

**CARIBBEAN DEVELOPMENT BANK**

**TWO HUNDRED AND NINETY-EIGHTH MEETING OF THE BOARD OF DIRECTORS**

**TO BE HELD IN THE TURKS AND CAICOS ISLANDS**

**JUNE 13, 2022**

**PAPER BD 39/22**

**COUNTRY ENGAGEMENT STRATEGY 2022-26 – BELIZE**

The attached Country Engagement Strategy (CES) sets out the strategic direction for the Caribbean Development Bank's (CDB) engagement with the Government of Belize over the period 2022-26. The CES is guided by strategic objectives of Belize's forthcoming medium-term development strategy and proposes a corresponding sectoral level programme of assistance. The CES seeks to help strengthen the framework for delivering on these objectives.

2. The CES rests on three strategic pillars: *(a) building social resilience; (b) building economic resilience; and (c) building environmental resilience.* The programme of assistance is designed to achieve the following outcomes: (i) strengthened social protection and resilience; (ii) improved quality of and access to education and training; (iii) improved private sector productivity; (iv) climate resilient infrastructure and services; (v) increased resilience to climate change and disaster risks; and (vi) enhanced energy security. Good governance, innovation, enhancing economic integration and deepening cooperation, and promoting gender equality will be mainstreamed in CDB's interventions. An indicative resource envelope of up to one hundred and twenty-two million, five hundred thousand United States dollars (USD122.5 mn) has been estimated to support the programme of assistance over the CES period 2022-26.

3. The proposed strategy is aligned with CDB's Strategic Objectives of building social, production, environmental, financial and institutional resilience. The Strategy was formulated through a broad consultative process, is results oriented, and incorporates lessons learnt to ensure development effectiveness. The CES also aligns with the proposed overarching goal and agreed operational themes under the tenth replenishment of the Special Development Fund.

4. The Board is asked to approve CDB's CES for Belize for 2022-26.



**CARIBBEAN DEVELOPMENT BANK**

**STAFF REPORT**

**COUNTRY ENGAGEMENT STRATEGY PAPER (2022-26): BELIZE**

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Considered at the Two Hundred and Ninety-Eighth Meeting of the Board of Directors held in Turks and Caicos Islands, June 13, 2022

(BD 39/22)

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## ABBREVIATIONS

BEDPS	-	Blue Economy Development Policy and Strategy
BEL	-	Belize Electricity Limited
BELTRAIDE	-	Belize Trade and Investment Development Service
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
BZD	-	Belize Dollars
CARTAC	-	Caribbean Regional Technical Assistance Centre
CBB	-	Central Bank of Belize
CDB	-	Caribbean Development Bank
CES	-	Country Engagement Strategy
CFS	-	Climate Finance Strategy
CO	-	Corporate Objectives
COVID-19	-	Coronavirus Disease 2019
CPA	-	Country Poverty Assessment
CRD	-	Community Rehabilitation Department
CS	-	Country Strategy
CSP	-	Country Strategy Paper
DFC	-	Development Finance Corporation
DiMSOG	-	Disaster Management Strategy and Operational Guidelines
DOE	-	Department of Environment
DRM	-	Disaster Risk Management
DRR	-	Disaster Risk Reduction
ECD	-	Early Childhood Development
EDF	-	Environmental Defense Fund
EE	-	Energy Efficiency
ESR	-	Education Sector Reform
EU	-	European Union
FAO	-	Food and Agriculture Organisation
FCCC	-	Framework Convention on Climate Change
FY	-	Fiscal Year
GBV	-	Gender-Based Violence
GCF	-	Green Climate Fund
GCRI	-	Global Climate Risk Index
GDP	-	Gross Domestic Product
GDPR	-	General Data Protection Regulation
GII	-	Gender Inequality Index
GM	-	Gender Mainstreamed
GOBZ	-	Government of Belize
GSDS	-	Growth and Sustainable Development Strategy
HDI	-	Human Development Index
HDR	-	Human Development Report
ICT	-	Information and Communications Technology
IDB	-	Inter-American Development Bank
IFAD	-	International Fund for Agricultural Development
IMF	-	International Monetary Fund
IPCC	-	Intergovernmental Panel on Climate Change

kt-CO <sub>2</sub> e <sup>2</sup>	-	Kilotons of Greenhouse Gases
LAC	-	Latin America and the Caribbean
LFS	-	Labour Force Survey
LOC	-	Line of Credit
M&E	-	Monitoring and Evaluation
MEP	-	Maritime Economy Plan
MFEDI	-	Ministry of Finance, Economic Development and Investment
mm	-	millimetre
mn	-	million
MOE	-	Ministry of Education
MPI	-	Multidimensional Poverty Index
MRV	-	Monitoring, Reporting and Verification
MSMEs	-	Micro, Small and Medium Enterprises
MSP	-	Marine Spatial Plan
MTDS	-	Medium-term Development Strategy
MTR	-	Mid-Term Review
NAPs	-	National Adaptation Plans
NCCPSAP	-	National Climate Change Policy, Strategy and Action Plan
NDA	-	National Digital Agenda
NDCs	-	Nationally Determined Contributions
NEMO	-	National Emergency Management Organisation
NRW	-	Non-Revenue Water
NTA	-	National Training Agency
OCR	-	Ordinary Capital Resources
PFM	-	Public Financial Management
PGH	-	Philip Goldson Highway
PPPs	-	Public Private Partnerships
PWDs	-	Persons with Disabilities
RE	-	Renewable Energy
RMF	-	Results and Monitoring Framework
SDF	-	Special Development Fund
SDGs	-	Sustainable Development Goals
SIB	-	Statistical Institute of Belize
SLR	-	Sea Level Rise
SMART	-	Specific, Measurable, Achievable, Realistic and Time Bound
SO	-	Strategic Objectives
SPS	-	Sanitary and Phyto-Sanitary
SPU	-	Strategic Plan Update
SSTs	-	Sea Surface Temperatures
TA	-	Technical Assistance
TFA	-	Trade Facilitation Agreement
TIP	-	Trafficking in Persons
TNC	-	The Nature Conservancy
TSW	-	Trade Single Window
TVET	-	Technical and Vocational Education and Training
UK	-	United Kingdom
UN	-	United Nations
UNDP	-	United Nations Development Programme
UNICEF	-	United Nations Children's Fund
USA	-	United States of America
WB	-	World Bank

- WTO - World Trade Organisation
- YCT - Youth and Community Transformation Project

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## COUNTRY DATA

### Macroeconomic Indicators

	2017	2018	2019	2020	2021 <sup>P</sup>
GDP per capita (USD)	3,587.2	3,567.1	3,544.1	2,875.1	3,107.6
GDP at constant (2000) market prices (USD million)	1,391.4	1,419.9	1,447.7	1,205.2	1,336.6
<b>Sectoral Distribution of Constant GDP (%)</b>					
Agriculture, Forestry and Fishing	9.2	8.7	8.1	10.2	10.2
Mining and Quarrying	0.3	0.3	0.3	0.3	0.3
Manufacturing	5.8	5.8	5.8	5.6	5.2
Electricity and Water	5.6	5.3	4.0	5.7	4.8
Construction	3.0	2.8	3.3	3.5	3.7
Transport and Communication	9.0	9.1	8.7	8.3	9.2
Hotels and Restaurants	3.9	4.1	4.0	1.9	2.6
Wholesale and Retail Trade	20.6	20.8	20.3	20.0	22.9
Finance, Insurance, Real Estate, etc.	17.3	16.4	17.6	18.9	17.1
Government	10.8	11.6	11.7	9.8	7.3
Other Services	5.6	5.3	5.8	6.4	5.7
Less Financial Services Indirectly Measured	5.6	4.6	4.5	5.3	4.8
GDP at constant 2000 prices (\$ million)	2,782.8	2,839.8	2,895.4	2,410.5	2,673.1
GDP (annual % change)	2.1	2.0	2.0	(16.8)	10.9
<b>MONEY AND PRICES</b>					
Money Supply (M2, annual % change)	(0.4)	2.7	5.8	10.7	9.7
Credit to the Private Sector (annual % change)	0.3	2.8	5.3	2.6	2.5
Inflation (period average) (%)	1.2	0.3	0.2	0.1	3.1
<b>PUBLIC FINANCES (% of GDP)</b>					
Overall Surplus (Deficit)	(2.8)	(0.7)	(3.3)	(11.6)	(4.8)
Public Sector Debt	96.0	95.6	96.0	132.8	111.1
<b>BALANCE OF PAYMENTS (% of GDP)</b>					
Total Exports	54.1	55.8	56.7	45.1	50.7
Total Imports	59.0	60.1	61.9	56.9	60.2
Current Account Balance	(7.8)	(8.4)	(9.5)	(8.1)	(9.3)
Capital and Financial Account	3.6	6.8	7.5	11.5	11.1
Overall Balance	(3.5)	(0.9)	(0.9)	4.4	3.7
<b>AVERAGE EXCHANGE RATE</b>					
Belize dollars to 1 USD	2.00	2.00	2.00	2.00	2.00



**Social Data**

	2017	2018	2019	2020	2021 <sup>P</sup>
<b>POPULATION</b>					
Population ('000)	387.9	398.1	408.5	419.2	430.1
Population (annual % change)	2.6	2.6	2.6	2.6	2.6
<b>EDUCATION</b>					
Net School Enrolment Ratio					
Primary	99.0	98.1	97.7	96.3	91.7
Secondary	55.8	55.5	56.7	56.5	56.6
Pupil-Teacher Ratio					
Primary	21.5	21.2	20.7	20.6	20.6
Secondary	16.1	16.2	16.4	16.3	16.9
<b>LABOUR FORCE</b>					
Unemployment Rate (%)					
Male	9.4	9.4	9.0	13.7	10.2
Female	6.0	5.6	6.0	11.6	6.9
	14.6	14.9	13.4	17.0	15.2
<b>HEALTH</b>					
Life Expectancy at Birth (years)					
Male	74.4	74.5	74.6	n.a.	n.a.
Female	71.5	71.6	71.7	n.a.	n.a.
	77.5	77.7	77.8	n.a.	n.a.
Mortality Rate, Infant (per 1,000 live births)					
	11.8	11.2	10.6	n.a.	n.a.
Human Development Index					
	0.719	0.720	0.716	n.a.	n.a.
<b>HOUSING AND ENVIRONMENT</b>					
People using at least basic drinking water (%)					
	98.0	98.4	98.4	98.4	n.a.
Households with electricity (%)					
	94.2	91.7	92.7	97.1	n.a.
Marine protected areas (% of territorial waters)					
	10.1	10.1	10.1	11.0	11.0

*Sources: Statistical Institute of Belize, Central Bank of Belize, United Nations Development Reports, and World Development Indicators.*

*Unemployment data: For 2017, 2019 and 2021 – average of April and September Labour Force Survey (LFS). For 2018 April LFS only. For 2020 September only. From 2020 new methodology employed.*

*Some data for 2021 are provisional.*

### **GENDER MARKER SUMMARY**

<b>Gender Marker</b>	<b>Analysis</b>	<b>Design</b>	<b>Implementation</b>	<b>Monitoring and Evaluation</b>	<b>Score</b>	<b>Code</b>
	1.0	0.5	1.0	0.5	3.0	GM <sup>1</sup>

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<sup>1</sup> Gender Mainstreamed (GM): The Country Engagement Strategy is GM and has the potential to contribute significantly to gender equality. See Appendix 1 for the Gender Marker Analysis.

## **EXECUTIVE SUMMARY**

1. This Country Engagement Strategy (CES) covers the period 2022-26. It sets out the strategic direction for the Caribbean Development Bank's (CDB/the Bank) collaboration with Belize over the strategy period and defines the parameters of its support. The proposed country strategy (CS) responds to Belize's development priorities and is aligned with CDB's Strategic Objectives of building social, production, environmental, financial and institutional resilience, as well as CDB's cross-cutting objectives of good governance (including evidence-based decision creation), innovation (including digitalisation), enhancing economic integration and deepening cooperation, and promoting gender equality.

### **Country Context**

2. Economic growth in Belize has been sluggish in recent years and was severely interrupted by the Coronavirus Disease 2019 (COVID-19) pandemic. The economy contracted by 16.8% in 2020, as the pandemic impacted tourism and agriculture, the country's two major industries. Recovery began in 2021, and about two-thirds of persons who had lost their jobs as a result of the pandemic were re-employed. While the recovery is expected to continue, the economy remains vulnerable to new waves of COVID-19 infections, as well as higher international commodity prices (such as oil and fertiliser) and extreme weather events. Poverty levels were high before the pandemic (52% of the population in 2019) and are likely to have risen since.

3. The Government of Belize (GOBZ/the Government) has been taking measures to reduce its debt and create fiscal space to fund its development priorities. In 2021, GOBZ reduced its commercial debt by issuing a 'blue' bond to retire the previous super bond at a discount. GOBZ also realised savings in recurrent expenditure, partly through a 10% reduction in public sector salaries, which will be restored in 2022. As a result, central government (CG) debt fell to 104.5% of gross domestic product (GDP) but remains unsustainable in the absence of further fiscal consolidation.

### **National Priorities**

4. GOBZ is committed to achieving sustainable growth and development in line with its forthcoming Medium-term Development Strategy (MTDS). GOBZ has identified six strategic goals to be pursued: (a) reducing poverty; (b) economic transformation and growth; (c) trade deficit reduction; (d) improving citizen security; (e) environmental protection; and (f) good governance. GOBZ has also launched a new National Digital Agenda (NDA), which is designed to support transformation of the Belizean economy.

### **Caribbean Development Bank in Belize and Lessons Learnt**

5. CDB's engagement with Belize spans more than five decades. Loans to Belize amounting to five hundred and thirty-six million two hundred thousand United States dollars (\$536.2 mn)<sup>1</sup>, make Belize CDB's third largest borrower. Belize is also the fourth largest recipient of grant funding from and through CDB, with cumulative grant approvals amounting to \$103.6 mn as of December 31, 2021. 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) realism about what can be achieved in the strategy period, with capacity building and institutional strengthening where necessary; (b) results monitoring and evaluation (M&E); (c) flexibility to allow for changes in socioeconomic circumstances and strategic priorities; and (d) strong collaboration with other development partners and key decision makers in country.

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<sup>1</sup> As at December 31, 2021.

## **Country Engagement Strategy 2022-26: Proposed Pillars and Expected Outcomes**

6. The proposed CS rests on three pillars: (a) *building social resilience*; (b) *building economic resilience*; and (c) *building environmental resilience*. The indicative programme of assistance has been designed to achieve the following CES outcomes: (i) strengthened social protection and resilience; (ii) improved quality of, and access to, education and training; (iii) improved private sector productivity; (iv) climate resilient infrastructure and services; (v) increased resilience to climate change and disaster risks; and (vi) enhanced energy security. 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 GOBZ. Good governance, innovation, enhancing economic integration and deepening cooperation, and promoting gender equality will be mainstreamed in CDB's interventions. A Gender Marker is included at Appendix 1. The CS has also undergone an extensive climate-screening exercise, which is summarised at Appendix 2. Strategy outcomes will be monitored within a Results Framework. Monitoring will entail regular stock takes between CDB and GOBZ, and a mid-term review (MTR). These monitoring tools will help to drive implementation by anticipating and addressing bottlenecks at an early stage. They will also embed flexibility in the strategy to adjust the scope of the programme and to re-prioritise, if necessary.

### **Resource Envelope**

7. A resource envelope of up to \$122.5 mn is proposed to support an indicative programme of assistance through 2026. The envelope includes Belize's allocation of \$27.8 mn from the tenth replenishment of CDB's Special Development Fund (SDF 10). CDB will explore all potential sources of grant and concessionary loan financing to support debt sustainability.

### **Risks and Mitigating Actions**

8. The main risks that may affect the execution of the proposed CS 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; and (iii) active engagement of development partners.

## 1. COUNTRY DEVELOPMENT CONTEXT

1.01 Belize had a real GDP per capita of \$6,960<sup>1</sup> at the end of 2019, its lowest since 2002. This was on account of generally sluggish growth and consistent population growth associated with immigration from other Central American countries. The Belizean economy has become heavily dependent on tourism, with the United States of America (USA) as its main source market. The World Travel and Tourism Council estimates that in 2019, travel and tourism contributed directly and indirectly: 37.2% to GDP; 39.3% of total employment; and 48.0% of total exports. The economy is also based to a lesser extent on agriculture (8.1% of GDP 2019)<sup>2</sup>.

