

CARIBBEAN DEVELOPMENT BANK

TWO HUNDRED AND SEVENTY-THIRD MEETING OF THE BOARD OF DIRECTORS

TO BE HELD IN BARBADOS

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COUNTRY STRATEGY PAPER 2016-2020 – BELIZE

The attached Country Strategy Paper outlines the assistance strategy of the Caribbean Development Bank (CDB) for Belize over the period 2016-2020. It sets out the strategic direction for CDB's engagement and defines the parameters of its support. In developing the Country Strategy, CDB held discussions with key government officials, as well as other stakeholders and development partners. The proposed Country Strategy, therefore, responds to Belize's development priorities and it seeks to maximise CDB's comparative advantage and optimise development effectiveness and impact through selective and focussed support.

2. Specifically, the proposed programme rests on the following three strategic pillars: *inclusive social and economic development; environmental sustainability; and governance and institutional development*. In particular, the Strategy supports a programme of assistance that is designed to help achieve the following development outcomes: (a) Increasing Competitiveness and Productivity; (b) Improved Quality and Access to Education and Training; (c) Improved Social Sector Outcomes; (d) Enhanced Environmental Management and Reduced Vulnerability to Natural Disasters; and (e) Improved Governance and Development Planning. Gender equality, regional cooperation and integration, as well as energy security and citizen security considerations, will be mainstreamed in CDB's interventions. An indicative resource envelope of two hundred point five million United States dollars (\$200.5 mn), made up of \$126.5 mn in loan resources and \$74 mn in grant funds (including the United Kingdom Caribbean Infrastructure Fund), has been estimated to support the programme of assistance over the strategy period. This includes a possible Policy-based Loan.

3. The proposed Country Strategy is aligned with CDB's Strategic Objectives of fostering inclusive social development; promoting broad-based economic growth; and environmental sustainability. Considerable effort has also been undertaken to gauge impact by orienting the strategy towards a Managing for Development Results framework.

4. The Board is asked to approve CDB's Strategy for Belize for 2016-2020.



CARIBBEAN DEVELOPMENT BANK
STAFF REPORT
COUNTRY STRATEGY PAPER (2016-2020)
BELIZE

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Considered at the Two Hundred and Seventy-Third Meeting
of the Board of Directors on October 13, 2016

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Dollars (\$) throughout refer to United States dollars (USD) unless otherwise stated.
USD1.00 = BZD2.00

ABBREVIATIONS

BCCI	-	Belize Chamber of Commerce and Industry
BEL	-	Belize Electricity Limited
BELTRAIDE	-	Belize Trade and Investment Development Services
BMCs	-	Borrowing Member Countries
BNTF	-	Basic Needs Trust Fund
BOOST	-	Building Opportunities for Our Social Transformation
BSIF	-	Belize Social Investment Fund
BWS	-	Belize Water Services
CALC	-	Climate Action Line of Credit
CC	-	Climate Change
CDB	-	Caribbean Development Bank
CGA	-	Country Gender Assessment
CPA	-	Country Poverty Assessment
CRVAs	-	Climate Risk and Vulnerability Assessments
CSFs	-	Critical Success Factors
CSP	-	Country Strategy Paper
CTCS	-	Caribbean Technological Consultancy Services
DFC	-	Development Finance Corporation
DG	-	Distributed Generation
ECD	-	Early Childhood Development
EE	-	Energy Efficiency
ESS	-	Education Sector Strategy
EU	-	European Union
FS	-	Food Safety
FY	-	Fiscal Year
GBV	-	Gender-Based Violence
GDP	-	Gross Domestic Product
GE	-	Gender Equality
GII	-	Gender Inequality Index
GNI	-	Gross National Income
GOBZ	-	Government of Belize
GSDS	-	Growth and Sustainable Development Strategy
HDI	-	Human Development Index
HDR	-	Human Development Report
HIV/AIDS	-	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IDB	-	Inter-American Development Bank
ITVETs	-	Institutes for Technical and Vocational Education and Training
km ²	-	square kilometres
m ²	-	square metres
M&E	-	Monitoring and Evaluation
MHD	-	Ministry of Human Development
MHUD	-	Ministry of Housing and Urban Development
mm	-	millimetres
mn	-	million
MOE	-	Ministry of Education

MOH	-	Ministry of Health
MPI	-	Multidimensional Poverty Index
MSMEs	-	Micro, Small and Medium-Sized Enterprises
MWT	-	Ministry of Works and Transport
NASAP	-	National Adaptation Strategy and Action Plan
NCs	-	Necessary Conditions
NGP	-	National Gender Policy
NCRIP	-	National Climate Resilience Investment Plan
ORM	-	Office of Risk Management
PBL	-	Policy-Based Loan
PCM	-	Project Cycle Management
PFM	-	Public Financial Management
PPAM	-	Public Policy Analysis and Management
PWDs	-	Persons With Disabilities
RE	-	Renewable Energy
RMF	-	Results Monitoring Framework
SDF	-	Special Development Fund
SIB	-	Statistical Institute of Belize
SLR	-	Sea Level Rise
SPS	-	Sanitary and Phytosanitary
SSTs	-	Sea Surface Temperatures
TA	-	Technical Assistance
TVET	-	Technical and Vocational Education and Training
UK-CIF	-	United Kingdom Caribbean Infrastructure Fund
UNDP	-	United Nations Development Programme
UNFCCC	-	United Nations Framework Convention for Climate Change
UNICEF	-	United Nations Children’s Fund
UOB	-	University of Belize
US	-	United States
WB	-	World Bank
YCT	-	Youth and Community Transformation
YRISE	-	Youth Resilience and Inclusive Social Empowerment

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COUNTRY DATA: BELIZE

	2011	2012	2013	2014	2015^P
GDP per capita (constant prices, \$)	7,536	7,618	7,520	7,627	7,627
GDP at Current Market Prices (\$ billion)	2,973.4	3,147.2	3,251.7	3,435.7	3,441.5
Sectoral Distribution of Current GDP (%)					
Agriculture	10.0	10.6	11.3	11.0	12.0
Mining and Quarrying	0.5	0.5	0.4	0.4	0.4
Manufacturing	13.0	12.0	10.0	9.0	8.5
Electricity and Water	3.0	2.0	3.0	4.0	4.0
Construction and Quarrying	3.0	3.0	3.0	4.0	4.0
Transport and Communication	11.0	11.0	11.0	12.0	12.0
Hotels and Restaurants	4.0	4.0	5.0	6.0	6.5
Wholesale and Retail Trade	14.0	15.0	16.0	16.0	16.0
Finance, Insurance, Real Estate, etc.	13.0	14.0	13.0	14.0	14.0
Government	10.2	10.4	10.0	11.0	11.0
Other Services	6.6	6.8	7.1	7.0	7.0
Less Imputed Service Charge	4.5	4.4	4.5	4.5	4.5
GDP at Constant 2000 Prices (\$ bn)	2,502.4	2,596.0	2,630.1	2,737.5	2,764.9
GDP (annual % change)	2.1	3.8	1.5	3.6	1.0
MONEY AND PRICES					
Money Supply (M2, annual % change)	18.6	31.4	1.7	17.1	16.3
Credit to the Private Sector (annual % change)	1,752.3	1,790.6	1,834.8	1,920.4	1,979.0
Inflation (period average) (%)	1.7	1.3	0.5	1.0	(0.6)
PUBLIC FINANCES (% of GDP)					
Overall Surplus/(Deficit)	-1.4	-0.4	-1.7	-3.8	-8.4
Gross Public Debt	81.6	76.8	78.5	76.5	82.7
BALANCE OF PAYMENTS (% of GDP)					
Total Exports	40.6	39.5	37.4	34.3	31.2
Total Imports	52.3	52.0	53.9	54.6	55.9
Current Account Balance	-1.3	-1.2	-4.5	-7.4	-10.0
Capital and Financial Account	3.0	5.4	10.7	12.7	5.9
Overall Balance	-0.5	-1.1	0.8	-0.5	-2.0
AVERAGE EXCHANGE RATE					
Belize dollars (BZD) to \$1	2.0	2.0	2.0	2.0	2.0
Sources: International Monetary Fund's World Economic Outlook (April 2016) and Central Bank of Belize. Notes: Data for 2015 are provisional. n.a. means unavailable.					

COUNTRY DATA: BELIZE

	2011	2012	2013	2014	2015
POPULATION					
Population ('000)	332.1	340.8	349.7	358.9	368.3
Population (annual % change)	2.8	2.6	2.6	2.6	2.6
EDUCATION					
Net School Enrolment Ratio					
Primary	94.6	95.3	92.0	88.6	86.3
Secondary	49.6	50.4	51.3	51.6	52.1
Pupil-Teacher Ratio					
Primary	21.9	21.5	22.6	22.3	22.1
Secondary	13.6	13.9	15.3	15.4	15.9
LABOUR FORCE					
Unemployment Rate (%)					
Male	n.a	15.3	12.9	11.6	10.2
Female	n.a	n.a	n.a	6.3	6.8
	n.a	n.a	n.a	19.9	15.4
HEALTH					
Life Expectancy at Birth (years)					
Male	69.6	71.2	68.3	69.7	70.0
Female	67.8	69.1	65.6	67.1	67.4
	71.4	73.5	71.4	72.5	72.9
Mortality Rate, Infant (per 1,000 live births)	15.9	15.5	15.1	14.6	14.2
Human Development Index	n.a	0.644	0.683	0.709	0.715
Sources: Central Bank of Belize, Statistical Institute of Belize, United Nations Development Programme Reports, and World Bank Development Indicators.					
Notes: Data for 2015 are provisional. n.a means unavailable.					

GENDER MARKER

Gender Marker	Analysis	Data	Engagement	Response	Score	Code
	1.0	0.5	1.0	0.5	3.0	GM

EXECUTIVE SUMMARY

1. This Country Strategy Paper (CSP) covers the period 2016-2020. It sets out the strategic direction for the Caribbean Development Bank's (CDB) collaboration with Belize over the strategy period and defines the parameters of its support. It coincides with the timing of the United Kingdom Caribbean Infrastructure Fund (UK-CIF). The proposed Country Strategy responds to Belize's development priorities and is aligned with CDB's Strategic Objectives of: (a) supporting inclusive and sustainable growth and development; and (b) promoting good governance, as well as CDB's cross-cutting objectives of gender equality (GE), regional cooperation and integration, and energy security.

Country Context

2. Economic growth has slowed in recent years, as the economy has not fully recovered from the 2007-09 Great Recession. The economy grew by just 1% in 2015, mainly driven by growth in the services sector, particularly tourism. Unemployment fell to 8% in 2016, although underemployment increased in 2016. Contraction of 1.5% is expected in 2016. Belize is looking to diversify its economy by building on the relative success of its tourism industry, and increasing its exports. Challenges faced in doing this are: low productivity; weak competitiveness; social issues; gender inequality; and climate change (CC). Against these are opportunities for the country to maximise its development potential in areas such as renewable energy (RE). Belize's development priorities are to: (a) improve economic growth and competitiveness; (b) enhance social development; (c) promote environmental sustainability; and (d) enhance governance.

Caribbean Development Bank in Belize and Lessons Learnt

3. CDB's engagement with Belize spans more than four decades. CDB loans to Belize amounting to three hundred and ninety-five point eight million United States dollars (\$395.8 mn)¹, make Belize CDB's third largest borrower. Belize is also the fourth largest recipient of grant funding from CDB, with cumulative grant approvals amounting to \$41 mn as of June 30, 2016. Lessons from previous country strategies with Belize suggest that the following are important to maximising the development impact of CDB's assistance to Belize: (a) robust results monitoring; (b) capacity building and institutional strengthening; (c) built-in flexibility to allow for changes in socioeconomic circumstances and in strategic priorities; and (d) strong collaboration with other development partners and key decision-makers in country.

