone)  
(202) 332-6888 (facsimile)  
Attn: Lisa Shoman

## ARTICLE IX ENTRY INTO FORCE AND TERMINATION

- .1. Entry into Force. This Agreement shall enter into force upon the date that is twenty (20) days following of the signature hereof. Each Party's signature below evidences that all necessary domestic legal requirements for entry into force of the Agreement shall be fulfilled under the respective Party's laws on the date that this Agreement enters into force.
- .2. Termination. This Agreement shall terminate (a) on November 30, 2001, if the Closing shall not have occurred before that date, or (b) if the Closing has occurred, upon the payment by GOB

of all amounts due under the Forest Conservation Agreement.

**ARTICLE X**  
**OTHER PROVISIONS**

**.1.** Exhibits. The following exhibits are part of this Agreement:

Exhibit A	Form of Swap Fee Contractual Agreement
Exhibit B	Terms to be Included in the Forest Conservation Agreement
Schedule A	Payment Schedule

**.2.**

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Government, have signed this Agreement.

**DONE at Washington, this second day of August, 2001, in duplicate, in English.**

**FOR THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA**

**FOR THE GOVERNMENT OF BELIZE**

---

**John B. Taylor**  
**Under Secretary for International Affairs**  
**U.S. Department of the Treasury**

---

**Lisa Shoman**  
**Belize Ambassador to the United States**

**EXHIBIT A**  
**Form of Swap Fee Contractual Agreement**

**EXHIBIT B**  
**Terms to be Included in the Forest Conservation Agreement**

The Forest Conservation Agreement shall contain the following terms and provisions:

- (a) The right to receive funds pursuant to the terms of the Forest Conservation Agreement shall be not assignable, and any attempt to assign, pledge, or otherwise transfer the right to receive such funds shall be a material breach of the Forest Conservation Agreement.
- (b) Each Belize NGO shall, upon prior request, allow officials of the United States to (i) visit its offices in Belize for the purposes of inspecting its facilities and Forest Land, and (ii) have access to all relevant books of account, ledgers, spreadsheets and other documents associated with the Forest Land or the operations and activities of the Belize NGOs carried out pursuant to the Forest Conservation Agreement.
- (c) In the event that TNC determines that: (i) any portion of the monies received by a Belize NGO pursuant to the Forest Conservation Agreement has been used for a purpose not authorized by the Forest Conservation Agreement, (ii) it is reasonably likely that future payments to a Belize NGO would not be used for the purposes specified in the Forest Conservation Agreement, or (iii) one or more of the Belize NGOs is no longer capable of receiving the payments specified in the Forest Conservation Agreement or performing the services required of it in the Forest Conservation Agreement, then GOB shall redirect future payments due under the Forest Conservation Agreement from the non-performing Belize NGO to a new beneficiary designated by TNC after consultation with GOB, which new beneficiary shall, in all cases, be a not-for-profit corporation organized under the laws of Belize that is dedicated to conserving and managing tropical forest land in Belize.
- (d) The Belize NGOs each agree that the United States may, at the request of any party, be included in consultations regarding the implementation and enforcement of the Forest Conservation Agreement.
- (e) (e) The Belize NGOs, TNC and GOB each agree that the payments received by the Belize NGOs under the Forest Conservation Agreement shall be used for the conservation, maintenance, and restoration of tropical forests in Belize, through one or more of the following activities:
  - (i) establishment, restoration, protection, and maintenance of parks, protected areas, and reserves;

- (ii) development and implementation of scientifically sound systems of natural resource management, including land and ecosystem management practices;
- (iii) training programs to increase the scientific, technical and managerial capacities of individuals and organizations involved in conservation efforts;
- (iv) restoration, protection, or sustainable use of diverse animal and plant species;
- (v) research and identification of medicinal uses of tropical forest plant life to treat human diseases, illnesses, and health-related concerns;
- (vi) development and support of the livelihoods of individuals living in or near a tropical forest in a manner consistent with protecting such tropical forest.

1 (f)

2 (g)

3

SCHEDULE A

(h) Schedule of Payments to be received by the Belize NGOs under the Forest Conservation Agreement

(i)

(j)