1.02 In the last 10 years, socio-economic progress has been affected by external shocks such as hurricanes, drought, and the COVID-19 pandemic. Belize is also highly vulnerable to the adverse impacts of climate variability and climate change due to its long, low-lying coastline which supports coastal communities and critical infrastructure; and to its barrier reef and forest cover which support fragile ecosystems. Sea level rise (SLR), coastal flooding due to storm surge and extreme rainfall events, increased intensity of tropical cyclones, and ocean warming and acidification are expected to have significant implications for the economy and population, because of the potentially substantial adverse impact on earnings from tourism, agriculture, forestry, and fisheries. In the Climate Risk Index for 2000-2019, Belize ranked 8<sup>th</sup> out of 180 countries in average losses per unit of GDP due to extreme weather events. (Appendix 2 presents a detailed climate and disaster risk screening analysis). These events have induced output volatility, impacted the economy's ability to grow, and increased debt levels which have put a strain on the efforts to tackle structural inequalities, unemployment, and poverty.

1.03 In March 2020, the closure of borders and the imposition of restrictive measures to contain the spread of COVID-19, led to a collapse in tourism activity. Stay over visitor and cruise ship visitor numbers for the year were both down by about 70% on 2019 numbers. There was a knock-on effect on linked sectors such as agriculture, transport, manufacturing, and wholesale and retail trade. Overall, GDP contracted by 16.8%, and GDP per capita fell further to \$5,814. In 2021, the economy started to recover as tourism numbers picked up and agriculture rebounded. GDP increased by 10.9% and will continue to grow in 2022. However, the recovery remains vulnerable to new waves of COVID-19 infections, despite more persons getting vaccinated. As of January 1, 2022, 51% of the population were fully vaccinated. The recovery could also be negatively impacted by the outbreak of war in Eastern Europe, which is likely to increase oil prices and the prices of other imports on which Belize relies.

1.04 Public finances were weak before 2020. GOBZ had not been able to consistently meet the primary balance targets required by a 2017 superbond restructuring agreement<sup>3</sup>, and CG debt was above 90% of GDP. The COVID-19 pandemic deepened the fiscal crisis. A fall in tax revenues<sup>4</sup>, combined with a need to increase expenditure on health and social protection, caused GOBZ's primary deficit to widen from 0.1% to 8.8% of GDP. Capitalising interest payments saved \$13 mn in 2020, but CG debt increased to 127.4% of GDP, constraining fiscal space.

1.05 The deficit on the external current account narrowed to 8.1% of GDP in 2020, mainly due to: a significant fall in imports as economic activity contracted; lower repatriation of profits abroad; and lower interest payments as payments on the commercial superbond were capitalised. The deficit widened again in 2021 to 9.3% of GDP, as imports (especially) and exports recovered. The capital and financial accounts

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<sup>1</sup> Purchasing power parity, 2017 international dollars.

<sup>2</sup> Agriculture, Forestry and Fishing. Source: Statistical Institute of Belize (SIB).

<sup>3</sup> GOBZ undertook to tighten its fiscal stance by three percentage points of GDP in Financial Year 2017/18 and achieve surpluses of 2% for the next three years. The target was met in Financial Year 2018/19 only.

<sup>4</sup> Tax revenues in 2020 were 19.5% less than in 2019.

were bolstered by the inflows from a new government financing, and by the allocation of the International Monetary Fund (IMF) Special Drawing Rights in August 2021, which will be kept as reserves. International reserves increased to more than four months of imports by the end of 2021, although this ratio could fall over time if external financing becomes scarcer due to debt sustainability concerns.

**TABLE 1.1: SELECTED INDICATORS**

	2017	2018	2019	2020 <sup>e</sup>	2021 <sup>p</sup>
Real GDP Growth (%)	2.1	2.0	2.0	(16.8)	10.9e
Average Inflation (%)	1.2	0.3	0.2	0.1	3.1
Unemployment Rate (%)	9.4	9.4	9.0	13.7	10.2
Primary Balance (% of GDP)	0.2	2.4	(0.1)	(8.8)	(2.6)
Central Government Debt (% of GDP)	93.3	92.2	92.4	127.9	104.5
Public Sector Debt (% of GDP)	96.0	95.6	92.0	132.8	111.1
Current Account Balance (% of GDP)	(7.8)	(8.4)	(9.5)	(8.1)	(9.3)
Private Sector Credit Growth (%)	0.3	2.8	5.3	2.6	2.5

*e – estimated, p – projected. Source: GOBZ, CDB, IMF.*

1.06 The People’s United Party won the General Elections of November 2020. To help stabilise the economy and re-invigorate growth, the new Government crafted a home-grown recovery plan<sup>5</sup> centred on fiscal consolidation and debt restructuring. The plan envisaged a sharp fall in recurrent expenditure in Fiscal Year (FY) 2021/22, mainly from savings in personal emoluments and in goods and services expenditure. The savings in personal emoluments required pay cuts of up to 10%, which were implemented. Revenue raising measures would be considered as the economy strengthened.

1.07 The recovery plan also advocated debt reduction, most significantly through a haircut on the superbond. Following a period of negotiation with bondholders, in September 2021 GOBZ agreed in principle with a committee holding close to 50% of the outstanding bonds to buy them back at a 45% discount. Once the required threshold for agreement was reached (75% of bondholders by value), the purchase was completed in November and was financed by the issue of a ‘blue bond’. The \$364 mn<sup>6</sup> blue bond is repayable between 2032 and 2040, with interest only payments in the meantime increasing from 3% in 2021 to 6.04% by 2025. As well as buying out the superbond holders (\$301 mn), the blue bond will prefund (\$24 mn) a marine conservation endowment account which is expected to grow to \$90 mn by 2041. In the meantime, GOBZ is required to provide about four million Belize dollars (BZD 4 mn) per year to fund marine protection efforts to meet conservation goals such as protecting approximately 30% of its ocean.

1.08 The debt restructuring exercise reduced the public debt-to-GDP ratio by 12 percentage points. It was positively received by the credit rating agencies<sup>7</sup>, but it will not on its own put the debt burden on a firmly downward trajectory. GOBZ has committed to reducing the debt-to-GDP ratio to 85% by 2025 and 70% by 2030. This assumes a rebasing of the national accounts in 2022<sup>8</sup>, and GOBZ achieving consistent primary surpluses of at about 2% of GDP per year from 2023. Following the restoration of some of the lost

<sup>5</sup> Articulated in its March 2021 Budget Speech.

<sup>6</sup> The \$364 mn will fund: \$301 mn for the discounted repayment of the superbond; \$24 mn to prefund a marine conservation endowment account; \$18 mn set aside as an original issue discount to facilitate a lower interest rate in the early repayment years; \$10 mn as a debt service reserve account; and \$10 mn to help cover the closing cost for the transaction.

<sup>7</sup> On November 9, 2021, Standard and Poor’s Global Ratings raised Belize’s long-term foreign currency rating to B- from Selective Default, with a stable outlook.

<sup>8</sup> The authorities are rebasing the National Accounts to base year 2014 from 2000. SIB preliminary estimates indicate that GDP would increase by about 20%, reflecting new sectoral weights and an updated business registry.

public sector salaries from July 2022, and the introduction of measures to mitigate the rise in fuel prices, GOBZ is forecasting a primary surplus of 0.4% in FY 2022/23. GOBZ will therefore need to demonstrate resolve and commitment in undertaking the continued adjustment needed to restore debt sustainability and strengthen its fiscal capacity to respond to future shocks. Failure to restore debt sustainability would put the fiscal position and the currency peg at risk of a disorderly adjustment and further destabilise economic conditions.

1.09 According to the 2020 Human Development Report (HDR), Belize, which is categorised as an upper middle-income country, has a Human Development Index (HDI) value of 0.716 and a ranking of 110 out of 189 countries<sup>9</sup>. A 2020 study by SIB estimated that about 52% of the total population were living in poverty in 2018 and 2019<sup>10</sup>, compared with 41% at the time of the last full Country Poverty Assessment (CPA) in 2009. The study also recorded worsening inequality, with the Gini coefficient increasing to 0.49, from 0.38 in 2009.

1.10 Poverty and inequality are likely to have further worsened during 2020, when 38,909 persons lost their jobs or businesses due to the COVID-19<sup>11</sup> pandemic. Many of those who kept their jobs worked fewer hours. Nearly 18 months after COVID-19 first affected the Belizean economy, an estimated 11,834 persons were still without work, with 63.3% being women. In 2021 and 2022, further pressure was put on household budgets from rising prices. Retail price inflation (year-on-year) averaged 3.1% in 2021, compared with 0.1% in 2020 and 0.2% in 2019.

1.11 While unemployment fell during 2021, the rate of unemployment among women is still much higher than it is for men. According to the September 2021 Labour Force Survey (LFS), the national unemployment rate stood at 9.2%, down from 13.7% the previous September. Both male and female unemployment fell, but for females the unemployment rate was still nearly twice as high (13.0% against 6.7%). Youth unemployment (age 14-24) was 18.6%.

1.12 Belize has a Gender Inequality Index (GII) value of 0.415 (2019 Index), ranking 97 out of 162 countries<sup>12</sup>. Women hold 11.1% of the parliamentary seats<sup>13</sup>, and 79% of adult women have reached at least a secondary level of education compared with 78.9% of their male counterparts. For every 100,000 live births, 36 women die from pregnancy-related causes; and the adolescent birth rate is 68.5 births per 1,000 women of ages 15-19. Female participation in the labour market is 49.9% compared with 80.6% for men<sup>14</sup>. Women are highly concentrated in sectors that were hardest hit by the pandemic, including domestic services related roles, frontline work, travel planning, and other low paying service jobs; whereas men own and manage resorts, maintain buildings and grounds, and operate as tour guides and taxi drivers. Occupational segregation in the labour market impedes women's entry into the better-paid sectors and positions.

1.13 Other vulnerable groups include indigenous persons. In 2018 and 2019, 77% of the Maya population was living in poverty, compared with the national rate of 52%. The Maya live in all districts of Belize, but mainly in rural areas such as the Toledo district. Many practice traditional subsistence farming

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<sup>9</sup> United Nations Development Programme (UNDP), HDR (2020): *The Next Frontier, Human Development and the Anthropocene*. The HDI rank was calculated based on indicators related to quality of health, education, and standard of living.

<sup>10</sup> SIB (2021): Poverty Study 2018/19.

<sup>11</sup> SIB, LFS (September 2020).

<sup>12</sup> The 2010 HDR introduced the GII, which reflects gender-based inequalities in three dimensions: reproductive health; empowerment; and economic activity.

<sup>13</sup> In the new House of Representatives, 15.6%.

<sup>14</sup> UNDP Belize HDR, 2020.

of maize, beans, rice and cacao, with some local sales. Since April 2019, unemployment among this group has increased from 6.9% to 14.4% (September 2021 LFS). The Maya unemployment rate in the Toledo district is 22.9%, much higher than the overall rate of 14.6% in that area.

1.14 Poor and disadvantaged persons are usually disproportionately affected due to existing economic and social inequalities which hinder their ability to cope with shocks including climate change risks and impacts. Appendix 3 provides a summary of the types of vulnerabilities faced by different groups, and the existing policies and programmes in place to help.



## 2. KEY DEVELOPMENT CHALLENGES AND PRIORITIES

2.01 Belize's development priorities are underpinned by the long-term vision 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 vision is the focus of Horizon 2030: National Development Framework for Belize 2010-2030, which is anchored on the 2030 Sustainable Development Goals (SDGs). This Framework is being addressed through a series of MTDSs, the most recent of which was the Growth and Sustainable Development Strategy (GSDS) 2016-19, which was extended to 2021. The collective impacts of these strategic interventions are intended to place Belize on course towards the trajectory of Horizon 2030.

2.02 The new MTDS is expected in Summer 2022. It will factor in the pandemic's impacts on sustainable development. Within this context, the MTDS will consider policy responses required to strengthen resilience and address structural problems that have inhibited sustained and inclusive growth. Although still under preparation, indicative 'strategic goals' have been identified during discussions held with GOBZ officials and key stakeholders. These strategic goals reconcile with the key development challenges facing Belize, implying a high degree of strategic relevance. GOBZ has identified six strategic goals:

- (a) reducing poverty;
- (b) economic transformation and growth;
- (c) reducing the trade deficit;
- (d) improving citizen security;
- (e) environmental protection; and
- (f) good governance.

2.03 The priority development outcomes that need to be realised to meet these goals have also been identified. These outcomes relate to the following sectors and thematic areas of focus: social protection; education; supporting small businesses; energy sustainability; infrastructure resilience; and connectivity. The sections below discuss relevant governance issues in each sector.

2.04 The fact that GOBZ's budget plans and Horizon 2030 are yet to be cast within a results framework may pose some challenges for implementation, as well as for M&E. There was an appreciation of both in the GSDS, but progress is yet to be made. Improving the quality of data and enhancing data coverage to inform evidence-based policy making is an important issue that cuts across, and would complement progress in, different areas.

2.05 The macroeconomic framework required to support the MTDS should be underpinned by effective fiscal policies (to strengthen the fiscal position and create fiscal space to finance priority expenditures, reduce debt, and build buffers), as well as the mobilisation of financing instruments to ensure that the strategy is sufficiently funded while maintaining financial sustainability. The debt restructuring has helped, but further fiscal consolidation will be necessary to restore debt sustainability and bring the debt-to-GDP ratio down to 85% by 2025 and 70% by 2030. For example, if GOBZ were to consistently record primary balances of less than 1% per year, public debt would not fall to 85% before 2032. Therefore, Belize will need to demonstrate resolve and commitment in undertaking the adjustment needed to restore debt sustainability and strengthen its fiscal capacity to respond to future shocks.

2.06 GOBZ is receiving support from the Inter-American Development Bank (IDB) through programmes that will strengthen tax administration to increase revenue collection, and that will strengthen public expenditure management, including procurement. GOBZ has recently received other support from the Caribbean Regional Technical Assistance Centre (CARTAC) in Public Financial Management (PFM), as well as in Customs and Tax Administration and statistics. However, further PFM strengthening is needed, such as multi-year budgeting, fiscal risk assessment, and public investment management.

2.07 Fiscal constraints will require careful prioritisation of outcomes and interventions, as well as maximising the use of grant and concessional resources. The aim should be to use debt for productive purposes to help generate growth and consequently reduce the debt-to-GDP ratio. Fiscal sustainability and expanded access to development resources, will be critical enablers of the attainment of GOBZ’s strategic goals.

2.08 Digitalisation will also play an increasingly important role in enabling Belize’s economic transformation. GOBZ plans to increase resilience and competitiveness of the economy through improved connectivity and digitalisation. This includes making government services more efficient, effective, and transparent. The need for improved broadband connectivity became more apparent during the pandemic. Families and businesses in greater numbers are now using the internet for key public health information, working remotely from home, and studying online. It is now possible to renew drivers’ licences and to make tax payments online. However, there is scope for other Ministries and Departments to digitise data, to facilitate the easing of doing business, and to improve both public and private sector resilience and efficiency.

2.09 In December 2021, GOBZ launched the NDA for the period 2022-25. This agenda seeks to build trust in government services by simplifying procedures, improving service delivery, and facilitating economic recovery through accelerated digitalisation. The NDA has three strategic goals: (a) transforming the way Government operates; (b) developing a digital culture and society; and (c) building the Foundation for Future Digital Transformation; and is built on three pillars: (i) Information and Communications Technology (ICT) and Enablers; (ii) Digital Government; and (iii) Digitalisation for Recovery (see Table 2.1).