Country Strategy 2016-2020: Proposed Pillars and Expected Outcomes

4. The proposed Country Strategy rests on three pillars: *supporting inclusive social and economic development; supporting environmental sustainability; and promoting good governance*. The indicative programme of assistance has been designed to achieve the following outcomes: (a) Increasing Competitiveness and Productivity; (b) Improved Quality and Access to Education and Training; (c) Improved Social Sector Outcomes; (d) Enhanced Environmental Management and Reduced Vulnerability to Natural Disasters; and (e) Improved Governance and Development Planning. The proposed programme will be delivered through a mix of direct financing and technical assistance (TA) that complements the efforts of other development partners and the Government of Belize (GOBZ). GE, regional cooperation and integration, as well as energy security considerations, will be mainstreamed in CDB's interventions. A Gender Marker is included at Appendix 1. The Country Strategy has also undergone an extensive climate-screening exercise, which is summarised at Appendix 2.

¹ As at 30 June 2016.

Resource Envelope

5. A notional resource envelope of \$200.4 mn (\$126.4 mn in loan resources and \$74 mn in grant funds) is proposed to support an indicative programme of assistance through 2020. The envelope includes Belize's allocation of approximately \$56.4 mn from UK-CIF, plus an indicative amount of \$25 mn from the ninth replenishment of CDB's Special Development Fund (SDF 9), which is currently under negotiation. The envelope includes a possible Policy-based Loan of \$25 mn, to support reforms to unlock Belize's growth potential.

Results Monitoring

6. Programme accomplishments and sector outcomes will be monitored within a Results Monitoring Framework (RMF), which will identify: (a) the country's development objectives to which each of CDB's indicative interventions is aligned; (b) sector outcomes to which proposed interventions are expected to contribute; and (c) the performance indicators against which the results of the interventions will be measured. As far as possible, sex-disaggregated data and gender-sensitive indicators will be used to allow for the monitoring of gender inequality. A mid-term review will be undertaken in 2018 to assess progress towards meeting expected outcomes and review the utilisation of the resource envelope within the context of possible changes to the country's fiscal circumstances. An end-of-strategy review will also be undertaken to assess overall performance and impact, and identify lessons learnt. Monitoring will be done by both CDB and the country's authorities.

Risks and Mitigating Actions

7. The main risks that may affect the execution of the proposed Country Strategy are: (a) credit risk; (b) liquidity risk; and (c) operational risks. CDB has identified measures to help mitigate these risks, including: (i) closer monitoring and consideration of prudent macroeconomic policies; (ii) capacity building and institutional strengthening (particularly, but not exclusively, in the area of project planning and management); and (iii) active engagement of development partners.

1. COUNTRY CONTEXT

OVERVIEW

1.01 Belize is located on the eastern coast of Central America where it is bordered by Mexico to the North, Guatemala to the West and South, and the Caribbean Sea to the East. It is the only country in Central America with English as the official language. The total land area is 22,966 square kilometres (km²) (8,867 square miles [m²]), with a resultant population density of approximately 16 persons per km². The territory includes a wide range of ecosystems and a great diversity of species. It has the world's second longest barrier reef, enjoying protection under the World Heritage designation. An estimated 2.8% of the country's overall territory is designated for conservation. Forest cover is estimated at 75% of the land area. The country's Mayan archaeology, beautiful landscapes and sea vistas, contribute to its increasing popularity as a tourism destination.

1.02 In 2015, the population was estimated at 368,310, up from the 2010 census figure of 324,500. The population is almost evenly divided between males and females and has been growing rapidly in recent years. Average annual population growth was 2.65% between 2000 and 2010, and has only fallen slightly to 2.3% per annum between 2010 and 2015. The high rate of population growth has been influenced mainly by a high crude birth rate and immigration from neighbouring countries. Other factors, such as declining death and infant mortality rates, have also contributed to population increase. The country also has a very high youth population. In 2015, about 36% of the population was under 15 years old and 71% under 35 years old.

1.03 In the 35 years since independence, Belize has progressed from a mono-crop economy mainly dependent on sugar to a reasonably diversified, globally-integrated, upper-middle income economy. It has successfully leveraged its abundant natural resources for: primary sector activities, including agriculture, fishing and forestry; secondary activities such as agro-processing, petroleum production and light manufacturing; and tertiary sector activities, especially tourism. However, at the same time, growth has exhibited a high degree of volatility, largely attributable to the country's vulnerability to environmental risks, for example natural disasters and CC, as well as economic risks such as: terms of trade shocks (e.g. commodity price shocks); downturns in key trading partners; and adverse changes in the international regulatory environment.

MACROECONOMIC CONTEXT

Recent Macroeconomic Performance and Prospects

1.04 Growth has slowed appreciably in recent years – averaging around 2.5% in the last 10 years, compared to nearly 6% in the 10 years prior. This is partly due to the economy not having fully recovered from the 2007-09 Great Recession. The economy grew by just 1% in 2015. Growth was concentrated in the services sector, particularly tourism; while there were falls in the agriculture and fishing sectors. Manufacturing output is also estimated to have declined. Unemployment has fallen in recent years (from over 15% in 2012 to 8% in April 2016), but underemployment rose, driven mainly by an increase in underemployed women. A threat to economic growth in 2015 came from a significant adverse development in the banking sector, as major international banks embarked on a process of 'de-risking' in response to tightened regulations. As a result, several banks domiciled in Belize lost their correspondent banking relationships, with an ongoing adverse impact on their ability to carry out international transactions.

1.05 Public finances deteriorated in 2015 following an increase in government expenditure, despite improved revenue performance. This added 7% to total public debt, which made up about 80% of the Gross Domestic Product (GDP), up from 76.5% in 2014. Further widening of the deficit is anticipated in fiscal

year (FY) 2015/16, partly due to compensation payments following the nationalisations of the Belize Telemedia Limited and Belize Electricity Limited (BEL). The overall fiscal deficit was 1.1% in 2011, at the start of the last CSP period; in FY 2015/16 it is estimated to be 8.4%. The country's external performance has also been negatively impacted, due to a widening of the balance of trade deficit. Almost 22% of international reserves were lost in 2015, leaving the stock of gross international reserves at \$0.8 billion as at year-end, equivalent to approximately 4.4 months of import cover.

1.06 The economy contracted in the first two quarters of 2016, with declines in the: marine production sector, as the shrimp industry continued to struggle; and agriculture sector, following closure of a banana farm and lingering bad weather conditions. However, sugarcane production increased and tourism continued to grow. Short-term expectations are weak for non-sugar agricultural crops, including bananas and citrus, and for the shrimp industry, but these are expected to pick up in the medium term. Output from the oil industry is not expected to recover significantly, and current drought forecasts present a major downside risk for hydroelectricity and water production. However, electricity production should be bolstered by contribution to the grid from the biomass by-product of new sugar operations. The current projection is that the economy will contract by 1.5% in 2016.

1.07 Inflation expectations remain anchored by Belize's fixed exchange rate, with a possible easing of deflationary pressures if recent upticks in international commodity prices persist. On public finances, GOBZ is anticipating a primary surplus of 1% and an overall deficit of 1.7% in FY 2016/17, but these are contingent on revenue enhancement measures being successfully implemented (the Inter-American Development Bank [IDB] is providing support in this area) and on expenditure restraint. Further fiscal pressure will come in 2019, when GOBZ begins to pay amortisation costs on a large bond that was used to refinance debt in 2007. The outlook for the medium term is annual GDP growth of 2%, which should assist fiscal consolidation. However, GOBZ needs to monitor and react appropriately as macroeconomic developments unfold. Appendix 3 presents projections of key macroeconomic indicators.

SOCIAL CONTEXT

Poverty and Welfare Analysis, and Gender Developments

1.08 The last Country Poverty Assessment (CPA) (2009) showed high levels of poverty (42%) and indigence (15.8%). An upcoming enhanced CPA, expected to commence by second quarter 2017, will update social indicators. However, data from the 2015 Human Development Report (HDR²) provided a Multidimensional Poverty Index (MPI) for the country based on findings of a 2011 survey³. It recorded an MPI of 0.03, where 7.4% of the population live in households that suffer from multiple deprivations in education, health and living standards. An additional 6.4% of the population is vulnerable to poverty, but only 1.5% was estimated to be in severe poverty. Belize experienced improvement in its Human Development Index (HDI) score, from 0.709 in 2010 to 0.716 in 2012, before dipping slightly in 2014 to 0.715. In 2014, Belize ranked 101 out of 188 countries and territories, and ranked in the high human development category. The 2015 HDR indicated improvement in most dimensions of the HDI – life expectancy at birth, expected and mean school years, and Gross National Income (GNI) per capita.

1.09 Despite these improvements, Belize still experiences significant social issues that adversely affect vulnerable groups, including the elderly, women, youth, and persons with disabilities (PWDs). Appendix 4 contains a matrix that describes the types of risks that these groups face, existing policies and programmes to support them, and possible mitigation strategies.

² Briefing note for countries on the 2015 HDR, Belize, HDR 2015, **Work for Human Development**.

³ The MPI is the share of the population that is multi-dimensionally poor, adjusted by the intensity of the deprivations.

1.10 There were gender imbalances in the HDI indicators. The HDR indicated an average life expectancy at birth of 70 years (72.9 for females and 67.4 for males); 13.6 expected years of schooling (13.9 for females and 13.2 for males); 10.5 mean years of schooling (10.5 for females and males); and a GNI per capita (2011 purchasing power parity) of \$7,614. In the case of GNI per capita, females earned \$5,034 on average, less than half that of the average male (\$10,198).

1.11 The HDR's Gender Inequality Index (GII) assessed inequality in terms of three dimensions: reproductive health; empowerment; and economic activity⁴. Belize attained a GII value of 0.426 and a rank of 90 out of 155 countries in 2014. Female participation in the labour market was 49.2%, compared to 82.3% for men. Meanwhile, 13.3% of parliamentary seats were held by women, and 76.4% of adult women obtained at least a secondary level of education, compared to 75.8% of men. The HDR also explained that, for every 100,000 live births, 45 women die from pregnancy-related causes (compared to 41 for high HDI countries on average), and the adolescent birth rate was 71.4 births per 1,000 women of ages 15-19 (nearly three times the HDI average of 28.8).

1.12 The 2015 Country Gender Assessment (CGA)⁵ shows that gender inequality persists in Belize, hindering social and economic progress and poverty reduction. Unemployment is three times higher for women (20.4%) than for men (6.7%), with 67.2% of all unemployed being female. Occupational segregation in the labour market impedes women's entry into the better-paid sectors and positions. Women are highly concentrated in domestic services related roles, front-line work, travel planning and other poorly paid service jobs; whereas men own and manage resorts, maintain buildings and grounds, and operate as tour guides and taxi drivers.

1.13 The CGA shows that between 2003 and 2009, over 1,200 incidents of domestic violence were reported each year. A surveillance system is lacking and the majority of cases go unreported. The majority of perpetrators are male. The legislative and response framework is inadequate to protect lives, ensure care and treatment, and provide support services. In particular, therapeutic counselling is missing due to a lack of capacity in psychological counselling. Furthermore, services in rural areas and indigenous and immigrant communities are scarce. During the period 2004-07, over 76 incidents of human trafficking were reported, with additional reported (but not tracked) cases of commercial sexual exploitation of children and adolescents. The Trafficking in Persons Report of the United States (US) State Department⁶ characterises Belize as a source, transit and destination country for human trafficking, with women and girls being the main victims.

1.14 A National Gender Policy (NGP) was developed in 2002, and updated in 2013. It covers the areas of health, education and skills training, wealth and employment creation, violence inducing conditions, and power and decision-making to tackle the issues presented above. To facilitate mainstreaming within the public sector, each Ministry identifies a Gender Focal Point. However, the CGA indicates that the capacity to do gender mainstreaming, gender analysis and budgeting is limited.