**TABLE 2.1: PILLARS OF THE NATIONAL DIGITAL AGENDA (2022-25)**

	<b>ICT Technology and Enablers</b>	<b>Digital Government</b>	<b>Digitalisation for Recovery</b>
Strategic Themes	Connectivity and inclusive access	e-Services and digital identity	Closing the digital skills gap
	Digital infrastructure	Good governance (open government)	Promoting innovation
	Horizontal platforms	Cybersecurity	Facing COVID-19 with digitalisation

2.10 Based on 2019 data<sup>15</sup>, 69% of households in urban areas have internet access at home, compared with 52% in rural areas. Access is non-existent in the most remote areas, many of which do not have access to electricity. A mobile cellular network covers 98% of the population, falling to 70% covered by at least a fourth-generation network. Only 8% of inhabitants have a fixed broadband subscription, suggesting concerns about affordability. However, the percentage with mobile broadband subscriptions has risen

<sup>15</sup> Source: International Telecommunications Union, Belize Digital Development Dashboard.

sharply to 44% from 13.8% in 2016. Increasing access, especially in rural areas, would require investments in telecoms infrastructure plus an appropriate increase in citizens' digital literacy.

2.11 GOBZ is strengthening its legislative framework to enable the effective delivery of the NDA. The Data Protection Act (2021) to govern the use and dissemination of personal data<sup>16</sup>, and the Public Sector Data Sharing Act (2021) which allows for the safeguarded exchange of individuals' information across Ministries and Departments, were both recently enacted. To improve productivity in the private sector, the Electronic Transaction Act (2021) has been updated to enable all forms of e-commerce. The new Electronic Evidence Act will help tackle online crimes, complementing the Cybercrime Act (2020).

2.12 Next steps are to operationalise data protection and cyber security, including appointing a Data Commissioner; educating the public; building capacity to tackle cybercrime in the courts and the police; and advancing the digitisation of government records. The IDB is currently providing TA to establish a data governance strategy and a data plan to determine how data can be collected, stored, and standardised<sup>17</sup>.

## **SOCIAL PROTECTION AND GENDER**

2.13 Enhancing community safety and labour market participation for economic empowerment are critical for socio-economic development. However, high rates of youth unemployment<sup>18</sup> have contributed to criminal activity. Citizen security interventions to address the risk factors for crime and violence and anti-social behaviours in poor, vulnerable and at-risk communities, through support for youth empowerment, remains a national priority. The Belize City Beautification Project, implemented in 2021<sup>19</sup>, built on the CDB-funded Youth and Community Transformation (YCT) Project (2013), and the Youth Resilience and Inclusive Social Empowerment Project (2016) which utilised the social crime prevention model. This model maximised the participatory, multi-stakeholder approach to providing support to youth at-risk by offering soft skills, vocational skills, training and counselling to help integrate them into the workforce and increase their stake in societal conformity.

2.14 The high level of poverty and vulnerability, exacerbated by COVID-19, has put increasing pressure on GOBZ to provide adequate social protection. Existing social protection programmes were scaled-up in response to the pandemic, with support from the World Bank (WB) and IDB. However, limited coordination among GOBZ ministries and agencies, and the voluntary sector in implementing social protection interventions, impacted the efficiency and effectiveness of programme delivery. Information sharing among programme implementing partners is weak, and data are not sufficiently updated to improve evidence-based policy making. There are five main social protection programmes, including the flagship Building Opportunities for Our Social Transformation (BOOST). It is possible that, due to data weaknesses, some beneficiaries are receiving duplicate support from more than one programme, thereby contributing to errors of inclusion and exclusion. Leakage of benefits to non-poor persons, which was estimated to be 25% in 2011, could still be significant. In addition, there has been limited work done to develop indicators that would inform beneficiary graduation from social assistance programmes.

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<sup>16</sup> Based on the General Data Protection Regulation (GDPR) which has been adopted by the European Union (EU). Data protection is a fundamental right in the EU, and GDPR which came into force on May 25, 2018 as one of the highest standards of data protection, is the framework for protecting that right across the EU.

<sup>17</sup> The NDA approach on the digitisation of records is for a single records management system, which Ministries and Departments would use. Once the strategy and plan are finalised, and an acceptable form of standardisation has been agreed, individual digitisation exercises could proceed.

<sup>18</sup> Youth unemployment has hovered around 20% since 2016, although it rose to 23% in 2020 before falling in 2021.

<sup>19</sup> Four-month project funded by the Ministry of Home Affairs, with support from the Police; the Ministry of Youth, Sports and E-governance; and the University of Belize.

2.15 Gender-based violence (GBV), which includes Trafficking-in-Persons (TIP), continues to be one of the gravest manifestations of gender inequality in Belize. According to the Belize Crime Observatory, on average, more than 1,800 domestic violence reports per year were made by women between 2016 and 2021<sup>20</sup>. In 2020, GOBZ was classified as Tier 2 on the USA’s State Department Report for the second consecutive year, meaning that it does not fully meet the minimum standards for the elimination of trafficking. The TIP Report characterises Belize as a source, transit, and destination country for human trafficking, with women and girls being the main victims. However, GOBZ is making progress to initiate more trafficking investigations, convicting traffickers, and screening for potential trafficking victims during joint labour inspections.

2.16 GOBZ is committed to updating its National GBV Action Plan (2017-2020) – a multisectoral plan to prevent and respond to GBV. At present, there is no comprehensive framework for providing coordinated legal, social, and psychosocial support services to address GBV. The gaps in the legislative and response mechanism fail to adequately protect lives, ensure comprehensive care, treatment, and client-centred policies, referral pathways, and protocols. Furthermore, services in rural areas and indigenous and immigrant communities are scarce.

2.17 Gender equity and non-discrimination in access to opportunities is a core value of Horizon 2030. The revised National Gender Policy (2013) was established to advance the achievement of *de jure* and *de facto* gender equality and equity in Belize. It sets policy priorities, including education and skills training, wealth and employment generation, and power and decision making. While there has been significant progress in the policy framework for gender equality, the overall gender mainstreaming capacity is insufficient to satisfy the policy’s aims and objectives.

## INFRASTRUCTURE

2.18 There is an ongoing need for resilient, modern and inclusive infrastructure to support economic competitiveness and employment creation benefiting all segments of society, particularly the most vulnerable. However, given that many people live in remote areas, infrastructure requirements are higher than in more densely populated countries. This requires careful prioritisation of interventions and more efficient capital expenditure. The use of Public-Private Partnerships (PPPs) could help meet the infrastructure gap, but this requires a sound regulatory and institutional framework. GOBZ is moving in this direction. In November 2021, Cabinet approved a new draft PPP policy and the establishment of a PPP unit.

2.19 Only 18% of the country’s road network is paved (2018)<sup>21</sup>. The other roads are gravel and dirt, and can quickly become unusable in heavy rainfall conditions, cutting off communities and businesses from critical services and opportunities. GOBZ has commenced the implementation of transformative road infrastructure investment on the Philip Goldson Highway (PGH) and Remate bypass, through a recently approved CDB loan and United Kingdom (UK) grant. This project will improve road conditions and ease constraints that currently impede output growth, by enhancing access and economic connectivity. There is currently no road maintenance plan, and road safety is a concern although recent CDB interventions have had positive results in the areas implemented. GOBZ is looking to modernise bus travel to make it more appealing and reduce its carbon footprint through cleaner electric buses and better-connected terminals.

2.20 To maintain global connectivity, an important driver of economic transformation, growth and employment, the resilience of Belize’s airport and seaport infrastructure needs to be improved. For example, investment is needed at Belmopan Airport – which plays an important role in disaster risk

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<sup>20</sup> [Gender-Based Violence – Belize Crime Observatory \(bco.gov.bz\)](https://bco.gov.bz).

<sup>21</sup> Source: Comprehensive National Transportation Master Plan, 2018.

management (DRM), but which lacks a tower, lights, and air parking; and the Philip Goldson International Airport – the main gateway into the country, but where terminal capacity constraints are becoming an issue and the taxiway needs upgrading.

2.21 There is also a need to invest in ports infrastructure to complement other measures to increase trade and to support the tourism industry. Currently, about 8 out of 10 cruise ship visitors take part in marine tourism, and the authorities are looking to improve these visitors' accessibility to inland tourism sites. A national port development policy is being developed to guide both cargo and transportation infrastructure development. Belize already has two cruise ship terminals, with a third under construction and possibly a fourth to follow. These developments will add to the demand for both national marine and land-based transport, and therefore complementary infrastructure. There is a need to implement a system of marine buoys in existing marinas to guide the mooring and berthing of vessels away from reefs to aid in reef protection.

2.22 In the water sector, over 60% of the water supplied is produced using conventional water treatment processes with rivers as the extraction sources. Satellite water wells are used for most of the other water systems; however, on the islands of Ambergris Caye and Caye Caulker, water is treated by reverse osmosis before it is distributed. Overall, non-revenue water (NRW) in 2020/2021 made up 25.4% of water production, among the lowest rates in Latin America and the Caribbean (LAC), and better than some developed countries. However, this rate reflected an increase in NRW volume of 5.1% from the previous year, as the pandemic affected the ability of Belize Water Services (BWS) to deliver on its water loss reduction programme<sup>22</sup>. Other sector issues include: no effective monitoring of water quality; a need for water conservation; and limited human resources and technical expertise for wastewater management. Systems of wastewater management are inadequate in industrial areas, urban areas, and the cayes, particularly North Ambergris Caye for which CDB has supported various technical studies. In terms of urban drainage, given Belize's concentration of population in low-lying areas, flood risk management as part of integrated water management is necessary.

2.23 Regarding solid waste management, GOBZ is concerned about the high cost of transport to landfills and is considering waste-to-energy initiatives as a possible solution for both the mainland and the cayes.

## **ENERGY**

2.24 Approximately 97% of the population has access to electricity, with the national electricity grid connecting all major municipalities. A few rural communities – where poverty rates are higher – and the Cayes, remain unconnected. EU is providing support in some of these areas, but gaps will remain. Energy intensity in Belize is among the highest in the Caribbean<sup>23</sup>. Also, while Belize has significant renewable energy (RE) penetration<sup>24</sup>, it still imports 38% of its electricity from gas-fired generators in Mexico and is reliant on imported fossil fuel for the transport sector. Having a significant share of imported energy resources, combined with high intensity, present challenges to energy security and increase the risk of price shocks and foreign exchange pressures. The sharp increase in global oil prices in 2022 poses a risk for poorer individuals and families.

2.25 Targets under Belize's 2021 Nationally Determined Contributions (NDCs) provide a view on GOBZ's energy sector aspirations. The NDCs targets under the United Nation's Framework Convention on Climate Change (FCCC) relate to: (a) reducing emissions in the power sector by 19 kilotons of greenhouse gases (Kt CO<sub>2</sub>e per year by 2030) through lower transmission and distribution losses;

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<sup>22</sup> BWS Annual Report 2021.

<sup>23</sup> 10,000 British Thermal Units per \$1 of GDP, about twice as much as Barbados.

<sup>24</sup> In 2019, 58.6% of electricity, mainly from hydroelectric and biomass generation.

(b) increasing energy efficiency (EE) and conservation in buildings by at least 10% by 2030; (c) increasing the amount of RE through hydropower, solar, wind and biomass generation (75% of electricity by 2030); and (d) reducing fuel use in the transport sector (117 Kt CO<sub>2</sub>e per year by 2030) by improving efficiency in public transport, fuel economy standards, and investing in charging infrastructure for electric vehicles.

2.26 Legislation and regulations need to be updated to support distributive energy systems, such as solar energy use by households and businesses. To address emissions in the transport sector, GOBZ's current e-mobility project includes the provision of a small number of electric buses. The size of the bus fleet could be increased if the project is successful.

2.27 The RE sub-sector – because it is still relatively new and thus not yet perceived as being “gendered” – may offer more opportunities for women's employment and business opportunities. RE is one of the most dynamic aspects of the energy industry in the Region and has also been influenced by donor requirements for universal access and gender equality mainstreaming. A just and inclusive transition to RE provides a tremendous opportunity for women and men. It is intrinsically linked to nearly all the SDGs, including Goal 5.

## **EDUCATION**

2.28 Good quality education is vital for growth, inclusion, poverty reduction, and economic resilience. In 2019, poverty rates were 12% in households headed by someone with tertiary level education, compared with 64% in households headed by someone with no education<sup>25</sup>. This discrepancy is likely to have widened during the pandemic. Unemployment rates are also much lower among the better educated – 8.3% of those with tertiary education compared with 15% of those with no education<sup>26</sup>.

2.29 Despite the progress made in the education sector, large deficits in access to quality education remain, particularly at the Early Childhood Development (ECD) and secondary levels. Of the pre-primary age cohort, 30% are not adequately prepared for the transition to formal education. In secondary education, with the net enrolment rate at 55%, access to upper secondary education is not universal with 61% for girls and 52% for boys participating. As much as 26% of students in the 13-16 year cohort are enrolled in primary schools, while 25% are not participating in secondary education. This constrains the level of throughput to higher education. In addition, attempts to enhance quality have been hindered by the significant number of teachers in basic education without pedagogical training (47% in pre-primary and 51% in secondary education), with concomitant low levels of appropriately trained instructors to deliver advanced level programming in Technical and Vocational Education and Training (TVET). These factors contribute to the ongoing issue of skills mismatches between education and training provision, and the needs of the economy. Overall, there is the need to modernise learning environments to support 21<sup>st</sup> Century skills needs such as in Science, Technology, Engineering and Mathematics, with emphasis on the digital transformation of the sector.

2.30 Other issues include: persistent male under-enrolment and dropout; limited provision for special education needs learners, including persons with disabilities (PWDs); and limited capacity for effective management of schools. Generally, boys underperform relative to girls – the 2019 secondary completion rate stood at 44% for males and 57% for females – but there is gender parity in the percentage of students attaining at least 5 subjects in the Caribbean Examinations Council's Caribbean Secondary Education Certificate examinations.

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<sup>25</sup> SIB (2021): Poverty Study 2018/19.

<sup>26</sup> SIB, LFS (September 2021).

2.31 The sector's challenges have been exacerbated by the impact of the COVID-19 pandemic. The system struggled to ensure learning continuity, with a significant number of schools unable to provide online teaching/learning due to factors including: (a) limited access to devices; (b) inadequate bandwidth; (c) inability of teachers to function effectively in an online environment; and (d) the absence of an appropriate learning management system for inclusive, student-centred instruction. Improving inclusive access to quality education, enhancing relevance of programmes, accelerating support for learners at-risk, and building resilience of the education system are key sector development priorities to achieve the SDG 4 goals and targets. The appropriate policy and regulatory frameworks to expand access and provide the enabling environment for both males and females to maximise learning opportunities are urgently needed.

2.32 Several well-aligned interventions supported by CDB, as well as other development partners, are currently ongoing in the sector. For example, CDB's ongoing Second Education Sector Reform (ESR) Project will deliver new schools and equipment, plus some capacity building. However, GOBZ needs to scale up and widen these interventions, with prioritisation given to digital transformation of education facilities, teacher effectiveness, and curricula refocusing.

## **PRIVATE SECTOR DEVELOPMENT**

2.33 Belize's two main export earners, tourism and agriculture, are both vulnerable to external shocks. Both sectors include Micro, Small and Medium-sized Enterprises (MSMEs), which generate over 70% of private sector employment and incomes, contribute significantly to GDP, and are important for eliminating rural poverty<sup>27</sup>. Based on 2012 data, over 70% of export crops and an even higher percentage of domestic food crops, are produced by MSMEs<sup>28</sup>. However, the MSME sector is affected by a high failure rate of up to 80% of new entrants in some sectors<sup>29</sup>. MSMEs lack the tools to grow.

2.34 For the sector to thrive, the environment for doing business needs to improve. Belize ranked 135 out of 190 countries in the last WB Ease of Doing Business Survey in 2020. The country scored low on a number of key indicators, including: starting a business (rank 166); getting credit (173); enforcing contracts (135); registering property (137); protecting minority investors (157); and trading across borders (114)<sup>30</sup>.

2.35 In terms of starting a business, the survey found that the process requires 9 procedures and takes 48 days, compared with just 2 procedures and 3 days in Jamaica, the best performing country on this metric in LAC. Following a regional assessment of the processes to start a business<sup>31</sup>, addressing this indicator was regarded as high priority by Belize. Some ongoing interventions will help improve the process, such as: tax administration modernisation; trade licence reform; and digitalisation.

2.36 Access to finance was already an issue for MSMEs before the COVID-19 crisis. Of the MSMEs, 63.6% felt that access to finance was a major constraint<sup>32</sup> and there was estimated to be unmet demand

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<sup>27</sup> The Belize Trade and Investment Development Service (BELTRAIDE), Belize MSME Policy and Strategy Report (2012).

<sup>28</sup> Compete Caribbean, Private Sector Assessment Report for Belize (2012).

<sup>29</sup> BELTRAIDE, Belize MSME Policy and Strategy Report (2012).

<sup>30</sup> As of September 2021, WB has discontinued the use and publication of the Doing Business Report. Presently, there are no alternative measures with credible information. For the purposes of this CES paper, the Report is still a useful barometer of the doing business environment. Going forward, CDB's Economics Department intends to conduct new work to continue to track the relevant variables.

<sup>31</sup> The Caribbean Association of Investment Promotion Agencies, with support from the Commonwealth Secretariat, *Improving the Business Climate by Strengthening Procedures to Start a Business in the Caribbean* (2019).

<sup>32</sup> Source: World Enterprise Survey, based on 2011 data.

equivalent of 26% of GDP<sup>33</sup>. Women, youth, and small farmers were particularly affected because of lack of credit histories, insufficient insurance against natural hazards, and lack of secure property rights<sup>34</sup>. During the pandemic the situation worsened. A SIB survey reported that 61.3% of establishments had been highly impacted by decreased demand for their products and services and, similarly, 64.3% had been highly impacted by reduced weekly revenues<sup>35</sup>. Commercial banks' financing of MSMEs was already low, and their willingness to increase this was limited by having to make provisions for non-performing loans in their existing portfolios, which increased from 2.4% in 2019 to 4.5% in 2020<sup>36</sup>.

2.37 In response, the authorities provided some assistance. Risk weights on loans to the tourism sector were reduced and the Central Bank of Belize (CBB) was given the powers to support emergency programmes and facilities through credit facilities or asset purchases. The Development Finance Corporation (DFC) provided working capital support to MSMEs, including \$3.5 mn reallocated within CDB's Eighth Line of Credit (LOC)<sup>37</sup>. Then, in 2021, DFC agreed a loan of \$15 mn from IDB to support MSMEs in the sectors hardest hit by the pandemic. However, there is still a need to address the underlying issues on a sustainable basis. MSMEs still struggle to get affordable financial support, reflecting their perceived riskiness and their inability to develop acceptable business plans. To address risk in the sub-sector, CDB is supporting a regional consultancy to help improve the uptake of partial credit guarantee schemes by financial intermediaries in its Borrowing Member Countries (BMCs).

2.38 Low productivity is of particular concern in the sugarcane industry, and among subsistence farmers and farmers transitioning to commercial farming. A 2014 CDB Study '*Development of Agricultural Water Investment Plan for Belize*' noted that inadequate investments in agricultural water management was the most pressing concern impacting all production systems. The study recommended measures aimed at: strengthening agricultural water management related policy, legal and regulatory frameworks; strengthening associated institutions; and investing in relevant infrastructure (irrigation and drainage) to build resilience to climate change/natural hazards. Since then, GOBZ has received support from the International Fund for Agricultural Development (IFAD) and the Green Climate Fund (GCF) in climate smart agriculture and data gathering and analysis. However, there remain significant gaps that need to be addressed to build the required resilience.

2.39 As inland tourism grows, linkages with agriculture need to be strengthened. San Ignacio/Santa Elena towns have become popular for eco and cultural tourism, and could benefit from improved connectivity with the coast. The Cayo Farmers Market serves the two towns, providing opportunities for small farmers to sell vegetables, fruits, and grains. Since opening, more than 50% of persons employed on the stalls have been women. There is a possibility of expanding and diversifying the market to further enhance local livelihoods.

2.40 Belize also needs to diversify its export sector for both products and markets, while exploiting market access already secured through membership of the Caribbean Community Single Market and Economy and the EU-Caribbean Forum Economic Partnership Agreement. This means addressing critical issues that constrain export development, chief among which are meeting internationally accepted quality standards and improving trade facilitation.

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<sup>33</sup> Small and Medium-sized Enterprise Finance Forum, MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing MSMEs in Emerging Markets.

<sup>34</sup> BELTRAIDE, Belize MSME Policy and Strategy Report (2012).

<sup>35</sup> SIB: *Impact of COVID-19 on Business Establishments Survey*, carried out in November 2020.

<sup>36</sup> CBB 2020 Annual Report.

<sup>37</sup> Available until the final disbursement in December 2023.



2.41 The WB Doing Business Trading across Borders indicator measures the time and cost (excluding tariffs) required to import and export goods, and points to several efficiency challenges affecting Belize's trade in goods. In 2020, Belize scored 68.2 for this indicator. This score is marginally lower than the average score for LAC of 69.1, but it is well behind two of Belize's neighbours – El Salvador (rank 46, score 89.8) and Panama (rank 59, score 85.5). Belize's score has remained unchanged over the last five years while its ranking has deteriorated.

2.42 Since ratifying the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA) in 2015, Belize has established a National Committee on Trade Facilitation to coordinate its implementation. This coordinated approach allows for allocation of resources towards achieving the gains envisaged in the agreement. GOBZ has also developed and approved its Trade Facilitation Implementation Plan and Roadmap with help from the United Nations (UN) Conference on Trade and Development. This will support regional cooperation and integration by simplifying, harmonising and modernising export, import and transit processes, thereby reducing export and import costs and times.

2.43 CDB is supporting the implementation of the roadmap through the conduct of: (a) a time release study (TRS) for Customs, which would give a baseline in terms of the time taken to release goods for import and export; (b) a feasibility study and business process analysis for the establishment of a trade single window (TSW); and (c) establishment of a risk-based food inspection framework. These interventions are precursors to the investment that will be required to design and implement the TSW and a port community system. Both would improve logistics performance in conformity with the TFA. CDB is also supporting the Toledo Cacao Growers Association to get Fair Trade reaccreditation and to export value-added products, such as refined cocoa.

## **DEVELOPING THE BLUE ECONOMY**

2.44 GOBZ's plans for developing the Blue Economy include: fisheries and aquaculture; mariculture; ecotourism; maritime transport; minerals and aggregates; RE; biopharma and biotechnology; sustainable coastal development; and environmental conservation and ecosystem services. It is important that GOBZ can measure the returns on its Blue Economy investments so it can prioritise the allocation of resources. SIB is in the process of rebasing its GDP, and it plans another rebasing exercise after the 2022 Census, based on the 2019 data. The intention is that the second rebasing exercise will include Tourism Satellite Accounts, which will become a regular part of the reporting on GDP. This provides an opportunity to include greater measurement of Blue Economy activities within the tourism industry, and more frequent and reliable reporting.

2.45 The development of the Blue Economy Development Policy and Strategy (BEDPS), and the Maritime Economy Plan (MEP) are key to guiding the development of Belize's Blue Economy, providing strategic guidance for the promotion of sustainable economic growth in Belize through assessment and development pathways for key sectors - traditional and emerging. Both documents set out priorities and actions, and development pathways taking into account national context, international commitments, challenges of Small Island Developing States, good governance, sustainable development, gender equality, and the principles of low carbon, resource efficiency, and social inclusion.

2.46 GOBZ is in the process of establishing a M&E Officer within the Blue Economy Unit under the Ministry of Blue Economy and Civil Aviation, that will lead the overall M&E of progress made in implementing the various strategic documents, policies, and commitments using a systemic and evidence-based approach. The M&E Officer is ingrained in the BEDPS and MEP, and other legally binding national, regional and international commitments that are related to Blue Economy development.

## **ENVIRONMENTAL SUSTAINABILITY, CLIMATE CHANGE AND DISASTER RISK MANAGEMENT**

2.47 Factors that challenge achievement of Belize's environmental goals include capacity constraints (human, technological and financial) and gaps in environmental data and planning legislation. Belize's Land Use Plan has not yet been approved, leading to unregulated land use and development which contributes to environmental degradation and exacerbates climate change vulnerabilities. Enforcement of environmental protection legislation is weak due to limited capacity for monitoring compliance. There is a need to improve the monitoring and assessment of natural resources, particularly water resources and key marine sites to improve coastal zone management. In addition, there is a need to conduct storm surge and SLR modelling to inform disaster planning in low-lying coastal areas.

2.48 Belize's vulnerability to natural hazards calls for proactive measures for disaster risk reduction (DRR), including the strengthening of early warning systems. Post-disaster, the National Emergency Management Organisation's (NEMO) response and recovery efforts are constrained by insufficient assets, especially vehicles and communication equipment, and an inadequate number of emergency operation centres, warehouses, and shelters. Timely relief and recovery are also hindered by poor financial planning. While the country has parametric insurance through the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company, plus a \$10 mn contingent facility with IDB, GOBZ needs to develop and implement a comprehensive disaster risk financing plan.

2.49 Financing for climate resilience and DRR is restricted by Belize's limited fiscal space, therefore GOBZ relies on external sources. CDB's Disaster Management Strategy and Operational Guidelines 2021 (DiMSOG) provides the opportunity to support both proactive and reactive interventions for DRM. The GCF provides support that seeks to: (a) improve access to climate finance and strengthen climate finance strategies; (b) unlock private sector investment needed for climate actions; (c) promote cost effective climate-resilient practices in agriculture; (d) reduce emissions through the replacement of fossil energy; and (e) provide support to entities seeking, or having just acquired, GCF accreditation to increase the origination of high-quality funding proposals for GCF consideration. CDB is currently working on two regional GCF projects that should benefit Belize during the CES period: (a) a climate action LOC to DFC for energy sub-loans; and (b) an integrated utilities project that will support investment in distributed RE.

2.50 In 2021, Belize submitted its updated NDC to the FCCC Secretariat. The NDC targets the land use and forestry, waste, agriculture, and energy sectors for climate change mitigation; and the coastal and marine, agriculture, water, tourism, fisheries, health, and land use and forestry sectors for climate change adaptation. Adaptation solutions include: nature-based measures; sustainable natural resources management, including the development of management plans; improved monitoring of climate change risks and events, such as flood and drought; legislative strengthening and enforcement; and the mainstreaming of climate change in policies and adaptation strategies.

2.51 GOBZ is developing a NDC implementation plan and a Monitoring, Reporting and Verification (MRV) system to track climate change impacts and progress in climate change action. The latter is one of the cross-cutting strategic directions of the Climate Finance Strategy (CFS) of Belize (2021-26). The CFS aims to increase access to adequate climate finance to contribute towards enhanced climate resilience and climate change mitigation actions. It promotes a balanced approach to climate financing with respect to gender, indigenous populations, youth, and PWDs. The goal and objectives of CFS align closely with Belize's NDCs.

2.52 GOBZ is updating its National Climate Change Policy, Strategy and Action Plan (NCCPSAP), which will provide enhanced policy guidance for a low carbon, climate resilient development path for Belize. Belize's Low Emission Development Strategy and Action Plan (2021) aims to eliminate most of Belize's gross carbon emissions by 2050 across all economic sectors.

2.53 Under the debt for nature swap, Belize has committed to several important goals, such as protecting 30% of its ocean, including coral reefs, mangroves, and fish spawning sites. With inputs from stakeholders such as local communities and businesses, The Nature Conservancy (TNC) will facilitate a marine spatial plan (MSP) on behalf of GOBZ. Local engagement will help ensure that the MSP sustainably supports the local economy while protecting habitat. TNC will also help establish a new independent conservation fund to support GOBZ's commitments and to fund eligible Blue Economy projects promoted by the community. GOBZ will contribute BZD4.2 mn to the fund every year<sup>38</sup>. Initially, it will be used to build capacity within GOBZ to implement conservation commitments.

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<sup>38</sup> Upon expiry of the agreement in 2041, the initial endowment fund (\$24 mn, expected to grow to \$90 mn), will continue to fund conservation projects from its interest earned.

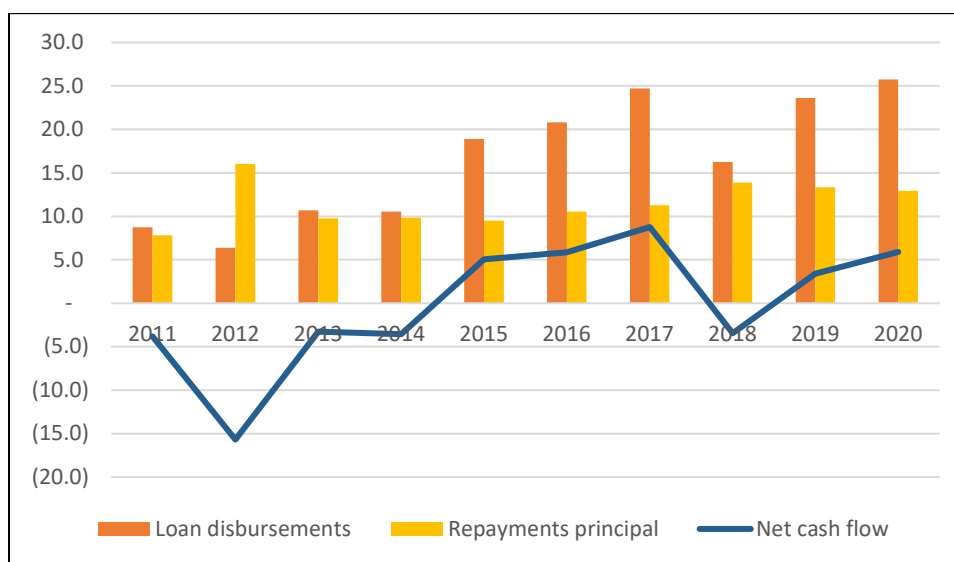
### 3. COUNTRY PORTFOLIO REVIEW AND LESSONS LEARNT

#### COUNTRY PORTFOLIO

3.01 CDB's engagement in Belize has been significant, with loan approvals over the period 1970-2021 totaling \$536.2 mn, the third highest of CDB's BMCs. Most of the Bank's involvement has covered: transport and communications (37%); social infrastructure and services (23%); and power, energy, water, and sanitation (13%). However, other sectors have also been supported. At December 31, 2021, CDB's Ordinary Capital Resources (OCR) loan exposure to Belize was approximately \$157.9 mn, or 9.9% of CDB's total OCR portfolio.

3.02 Since 2015, net disbursements have been positive every year and net resource flows were positive in all but one year, averaging \$4.1 mn (see Figure 3.1). Project activity increased towards the end of the 2011-15 CS period and continued for much of the 2016-2020 CS period.

**FIGURE 3.1: PORTFOLIO FLOWS**  
(\$ mn)



Source: CDB.

#### COUNTRY STRATEGY 2016-2020

3.03 The last approved CS for Belize covered the period October 2016 to December 2020 and was aligned with Belize's GSDS (2016-19). The CS was anchored on achieving five 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 CS incorporated a results framework matrix with as many as 19 outcome statements and indicators. The resource envelope of \$200.5 mn, included indicative grant funding of \$56.4 mn from the UK Caribbean Infrastructure Partnerships Fund.

3.04 During the strategy period there were approvals totalling \$124.1 mn in loans and \$55 mn in grants (see Table 3.1). Of the approvals, \$34.3 mn (28%) of loans and \$11.5 mn (21%) of grants were disbursed by the end of 2020. GOBZ had requested that the option of a policy-based loan be included in the CS, but this facility was not utilised as GOBZ restructured its debt instead. In May 2020, CDB's Board

of Directors approved an emergency loan to help GOBZ tackle the immediate fallout from the COVID-19 pandemic. Appendix 4 provides a summary of the CS Completion Report, including the outcome ratings and loan approvals and disbursements to the end of December 2020 for each project.

3.05 The CS Completion Report summarises that assessment of the CS was undermined by a weak results management framework (RMF). There were difficulties in measuring many of the chosen CS outcomes. Overall, the CS was assessed as ‘Marginally Unsatisfactory’, with four outcomes only partially achieved and one outcome not achieved. However, this assessment did not take into account progress on interventions since the end of 2020. The larger projects were approved later in the CS period, following the completion of TA studies. Most of the projects were held up in some way by the pandemic. Other interventions identified in the CS were not taken forward, mainly due to rising concerns about debt sustainability.

## **LESSONS LEARNT**

3.06 CDB’s assessment of the previous CS identified that there should have been more realism as to what could be achieved in four years. This includes consideration of the status of existing projects and of risks when identifying potential new interventions. There should be, where possible, more focused assessment of preparation and implementation capacity both in CDB and locally throughout the period.