⁴ GII is interpreted as the loss in human development due to inequality between female and male achievements in the three dimensions. Reproductive health is measured by maternal mortality and adolescent birth rates; empowerment is measured by the share of parliamentary seats held by women and attainment in secondary and higher education by each gender; and economic activity is measured by the labour market participation rate for women and men.

⁵ The CGA for Belize was elaborated by Tamara Huggins, Rawwida Baksh and Associates, with support from CDB.

⁶ Trafficking in Persons Report, July 2015, <http://www.state.gov/documents/organization/245365.pdf>.

Education Profile

1.15 Basic education in Belize consists of: two years of pre-primary (3-5 years), which is optional; eight years of primary (5-13 years); and four years of secondary enrolment (13-17 years). The system caters to approximately 96,500 students: 7,500 at the pre-primary level; 68,000 at the primary level; and 21,000 at the secondary level. These figures represent Net Enrolment Rates of 42.7%, 86.3% and 52.1%, respectively. Basic education in Belize is characterised by a structure in which the church is the majority provider. Public institutions represent only 19% of all institutions at this level, but 87% of all institutions are supported by public funding. Despite the significant public support, churches and the private sector often operate according to their own mandates, which may be in conflict with policies of the state, creating a number of issues that impact on access, quality and relevance, and governance of the sector.

1.16 Current enrolment of approximately 8,800 students at the post-secondary and tertiary levels, represents a mere 13% of the eligible population. This is related to the fact that there is still low status attributed to technical and vocational education and training (TVET) and students, many without the financial means, are required to pay their way, despite the low rates when compared to a number of CDB's other Borrowing Member Countries (BMCs).

1.17 Concerned about the returns on its investments in education, GOBZ in 2010 approached CDB for TA to undertake a comprehensive review of the sector to, *inter alia*: diagnose the deficiencies; devise an overarching strategy for addressing those deficiencies; and create a roadmap for undertaking the broad sector improvements required to ensure enhancement and sustainability of student outcomes. The Education Sector Strategy (ESS) 2011-16 created as a result, enunciated three policy objectives which underpin the programme of education sector development currently being undertaken by GOBZ:

- (a) increase equitable access to all levels of education;
- (b) improve the quality and relevance of education at all levels; and
- (c) strengthen governance throughout the sector, with emphasis on increased accountability for student achievement.

1.18 To date, Belize has made creditable progress in addressing these policy imperatives, for example by: (a) development of a governance framework to guide oversight of education nationally; (b) articulation of a draft National Human Resource Development Strategy to inform strategic investment required for national development; (c) development of a National Qualifications Framework to standardise equivalency ratings for qualifications; (d) development of second language acquisition strategies to support teaching and learning in the official language of instruction; (e) establishment of the Belize Qualifications and Quality Assurance Authority charged with accreditation and inspection oversight in the sector; and (f) commencement of a CDB-financed programme for the construction of 35 new schools providing 5,300 additional places.

2. KEY DEVELOPMENT PRIORITIES

2.01 Belize's development priorities going forward are underpinned by a long-term goal that *'Belize is a country of peace and tranquility, where citizens live in harmony with the natural environment and enjoy a high quality of life'*⁷. At this stage, the country's key development priorities can be summarised as: (a) improving economic growth and competitiveness; (b) enhancing social development; (c) promoting environmental sustainability; and (d) improving governance.

Improving Economic Growth and Competitiveness

2.02 A higher rate of economic growth is needed to provide more employment opportunities in Belize. Expanding the opportunities for growth and development will require: strengthening of the country's competitive edge; enhancing human capital to improve productivity; reducing gender inequality in the labour market; and improving the policy and institutional framework that supports business development and entrepreneurship.

2.03 While the more traditional sectors (sugar, bananas, and citrus) have stagnated in recent years, the tourism sector has grown, now contributing 21% of GDP and 28% of employment⁸. There is an opportunity for this sector to expand and diversify, and GOBZ has developed a comprehensive roadmap for the growth of the industry over the period 2010-2030. The Tourism Master Plan is being implemented in a manner that encourages development that is environmentally sustainable and community based, thereby ensuring diversity of the Belize tourism product with maximum benefits for Belizeans. There is a need for finance, and for planning and capacity building to support delivery of programmes within the Master Plan. This covers: governance within the tourism industry; support for micro, small and medium-sized enterprises (MSMEs), including those in protected areas; and provision of sufficient climate-resilient supporting infrastructure.

2.04 The agricultural sector contributes about 12% of GDP. It is dominated by the traditional crops, field crops (pulses, rice and grains) and marine products, although there has been recent diversification into papaya, hot peppers, and fruits and vegetables. With the exception of the sugarcane industry – which supports approximately 5,000 farmers – and fruits and vegetable production, the sector is dominated by large commercial/export-oriented firms. The continued erosion of preferential markets for sugar and bananas is placing downward pressure on prices and, by extension, production of those commodities.

2.05 A recent CDB-financed study⁹ concluded that due to water-related challenges, the country has not been able to capitalise on regional and global markets for several non-traditional crops in which it maintains a comparative advantage. This is attributed primarily to the seasonal nature of rainfall, and inadequate investment in water management which constrains year round agricultural production. These challenges are likely to intensify due to increased competition for water at the local level and CC/variability. This, in turn, will further erode opportunities for the sector to contribute to poverty reduction, food and nutrition security and economic growth. The CDB study recommended that GOBZ should, among other things: (a) take measures to strengthen the agriculture water management policy, legal and regulatory framework; and (b) explore options for facilitating public and private sector investment in water management and related systems – credit, Sanitary and Phytosanitary (SPS) and Food Safety (FS) compliance, and stakeholder capacity across the value chain.

⁷ The Goal also states: *'Belizeans are an energetic, resourceful and independent people looking after their own development in a sustainable way.'*

⁸ The World Bank (WB) System Country Diagnostic.

⁹ The Belize Agricultural Water Management Investment Plan.

2.06 Accelerating economic diversification requires creating opportunities for entrepreneurial development, including addressing constraints to the development of MSMEs and making them more competitive. These constraints include: limited access to finance; low innovation; and inadequate financial management and business acumen skills. In addition, internet access is unreliable and expensive, and power outages are frequent. These and other constraints are highlighted in WB's Doing Business survey, in which Belize ranks 120 out of 188 countries¹⁰. Areas in which Belize's scores were relatively poor were: starting a business; registering property; getting credit; trading across borders; and enforcing contracts. The Belize Trade and Investment Development Service (BELTRAIDE) wants to improve the Doing Business framework, although its core duties only cover some of these areas. Another area that BELTRAIDE covers is skills. Young workers do not have the necessary skills that businesses require. There is a need for engineers, database managers, multilingual and specialist tour guides, and persons with expertise in natural heritage (biodiversity and geodiversity), built heritage, and (tangible and intangible) cultural heritage.

2.07 Underpinning growth in the productive sectors is the need for adequate climate resilient infrastructure. Despite recent and ongoing investments in the road infrastructure, a number of issues remain. A significant amount of the road network traverses low-lying areas that are vulnerable to flooding, sea level rise, and storm surges, which may be exacerbated by CC. Only recently (early August 2016), Hurricane Earl caused damage in the country, with localised flooding and loss of electricity in many areas.

2.08 Continued investment in road safety is necessary to lower road fatalities, which are the fourth leading cause of death in Belize. Other issues are the damage to roads caused by overloaded medium and heavy-goods vehicles¹¹, and the still inadequate funding of road maintenance, despite recent increases. In some places there is insufficient security for road users, such as illumination and the siting of bus stops at locations that optimise safety.

2.09 There is limited project cycle management (PCM) capacity within the Ministry of Works and Transport (MWT), leading to *ad hoc* decision making on road and transport investments and on the development of sector policies, and difficulties managing the volume of projects funded by different donors. There is also a gender imbalance in the sector. While MWT has started to address this by providing opportunities for women (including as engineers), most employers in the road construction sector only employ a low percentage of women. This significant disparity in the sector is evidenced by underemployment of women in all construction occupations and professions.

2.10 Physical development is leading to increasing demands for water and sewage services. Insufficient availability of water has implications for the agricultural sector, as discussed above, and future CC is likely to lead to greater uncertainties over the availability of water for many uses. Also, expansion of sewage collection and treatment has not kept pace with land development pressures. There is also a huge geographical imbalance in water availability – 99% of urban dwellers have access to potable water, but the figure is just 4.5% for the rural population.

2.11 Belize is characterised by a relatively high energy intensity¹² when compared to some other countries in the Americas and the Caribbean Region, and is among the top third in the world for fuel consumption per capita¹³. The transportation sector is highly dependent on fossil fuels. According to BEL, 42% of Belize's electricity requirements is imported from Mexico and the remaining 58% is produced domestically: 39% hydro; 14% biomass; and 5% fossil fuels¹⁴.

¹⁰ The average rank of the other countries in the Region is 115.

¹¹ Between 26% and 40% of these vehicle classes.

¹² Energy intensity is defined as energy consumption per unit of GDP.

¹³ Source: US Energy Information Administration statistics.

¹⁴ BEL, Annual Report 2015.

2.12 The Belize National Sustainable Energy Strategy 2012-2033, established a framework to transition the energy sector and the economy toward low-carbon development. Given the country's abundance of indigenous energy resources, there is scope for the proportion of RE in the energy mix to be increased. As articulated in its Intended National Determined Contribution¹⁵ under the United Nations Framework Convention for Climate Change (UNFCCC), Belize expects to increase its share of RE in the electricity mix by 85% by 2027, with a 62% carbon dioxide emissions reduction compared to a business-as-usual scenario.

2.13 Further transitioning to RE will reduce the country's fossil fuel dependency, and could potentially provide employment-creating opportunities. While the current legislation allows for the utilisation of RE and its incorporation into the national electricity grid, the regulations governing how to access and develop potential sites for utility-scale operation are unclear. Additionally, there are no regulations related to distributed generation (DG) and so, currently, owners of such systems cannot connect them to the national grid. In addition to having regulations and appropriate institutional frameworks in place, the electricity grid must be technically capable of receiving the energy generated from both utility scale producers and DG at the point of connection in order to avoid operational and safety problems for the utility.

2.14 There is inadequate access to electricity in rural areas. With the wide dispersal of settlements outside of the main load centres in Belize, access to energy in rural areas from the national electricity grid is inadequate and is, in most cases, uneconomical. Off-grid solutions utilising RE sources, should be explored and developed with a view of stimulating economic development and lifting these rural populations from poverty.

2.15 Under the Sixth Power Project, the feasibility of different supply options, including RE, for Caye Caulker, Ambergris Caye and Placencia is being examined, while measures to improve energy efficiency (EE) in the business sector are being supported through the current line of credit to the Development Finance Corporation (DFC). To build on the progress made so far, a multi-pronged approach will be required. This should include, *inter alia*, regulation, incentives for introduction of EE measures, minimum equipment performance standards, together with enforcement.

2.16 Within the various responsible ministries and agencies, implementation capacity to take forward existing and future energy initiatives is weak. Currently, several donors are carrying out studies and undertaking TA initiatives in the sector. The indicative agenda for the short-to-medium term will be a challenge for GOBZ given its limited resources and, therefore, support would be needed both in terms of financial resources and technical expertise. There is also a dearth of technical skills in the workforce to support expansion of the sector, particularly in RE¹⁶. Collaboration with the Ministry of Education (MOE) to review and adjust curricula at all levels, including vocational training, will be necessary to address this challenge and prepare for the expansion of the sector.

Enhancing Social Development

2.17 An integrated and innovative social policy is a critical component in achieving social and economic improvement. The articulation of such a policy is necessary for the provision of social services and the coordinated delivery of interventions. A major focus of a social policy should be to identify strategies and interventions that respond to the specific needs of those hurt by the economic and social crises, or rendered

¹⁵ Submitted to UNFCCC on October 1, 2015.

¹⁶ As an example of this, the lack of persons skilled in technical areas, including photovoltaic manufacturing and maintenance, was cited.

vulnerable to their impact. This includes those affected by poverty, deprivation, discrimination and social exclusion.

2.18 Social protection is also a challenge. GOBZ operates a conditional cash transfer programme entitled Building Opportunities for Our Social Transformation (BOOST). The Programme supports positive social outcomes of poor households and, in particular, seeks to improve educational and health targets for school-aged children living therein. The focus during the 2016-19 period will be on monitoring and evaluating BOOST, to identify ways to improve its effectiveness and identify opportunities for CDB to support interventions, either directly or in collaboration with development partners.

2.19 Housing is a major economic driver for social and economic development. The Ministry of Housing and Urban Development (MHUD) wishes to develop a National Housing Policy that will, *inter alia*, seek to address housing gaps, especially for low-income families, and stimulate a secondary market for mortgages. A significant area of support for MHUD is the provision of detailed building plans for prospective low-to-middle income homeowners who already own land. This will facilitate the application process for mortgage financing from financial institutions such as DFC.

2.20 Citizen security is an important issue to address crime and violence, particularly at-risk youth, in order to build human and social capital. This can be done by, among other things, addressing the social determinants of crime and violence, and developing programmes for early intervention to tackle social deviance and anti-social behaviour. There is no one approach that can address all the risk factors nor antecedents of crime and violence. It therefore requires an integrated, social crime prevention approach that addresses the key challenges facing children, youth and families, principally those in society's lower quintiles.

2.21 Despite the progress made by Belize in the education sector, significant lack of access, particularly at the Early Childhood Development (ECD) and secondary levels, remains a major development challenge. Lack of ECD access means that large numbers of students are not adequately prepared for transition to formal education, while limited places at the secondary level reduces throughput to higher education, a necessary precursor for social and economic development of the country. In addition, attempts to enhance quality have been hindered by the significant number of teachers in basic education without pedagogical training. Parallel to this, a dearth of appropriately trained instructors inhibits the delivery of advanced level programming in TVET, contributing to the escalation of skills deficits in the economy. Additionally, there is the issue of skills mismatches between education and training provision, and the needs of the economy.

2.22 Other issues include: persistent male under-enrolment and dropout; ineffective alignment of programming across sub-sectors, particularly in relation to basic education versus TVET and tertiary programming; weaknesses in teacher education and tertiary instruction capacity; and limited capacity for effective management of schools. Boys underperform in the education sector relative to girls. In 2014, the secondary completion rate stood at 56.6% for males and 65.1% for females. Underperformance and drop out of boys seems to be related to a rise of crime perpetrated by male youths, exacerbating the incarceration rate of young men. The CGA for Belize found that there is considerable pressure on boys to help support their families from an early age. Girls are also often needed to help at home to enable their parents to go out to work, or need to work themselves. Young girls also miss out due to pregnancy, numbering between 1,400 and 1,500 in 2010. The policy allowing girls to continue schooling when pregnant is neither well known nor enforced, preventing these girls from completing their education.

2.23 A number of well-aligned interventions supported by CDB, as well as other development partners, are currently ongoing in the sector. To continue on this trajectory over the next CSP period, GOBZ has recommended two areas of major focus:

- (a) scaling-up of critical institutional strengthening and capacity building interventions currently under implementation to address governance, and quality and relevance; and
- (b) enhancing/developing the enabling environment for improvement/expansion of post-secondary and tertiary education, and training.

2.24 Better performance at school has not translated into better labour market outcomes for girls. There is gender inequality in earnings and employment, with males much more heavily represented in the labour market and also disproportionately represented in the higher-paying jobs. This economic disadvantage is partly due to sex-segregation in subject selection at TVET and university, as well as a lower female enrolment in TVET. It is also due to limited access to productive resources like land or credits, which also leads to an under-representation in the MSME sector. Male MSMEs tend to be larger and better capitalised, pursuing more promising growth strategies, whereas women pursue traditional gender roles in the household. Furthermore, while women dominate as teachers, men occupy most of the principal positions.

2.25 The National Gender Machinery is responsible for implementing the NGP. It consists of the Women's Department within the Ministry of Human Development, Social Transformation and Poverty Alleviation (MHD) and the National Women's Commission. Furthermore, there is a Gender Integration Committee with representatives from both GOBZ and the non-government sector. To facilitate mainstreaming within the public sector, each Ministry identifies a Gender Focal Point but despite these institutional arrangements, the CGA indicates that capacity to do gender mainstreaming, gender analysis and budgeting is limited. In meetings with MHD, priorities were set in the areas of gender-based violence (GBV), the economic empowerment of women, and gender inequality in ageing, whereby single elderly men appear to be disproportionately disadvantaged.

Promoting Environmental Sustainability

2.26 Belize's population relies heavily on the country's natural resources (oil, agricultural land, marine resources and forests) for its livelihood. The country contains globally-significant ecosystems such as tropical rainforests and marine ecosystems, including the Belize Reef System that forms part of the Mesoamerican Barrier Reef System.

2.27 Pressing environmental challenges include: deforestation; coastal and marine pollution from land-based activities; unsustainable exploitation of marine resources, for example overfishing, the loss of biodiversity and ecosystem services, and unsanitary disposal of solid and liquid waste; pollution threats to ground and surface water resources; and land degradation as a result of inappropriate and unsustainable land use practices, such as unsustainable agricultural practices, illegal logging and harvesting for fuel wood.

2.28 Belize is also exposed to a range of impacts from global CC, of which sea-level rise, increases in coastal flooding due to storm surge and extreme rainfall events, increased intensity of tropical storms, and ocean warming and acidification are of greatest concern. Appendix 2 presents a detailed climate and disaster risk screening analysis. Belize is one of the countries considered most vulnerable to the adverse impacts of climate variability and CC due to its: long, low-lying coastline, barrier reef and forest cover, each of which support fragile ecosystems; and vulnerability to natural disasters, especially hurricanes. WB ranked Belize 8th out of 167 countries for climate risk¹⁷. This has implications for the economy and population, due to the potentially substantial adverse impact on earnings from tourism, agriculture, forestry, and fisheries.

¹⁷ Ismael Fabro and Juan R. Rancharan, National Environmental Summary Belize 2011, United Nations Environmental Programme/Regional Office for Latin America and the Caribbean.

2.29 GOBZ has made important strides to improve environmental sustainability including, among other things: updating its legislation and regulations concerning assessment of environmental risks; digitising environmental information; drafting legislation and regulations concerning marine pollution prevention; upgrading laboratory services to improve national water quality monitoring; sectoral national CC adaptation plans; establishing a solid waste sanitary landfill; and a land use policy and a land use planning framework. In 2014, GOBZ adopted the National Climate Resilience Investment Plan (NCRIP) that provides the strategic framework for a long-term view to building economic and social resilience and development. NCRIP focuses on integrating climate adaptation investments and improving disaster risk management capacities across all sectors and in overall national planning. However, additional support is needed to sustain this progress and address gaps in capacity building to manage CC risks, and for implementation of policies and plans to improve environmental sustainability outcomes.

Improving Governance

2.30 Enhanced governance includes making public administration more efficient. This can be done by reducing wastage and inappropriate procurement, while generally improving public sector management, including budgeting and hiring practices and accountability mechanisms. Given resource constraints, GOBZ needs strategies to maintain macroeconomic stability and to improve fiscal space to finance development efforts. These strategies will include efforts to better manage for development results, and to improve budgeting and other public financial management (PFM), tax reform, and revenue-enhancement efforts.

2.31 In addition, Belize's development agenda requires the production of reliable and timely social and economic data. GOBZ recognises that capacity constraints in data collection have had an adverse impact on its ability to effectively monitor and evaluate its development outcomes. Notably, the country will need robust poverty and living conditions data in order to address poverty and inequality. Similarly, as discussed above, there is insufficient gender disaggregated data.

2.32 Improving the development effectiveness of both bilateral and multilateral assistance will require that Belize expands capacity in relation to all phases of the project cycle, including identification, appraisal, implementation, monitoring and evaluation (M&E), and the mainstreaming of cross-cutting themes such as gender, environmental sustainability and governance.

Government's Medium-Term Development Strategy

2.33 Belize's development priorities going forward are underpinned by the long-term Overall Goal that *'Belize is a country of peace and tranquility, where citizens live in harmony with the natural environment and enjoy a high quality of life.'* Achieving this Overall Goal is the focus of 'Horizon 2030: National Development Framework for Belize 2010-2030'¹⁸. This is supposed to be achieved through a series of medium-term development plans which started in 2010, and continues with the 2016-19 Growth and Sustainable Development Strategy (GSDS) that was launched in April 2016. The GSDS is based on a Framework for Sustainable Development, which comprises four Critical Success Factors (CSFs) for achieving the Overall Goal, and a detailed set of Necessary Conditions (NCs) and identified actions that are essential to achieving the CSFs. The CSFs, and some of the corresponding NCs in the GSDS, are summarised in Figure 2.1. Some of these are described as Flagship Actions, which will be given priority during the initial planning period.

¹⁸ Horizon 2030 articulates the aspiration that *'Belizeans are an energetic, resourceful and independent people looking after their own development in a sustainable way.'*

FIGURE 2.1: 2016-19 GROWTH AND SUSTAINABLE DEVELOPMENT STRATEGY



2.34 The GSDDS envisages that Belize will achieve real economic growth of 5% annually over a prolonged period. While this rate of growth is not expected in the short run, efforts will commence in the GSDDS period of 2016-19 to facilitate such sustained increases. These efforts will need to bring about improvements in productivity and competitiveness. These generally prioritised actions in the first GSDDS planning period include actions to:

- (a) maintain macroeconomic stability and improve fiscal space for the financing of other development efforts;
- (b) develop basic infrastructure such as water, sewage, waste disposal, and connectivity;

- (c) improve institutional performance and overall governance, including public service delivery;
- (d) enhance citizen security;
- (e) improve access to, and the quality of, education and healthcare;
- (f) mainstream CC and ecosystem management considerations into economic development planning; and
- (g) set the stage for achieving greater efficiency during the second planning period.

Caribbean Development Bank's Assessment of the Government's Medium-Term Strategy

2.35 The GSDS is a comprehensive document, which acknowledges that resources may not be sufficient to pursue all the actions described and, therefore, that prioritisation of actions during the 2016-19 period is important towards reaching the Overall Goal of Horizon 2030. A prioritisation framework is included, which is based on urgency, impact, resource availability, and contribution to achieving CSFs. The GSDS clearly identifies actions that it will seek to take forward during the first GSDS period, between 2016 and 2019.

2.36 GOBZ's plans, as articulated in the GSDS, generally provide a relevant and responsive basis on which CDB can anchor its interventions. In general, the CSFs and NCs identified reconcile with the key development challenges facing Belize, as well as commonly-accepted development levers such as poverty reduction and environmental sustainability, implying a high degree of strategic relevance. The Framework for Sustainable Development is a roadmap, which can be used for M&E. Effective M&E will be critical to ensuring effective implementation of the GSDS. This will ultimately be the responsibility of the Ministry of Economic Development, but other ministries and agencies will also be involved. Having accurate baseline data and being able to collect and disseminate new data will be vital to effective M&E.

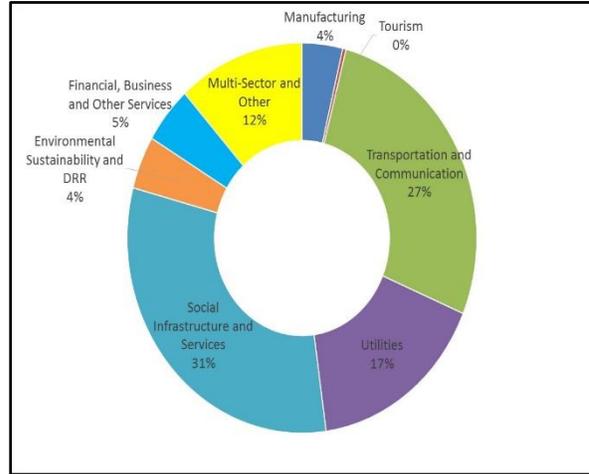
2.37 Also, the fact that GOBZ's budget plans and Horizon 2030 are yet to be cast within a results-based framework may pose some challenges for implementation, as well as for M&E. However, there is an appreciation of both in the GSDS. Within the context of the 2016-2020 Strategy, CDB will be providing support to GOBZ with respect to data gathering, as well as offering TA covering PCM and Managing for Development Results.