3.07 There are time lags between CS implementation and results. This misalignment between delivery of CDB’s direct contributions to results and the CS timeframe presented challenges for evaluating the development effectiveness of the CS, and the degree to which CS Completion Report ratings are an accurate measure of results. This suggests broadening the scope to focus on the results achieved during the CS period, including ongoing projects approved under previous CSs, and careful consideration of milestones in the RMF.

3.08 The RMF should have strong results chains to be an effective management tool. The outcome indicators need to be Specific, Measureable, Achievable, Realistic and Time Bound (SMART), with baseline information provided. Regular M&E throughout the CS cycle is essential and allows for the embedding of more flexible and adaptable CS RMFs.

3.09 An independent evaluation of the two previous CSs (2011-15 and 2016-2020) was carried out in 2021. The Final Report was presented to CDB Management in March 2022. The evaluation made four main recommendations, some of which are broadly consistent with the team findings, but there were also suggestions related to the focus of the next CES. The specific recommendations were:

- (a) Build on the strong country relationship with Belize and leverage this relationship to drive impact by supporting improved donor coordination and pushing forward key cross-cutting issues such as gender, poverty, and regional integration.
- (b) Identify and agree on areas where continued/adjusted engagement would be mutually beneficial, particularly in climate resilience and agriculture, and where a more balanced infrastructure versus social development approach may be warranted.
- (c) Work with GOBZ and donor partners to ensure that country-level capacity (within and beyond government) is improved in a way that supports/is in line with the CSP, is well mitigated against risk, and supports sustainability of results.

- (d) Ensure that RMFs are developed in a participatory way with realistic targets, with risks/assumptions clearly identified, and with responsibility assigned as appropriate to ensure ongoing monitoring and adaptation, as necessary.

#### **4. COUNTRY ENGAGEMENT STRATEGY (2022-26)**

##### **STRATEGIC ALIGNMENT**

4.01 GOBZ's strategic goals present a relevant and responsive basis on which CDB anchors and aligns its strategy. The strategy is consistent with CDB's Strategic Objectives, as articulated in the Strategic Plan Update (SPU) 2022-24, of building social, production, environmental, financial and institutional resilience. It has been formulated collaboratively with GOBZ and reflects CDB's comparative advantage and expertise. It takes into consideration capacity constraints that will need to be addressed to realise CES outcomes. CDB will discuss options for ensuring effective implementation of projects and lasting capacity enhancement.

##### **RESOURCE ENVELOPE**

4.02 A notional resource envelope of up to \$122.5 mn is proposed to support an indicative programme of assistance through 2026. CDB's interventions will take account of debt sustainability, which remains under pressure even after the debt restructuring. Therefore, CDB interventions will utilise available concessionary financing as much as possible. The envelope includes Belize's loan allocation of \$28.7 mn from SDF 10 and \$4 mn in grant resources from the Basic Needs Trust Fund (BNTF) 10, as well as CDB's OCR. Where possible, CDB will seek to maximise the use of climate funds, such as from GCF and the European Investment Bank's Climate Action LOC, for interventions where climate change resilience and DRM planning are incorporated. Furthermore, CDB is committed to allocating 25%-30% of its resources for climate action by 2024.

4.03 Some of the OCR resources identified include blended financing with GCF funds. Additional grant resources from SDF 10 can potentially be utilised for capacity building, environmental resilience, and private sector development. These considerations will help CDB and GOBZ to prioritise from the list of interventions in Table 4.1.

4.04 CDB will continue to seek ways to augment the present level of concessionary funding avenues available to Belize to improve cost efficiency and development impact over the strategy period. CDB will also consider requests for flexibility in counterpart funding of projects. Engagement with GOBZ has sought to align this CES with capacity constraints on both sides, which have either been explicitly recognised, or measures have been taken to address them. Where necessary, technical capacity limitations will be addressed by providing programme-specific, in-country capacity building for executing agencies and associated line ministries.

##### **STRATEGIC PILLARS AND COUNTRY ENGAGEMENT STRATEGY OUTCOMES**

4.05 The CES is based on three broad strategic pillars, which align with the three main themes of SDF 10: *(a) Building social resilience and leaving no one behind; (b) Building economic resilience for inclusive growth; and (c) Building environmental resilience.* Each pillar has priority areas aimed at contributing to specific sector outcomes. These outcomes are outlined in the Results Framework (see Appendix 5), which contains SMART outcome indicators, and can also adopt alternative indicators to indicate desired trends when targets might not be determinable within the strategy period. The strategy is underpinned by CDB's crosscutting themes of good governance (including evidence-based decision creation), innovation (including digitalisation), enhancing economic integration and deepening cooperation, and promoting gender equality. Regarding digitalisation, CDB will continue to engage with the leadership of the newly formed E-Governance and Digitalisation Unit, to ascertain what support might be provided as the NDA progresses. Some of the interventions identified incorporate digitisation and digitalisation. Others can be identified as engagement continues.

## **Pillar I: Building social resilience and leaving no one behind**

### Expected Outcome 1: Strengthened Social Protection and Resilience

4.06 CDB will support GOBZ with the economic and social recovery of poor households in the wake of the COVID-19 crisis. The CES will focus on interventions to provide more regular and more detailed poverty analysis, which will improve policy making. There will also be enhanced family support through gender budgeting. CDB will also look for opportunities to support gender issues, such as gender mainstreaming, statistics and tackling GBV, through its Gender Equality Policy and Operational Strategy:

- (a) Multidimensional Poverty Index (MPI) incorporated in an Enhanced CPA and in the Census.
- (b) Budget assessment to inform the provision of family support.
- (c) New citizen security intervention, based on the previous YCT Programme.

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

4.07 CDB will continue to focus on improving Belize's human capital to support growth and poverty reduction. The existing second ESR Project will be completed, delivering new schools that will improve the learning environment. In addition, CDB will support interventions, using digital solutions where appropriate, to improve outcomes at different school levels and for different groups. Indicative interventions include:

- (a) Support for children with diverse learning needs, including improved facilities and regulatory reforms to ensure that the sector is fit for purpose for boys and girls.
- (b) Enhance support services for vulnerable and at-risk children, including a school feeding programme; expand access to digital devices and materials; and legislative reforms for expanding the compulsory school age.
- (c) Increase access to Early Childhood Education through new facilities and an updated gender-responsive ECD policy.
- (d) High quality and more relevant TVET to improve access to social and economic empowerment for vulnerable populations – establish a hospitality training institute; expand the Climate Smart Agriculture Programme; and establish a national training agency (NTA).
- (e) Increased access to scholarships for tertiary education through a LOC to DFC.
- (f) BNTF 10 support for TVET.



## **Pillar II: Building economic resilience for inclusive growth**

### Expected Outcome 3: Improved private sector productivity

4.08 CDB will support activities to improve the performance of MSMEs, both directly by addressing their operational constraints and indirectly through support for improvements to the business environment in which they operate. This includes making it easier to access other markets. The following interventions are identified for CDB support:

- (a) Regional TA – making it easier to start a business.
- (b) Measures to improve access to finance (particularly for women and youth-owned MSMEs), including a LOC to DFC, plus TA to identify innovative forms of finance, and regional TA that identifies ways to de-risk MSMEs.
- (c) LOC to DFC for on-lending to MSMEs for climate-related investments.
- (d) Facilitation of trade, including time release study (TRS) for Customs, which would give a baseline in terms of the time taken to release goods for import and export.
- (e) Establishment of a risk-based food inspection framework.
- (f) Toledo Cacao Growers Association to get Fair Trade reaccreditation and to export value-added products, such as refined cocoa.
- (g) Feasibility study and business process analysis for the establishment of a trade single window (TSW).
- (h) Investment support for the implementation of the TSW.
- (i) Provision of rural agriculture infrastructure, building on the ongoing IFAD/GCF project, including feasibility and design studies for strategy for agricultural water management.
- (j) Development of markets in San Ignacio/Santa Elena and in Orange Walk Town.
- (k) Improvement in the quality of data and enhancement of data coverage to inform evidence-based policy and increase the leveraging of the Blue Economy.

### Expected Outcome 4: Climate Resilient Infrastructure and Services

4.09 CDB will support measures that build resilience to weather-related shocks, thus minimising post-disaster or recovery spending and improving competitiveness. Initial focus will be on water and wastewater and air transport, but CDB is ready to widen its scope for intervention in these and other sectors as the CES period progresses:

- (a) TA to support the update of Detailed Designs for North Ambergris Caye Water and Wastewater Infrastructure, and potential capital works.
- (b) TA to support the preparation of a Feasibility Study and Detailed Designs for the Water and Wastewater Infrastructure on the Placencia Peninsula, and potential capital works.

- (c) TA to support the preparation of a Feasibility Study and Detailed Designs for Water and Wastewater Infrastructure on North Caye Caulker, and potential capital works
- (d) TA – Feasibility Study and Detailed Designs for Placencia and San Pedro airport upgrades.
- (e) BNTF 10 to support water sector.

### **Pillar III: Building Environmental Resilience**

#### Expected Outcome 5: Increased Resilience to Climate Change and Disaster Risks

4.10 CDB will support Belize's efforts to improve DRR and climate resilience. In line with DiMSOG<sup>39</sup>, CDB will continue to: (a) support proactive measures that protect vulnerable populations, strengthen infrastructure, and reduce financial shocks; and (b) make emergency funding available to GOBZ to support recovery efforts following the passage of a natural disaster. CDB will support implementation of Belize's Country Work Programme once it is finalised and approved by the Caribbean Disaster Emergency Management Agency.

4.11 Disaster and climate risk management will be mainstreamed into project design of CDB's investments in Belize. In addition, CDB will support discrete interventions that build resilience and help advance Belize's climate action ambitions. CDB's support for Belize will continue to be demand-driven, focused and selective, depending on circumstances. Assistance may include:

- (a) Support for measures to help Belize meet its blue bond commitments, such as ecosystem-based solutions for coastal protection and the implementation of the National Integrated Coastal Zone Management Plan.
- (b) Enhance Belize's environmental management; build social, economic and environmental resilience to climate change and DRM, including strengthening the legal framework and institutional capacity (including compliance monitoring); improve information management, water quality monitoring, and early warning systems; flood hazard mapping and modelling; and collection of geospatial data to inform expansion of protected areas.

#### Expected Outcome 6: Enhancing Energy Security

4.12 CDB will support energy sector reform initiatives that improve access to electricity and reduce carbon emissions. This will be done through:

- (a) Seventh Power (Caye Caulker Submarine Cable) Additional Loan.
  - (b) Scale up the deployment of Integrated Utilities Services, a regional project that will include capacity building for Belize Electricity Limited (BEL) and the regulator, the Public Utilities Commission.
  - (c) TA – Support for electric sector regulatory reform.
  - (d) Climate action finance for DFC, for energy sub-loans.
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- (e) Improve electricity access in rural areas through microgrids.
- (f) TA – Feasibility Study of Biogas Generation from Sewage Lagoons.

## **MONITORING IMPLEMENTATION AND RESULTS**

4.13 A Results Framework will be used to monitor and assess the CES development outcomes (see Appendix 5). It ensures that each outcome and indicative intervention of the CES is aligned with the country's development objectives. Performance indicators can be utilised to monitor the expected CES outcomes to which the proposed interventions are expected to contribute. Having accurate baseline data and being able to collect and disseminate new data will be vital to effective M&E.

4.14 Monitoring CES implementation will be done by CDB (coordinated by 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. CES implementation will incorporate stock takes with GOBZ-assigned counterparts, country missions, and a MTR, to take place in mid-2024. Through the Bank's pipeline management, an implementation monitoring framework is in place to track the progress of projects and programmes. These actions will allow for the assessment of the utilisation of the resource envelope and any necessary course corrections to ensure the continued relevance of the strategy, projects, or programmes. Given the current difficult economic climate that could impact CES implementation, these tools will facilitate adaptability and flexibility in the strategy.

4.15 In 2026, an end-of-strategy review will be conducted to assess sector outcomes of the CES according to the Results Framework.

**TABLE 4.1: INDICATIVE SUPPORT PROGRAMME**

Area/Sector	Main Intervention Areas Identified	RE Share
<b>Pillar 1: Building Social Resilience</b>		
<b>Outcome 1: Improved Social Sector Outcomes</b>		
Social Protection/Poverty Reduction	<ul style="list-style-type: none"> <li>• Support for poverty analysis.</li> <li>• Social protection, including gender interventions.</li> <li>• YCT Project.</li> </ul>	2.8% (\$3.5 mn)
<b>Outcome 2: Improved Quality of and Access to Education and Training</b>		
Education	<ul style="list-style-type: none"> <li>• Facilities for special education centres.</li> <li>• Support services for vulnerable and at-risk children.</li> <li>• New ECD facilities and policy.</li> <li>• Hospitality training institute and NTA.</li> <li>• LOC for tertiary education.</li> <li>• BNTF 10 support for education.</li> </ul>	19.1% (\$23.6 mn)
<b>Pillar 2: Building Economic Resilience</b>		
<b>Outcome 3: Improved Private Sector Productivity</b>		
Msmes; Agriculture; Export Capability; Blue Economy	<ul style="list-style-type: none"> <li>• LOC to DFC for MSME development.</li> <li>• TAs – making it easier to start a business; innovative forms of finance; de-risking MSMEs.</li> <li>• TAs – Time release study; Enhancing the national quality infrastructure to support trade (EU financing); Cacao Industry support (including EU financing); Improved animal health and food safety.</li> <li>• Implementation of a TSW.</li> <li>• Infrastructure to support agriculture, including TA for development of strategy for water management.</li> <li>• Development of markets.</li> <li>• Support for the Blue Economy.</li> </ul>	(37.5%) \$46.2 mn
<b>Outcome 4: Climate Resilient Infrastructure and Services</b>		
Water and Wastewater; Air Transport	<ul style="list-style-type: none"> <li>• BNTF 10 support for water and wastewater.</li> <li>• Water and wastewater – TA and capital works.</li> <li>• TA – regional airports expansion.</li> </ul>	14.2% (\$17.5 mn)
<b>Pillar 2: Building Environmental Resilience</b>		
<b>Outcome 5: Increased Resilience to Climate Change and Disaster Risks</b>		
Environmental management; DRM	Potential TAs – support for blue bond commitments, environmental management, and DRM.	0.8% (\$1.0 mn)
<b>Outcome 6: Enhanced Energy Security</b>		
RE; EE	<ul style="list-style-type: none"> <li>• Seventh Power Project Additional Loan.</li> <li>• Scaling up deployment of integrated utility services (including GCF financing).</li> <li>• Climate Action LOC to DFC (including GCF financing).</li> <li>• TA – electricity sector regulatory reform.</li> <li>• Microgrids in rural areas.</li> <li>• TAs – waste-to-energy and biogas projects.</li> </ul>	25.5% (\$30.7 mn)
<b>TOTAL</b>		<b>\$122.5 mn</b>

## **COORDINATION WITH DEVELOPMENT PARTNERS**

4.16 Donor coordination is critical to avoid duplication and to maximise engagement with Belize, given its access to concessional and grant resources from a variety of bilateral and multilateral sources. Accordingly, the CES considers the engagement of other development partners (see Appendix 6) to create synergies and draw on CDB's comparative advantage. To maximise the effectiveness of interventions, it is vital that all partners are aware of each other's activities. The coordination of development partners is managed by the Ministry of Finance, Economic Development and Investment (MFEDI). In April 2022, GOBZ hosted the first meeting of its Development Partnership Forum, which will strengthen working relationships between GOBZ and its development partners.

4.17 Multilateral partners include IDB, WB, EU, and the Central American Bank for Economic Integration. Since the outbreak of the pandemic, development partners have been meeting on average every six months to share intelligence and increase awareness of each other's workplans, while looking for areas to cooperate. IDB is programming \$40 mn for new projects in 2022, supporting the Blue Economy, trade and investment, digital innovation, and MSMEs. WB is providing \$25 mn to fund a climate resilient agriculture project. Other significant partners are the Food and Agriculture Organisation (FAO) and UNDP. UNDP has also committed to provide support to strengthen capacity for multidimensional poverty analysis.

## **5. RISK ANALYSIS AND MITIGATION**

5.01 There are several potential risks to the achievement of the CES’s objectives. Key areas of concern include macroeconomic, institutional and human resource capacity, fiduciary and environmental risks. The risk mitigation measures considered focus on a systematic framework of monitoring and country engagement.