3. COUNTRY PORTFOLIO, REVIEW OF COUNTRY STRATEGY 2011-15 AND LESSONS LEARNT

Country Portfolio

3.01 Belize is one of CDB's smallest shareholders, with ownership totaling 2,148 shares, or 0.87% of total share capital. Over the period 1970 to June 30, 2016, CDB approved \$395.8 mn in loans to Belize, which represented 9.1% of CDB's total approvals, ranking the country as the third largest recipient of assistance among CDB's 19 BMCs. Belize is also the fourth largest recipient of grant funding from CDB, with cumulative grant approvals amounting to \$41 mn as of June 30, 2016. As Figure 3.1 shows, manufacturing, transport and communication, and utilities accounted for the largest shares of CDB's support to Belize.

FIGURE 3.1: DISTRIBUTION OF LOAN, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) - 1970 TO JUNE 30, 2016 (%)



3.02 CDB's cumulative disbursement over the 40-year period amounted to \$291.7 mn at end-June 2016, while Belize's cumulative repayments to CDB were \$160.9 mn. Outstanding balances totaled \$130.8 mn as of that date. In recent years, net resource flows on loans to Belize have been negative.

However, this was reversed in 2015 as projects identified in the last CSP, and subsequently approved, were implemented.

Review of Country Strategy 2011-15

3.03 A four-year Country Strategy was approved in 2011. The Strategy was anchored on achieving six outcomes: (a) maintenance of a stable macroeconomic environment; (b) improved PFM; (c) enhanced environment for output growth; (d) improved quality and access to education and training; (e) enhanced social and community development; and (f) improved environmental sustainability. Gender was a cross-cutting theme. Among the specific interventions, CDB proposed a PBL of \$50 mn to help Belize maintain a stable macroeconomic environment. There was also the need to maintain critical social expenditure and undertake other expenditure necessary to reduce poverty and address crime and security. The overall proposed financing programme for the period 2011-15 amounted to a total value of \$172.8 mn, excluding ongoing projects.

3.04 The PBL did not materialise, but other interventions (including TAs) amounting to about \$107 mn in loans and grants were approved. In the infrastructure sector, a road safety enhancement project (\$7.2 mn) was approved in 2012. Positive results lead to an additional loan (\$4.6 mn) being approved in October 2014 to expand the scope of the project. The Fifth Road Loan (\$29.7 mn) for upgrading of the Philip S. W. Goldson (formerly Northern) Highway was approved in May 2014, and work commenced in the first quarter of 2016. In addition, a loan (\$0.7 mn) was approved in 2012 to finance detailed designs for the expansion of water and sewerage on Ambergris Caye. The designs will inform appraisal of the capital project in 2017. This project is viewed as important to sustain and boost tourism activity in the area and to protect the sensitive environment. Although not explicitly covered in the previous CSP, the Sixth Power Project, a loan (\$11.2 mn) which was approved in 2013, was an example of infrastructure investment required to meet one of the CSP's outcomes, namely enhanced environment for output growth.

3.05 In the education sector, a loan-funded TA led to the Education Sector Reform Programme II with a capital loan of \$35 mn approved in 2015 to expand school infrastructure and provide supporting services. Support for private sector development came from the approval of the Seventh Line of Credit (\$10.5 mn), which included support for investment in EE/RE initiatives. The Youth and Community Transformation (YCT) Project was approved in 2012 (\$5.2 mn), designed to contribute toward building human capital, particularly among youth and children from poor communities in Belize City. Project implementation is scheduled for completion by the end of 2017.

3.06 An amount of \$2.5 mn was allocated from the Sixth Consolidated Line of Credit¹⁹, to assist student loan financing, including for persons from low-income households, to pursue tertiary education in areas such as pharmacy, business and administration. Various TAs, such as: a climate vulnerability assessment for Belize Water Services (BWS); an assessment of the beneficiaries of a CDB-funded rural water project; a youth resilience and social empowerment project; and institutional assessments of the University of Belize (UOB) and the Belize Social Investment Fund (BSIF), were approved. Basic Need Trust Fund (BNTF) grants were approved, mainly in the education and water sectors.

3.07 It is too early to assess the 2011-15 Country Strategy's efficiency, efficacy and impact, since many of the constituent projects are still in development. However, the interventions can still help achieve their stated outcomes. The CSP performed well on:

- (a) *Strategic Relevance*: the interventions identified in the CSP remained relevant to the country's development needs throughout. This was reflected in the high number of originally identified interventions that were eventually undertaken.
- (b) *Sustainability*: country ownership of the strategy remained strong throughout.

3.08 In addition, it was important that CDB was flexible to GOBZ's needs. Discussions with GOBZ showed a built-in flexibility in the 2011-15 CSP, with the approval of the Sixth Power Project, which had not been in the original CSP but which was intended to achieve one of its outcomes.

Lessons Learnt

3.09 Based on the performance of the previous Country Strategy, four key lessons have emerged which have informed the design of the new Strategy:

- (a) A robust RMF to assess the performance of the Country Strategy.
- (b) Continuous assessment of the capacity building needs of executing agencies, and active engagement with decision-makers in country.
- (c) It is important to design the Country Strategy with built-in flexibility to allow for changes in socioeconomic circumstances, as well as changes in strategic priorities of the country. CDB should also closely monitor macroeconomic and fiscal performance, to discuss with GOBZ and other development partners any necessary corrective action.
- (d) Strong and active donor coordination.

¹⁹ The Sixth Consolidated Line of Credit of \$10 mn had been approved in 2009.

4. CARIBBEAN DEVELOPMENT BANK'S ASSISTANCE STRATEGY (2016-2020)

Country Strategy and its Proposed Contribution to Country Outcomes

4.01 Belize has been grappling with low growth, a rising deficit and growing debt. GOBZ has recognised the need to implement a number of reforms in an effort to address these challenges. In relation to the debt and deficit, some steps have been taken, but additional measures are necessary to increase revenues and curb expenditure. In relation to growth, there are a number reforms, especially in the area of tax and trade, which are necessary to unlock Belize's growth potential. GOBZ is seeking to implement some of these reforms, which could be supported in the form of a PBL. At this stage, GOBZ is considering a possible PBL of \$25 mn. During the first half of the Country Strategy period, CDB proposes to commence discussion with GOBZ to explore options for the type of PBL that might be implemented, and consider the reforms that could be encouraged through the PBL. Parallel TA would be considered to support implementation of the PBL reforms.

4.02 Therefore, the Strategy has been framed within the following context: (a) policy dialogue with key policymakers and stakeholders, and consideration of the GSDS; (b) the country's financial/fiscal capabilities; and (c) development partners' activities in the country. It is consistent with CDB's Strategic Objectives of promoting broad-based economic growth and social development, and promoting good governance. GE, as well as EE considerations, will be mainstreamed in CDB's operations. Where suitable, citizen security considerations will be also be mainstreamed. The Strategy rests on three pillars: (i) inclusive social and economic development; (ii) environmental sustainability; and (iii) governance and institutional development, all which would guide specific sectoral interventions aimed at achieving particular development outcomes.

Pillar I: Inclusive Social and Economic Development

Expected Outcome 1: Increasing Competitiveness and Productivity

4.03 CDB will focus on interventions to support investment in climate resilient social and economic infrastructure, plus private sector development (agriculture, tourism, and MSME sectors). In doing this, CDB will support infrastructure investment through UK-CIF. Areas for CDB's assistance will include:

- (a) Measures to improve agriculture water management, complementing WB interventions.
- (b) Measures to strengthen SPS and FS compliance infrastructure and systems, to improve agricultural export quality and standards management.
- (c) Support for farming and agro-processing, to improve products, meet international standards and become export-ready. In addition, support in strategic marketing, product development, and food engineering.
- (d) The foregoing will be complemented by regional programming in standardisation, conformity assessments and improvements in quality infrastructure in value chains (under the Regional Cooperation and Integration allocation of SDF) to improve Belize's implementation of and access to the Caribbean Community Single Market and Economy.

- (e) Assistance with interventions that enhance competitiveness. CDB is keen to involve the private sector in its interventions, which will include support through CDB's Caribbean Technological Consultancy Services (CTCS) network to build capacity in MSMEs, and contribute to EE among MSMEs and business support organisations. Active support of women-owned MSMEs will be sought to increase the economic opportunities of women. A new line of credit to DFC will provide credit to MSMEs²⁰.
- (f) Measures to modernise the road network to improve communication, safety and resilience, including the working with the UK-CIF on upgrades of the Manatee Highway and the Philip S. W. Goldson Highway to the Mexican border.
- (g) Support of a sewage feasibility study for Placencia, and similar studies in areas where sewage infrastructure investment is required, including Belize City.
- (h) Potential support for BWS to continue to improve operational efficiency through data, asset and risk management systems. An intervention could also support BWS to develop relevant human resource polices, to entrench GE within the organisation.
- (i) Measures to support the energy sector, including TA in responsible ministries and agencies and infrastructure upgrades, including EE solutions.

Expected Outcome 2: Improved Quality and Access to Education and Training

4.04 In order to address the two areas of major focus identified – the scaling up of institutional strengthening and capacity building and improvements to post-secondary and tertiary education and training – CDB will support GOBZ in the following areas:

- (a) Teacher training and education, and continuing professional development across the sector to enhance pedagogy, including enhancement of capacity for delivery of Level 3 and above qualifications in TVET and for delivery of tertiary education instruction.
- (b) Measures to enhance ECD.
- (c) Implement strengthened governance mechanisms, and strengthen school leadership.
- (d) Institutional and infrastructural strengthening of UOB.
- (e) Develop and implement mechanisms for enhanced delivery of TVET and effective operation of Institutes for Technical and Vocational Education and Training (ITVETs).
- (f) Revise and develop curriculum; enhance planning for (and M&E of) education outcomes; and prepare a new Education Strategy to replace the 2011-16 ESS.

²⁰ The CGA states: "The type of small scale production that women entrepreneurs often initiate (e.g., cakes, breads, jams, jellies and sauces) does not easily lend itself to scaling up or export due to the need to adopt regional and international standard hygiene and production processes".

4.05 In addition, the proposed line of credit to DFC will provide student loans to low-income persons.

Expected Outcome 3: Improved Social Sector Outcomes

4.06 CDB will provide innovative support to address gender inequality in Belize. This will include:

- (a) TA for services to address GBV in rural areas, through the strengthening of gender advocates and increasing capacity for therapeutic counselling. The latter is also important to deal with traumatised victims of trafficking.
- (b) CDB will address labour market inequalities by providing assistance for the economic empowerment of women, for example by creating a service hub for women and supporting their employment in niche markets, based on an upcoming CDB study.
- (c) CDB can also support analysis of the gender dimensions of ageing and seek opportunities in collaboration with key stakeholders to provide social protection interventions to support the poor and vulnerable elderly cohorts of the population.

4.07 CDB is proposing a number of interventions that will address other extant challenges in the social sector. These will include:

- (a) TA to conduct an enhanced CPA to include multidimensional measures of poverty (MPI) in order to update the country's social and poverty indicators. The findings of the study will complement other data to strengthen the platform for poverty monitoring and socio-economic development, leading, *inter alia*, to enhanced targeting of social programmes and evidence-based policy development.
- (b) Support for a new and innovative social policy to ensure that interventions and programmes are coordinated and integrated to deliver sustainable social development outcomes.
- (c) Support for social protection, based on the findings of the BOOST impact evaluation.
- (d) Continued support to GOBZ in its citizen security interventions, and scaling up the outputs from YCT and Youth Resilience and Inclusive Social Empowerment (YRISE) projects to other vulnerable communities in the country. These projects will build on existing preventative and crime-reduction programmes, and they will expand access to relevant services, facilitate coordination efforts among service-providers and strengthen M&E capacity in MHD.
- (e) The proposed line of credit to DFC includes a component for mortgage financing aimed at housing the low-to-lower, middle income range of applicants. CDB can also support: preparation of a housing policy; development of a building code; and institutional strengthening of MHUD.

- (f) Following the CDB-funded assessment of BSIF, a third BSIF loan is contemplated during the CSP period. In addition, an indicative allocation of \$6.5 mn has been earmarked to support BNTF in Belize. This will provide resources for poverty reduction in targeted communities by providing infrastructure and livelihood enhancement services.

Pillar II: Environmental Sustainability

Expected Outcome 4: Enhanced Environmental Management and Reduced Vulnerability to Natural Disasters

4.08 CDB will continue to support GOBZ's efforts to improve environmental governance, reduce environmental degradation and increase climate resilience. CDB will support discrete TA interventions that strengthen technical capacities and governance and administrative structures of key environmental management and disaster risk reduction institutions to:

- (a) Improve compliance monitoring, enforcement and reporting systems to support full compliance with country safeguard system requirements.
- (b) Establish robust data collection for climate risk monitoring and information systems at national levels.
- (c) Improve institutional and community capacity to prepare for, and respond to, natural disasters.
- (d) Promote improved coordination between government agencies responsible for land and environmental management.
- (e) Mainstream environmental, CC, and disaster risk reduction in sectoral policies, strategies and plans; manage climate risks; assist with implementation of the National CC Adaptation Policy.
- (f) Design and implement initiatives that will help to improve livelihoods of the poor at the community and national levels, while strengthening the management of marine and terrestrial protected areas. CDB will ensure that all its investment interventions incorporate CC resiliency, disaster risk reduction, environmental and social safeguards in their design and implementation.

4.09 CDB will also support GOBZ's efforts to access additional resources for environmental management and CC mitigation and adaptation from global financing mechanisms, such as the Adaptation Fund. In addition, CDB will seek to access the European Investment Bank's Climate Action Line of Credit (CALC), which can help finance CC-related public and private sector projects. Subject to resource availability, the CALC tranche can be used to finance up to 50% of the project cost to a maximum of \$12.5 mn. CALC funds are provided at a significantly subsidised interest rate.

Pillar III: Governance and Institutional Development

Expected Outcome 5: Improved Governance and Development Planning

4.10 As stated above, CDB will explore with GOBZ options for a possible PBL. In addition, CDB will support GOBZ in the critical area of statistical capacity building, including economic and social data collection, sex-disaggregated data collection, dissemination and analysis, with a view to strengthening policy formulation, analysis and overall development planning and monitoring of results. Governance and institutional development support will also help improve regulatory frameworks for an improved business climate, and enhanced delivery of public services. Belize will also benefit from CDB's new capacity-building initiative that will provide training in PCM and Public Policy Analysis and Management (PPAM).

4.11 Other possible support from CDB includes:

- (a) support to DFC to improve financial reporting and technical capacity to roll out a new strategic plan, which is expected to be in rough draft by September 2016; and
- (b) support for the Belize Chamber of Commerce and Industry (BCCI) to represent civil society issues to government.

Indicative Resource Envelope

4.12 The indicative interventions outlined above are based on the issues that emerged from discussions with key sector officials about priorities within the respective sectors, and ongoing interventions supported by other development partners. They are consistent with the broad development vision for the country as articulated in the GSDS. The broad areas of intervention are also consistent with CDB's comparative advantage and its core competencies. A notional resource envelope of \$200.5 mn (\$126.5 mn in loan resources and \$74 mn in grant funds) is proposed to support an indicative programme of assistance through 2020. The envelope includes Belize's allocation of approximately \$56.4 mn from UK-CIF, plus an indicative amount of \$25 mn from CDB's SDF 9, which is currently under negotiation. The UK-CIF permits co-financing with loan resources of qualifying projects, as long as UK-CIF share is more than 50% of the total project costs. As requested by GOBZ, there is a placeholder of \$25 mn in loan resources for a PBL, subject to GOBZ developing a credible policy reform programme that could be supported by CDB, as well as other development partners, if required. Additional loan resources could be reallocated from within the envelope for this purpose. Table 4.1 provides a breakdown of the estimates.

Results Monitoring

4.13 The RMF in Appendix 5 will be used to monitor and assess development results. It identifies the country's development objectives to which each of CDB's indicative intervention(s) is aligned; sector constraint(s) to be addressed; expected outcomes to which the proposed intervention(s) are expected to contribute (including GE); and performance indicators against which the results will be measured. For strategic purposes, RMF is pitched at the sector level; however, the project-level RMF will be specified during project design. Monitoring of the Strategy will be done by both CDB (primarily the Economics Department) and country authorities. CDB's engagement will be focused on promoting mutual accountability for results and fostering open and frequent policy dialogue with GOBZ. Strategy implementation will be monitored through annual country portfolio reviews, as well as a mid-term review. The Mid-term Review will be undertaken in 2018 to assess progress towards meeting expected sector outcomes, in addition to assessing portfolio progress and utilisation of the resource envelope within the

context of possible changes to the country's fiscal circumstances. An end-of-strategy evaluation will also be undertaken to assess its contribution to sector outcomes.

TABLE 4.1: CARIBBEAN DEVELOPMENT BANK'S INDICATIVE LENDING AND TECHNICAL ASSISTANCE PROGRAMME TO BELIZE, 2016-2020

Outcome	Sector/Programme	Loan (\$'mn)	Grant (\$'mn)	Total (\$'mn)
	Private Sector Development (CTCS)	0	1.00	1.00
	Regional Cooperation and Integration	0	1.00	1.00
Increasing Competitiveness and Productivity	Multisector Line of Credit (DFC)	20.00*	0.75	20.75
	Roads with UK-CIF	11.00	56.40	67.40
	Other road interventions including road safety and MWT Institutional TA	14.00	1.0	15.00
	Water	0	2.00	2.00
	Agriculture	10.00**	2.50	12.50
	Energy	15.00	0.60	15.60
Improved Quality and Access to Education and Training	Education interventions at various levels.	20.00	0.4	20.40
Improved Social Sector Outcomes	Social Protection – direct and indirect (BSIF III, BNTF 9); BOOST Programme.	10.00	6.00	16.00
	GE Support	1.50	0.25	1.75
	Citizen Security	0.00	0.60	0.60
Environmental Sustainability	TA support for Environmental Management, Disaster Risk Reduction and Climate Resilience.	0	1.00	1.00
Governance and Institutional Development	PBL	25.00	0	25.00
	Governance (statistical capacity)	0	0.25	0.25
	PPAM/PCM	0	0.25	0.25
CSP RESOURCE ENVELOPE		126.50	74.0	200.5

*Includes support for low income housing and student loans, as well as MSMEs.

**Depending on extent of WB intervention.

5. RISK ANALYSIS AND MITIGATION

5.01 There are a number of risks associated with this strategy. These risks can be categorised under the headings of financial risks, operational risks, strategic and other risks. Various risk mitigation measures have been established to manage these risks within tolerable levels through a framework of measurement, monitoring and control policies, procedures and processes. The financial risks to CDB include the impact on its outlook and financial health from lower than expected loan targets, approvals and disbursement. This can be caused by factors including: stronger than expected fiscal performance; and weak implementation capacity of GOBZ, among others.

5.02 The CDB's Office of Risk Management (ORM) has overall responsibility for the establishment and oversight of its risk management framework. ORM policies are established to identify, analyse and monitor the risks faced by CDB, to set appropriate risk limits and controls, and to ensure adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and CDB's activities. The primary risks encountered by CDB are as follows:

- (a) *Credit Risk* is the risk of financial loss to CDB if GOBZ or counterparty to a financial instrument fails to meet its contractual obligations that arise principally from the loans and advances to customers and investments.
- (b) *Liquidity Risk* is the risk that GOBZ may encounter difficulty in meeting obligations associated with its financial liabilities or responsibilities that are settled by cash or another financial asset. With respect to this strategy, the concern would be largely in relation to the availability of counterpart contributions that would normally be required from the borrowers for the financing of projects by CDB. Prudent liquidity risk management requires GOBZ to maintain sufficient cash and short-term marketable securities, and monitor future cash flows to ensure that adequate liquidity is maintained.
- (c) *Operational Risks* emanate from the execution of business activities and relate to the potential loss or damaged reputation from failed or inadequate internal processes, people and systems, or from external events. It is the risk arising from direct or indirect loss or damaged reputation attributable to fraud, human error, processes or technological internal controls.

5.03 Table 5.1 summarises these risks as they relate to Belize, as well as CDB's proposed mitigation measures.

5.04 Other measures to help mitigate these risks include: (a) greater focus on economic diversification in the CSP, especially with respect to tourism; (b) quick response to address the socioeconomic effects of natural hazards; (c) significant degree of concessional funding able to lighten fiscal burden; and (d) active engagement of development partners and wide stakeholder consultations.

TABLE 5.1: RISK ASSESSMENT AND MITIGATION MEASURES

Risk Type	Description of Risk	Mitigation Measures
Credit	Macroeconomic shock or unforeseen circumstances impair GOBZ's ability to meet its debt obligations and could pose threat to the degree to which the CSP may be implemented.	GOBZ debt has risen to 80% of GDP, and may increase in 2016. However, credit risk is likely to be low, based on GOBZ's good record of cooperation with CDB in previous CSPs. The Mid-term Review provides an opportunity to reassess the CSP, as well as Belize's growth and fiscal prospects, with a view to including a PBL designed to address any identified areas for fiscal reform. This will also be reassessed if macroeconomic performance is better than expected.
Liquidity	GOBZ has insufficient liquidity to meet debt service obligations to CDB and to provide counterpart contributions.	This risk is likely to be small, but CDB will monitor with GOBZ. Following debt restructuring, debt service as a share of government revenue fell from 26% in 2013 to a projected 17% in 2016. The Mid-term Review provides an opportunity to reassess the CSP, as well as Belize's liquidity position.
Operational	Implementation capacity constraints.	In its GSDS, GOBZ acknowledges the need to improve implementation capacity. Support during the CSP period from CDB (such as through CTCS, and PPAM and PCM training) will strengthen project implementation capacity.
Operational	CC and weather-related natural disasters.	GOBZ's participation in the Caribbean Regional Insurance Fund, as well as ongoing efforts to mainstream Disaster Risk and Recovery. The CSP will provide support to reduce vulnerability to such events.

Coordination with Other Development Partners

5.05 One of Belize's main development partners is IDB. IDB is currently supporting Belize in the following sectors: (a) macroeconomic, including a review of the tax system and Customs; (b) education – enhancing teacher quality and monitoring teacher performance; (c) tourism – two phases of a sustainable tourism plan, which have identified various programmes that CDB can assist; (d) transport – National Transportation Master Plan, port study, and highway rehabilitation and maintenance; and (e) citizen security and governance, including an emerging and sustainable cities initiative. In all of these sectors there is scope for closer communication and collaboration with CDB, and the two Banks are sharing information and identifying areas for closer cooperation. Other partners include the European Union (EU), the United Nations Development Programme (UNDP), and the United Nations Children's Fund (UNICEF). Appendix 6 summarises the current activities of the development partners. CDB will endeavour to work closely with all partners to avoid duplication and to optimise its development support. Areas for possible collaboration will be actively pursued.