5.02 All interventions will be screened for climate and disaster risks, associated risks documented, and contingencies built into each project based on the screening (see Appendix 2). Table 5.1 summarises the likely risks, as well as CDB’s proposed mitigation measures.

**TABLE 5.1: RISK ASSESSMENT AND MITIGATION MEASURES**

<b>Risk Type</b>	<b>Description of Risk</b>	<b>Mitigation Measures</b>
Credit	In 2020, COVID-19 further exposed the vulnerabilities of the economy. Belize is a small, highly open economy which is dependent on tourism and agriculture, and thus vulnerable to significant changes in global economic conditions. Weak external demand related to tourism arrivals and/or financial flows will negatively impact real GDP growth. Continued sluggish external conditions could make fiscal consolidation more difficult and increase debt distress.	Use of SDF finance will help in this regard, but GOBZ will need to stay the course on fiscal reforms begun in 2021. CDB will closely monitor macroeconomic conditions and will engage with GOBZ to develop appropriate responses to further unforeseen developments. Reforms supported by this CES and other development partners are expected to improve the macroeconomic framework over time. This will help to mitigate these risks and increase GDP growth.
Liquidity	GOBZ has insufficient liquidity to meet debt service obligations to CDB and to provide counterpart contributions.	CDB will monitor fiscal developments throughout the CES period. As a result of debt restructuring, debt service as a proportion of Government revenue fell from 21.3% in 2019 to 16.9% in 2021. However, it will rise as the interest rate payable on the blue bond increases. CDB expects revenue to pick up as the economy grows and tax administration improves. The MTR provides an opportunity to reassess the CES, as well as GOBZ’s liquidity position.
Operational	Implementation capacity constraints. Existing planning and execution capacity could constrain project preparation and implementation.	CDB discussed execution as part of its engagement with GOBZ. With IDB support, GOBZ is creating a new central unit for projects. CDB will engage regularly with MFEDI to identify possible solutions for building long-term capacity within the new unit and elsewhere within GOBZ. This would complement the Project Cycle Management training that CDB provided during the last CS period. CDB also engages closely with development partners to share experiences and identify concerns and issues. CDB is currently providing technical support for development of new procurement legislation and regulations as part of a process led by IDB.

<b>Risk Type</b>	<b>Description of Risk</b>	<b>Mitigation Measures</b>
Disaster Environmental Climate	Belize is highly vulnerable to natural hazards, the effects of climate change, and other environmental risks. These risks disrupt economic activity, impact fiscal consolidation, and reduce GOBZ's capacity to implement.	All interventions will be screened for climate and disaster risks, associated risks documented, and contingencies built into each project based on the screening. The CES allows flexibility to respond to the challenges posed by natural hazards by making additional specific disaster response financing available in accordance with CDB's DiMSOG. In addition, the CES promotes climate change adaptation measures to reduce vulnerability.
Political	Political risks relate to a potential pause in some activities associated with a change in administration due to a difference in priorities.	The CES is consistent with the new MTDS. CDB also engaged with the opposition United Democratic Party during preparation of the CES, who were supportive. Through regular engagement with GOBZ, CDB will be able to amend the CES to reflect changing priorities.

**GENDER MARKER ANALYSIS**

<b>Project Cycle Stage</b>	<b>Criteria</b>	<b>Score</b>
Analysis	Social and gender analysis conducted at CES preparation and incorporated in the CES document.	1.0
Design	Sex-disaggregated data included in the analysis and in the baselines and indicators and targets of the Results Framework.	0.5
Implementation	Consultations with gender-relevant stakeholders undertaken during preparation.	1.0
M&E	Gender-responsive outcomes, outputs and indicators included (but not for each outcome).	0.5
<b>Total</b>	<b>Code: GM</b>	<b>3.0</b>

GM: The CES has the potential to contribute significantly to gender equality.



**CLIMATE AND DISASTER RISK SCREENING**

**BASIC PROJECT/PROGRAMME INFORMATION**

<p><b>Project Title:</b> CES  <b>Country:</b> Belize  <b>Sector:</b> Multi-Sector</p>
<p><b>Country Objectives and Brief Description</b></p> <p>To identify the overall risk to priority sectors critical to meeting the country’s CES outcomes 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><b>Project Cost:</b> N/A.</p>

**SUMMARY OF CLIMATE AND DISASTER RISK SCREENING**

<p><b>A. Context</b></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 22,967 square kilometres, 56% of which is forest area<sup>1</sup>. 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. In July 2021, the population was estimated at 430,191 persons<sup>2</sup>. In 2010, an estimated 20.5% of the population lived in areas with elevation below 5 metres<sup>3</sup>. While the capital is the City of Belmopan, situated in the central part of the country, the largest urban centre is Belize City, located in the low-lying coastal zone with approximately 66,000 inhabitants<sup>4</sup>.</p>
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<p><b>B. Exposure<sup>5</sup>: Brief Description of Hazards Likely to Affect the Country Engagement Strategy<sup>6</sup></b></p>	
<p><u>Hazard:</u></p> <ul style="list-style-type: none"> <li>i. Extreme Temperature.</li> <li>ii. Extreme Precipitation and Flooding</li> <li>iii. Drought.</li> <li>iv. SLR and Storm Surge.</li> <li>vi. Strong Winds.</li> <li>vii. Earthquakes.</li> <li>viii. Wildfires.</li> </ul>	<p><u>Description:</u></p> <p>For details of these hazards, see Table 1: <i>Climate and Geophysical Hazards, and Potential Impacts for Priority Sectors for Current and Future Time.</i></p>

<sup>1</sup> WB data (2020).

<sup>2</sup> SIB. <https://sib.org.bz/>.

<sup>3</sup> WB data.

<sup>4</sup> Belize’s Third National Communication to FCCC (2016).

<sup>5</sup> 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.

<sup>6</sup> A physical process or event (hydro-meteorological or oceanographic variables or phenomena) that can harm human health, livelihoods, or natural resources.

<b>C. Sensitivity<sup>7</sup> of Sectors (if known)</b>	
<u>Key Sectors in CSP</u>	<u>Sensitivity to Climate Change and Natural Hazards</u>
<ul style="list-style-type: none"> <li>(a) Water</li> <li>(b) Agriculture</li> <li>(c) Transport</li> <li>(d) Energy</li> <li>(e) Education</li> </ul>	<ul style="list-style-type: none"> <li>(a) <i>Water</i> – Belize’s water supply is derived from both surface water and groundwater sources. Rising sea levels could lead to saline intrusion into estuaries and groundwater aquifers, impacting potable water supply. High evaporation rates due to higher temperatures combined with inadequate precipitation will decrease water availability from rivers and streams. Extreme rainfall and storm events lead to excessive runoff and higher than normal sediment loads and turbidity, adversely affecting water quality and increasing water treatment costs. Increased intensity of storms also poses a risk to water infrastructure. In 2020, strong winds, excessive rainfall and flooding associated with Hurricane Eta and Hurricane Iota caused damage to water pumps, wells, intakes and other water supply infrastructure, and contaminated water supplies, resulting in water supply disruptions in many Belizean communities.</li>   <li>(b) <i>Agriculture</i> – Agriculture is highly exposed to the impact of climate-related hazards, with extended drought, flooding, and other weather extremes (including tropical storms), exacerbating soil erosion and causing substantial damage. For example, Belize experienced severe drought in 2019 with total financial loss in the agriculture sector estimated at BZD51.2 mn. Damage of an estimated 86,268 acres of land under crop and livestock production and loss of 27,113 acres of same, were reported over the Cayo, Corozal and Orange Walk districts<sup>8</sup>.  Climate change is expected to affect Belize’s agricultural production. Higher temperatures increase water loss and could lead to premature, low-quality crops while increasing the demand for irrigation water. Yields of the major crops, namely sugarcane, rice, bananas, citrus, and red kidney beans are all expected to decrease due to higher evaporation rates and variable rainfall<sup>9</sup>. High temperatures could also favour certain diseases and pests. Saline intrusion from SLR will reduce freshwater availability for crop irrigation. According to Belize’s NDCs (2021), the country expects a projected loss of agricultural production within the range of 10% to 20% which could lead to millions of dollars in lost revenue by the year 2100.</li>   <li>(c) <i>Transport</i> – Tropical storms and hurricanes, compounded by SLR, threaten roads in Belize’s coastal areas through: accelerating coastal erosion and scouring; increasing the risk of inundation; and directly damaging transport infrastructure. In 2020, several road sections particularly on the George Price Highway, PGH, as well as several major bridges in the Cayo, Belize, Stann Creek, and Toledo districts were rendered impassable due to flooding caused by Hurricane Eta and Hurricane Iota.</li>   <li>(d) <i>Energy</i> – Higher temperatures will likely reduce efficiency of electricity production and further increase demand for cooling systems. Higher temperatures and drought may increase the need for employing energy intensive methods – example, desalinisation, to supply potable and irrigation water. Water may also need to be pumped over longer distances, further increasing energy demand. Inadequate rainfall and drought conditions could reduce river flows and hinder the production and supply of hydropower which represents 11.4% of Belize’s energy production<sup>10</sup>.</li> </ul>

<sup>7</sup> 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.

<sup>8</sup> Ministry of Agriculture, September 16, 2019. Drought Preliminary Damage Assessment Report.

<sup>9</sup> Belize’s Third National Communication to FCCC (2016).

<sup>10</sup> National Climate Change Office (2020) Belize’s First Biennial Update Report.

	<p>(e) <i>Education</i> – Extreme events could hinder physical access to education institutions through disrupting public transportation and damaging road infrastructure. Extreme events and weather conditions could also affect food and water supplies leading to increased food scarcity, reduced availability of safe drinking water, compromised sanitation, and increased incidence of water and vector-borne diseases, which could all lead to absenteeism. Strong winds and flooding associated with extreme events can damage or destroy school infrastructure diverting limited public resources toward rebuilding and/or rehabilitating destroyed infrastructure. Additionally, schools are used as emergency shelters which can be disruptive to the delivery of educational services. Many schools are in flood prone areas to meet the educational needs of the population residing there. With the effects of climate change and natural hazards projected to intensify, future construction of schools must take areas prone to flooding into consideration.</p>
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**D. Adaptive Capacity**

Currently, the priority sectors in the CES have a moderate adaptive capacity to manage potential impacts of climate change. National Adaptation Plans (NAPs) and sector policies and strategies that incorporate climate change and disaster risk considerations, are being developed or are in the process of being updated. However, there are gaps in the capacity of sector agencies to implement these strategies and plans.

**E. Climate and Disaster Risk Assessment Summary**

Belize is very vulnerable to natural hazards including tropical storms, hurricanes, floods, and drought. These often result in significant damage to economic and social infrastructure including roads, housing, schools, and water supply infrastructure. These events also disrupt livelihoods, especially of persons who rely on agriculture and fishing as a source of income, by adversely affecting crop yields and fish habitats. The Global Climate Risk Index (GCRI) for the period 2000-2019, ranked Belize 8 out of 180 countries in average losses per unit of GDP attributed to extreme weather events<sup>11</sup>. It is estimated that Belize incurs annual losses of close to 4% of GDP due to natural disasters<sup>12</sup>.

Climate change is projected to lead to more intense weather events, higher temperatures, SLR, and greater rainfall variability, threatening the sustainability of critical sectors including the priority sectors that have been identified for this CES. Changing rainfall patterns will adversely affect water quality and availability, and will have negative implications for crop yields. Furthermore, drought and inadequate rainfall will hinder hydropower production which is a major source of Belize’s RE supply. Extreme weather events adversely affect school infrastructure, many of which are used as emergency shelters; hinder school attendance; and slow progress in improving the education system. These events also damage or destroy existing road infrastructure, further limiting access to social and economic services and opportunities. Tropical storms and hurricanes also damage critical fish habitats such as mangroves and coral reefs which are already threatened by rising sea surface temperatures, ocean acidification, and SLR. This will negatively affect the fishing and tourism industries.

Belize continues to demonstrate a strong commitment to building resilience to disaster risks and climate change impacts. GOBZ is currently updating its NCCPSAP and is developing an implementation plan for its updated NDC; a National CFS; and a MRV system to track climate change impacts and progress in climate action. Sector plans and policies include the: Sustainable Energy Action Plan for Belize (2014-2030); National Sustainable Tourism Master Plan of Belize (2010); and National Agriculture and Food Policy of Belize (2015-2030). GOBZ is currently updating its Integrated Coastal Zone Management Plan and National Fisheries Policy, Strategy and Action Plan.

<sup>11</sup> Eckstein, D. et al. 2021. *GCRI 2021: Who Suffers Most from Extreme Weather Events? Weather-related Loss Events in 2019 and 2000 to 2019*. Published by German watch e.V. GCRI for the period 2000-2019, ranked Belize eighth out of 180 countries, in average losses per unit of GDP attributed to extreme weather events and climate-related disasters.

[https://www.germanwatch.org/sites/default/files/Global%20Climate%20Risk%20Index%202021\\_2.pdf](https://www.germanwatch.org/sites/default/files/Global%20Climate%20Risk%20Index%202021_2.pdf). The index analyses the extent to which countries and regions have been affected by the impacts of weather-related loss events (storms, floods, heatwaves, etc.).

<sup>12</sup> Carneiro, F. (2016). Belize: Right Choices, Bright Future.

[https://www.researchgate.net/publication/299532491\\_Belize\\_Right\\_Choices\\_Bright\\_Future](https://www.researchgate.net/publication/299532491_Belize_Right_Choices_Bright_Future).

National Adaptation Strategies to address climate change have been developed for the Water Sector (2009) and the Agriculture Sector (2015); and GOBZ is in the process of developing NAPs for the Tourism, Health, Forestry and Fisheries sectors, among others.

With the support of various international financing and development institutions, GOBZ has invested in climate resilient infrastructure such as roads and schools, and implemented various resilience building projects. These include the: Energy Resilience for Climate Adaptation Project (2016), aimed at enhancing the resilience of Belize's energy system to adverse weather and climate change impacts; Climate Resilient Infrastructure Project (2014) aimed at enhancing the resilience of road infrastructure against flood risk and impacts of climate change; Resilient Rural Belize (Be-Resilient) Project (2019), which will increase resilience of smallholder farmers in Belize to climate change impacts; and Flood Mitigation Infrastructure Project for Belize City (2011), which supported GOBZ in the rehabilitation, improvement and protection of Belize City's draining and urban road networks aimed at reducing the city's vulnerability to flooding events. The project, A National Hazards and Risk Assessment Framework – Prioritisation of an Investment Plan (2012-16), involved coordinated hazard and disaster risk assessments based on specific sectoral needs to support the preparation and implementation of the DRM Investment Programme in Belize.

Through NEMO and sector ministries, GOBZ is scaling up actions towards the goal to mainstream resilience and reduce vulnerability to climate change and disaster risks and impacts. Ongoing and planned initiatives include: capacity building of farmers and agricultural extension officers in climate smart agriculture and trials on drought tolerant crops; climate vulnerability risk assessments of water systems; ecosystem-based adaptation for coastal protection; improvement of early warning systems; improvement in the collection and use of meteorological and hydrological data; and efforts to improve emergency response and recovery planning.

Adaptive capacity in all sectors currently remains moderate due to technical, human, and financial capacity constraints, and inadequate climate vulnerability data to inform adaptive actions, signaling the need for interventions to address gaps.

Continued emphasis needs to be placed on:

- (a) Mainstreaming climate change into key sectors, including undertaking climate vulnerability assessments and developing climate resilient investment master plans for critical infrastructure.
- (b) Ensuring that climate-related objectives and activities in sector strategies are reflected in the work programmes of sector agencies systematically identified in the budget, and investment projects explicitly linked to these objectives and activities.
- (c) Ensuring that responsibilities for climate action are assigned across ministries, with clear responsibilities for developing and implementing sectoral strategies and costed investments.
- (d) Implementing adaptation measures identified for the CES priority sectors and enhancing the capacity of ministries for implementation.
- (e) Supporting DRM through natural hazard mapping and modelling, particularly storm surge modelling and flood risk mapping, to identify risks to communities and infrastructure along the coast and in the Cayes.