GENDER ANALYSIS

CRITERIA	SCORE	DESCRIPTION/CODE
Analysis	1	Social and gender analysis conducted at CSP preparation and incorporated in the CSP document.
Data	0.5	Sex-disaggregated data included in the analysis and in the baselines and indicators and targets of the RMF.
Engagement	1	Consultations with gender-relevant stakeholders undertaken during preparation.
Response	0.5	Gender-responsive outcomes, outputs and indicators included (but not for each outcome).
TOTAL	3.0	Code: GM

CLIMATE AND DISASTER RISK SCREENING ANALYSIS

Basic Project/Programme Information

<p>Project Title: Country Strategy Paper Country: Belize Sector: Multi-Sector</p>
<p>Country Objectives and Brief Description:</p> <p>To identify the overall risk to priority sectors identified as critical to meeting the country’s CSP goals and priorities, based on climate and geophysical hazards and sector potential impact, but adjusted for the sector’s institutional readiness and for the challenges and opportunities presented by the larger development context.</p>
<p>Project Cost: N/A.</p>

Summary of Climate and Disaster Risk Screening

<p>1. Context</p> <p>Belize is located on the eastern coast of Central America, where it is bordered by Mexico to the North, Guatemala to the West and South, and the Caribbean Sea to the East. The total land area is 22,966 km² (8,867 m²). Belize’s territory includes a wide range of ecosystems and a great diversity of species. It has the world’s second longest barrier reef, enjoying protection under the World Heritage designation. An estimated 2.8% of the country’s overall territory is designated for conservation. Forest cover is estimated at 75% of the land area.</p>					
<p>2. Exposure¹: Brief Description of Hazards likely to affect the CSP².</p> <table border="1"> <thead> <tr> <th><u>Hazard</u></th> <th><u>Description</u></th> </tr> </thead> <tbody> <tr> <td> <p>The hazards listed below are the significant ones for the country:</p> <p>(a) Extreme Temperature. (b) Extreme Precipitation and Flooding. (c) Drought. (d) Sea-Level Rise. (e) Storm surge (f) Strong Winds.</p> </td> <td> <p>See table below.</p> </td> </tr> </tbody> </table>		<u>Hazard</u>	<u>Description</u>	<p>The hazards listed below are the significant ones for the country:</p> <p>(a) Extreme Temperature. (b) Extreme Precipitation and Flooding. (c) Drought. (d) Sea-Level Rise. (e) Storm surge (f) Strong Winds.</p>	<p>See table below.</p>
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<p>3. Sensitivity³ of Sectors (if known) or Overall Project</p> <table border="1"> <thead> <tr> <th><u>Key Sectors in CSP</u></th> <th><u>Sensitivity to CC and Natural Hazards</u></th> </tr> </thead> <tbody> <tr> <td> <p>(a) Transport (b) Education. (c) Water. (d) Agriculture. (e) Energy. (f) Industry.</p> </td> <td> <p>See table below.</p> </td> </tr> </tbody> </table>		<u>Key Sectors in CSP</u>	<u>Sensitivity to CC and Natural Hazards</u>	<p>(a) Transport (b) Education. (c) Water. (d) Agriculture. (e) Energy. (f) Industry.</p>	<p>See table below.</p>
<u>Key Sectors in CSP</u>	<u>Sensitivity to CC and Natural Hazards</u>				
<p>(a) Transport (b) Education. (c) Water. (d) Agriculture. (e) Energy. (f) Industry.</p>	<p>See table below.</p>				

¹ The presence of people, livelihoods, species or ecosystems, environmental services and resources, infrastructure, or economic, social, or cultural assets in places that could be adversely affected by a hazard.

² A physical process or event (hydro-meteorological or oceanographic variables or phenomena) that can harm human health, livelihoods, or natural resources.

³ The degree to which a system, asset, or species may be affected, either adversely or beneficially, when exposed to climate variability or change, or geophysical hazards.

Climate and Geophysical Hazards, and Potential Impacts for Priority Sectors for Current and Future Time Periods

Natural Hazard	Time Scale	Description of Hazards	Transport	Education	Water	Agriculture	Energy	Industry
Extreme Temperature	Current	Over the last 50 years Belize has experienced minor temperature increases. Mean annual temperatures have increased by 0.4°C at an average rate of 0.1°C per decade since 1960.						
	Future	The mean annual temperature is projected to increase by 0.8 to 2.9°C by the 2060s, and 1.3 to 4.6° by the 2090s. All projections indicate substantial increases in the frequency of day and night that are considered ‘hot’ in the current climate.						
Extreme Precipitation and Flooding	Current	The magnitude of maximum 5-day rainfall shows increasing trend of 5.37 millimetres (mm) per decade over the period 1960-2006. Belize is a country prone to cyclone events and has experienced 14 storms events during the period 1931-2010, all of which have been documented. Belize has experienced tremendous damage from exposure to hurricanes in the agriculture and tourism sectors. Hurricanes and storms are the priority hazards that affect Belize, heavy losses caused by wind damage and flooding due to storm surge and heavy rainfall affect the main sectors which provide to the national GDP. Significant storms of the past, such as hurricanes Hattie and Iris, were the most destructive storms causing in excess of \$280 mn in damage. The country suffered heavy losses in the banana, orange, rice and sugar industries. The country’s low-lying terrain in coastal areas, enhances areas prone to flooding caused by hurricanes and storms. Belize is a country that contains many rivers, all of which originate from the high mountains from the eastern border with Guatemala. These rivers when affected by torrential rainfall can exacerbate the problem to flooding.						
	Future	Observed and projected increases in sea surface temperatures (SSTs) indicate potential for continuing increases in hurricane activity, and model projections indicate that this may occur through increases in intensity of events, but not necessarily though increases in frequency of storms.						

Natural Hazard	Time Scale	Description of Hazards	Transport	Education	Water	Agriculture	Energy	Industry
Drought	Current	Mean annual rainfall over Belize has decreased at an average rate of 3.1 mm per month per decade since 1960, but this trend is not statistically significant. Whilst all seasons appear to have shown decreasing precipitation trends since 1960, only February, March and April has a statistically significant trend.	Green	Yellow	Brown	Red	Brown	Yellow
	Future	Projections of mean annual rainfall from different models in the ensemble are broadly consistent in indicating decreases in rainfall for Belize. Ensemble median values for almost all seasons and emissions scenarios are negative. Projections vary between -64% and +20% by the 2090s, with ensemble median values of -11 to -22%. Some areas of Belize experience drought conditions on a yearly basis. The projected increases in temperature make it highly likely that these areas will experience drought conditions.	Green	Yellow	Red	Red	Brown	
Sea Level Rise (SLR)	Current	Observed records of sea level from tidal gauges and satellite altimeter readings indicate a global mean SLR of 1.8 (+/- 0.5) mm yr-1 over the period 1961-2003.	Brown	Yellow	Yellow	White	Green	Yellow
	Future	The Intergovernmental Panel on Climate Change's Fifth Assessment Report summarised a range of SLR projections under each of its scenarios for which the combined range spans 0.41-0.71 m by 2100, relative to 1980-1999 levels. Belize's major infrastructure, such as public buildings, health, commercial and transportation facilities, are located on or near the coast which makes them extremely susceptible to SLR.	Red	Brown	Brown	White	Green	Brown
Storm Surge	Current	The intensity of Atlantic hurricanes has increased substantially since 1960. The country has a full history of hurricane devastation dating back to the 1930s. Its most devastating hurricane was Hattie in 1961, a Category 5 storm which made landfall to the south of Belize City causing damage in millions and loss of life.	Brown	Yellow	Yellow	Yellow	Yellow	Brown
	Future	Storm hazards are expected to become stronger and develop more rapidly; greater variations in precipitation are predicted to result in droughts and floods. Changes in SSTs as a result of CC variability could increase the intensity of cyclones and heighten storm surges, which in turn will cause more damaging flood conditions in coastal zones and low-lying areas.	Red	Yellow	Brown	Brown	Yellow	Red

Natural Hazard	Time Scale	Description of Hazards	Transport	Education	Water	Agriculture	Energy	Industry
			Strong Winds	Current	The intensity of Atlantic hurricanes has increased substantially since 1960.			
	Future	Increased SSTs will give rise to increased intensity of tropical hurricanes. Projected increase in storm intensity will have impacts on the economic sectors across the country. Simulations project increases in wind speed in all seasons by the 2080s.						

Insufficient Understanding	No Potential Impact	Low Potential Impact	Moderate Potential Impact	High Potential Impact
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<p>4. Adaptive Capacity</p> <p>Overall, the priority sectors in the CSP have a low-to-medium adaptive capacity to potential impacts of CC. Several policies and strategies, programmes and projects to increase resilience of these sectors have been developed and implemented by GOBZ. The NCRIP provides the foundation for a coordinated systemic process to integrate climate resilience into planning and decision-making across all of the sectors.</p>
<p>5. Climate and Disaster Risk Assessment Summary</p> <p>Belize is very vulnerable to the adverse effects and impacts of CC and climate variability. The main export commodities, bananas, citrus, sugar and aquaculture, plus commodities accessing emerging markets and the local food crops, are all vulnerable to the vagaries of the climate. The National Adaptation Strategy and Action Plan (NASAP) to address CC effects on the agriculture sector provides a comprehensive approach to incorporating CC considerations into operations across the sector. NASAP recommends specific technical and cross-cutting adaptation measures, policy, legal and institutional strengthening and stakeholder education, and early warning and awareness programmes to increase the resilience of agricultural investments, taking into consideration for gaps in the resource requirements to implement the strategic options proposed.</p> <p>The infrastructure sector in Belize is highly exposed to extreme weather and climate risks, resulting in significant damages to infrastructure and disruptions to services. Rising sea levels and intense rainfall from storms and hurricanes pose particular risks in the low-lying, flood-prone coastal areas, damaging residential and commercial buildings, roads and related transport infrastructure, power generation facilities and transmission/ distribution structures, and water supply systems. With support from development partners, GOBZ has progressively taken steps to enhance resilience of its energy, water and road transport infrastructure by detailing the priority interventions outlined in NCRIP. Given the critical role of infrastructure in facilitating economic development, a comprehensive approach to addressing infrastructure adaptive capacity is essential so that CC impacts can be withstood with minimal disruptions to services. These interventions financed by partners assist Belize to better adapt to existing and emerging impacts from climate vulnerability and CC.</p> <p>Planned and ongoing interventions/investments include reducing physical vulnerability of critical infrastructure; strengthening the capacity of relevant technical line ministries and water and energy utilities, to mainstream climate resilience considerations into core physical and investment planning and asset maintenance; developing climate risk and vulnerability assessments (CRVAs) for water systems and formulating an adaptation plans of action responding to the vulnerabilities identified; building the capacity of the water utility to conduct CRVAs; developing capacity for long-term energy and climate adaptation planning; improving meteorological and hydrological data collection and use; and emergency response and recovery planning.</p>

PROJECTIONS OF KEY ECONOMIC INDICATORS

Item	2014	2015	2016	2017
Real GDP Growth (%)	3.6	1.0	-1.5	1.0
Inflation, Period Average (%)	1.0	-0.6	2.3	2.4
Overall Fiscal Balance (% of GDP)	-3.8	-8.4	-5.0	-5.6
Public Sector Gross Debt (% of GDP)	76.5	82.7	84.0	99.9

Source: CDB and the International Monetary Fund.

SOCIAL VULNERABILITY MATRIX

Name of Institution	Names of Group	Types of Risks/Vulnerabilities Faced	Existing Policy and Programmes	Partners	Recommended Mitigating Strategies
Help Age	Elderly 65+.	Social exclusion and neglect and abuse.	Protocol to Convention for the Elimination of All Forms of Discrimination Against Women.	Ministry of Health (MOH), Dept. of Human Services	Building social networks for older persons in the urban and rural communities. Conduct study on gender and ageing.
National Gender Machinery	Women, girls.	GBV. Trafficking in Persons. Economic Exclusion of Women.	NGP. Anti-trafficking Law.	Women's Department. Anti-Trafficking in Persons Council. Belize Trade and Investment Development Services.	Extension of GBV services in rural areas/indigenous communities. Training in psychological counselling. Economic Empowerment Programme.
MOE	Youth.	Crime and Violence. Unemployment.	YCT and YRISE Projects (Citizen Security). Education and Skills Training.	MHD, CDB. Alleviation (MHD). MOE (ITVETs) and UOB.	Strengthened Citizen Security Interventions (YCT Phase Two). Strengthened National Education Policy and institutions.
MHD MOH	School-aged children, youth and parents. PWDs.	Poverty. Unemployment. Health. Social exclusion. Access to public services and education.	BOOST. Convention on the Rights of PWDs.	MHD. United Nations Children's Fund. UNDP. UNICEF.	Strengthened Social Protection System based on BOOST impact evaluation. Inclusion of PWDs into programmes for social and economic empowerment.