**F. Overall Risk Assessment Rating (None/Low/Moderate/High):** Low-Moderate.

Natural Hazard	Time Scale	Description of Hazards	Water	Agriculture	Transport	Energy	Education
Extreme Temperature	Current	The mean temperature in Belize ranges from 27°C along the coast to 21°C in the hills, with the coldest month being January and the warmest temperatures experienced in May. Mean annual temperatures have increased by 0.45°C at an average rate of 0.10°C per decade since 1960.	Orange	Orange	Yellow	Green	Yellow
	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°C by the 2090s. All projections indicate substantial increases in the frequency of days and nights that are considered 'hot' in the current climate.	Red	Red	Orange	Orange	Orange
Extreme Precipitation and Flooding	Current	In 2020, Hurricane Eta and Hurricane Iota brought a significant amount of rainfall to Belize, resulting in widespread flooding. Belize lies in the direct path of most Atlantic storms. Heavy rainfalls accompanying these storms contribute a significant fraction towards the high wet-season rainfall totals. The North Atlantic has seen a significant increase in tropical cyclone activity since 1995 with a distinct increase in the number of intense (category 4 and 5) storms. Seven of the 14 storms impacting Belize over the period 1980-2016 were category 4 or 5.	Orange	Red	Orange	White	Orange
	Future	Climate models generally indicate decreases in mean annual rainfall and seasonal rainfall for Belize. However, potential increases in rainfall associated with tropical cyclone activity increases flood risk. Observed and projected increases in sea surface temperatures (SSTs) indicate potential for continuing increases in hurricane activity, which may occur through increases in intensity of events, but not necessarily through increases in frequency of storms.	Red	Red	Red	White	Red
Drought	Current	Some areas of Belize experience drought conditions on a yearly basis. During the wet season, southern Belize receives mean monthly rainfall of 150-400 millimetres (mm), while the rest of the country receives less than 100 mm of rainfall per month. Mean annual rainfall has decreased at an average rate of 3.1 mm per month per decade since 1960, but this trend is not statistically significant. In 2019, many districts in Belize experienced severe to exceptional drought which significantly impacted the agricultural sector.	Red	Red	Green	Orange	Yellow
	Future	Projections of mean annual rainfall from different models 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 2090's with ensemble median values of -11 to -22%. Wide temporal and spatial variations in seasonal rainfall (mm/season) are projected for Belize, however in a zone centred over Stann Creek District and covering parts of Cayo, Toledo and Belize Districts including the offshore Cayes and atolls, the decreases in seasonal rainfall are most significant. Increases in droughts are projected for the Caribbean region with medium confidence <sup>1</sup> .	Red	Red	Green	Red	Orange

<sup>1</sup> Intergovernmental Panel on Climate Change (IPCC), 2021. Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of IPCC.

Natural Hazard	Time Scale	Description of Hazards	Water	Agriculture	Transport	Energy	Education
SLR and Storm Surge	Current	The average rate of SLR, globally, increased from 1.9 mm per year between 1971 and 2006, to 3.7 mm per year between 2006 and 2018 <sup>2</sup> . Studies on historical Caribbean Sea level trends are limited, however the existing studies estimate Caribbean SLR to be $2.5 \pm 0.4$ mm/year, which is similar to the global trends <sup>3</sup> . Belize's low-lying topography makes its coastal areas especially vulnerable to SLR and storm surge. Belize City is particularly vulnerable to storm surge due to its low-lying land and exposed positions on the coast. The intensity of Atlantic hurricanes has increased substantially since 1960, resulting in storm surge and associated damage.	Yellow	Yellow	Orange	Yellow	Yellow
	Future	Caribbean mean SLR by 2100 is projected to be 0.13-0.56 metres under various scenarios <sup>4</sup> . Storm surges are expected to increase in intensity as a result of increases in the intensity of tropical storms and hurricanes. Changes in SSTs due to climate change 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. Storm surges may impact more extensive areas than now.	Orange	Orange	Red	Yellow	Orange
Strong winds	Current	The strongest winds are usually associated with storms and hurricanes. Belize is affected by a major hurricane or storm every three years with damage usually predominant in the northern portion of the country. Hurricanes are usually expected during the months of September to October and vary in number from year to year. The North Atlantic has seen a significant increase in tropical cyclone activity since 1995.	Yellow	Orange	Yellow	Orange	Orange
	Future	Projected increases in SSTs indicate potential for continuing increases in hurricane activity.	Yellow	Red	Orange	Orange	Red
Earthquakes	Current	Belize lies on the North American Tectonic Plate, Central America and the Caribbean Plate, and coastal communities are directly in line with the Montagua fault <sup>5</sup> . While earthquake risk is low for the country, tremors from earthquakes in neighbouring countries can occasionally be felt in Belize. On May 28, 2009, tremors from a 7.1 magnitude earthquake which had struck Honduras resulted in power outages <sup>6</sup> , disruptions to water systems, and damage to houses and other buildings in Belize <sup>7</sup> .	Yellow	White	White	Yellow	Yellow
Wildfires	Current	There is a high risk of wildfires in Belize <sup>8</sup> . Officially, the fire season in Belize occurs from February 15 to June 15 annually. In 2020, the high number of recorded daily fires was attributed to the drought conditions experienced by the country. Wildfires occurred in the Cayo District, Chiquibul National Park, and the Vaca Forest Reserve, in most cases <sup>9</sup> . Fires are closely associated with anthropogenic activities and spread quickly due to high temperatures and dry conditions.	White	Red	White	White	Yellow

<sup>2</sup> *Ibid.*

<sup>3</sup> Torres and Tsimplis, 2013. Sea-level trends and interannual variability in the Caribbean Sea. *Journal of Geophysical Research: Oceans* 118, no. 6 (2013): 2934-2947.

<sup>4</sup> State of the Caribbean Climate Report.

<sup>5</sup> [7 News Belize](#).

<sup>6</sup> [Belize Responds to Tsunami Warning \(weready.org\)](#).

<sup>7</sup> [Belize Red Cross responds after earthquake - Belize | ReliefWeb](#).

<sup>8</sup> [Think Hazard - Belize - Wildfire](#).

<sup>9</sup> [Belize ignites technology to put out forest fires in the Selva Maya forest | IUCN](#).

<b>Legend:</b>	Insufficient Understanding	No Potential Impact	Low Potential Impact	Moderate Potential	Impact High Potential Impact
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**TABLE 2: OVERALL SECTOR RISK**

	Water		Agriculture		Transport		Energy		Education	
	Historical/Current	Future	Historical/Current	Future	Historical/Current	Future	Historical/Current	Future	Historical/Current	Future
<u>Potential Impact</u>										
Extreme Temperature										
Extreme Precipitation and Flooding										
Drought										
SLR and Storm Surge										
Strong Winds										
Earthquake		X		X		X		X		X
Wildfires		X		X		X		X		X
Overall Sector Potential Impact										
Institutional Response	5-8	9-12	5-8	9-12	5-8	9-12	0-4	5-8	0-4	5-8
Preliminary Sector Impact										
Development Context Considerations	Population growth increases risk		Access to technology decreases risk							
Overall Sector Risk										

Adjusted for institutional readiness

<b>Legend:</b>	Insufficient Understanding	No Potential Impact	Low Potential Impact	Moderate Potential	Impact High Potential Impact
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<b>Institutional Response:</b>	0 to 4	5-8	9-12	13-17
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**SOCIAL VULNERABILITY MATRIX**

<b>Area of Focus</b>	<b>Names of Group</b>	<b>Types of Risks/Vulnerabilities Faced</b>	<b>Existing Policy and Programmes</b>	<b>Partners/Institutions</b>	<b>Recommended Mitigating Strategies</b>
Elderly Care	Individuals 65 years and older	<ul style="list-style-type: none"> <li>• Social exclusion.</li> <li>• Neglect.</li> <li>• Abuse.</li> <li>• Access to services.</li> </ul>	<ul style="list-style-type: none"> <li>• Protocol to Convention for the Elimination of All Forms of Discrimination Against Women.</li> <li>• Madrid Plan of Action (2002).</li> <li>• National Policy for Older Persons (2002).</li> <li>• Non-contributory pension scheme.</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Health and Wellness.</li> <li>• HelpAge Belize</li> <li>• National Council of Ageing.</li> <li>• Women and Family Support Department.</li> <li>• Social Security Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Build social networks for older persons in the urban and rural communities.</li> <li>• Conduct study on ageing.</li> <li>• Update National Policy document for older persons.</li> <li>• Improve access to services across different sectors in Belize.</li> <li>• Provide updated situational analysis on elderly persons.</li> </ul>
Gender	Women, girls.	<ul style="list-style-type: none"> <li>• GBV.</li> <li>• Violence against Women and Girls.</li> <li>• Family Violence.</li> <li>• TIP.</li> <li>• Economic Exclusion of Women.</li> </ul>	<ul style="list-style-type: none"> <li>• National Gender Policy.</li> <li>• GBV Action Plan.</li> <li>• TIP Act.</li> <li>• Commercial Sexual Exploitation of Children (Prohibition) Act.</li> <li>• Families and Children’s Act.</li> <li>• National Entrepreneurship Strategy for Belize (2014).</li> </ul>	<ul style="list-style-type: none"> <li>• Women and Family Support Department.</li> <li>• National Women’s Commission.</li> <li>• Office of the Special Envoy for the Development of Families and Children.</li> <li>• Anti-TIP Council.</li> <li>• BELTRAIDE Services.</li> <li>• Young Women’s Christian Association.</li> </ul>	<ul style="list-style-type: none"> <li>• Extension of GBV services in rural areas/indigenous communities.</li> <li>• Implement Gender Advocates Programme nationally to train community person on referral pathway and linking individuals in communities to services available in response to GBV.</li> <li>• Training in psychological counselling.</li> <li>• Legal review to update legislative frameworks.</li> </ul>



Area of Focus	Names of Group	Types of Risks/Vulnerabilities Faced	Existing Policy and Programmes	Partners/Institutions	Recommended Mitigating Strategies
					<ul style="list-style-type: none"> <li>• Economic Empowerment Programme.</li> <li>• Entrepreneurial training provided to women's groups.</li> </ul>
Education and Positive Youth Development	Adolescents and youth	<ul style="list-style-type: none"> <li>• Crime and Violence.</li> <li>• Unemployment.</li> <li>• Poor educational outcomes.</li> <li>• Lack of mentorship.</li> <li>• Poor parental guidance.</li> </ul>	<ul style="list-style-type: none"> <li>• National Youth Development Policy of Belize.</li> <li>• Belize Education Sector Strategy.</li> <li>• Diversion Programme.</li> <li>• National Belize Training Institute.</li> <li>• Education and Skills Training.</li> <li>• Self-Esteem, Conflict Resolution, Anger Management, and Independent Living Skills Programme.</li> </ul>	<ul style="list-style-type: none"> <li>• The HUB (Community Resource Centre managed by the Community Rehabilitation Department (CRD)).</li> <li>• Princess Royal Youth Hostel (CRD).</li> <li>• Community and Parent Empowerment Programme (Department of Human Services).</li> <li>• Ministry of Education (MOE) – Institute of TVETs.</li> <li>• Belize National Training Institute.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved coordination between line ministries to strengthen Citizen Security Interventions.</li> <li>• Strengthened National Education Policy and institutions.</li> <li>• Strengthen and rollout Roving Caregivers Programme to provide support to parents with children between 0-3 years.</li> </ul>
Family Support	School-aged children, youth and parents.	<ul style="list-style-type: none"> <li>• Poverty.</li> <li>• Food Security.</li> <li>• Unemployment.</li> <li>• Health.</li> <li>• Social exclusion.</li> <li>• Access to public services and education.</li> </ul>	<ul style="list-style-type: none"> <li>• Families and Children's Act.</li> <li>• National Children's Agenda.</li> <li>• BOOST – Flagship Social Protection Programme and BOOST +.</li> <li>• Convention on the Rights of the Child.</li> <li>• National Agriculture and Food Policy of Belize.</li> <li>• Counselling Services.</li> </ul>	<ul style="list-style-type: none"> <li>• Family Support Services (Women and Family Support Department).</li> <li>• Office of the Special Envoy for the Development of Families and Children.</li> <li>• Department of Human Services.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of Social Protection Strategy for Belize.</li> <li>• M&amp;E report updated for National Children's Agenda.</li> <li>• Provide seedlings to primary schools countrywide to support school gardens and school feeding programmes.</li> </ul>

Area of Focus	Names of Group	Types of Risks/Vulnerabilities Faced	Existing Policy and Programmes	Partners/Institutions	Recommended Mitigating Strategies
				<ul style="list-style-type: none"> <li>• Community Counselling Center (Community Rehabilitation Department).</li> <li>• Ministry of Health.</li> <li>• Ministry of Economic Development.</li> <li>• UNDP.</li> <li>• United Nations Children’s Fund (UNICEF).</li> <li>• UN Population Fund.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen ECD strategies between relevant line ministries.</li> </ul>
Disability	Persons living with Diverse Abilities	<ul style="list-style-type: none"> <li>• Poverty.</li> <li>• Social exclusion.</li> <li>• Lack of opportunities for gainful employment.</li> <li>• Education.</li> </ul>	<ul style="list-style-type: none"> <li>• Disability Act.</li> <li>• Belize Labour Act.</li> <li>• Belize Education Act.</li> </ul>	<ul style="list-style-type: none"> <li>• Disability Desk (Women and Family Support Department).</li> <li>• Education Support Services (MOE).</li> <li>• Belize Assembly for Persons with Diverse Abilities.</li> <li>• Office of the Special Envoy for the Development of Families and Children.</li> </ul>	<ul style="list-style-type: none"> <li>• Updated situational analysis of persons living with disabilities.</li> <li>• Updated Disability Act of Belize.</li> <li>• Strengthened educational services to PWDs.</li> </ul>

**COUNTRY STRATEGY COMPLETION REPORT (2016-20)**

**TABLE 1: CS OUTCOMES AND RATINGS (SUMMARY)**

<b>Pillar 1: Inclusive Social and Economic Development</b>	
Outcome 1: Increasing Competitiveness and Productivity	<i>Partially Achieved</i>
Outcome 2: Improved Quality and Access to Education and Training	<i>Not Achieved</i>
Outcome 3: Improved Social Sector Outcomes	<i>Partially Achieved</i>
<b>Pillar 2: Environmental Sustainability</b>	
Outcome 4: Enhanced Environmental Management and Reduced Vulnerability to Natural Disasters	<i>Partially Achieved</i>
<b>Pillar 3: Governance and Institutional Development</b>	
Outcome 5: Improved Governance and Development Planning	<i>Partially Achieved</i>

**TABLE 2: LOAN APPROVALS AND DISBURSEMENTS 2016-2020**  
(\$ mn)

<b>Project Name</b>	<b>Approval Date</b>	<b>Amount Approved</b>	<b>Amount Disbursed (end 2020)</b>	<b>Amount Disbursed (end 2021)</b>
<b>Increasing Competitiveness and Productivity</b>				
Eight Consolidated LOC	Dec 2016	20.0	8.9	12.9
Third Water Project (South Ambergris Caye)	Oct 2018	8.5	7.5	7.5
Second Road Safety Project	Dec 2018	5.9	2.4	2.8
Sixth Road (Coastal Highway) Project	Dec 2018	37.6 loan	9.8	18.7
		31.7 grant	8.8	16.2
Seventh Power Project	March 2019	6.8	0.1	0.1
Enhancing Sugar Cane Farmers Resilience to Natural Hazard Events	March 2020	1.0	0.6	1.0
Seventh Road (PGH and Remate Bypass Upgrade) Project	Dec 2020	34.3 loan	0.0	3.2
		18.9 grant	0.0	4.6
<b>Improved Social Sector Outcomes</b>				
Youth Resilience and Inclusive Social Empowerment*	Mar 2016	1.0	0.8	1.0
Belize Social Investment Fund (BSIF) III	Dec 2016	10.0	4.2	7.0
BNTF 9	March 2017	4.5 grant	2.4	4.7**
<b>TOTAL</b>		<b>180.2</b>	<b>45.5</b>	<b>79.7</b>
<b>Other Loans not in the CSP</b>				
COVID-19 Emergency Response Support Loan	May 2020	15.0	7.0	15.0
<b>TOTAL</b>		<b>195.2</b>	<b>52.5</b>	<b>94.7</b>

\*Appraised as part of initial discussions of the Country Strategy Paper (CSP) but approved before CSP.