RESULTS MONITORING FRAMEWORK

Country Development Priorities	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support	Assumptions
PILLAR 1: Inclusive Social and Economic Development					
Increasing Competitiveness and Productivity	<ul style="list-style-type: none"> i. Agricultural sector not sufficiently productive and export procedures are too slow. ii. Limited access to appropriate finance for MSMEs and inadequate financial management skills. iii. Shortage of specific skills sets. iv. Significant amount of the road network vulnerable to climate-related effects, and poor levels of road safety. v. Expansion of sewage collection and treatment has not kept pace with land development pressures. vi. Limited energy reform capacity in GOBZ/BEL, and to take forward energy reforms. vii. Low gender mainstreaming capacity of line ministries involved in infrastructure works. 	<p>Increased agricultural production and productivity, which is climate proof.</p> <p>Improved private sector operations and development.</p> <p>Improved access to, and quality of, climate resilient social and economic infrastructure, based on the expressed needs of women and men in the target areas/communities.</p>	<ul style="list-style-type: none"> i. Increase in the agriculture sector's Real GDP by 2022. <i>Baseline 2017.</i> ii. Increase in the tourism sector's Real GDP by 2022. <i>Baseline 2017.</i> iii. Increase in MSME sector's contribution to GDP by 2022. <i>Baseline 2017.</i> iv. 100% of investment projects using appropriate tools to effectively address environment, CC, EE and disaster risk reduction considerations during project design and implementation. v. Ministries and contractors involved in infrastructure works and support for MSMEs are gender sensitised by 2020. 	<ul style="list-style-type: none"> i. Measures to mitigate the impact of CC/climate variability-induced, weather-related challenges on agriculture. ii. Support for farming and agro-processing, as well as export compliance. iii. Financing of public infrastructure systems. iv. Support for Export Belize in strategic marketing, business plans, product development and food engineering. v. Support for community-based development in new tourist destinations. vi. Support for MSMEs. vii. Supporting road transport, energy and water and sewerage improvements – building resilience and promoting safety and reducing emissions. viii. Gender sensitisation training (Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) and GBV) of ministries and contractors involved in infrastructure works. 	<ul style="list-style-type: none"> i. GOBZ finances sufficiently robust. ii. Sufficient GOBZ and CDB capacity to take forward programmes. iii. Agreement reached with WB on next steps for agriculture. iv. Feasibility studies completed on time with clear recommendations. v. UK-CIF projects delivered in timely manner.

Country Development Priorities	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support	Assumptions
PILLAR 1: Inclusive Social and Economic Development					
Improved Quality and Access to Education and Training	<ul style="list-style-type: none"> i. Skills mismatch between education and training, and the needs of the private and public sectors. ii. Insufficient access at ECD and secondary levels. iii. Insufficient teachers with basic pedagogical training. iv. Insufficient appropriately trained instructors for advanced level programming in TVET. v. Persistent male under-enrolment and male drop-out. vi. Ineffective alignment of programming across sub-sectors. vii. Weaknesses in teacher education and tertiary instruction capacity. viii. Limited capacity for effective management of schools. 	Improved quality of/access to ECD, secondary, TVET and higher education by men and women.	<ul style="list-style-type: none"> i. Increase in suitably trained teachers and instructors available by 2019. <i>Baseline 2017.</i> ii. Increase in throughput to TVET, targeting boys and girls by 2019. <i>Baseline 2017.</i> iii. New institutional framework for operation of UOB, by 2018. iv. Life skills training courses to address gender stereotypes, subject selection and GBV rolled out to all schools and TVET institutions by 2020. 	<ul style="list-style-type: none"> i. Teacher training and continuing professional development across the sector. ii. Implementation of strengthened governance mechanisms. iii. Development and implementation of mechanisms for enhanced delivery of TVET and effective operation of ITVETs. iv. Support for student loans to low-income persons. v. Enhancing planning for, and M&E of, education outcomes vi. Preparation of a new Education Strategy, including curriculum revision and development. 	<ul style="list-style-type: none"> i. GOBZ finances sufficiently robust. ii. Sufficient GOBZ and CDB capacity to take forward programmes. iii. Existing complementary projects proceed accordingly. iv. Line of credit appropriately targeted.

Country Development Priorities	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support	Assumptions
PILLAR 1: Inclusive Social and Economic Development					
Improved Social Sector Outcomes	<ul style="list-style-type: none"> i. Inadequate information on poverty and social data to inform policy-making. ii. Social policy not sufficiently integrated. iii. Need to improve efficiency and effectiveness of social protection system. iv. Low access to housing for low-income families. v. Concerns about citizen security, with respect to youth unemployment and crime; GBV; and ageing. 	<ul style="list-style-type: none"> i. Improved social assistance targeting (direct social protection). ii. Effective livelihood programmes (indirect social protection). iii. Amelioration of social issues that fuel crime. 	<ul style="list-style-type: none"> i. The Statistical Institute of Belize's (SIB) analytical capacity enhanced to undertake more regular and comprehensive social and poverty research. By 2020. ii. Increase social protection programmes administered within a centralised framework. <i>Baseline 2017.</i> iii. Reduction in number of BOOST programme beneficiaries by Q4, 2020. <i>Baseline Q4, 2016.</i> iv. Reduction in number of violent crimes against men and women in target areas, by 2025. <i>Baseline 2017.</i> 	<p>All support is gender sensitive where applicable:</p> <ul style="list-style-type: none"> i. Enhanced CPA, leading to enhanced capacity to collect and analyse social data for evidence-based decision-making. ii. Support for a new innovative social policy. iii. Support for social protection, based on the findings of the BOOST impact evaluation. iv. Line of credit to DFC to include a component for mortgage financing aimed at housing the low-to-lower, middle income range of applicants. v. Expansion of YCT and YRISE projects. vi. Third BSIF loan. vii. BNTF assistance. viii. TA to address GBV in rural areas. ix. Support for economic empowerment of women. x. TA to support study on gender and ageing. 	<ul style="list-style-type: none"> i. GOBZ finances sufficiently robust. ii. Sufficient GOBZ and CDB capacity to take forward programmes. iii. Evaluation of BOOST produces clear recommendations. iv. Line of credit appropriately targeted. v. CDB study on female economic empowerment makes clear recommendations. vi. Suitable candidates for gender training identified, and sufficient availability of training.

Country Development Priorities	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support	Assumptions
PILLAR 2: Environmental Sustainability					
Enhanced Environmental Management and Reduced Vulnerability to Natural Disasters	<ul style="list-style-type: none"> i. Deforestation and degradation. ii. Coastal and marine pollution. iii. Unsanitary disposal of liquid and solid waste. iv. CC vulnerability. 	<ul style="list-style-type: none"> i. Ecosystems management. ii. Protected areas and other natural areas management. iii. Disaster risk management and climate resilience. 	<ul style="list-style-type: none"> i. Increase in number of ministries and agencies with improved compliance monitoring, enforcement and reporting systems. By 2020. <i>Baseline 2017.</i> ii. All sectoral policies, strategies and plans mainstreamed with environmental, CC and disaster risk reduction. By 2020. iii. Increased use of concessional funding for qualifying interventions. By 2020. 	<p><i>All support is gender sensitive where applicable:</i></p> <ul style="list-style-type: none"> i. TA to improve environmental governance, reduce environmental degradation and increase climate resilience, in particular support for: <ul style="list-style-type: none"> (a) Knowledge management, compliance monitoring, enforcement and reporting systems. (b) Mainstreaming of environmental, CC, and disaster risk reduction in sectoral policies, strategies and plans. (c) Implementation of the National CC Adaptation Policy. ii. Support for GOBZ efforts to access climate funds from the Adaptation Fund and other sources. 	<ul style="list-style-type: none"> i. Sufficient GOBZ and CDB capacity to take forward programmes. ii. CDB secures access to next tranche of CALC. iii. CDB and GOBZ identify and take forward projects most likely to qualify for concessional funding.

Country Development Priorities	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support	Risks and Mitigation
PILLAR 3: Governance and Institutional Development					
Improved Governance and Development Planning	<ul style="list-style-type: none"> i. Weaknesses in PFM. ii. Weaknesses in project management and results monitoring. iii. Insufficient data on gender inequality. 	<ul style="list-style-type: none"> i. Improved capacity for macroeconomic and budgetary management. ii. Improved capacity for strategic policy management and coordination, including evidence-based, gender responsive decision-making and leadership for promoting GE. iii. Improved technical and political governance systems. 	<ul style="list-style-type: none"> i. Improvement in fiscal balance and debt-to-GDP/ratios. Targets to be confirmed at time of PBL. ii. Increase in programmes and projects applying PPAM and PCM, by 2020. iii. 50% of programmes and projects in targeted ministries are gender mainstreamed, by 2020. 	<p><i>All support is gender sensitive where applicable:</i></p> <ul style="list-style-type: none"> i. Potential PBL. ii. PCM and PPAM training for GOBZ staff. iii. Support for BCCI. iv. Support for DFC Strategic Plan. 	<ul style="list-style-type: none"> i. CDB and GOBZ agree early on need for, and scope of, PBL. ii. Appropriate staff identified for project training, to maximise benefits.

DEVELOPMENT PARTNERS' CURRENT ACTIVITIES

Area	CDB	IDB	WB	EU	UNDP	UNICEF
Agriculture	Water Management.		Water Management.	Sugar Improvements.		
Energy	i. Capacity building support for ministries. ii. Sixth Power Project.			Renewable and Sustainable Energy.	Santa Teresa Solar Project.	
Tourism	Support for MSMEs.	Sustainable Tourism Master Plan.				
Education	ECD and TVET support.	Teacher Quality and Performance Monitoring.		i. Three new schools. ii. Training of pre-school and secondary teachers.		Inter-cultural Bilingual Education.
Environment and Coastal Protection	i. Capacity building support for ministries. ii. Support for access to climate funds.	Solid Waste Management in Rural Areas.	i. Natural Resource Management. ii. Climate Resilient Investments.			
Health		Mesoamerica Health Initiative.		Support through the Pan American Health Organisation.	HIV/AIDS and tuberculosis prevention (from Global Fund).	ECD and Nutrition.

Area	CDB	IDB	WB	EU	UNDP	UNICEF
Macroeconomic Management	Potential PBL.	Review of Tax System and Customs.		PFM		
Citizen Security	i. Youth RISE. ii. Ageing. iii. GBV services.	Sustainable Cities Initiative.			Safer City Pilot Project	Child protection – toolkit on ending sexual violence.
Private Sector Development/Trade	i. Support for MSMEs through CTCS. ii. Line of Credit to DFC. iii. Support for Competitiveness.	Support through Compete Caribbean and Multilateral Investment Fund.		i. Support for enterprise through Non-Governmental Organisations. ii. Market Infrastructure Support.		
Public Sector Modernisation/Governance	PPAM and PCM.	Support to SIB.				
Social Protection/Poverty Reduction	i. Enhanced CPA. ii. Improved Social Policy. iii. Social Protection Programmes.				BOOST Evaluation	Governance and Social Policy.
Transportation	i. Roads Rehabilitation. ii. Road Safety.	i. National Transportation Master Plan. ii. Ports Study.		Roads		
Water and Sanitation	i. Sewage Feasibility Study in Placencia. ii. BWS Capacity Building.	Sanitary Landfills at Tourist Destinations.				