\*\* Included carry over from previous cycle.

## RESULTS FRAMEWORK

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
<b>PILLAR 1: Building social resilience and leaving no one behind</b>					
<i>Expected Outcome 1: Strengthened Social Protection and Resilience</i>					
Reduce poverty. Improve citizen security. SDGs: 1, 2., 5, 11.  <b>Linked to SPU Strategic Objective (SO):</b> <ul style="list-style-type: none"> <li>• Building Social Resilience</li> </ul> <b>Linked to SPU Corporate Objectives (CO):</b> <ul style="list-style-type: none"> <li>• Good governance</li> <li>• Innovation</li> <li>• Promoting gender equality</li> </ul>	i. Limited multidimensional poverty and labour force data.  ii. Weak institutional capacity to address the inefficiencies affecting delivery of social protection programmes.  iii. High rates of youth unemployment and crime.	i. Enhanced capacity for analysis of multidimensional poverty data.  ii. Enhanced capacity for undertaking MPI analysis of labour force survey data.  iii. Enhanced scope for gender budgeting to improve resource allocation to social assistance programmes.  iv. Reduced vulnerability of children and youth to crime and violence.	i. Increase in frequency of production of multidimensional poverty and labour force data:  <i>Baseline (2021): 0.</i> <i>Target (2026): 2 reports per year.</i> <i>(Source: SIB).</i>  ii. Social assistance programmes based on gender budgeting.  <i>Baseline (2022): 0.</i> <i>Target (2026): TBC.</i> <i>(Source: Ministry of Human Development).</i>  iii. Male and female beneficiaries of youth at risk interventions.  <i>Baseline (2022): 0.</i> <i>Target (2026): TBC.</i>	i. MPI analysis in Enhanced CPA/ Labour Force Data and Census.  ii. Budget assessment to inform the provision of family support.  iii. Ongoing: BSIF III.  iv. Scaled-up YCT Project.	i. ‘Silo’ culture prevents collaborative working among stakeholders/ service providers.  ii. Design and implementation will ensure collaborative cross agency planning and coordination including support of Development Partners.

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<b>PILLAR 1: Building social resilience and leaving no one behind</b>					
<i>Expected Outcome 2: Improve Quality of and Access to Education and Training</i>					
<p>Reduce poverty.</p> <p>Economic transformation and growth.</p> <p>SDGs: 4, 5, 8.</p> <p><b>Linked to SPU SO:</b></p> <ul style="list-style-type: none"> <li>• Building Social Resilience</li> <li>• Building institutional resilience</li> </ul> <p><b>Linked to SPU CO:</b></p> <ul style="list-style-type: none"> <li>• Good governance</li> <li>• Innovation</li> <li>• Promoting gender equality</li> </ul>	<p>i. Limited access to quality ECD and secondary education opportunities in key development areas.</p> <p>ii. Sub-optimal teacher effectiveness to cater to the learning needs of all students at the various levels.</p> <p>iii. Persistent male under-enrolment and male drop-out.</p> <p>iv. Insufficient access to tertiary education.</p>	<p>i. Improved quality of/access to ECD, secondary, TVET and higher education by boys and girls.</p> <p>ii. Higher quality education for children with diverse learning needs.</p> <p>iii. Enhanced support services for vulnerable and at-risk children.</p> <p>iv. Wider access to tertiary education.</p>	<p>i. Increase net enrolment rate in secondary education, by sex <i>Baseline (2020): 51.8% of males and 61.4% of females. (Source: GOBZ).</i></p> <p>ii. Increase net enrolment rate in ECD by sex. <i>Baseline (2020): 38.7% of males and 39.2% of females. (Source: GOBZ).</i></p> <p>iii. % Form 5 or Grade 12, or equivalent, students sitting at least 1 TVET subject by sex. <i>Baseline (2022): TBC. Target (2026): TBC. (Source: MOE).</i></p> <p>iv. Male and female students benefiting from improved physical classroom conditions, or enhanced teacher competence. <i>Baseline (2021): TBC. Target (2026): TBC. (Source: MOE).</i></p>	<p>i. Ongoing: Education Sector Reform Project II.</p> <p>ii. New facilities and programmes, including establishment of Hospitality Training Institute.</p> <p>iii. Support for special education schools and centres.</p> <p>iv. School feeding programme; digital devices and materials.</p> <p>v. ECD facilities and new policy.</p> <p>vi. LOC for student loans.</p> <p>vii. BNTF 10.</p>	<p><u>Risks</u></p> <p>i. Prolonged impact of the COVID-19 pandemic affects implementation of infrastructure development works.</p> <p>ii. Timely pre-appraisal inputs, such as designs for infrastructure works.</p> <p>iii. Lower enrolment or increased rates of drop-out due to high-cost of enrolment.</p> <p><u>Mitigation Measures</u></p> <p>i. Improved project planning and identification, and costing of delays in project design.</p> <p>ii. Engagement of industry partners and stakeholders during the design and implementation phases,</p>

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			v. % students achieving minimum achievement standard at the end of primary education, by sex. <i>Baseline (2022): TBC.</i> <i>Target (2026): TBC.</i> <i>(Source: MOE, which will define standard).</i>  vi. Male and female students benefiting from access to loan financing. <i>Baseline (2022): 0.</i> <i>Target (2026): TBC.</i> <i>(Source: DFC/MOE).</i>		iii. Active supervision of project/programme activities by CDB.
<b>PILLAR 2: Building Economic Resilience for Inclusive Growth</b> <i>Expected Outcome 3: Improved Private Sector Productivity</i>					
Economic transformation and growth.  Trade deficit reduction.  SDGs: 5,8,9, 10.  <b>Linked to SOs:</b> <ul style="list-style-type: none"> <li>• Building production resilience</li> <li>• Building Social Resilience</li> </ul>	i. Weak business environment.	i. Improved commercial opportunities for MSMEs.	i. Male and female owned MSMEs accessing affordable benefitting from credit. <i>Baseline (2016): 0.</i> <i>Target (2026): 640 (based on 8<sup>th</sup> LOC), disaggregated by sex.</i> <i>(Source: DFC).</i>	i. Ongoing: 8 <sup>th</sup> LOC.  ii. Regional TA – making it easier to start a business.  iii. Possible 9 <sup>th</sup> LOC to DFC.  iv. TA: improvement of credit enablers for business.  v. TA: development of innovative financial instruments.	

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<p><b>Linked to COs:</b></p> <ul style="list-style-type: none"> <li>• Good governance</li> <li>• Innovation</li> <li>• Enhancing economic integration and deepening cooperation</li> <li>• Promoting gender equality</li> </ul>	<p>ii. Weak export penetration.</p>	<p>ii. Enhanced capacity of GOBZ to provide an enabling trading environment.</p> <p>iii. Improved sanitary and phyto-sanitary (SPS) compliance and efficiency in accordance with international standards.</p>	<p>ii. All recommendations from feasibility study adopted relating to establishment of TSW. <i>Baseline (2022): No. Target (2023): Yes (Source: GOBZ).</i></p> <p>iii. Operational actions outlined in TRS implemented. <i>Baseline (2022): 0. Target (2023): 75% (Source: GOBZ).</i></p> <p>iv. Reduction in processing time for agri-food imports and exports. <i>Baseline (2021): Imports 45 days, exports 44 days. Target (2024): 20% reduction. (Source: Belize Agricultural Health Authority).</i></p>	<p>vi. TA: implementation of the TSW, including TRS. Plus potential TSW loan</p> <p>vii. TAs: expansion of accredited conformity assessment services to the export sector.</p> <p>viii. TA: implementation of WTO SPS (animal health and food safety) Agreement.</p>	
	<p>iii. Agricultural sector not productive.</p>	<p>iv. Increase in agricultural production.</p>	<p>v. Beneficiaries of improved agriculture, land management and land conservation climate smart agricultural practices. <i>Baseline (2021): 0. Target (2026): TBC. (Source: SIB).</i></p>	<p>i. CDB financed interventions to mitigate the impact of extreme climate events, such as severe droughts and floods, on the agriculture sector and to strengthen linkages to market.</p>	

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			vi. Improved capacity of TCGA to respond to international market needs and established unique selling points for Belize cacao and cocoa products. <i>Baseline (2021): % of farmers under TCGA participating in Fairtrade and organic certification production.</i> <i>Target (2026): 40% increase on baseline.</i> <i>(Source: Toledo Cacao Growers Association).</i>	ii. TA: Increasing Participation of the Belizean Cacao Industry in the Cocoa-Chocolate Global Value Chain.	
	iv. Blue economy underdeveloped	v. Increased GOBZ knowledge of significance of blue economy	vii. Detailed estimates of contribution of blue economy to GDP in key sectors. <i>Baseline (2022): No</i> <i>Target (2023): Yes</i> <i>(Source: SIB).</i>	iii. TA: Blue Economy Measurement from existing system of national accounts.	
<i>Expected Outcome 4: Climate Resilient Infrastructure and Services</i>					
Economic transformation and growth. SDGs: 5, 6 ,9, 11, 15.  <b>Linked to SO:</b>  <ul style="list-style-type: none"> <li>• Building production resilience</li> <li>• Building Social Resilience</li> <li>• Building institutional resilience</li> <li>• Building environmental resilience</li> </ul>	i. Land transport – high vulnerability to climate change impacts, congestion, accidents, limited night-time transportation, weak structure and regulation.	i. Increased safety, efficiency, sustainability, and resilience of the road transport sector.  ii. Enhanced decision-making capacity for increasing safety, efficiency, sustainability, and resilience in the land transport sector.	i. Beneficiaries (direct) of resilient road infrastructure construction. <i>Baseline (2019): 0.</i> <i>Target (2023): 104,000.</i> <i>(Source: M&amp;E reports).</i>  ii. Number of days when primary roads are not passable. <i>Baseline (2019): 9.</i> <i>Target (2023): 2.</i> <i>(Source: GOBZ).</i>	i. Ongoing: Sixth Road (Coastal Highway) Project, and Seventh Road (PGH and Remate Bypass Upgrade) Project.  ii. Ongoing: Second Road Safety Project.	<u>Risk</u> Increased financing gap resulting from higher input costs and supply chain challenges. <u>Mitigation Measures</u> i. Where possible identify additional soft resources. ii. Use of contingencies. iii. Procurement and project management to minimise costs.



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<b>Linked to COs:</b> <ul style="list-style-type: none"> <li>• Good governance</li> <li>• Innovation</li> <li>• Promoting gender equality</li> </ul>			iii. Number of road traffic incidents and fatalities on target roads. <i>Baseline (2018): 33.</i> <i>Target (2024): 26.</i> <i>(Source: GOBZ).</i>		<u>Risk</u> Poor quality of studies undertaken.  <u>Mitigation Measures</u> i. Plan for Design Review. ii. Active management of studies.
<i>Expected Outcome 4: Climate Resilient Infrastructure and Services</i>					
	ii. Air transport – High vulnerability to climate change impacts.	i. Enhanced decision-making capacity for increasing safety, efficiency, sustainability and resilience in the air transport sector.	i. Number of studies undertaken. <i>Baseline (2022): 0.</i> <i>Target (2026): 1.</i>	i. TA – Feasibility Study and Detailed Design for Regional Airport upgrades.	<u>Risk</u> Poor quality of studies undertaken.  <u>Mitigation Measure</u> Plan for Design Review. Active management of studies.
	iii. Water and wastewater sector – high vulnerability to climate change impacts, insufficient water production and storage.  iv. Wastewater – Insufficient access to wastewater services.	i. Enhanced decision-making capacity for increasing access to safe, reliable, inclusive and sustainable water and wastewater services.  ii. Increased access to safe, reliable, inclusive and sustainable water services.  iii. Improved access to safe, reliable, inclusive and sustainable wastewater services.	i. Number of studies undertaken (increase). <i>Baseline (2022): 0.</i> <i>Target (2026): 2.</i>  ii. Number of households with access to improved water supply. <i>Baseline (2022): 0.</i> <i>Target (2026): 1,400.</i> <i>(Source: BWS, based on Placencia. Target will be revised if alternative location selected).</i>  iii. Number of households with access to improved sanitation. <i>Baseline (2022): 0.</i> <i>Target (2026): 1,400.</i> <i>(Source: BWS, based on Placencia. Target will be revised if alternative location selected).</i>	i. TA and Capital - North Ambergris Caye Water and Wastewater Expansion Project. ii. BNTF 10. iii. TA – Preparation of a Water Master Plan, Groundwater and Surface Water Assessment, and Water Vulnerability Profile. iv. TA and Capital – Placencia Peninsula Water and Wastewater Expansion Project. v. TA and Capital – North Caye Caulker Water and Wastewater Expansion Project.	<u>Risk</u> Dated nature of studies undertaken.  <u>Mitigation Measures</u> i. Plan for Design Review. Active management of studies. ii. Increased financing gap resulting from higher input costs and supply chain challenges.  <u>Mitigation Measures</u> i. Where possible identify additional soft resources. ii. Use of contingencies. iii. Procurement and project management to minimise costs.

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<b>PILLAR 3: Building Environmental Resilience</b>					
<i>Expected Outcome 5: Increased Resilience to Climate Change and Disaster Risks</i>					
Environmental protection. SDGs: 5, 13, 14, 15.  <b>Linked to SO:</b> <ul style="list-style-type: none"> <li>Building environmental resilience</li> <li>Building institutional resilience</li> </ul> <b>Linked to COs:</b> <ul style="list-style-type: none"> <li>Good governance</li> <li>Innovation</li> <li>Promoting gender equality</li> </ul>	i. Land and marine-based environmental degradation.  ii. Limited capacity for monitoring and enforcement of legislation.  iii. Gaps in public awareness on environmental issues and climate/disaster risks.  iv. Vulnerability of livelihoods and infrastructure to natural hazards and climate change.	i. Improved environmental management, including enforcement of regulatory standards.  ii. Enhanced public awareness on environmental issues and climate/disaster risks.  iii. Enhanced resilience of sectors and communities to climate change impacts.  iv. Improved disaster preparedness and response.	i. Public sector agencies with enhanced capacity for environmental management and monitoring, and DRM. <i>Baseline (2022): 0.</i> <i>Target (2026): 2.</i> <i>(Source: Department of Environment (DOE), -NEMO)</i>  ii. Priority climate change adaptation interventions and DRR measures implemented by 2024. <i>Baseline (2022): 0.</i> <i>Target (2026): TBC.</i> <i>(Source: Climate Finance Unit, NEMO).</i>  iii. Public Awareness campaigns launched. <i>Baseline (2022): 0.</i> <i>Target (2026): 2 (Environment and DRM).</i> <i>(Source: DOE, NEMO).</i>	i. TAs to enhance public awareness on environmental issues, and to enhance the capacity of the regulatory agency for environmental monitoring and management.  ii. Support for Proactive Assistance for DRR and Climate Change Adaptation.	<b>Risk</b> Poor TA management; procurement and completion delays.  <u>Mitigation Measure</u> <ul style="list-style-type: none"> <li>CDB will work collaboratively with GOBZ on the TA designs, Terms of Reference for Consultancies, and Implementation Schedules.</li> <li>Active supervision of project activities by CDB staff.</li> </ul>

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<i>Expected Outcome 6: Enhanced Energy Security and Efficiency</i>					
Environmental protection. SDGs: 5, 7.  <b>Linked to SO:</b> <ul style="list-style-type: none"> <li>Building environmental resilience</li> <li>Building institutional resilience</li> </ul> <b>Linked to COs:</b> <ul style="list-style-type: none"> <li>Good governance</li> <li>Innovation</li> <li>Promoting gender equality</li> </ul>	i. Lack of access to affordable and sustainable energy sources.  ii. Low EE transition and practice.  iii. Low skills and capacity in line with new technologies in energy sector.	i. Improved electricity supply and reduction in greenhouse gas emissions.	i. Number of studies undertaken. <i>Baseline (2022): 0.</i> <i>Target (2026): 2.</i>  ii. Households with access to modern electricity services. <i>Baseline (2021): 92.7%.</i> <i>Target (2026): TBC.</i> <i>(Source: GOBZ).</i>  iii. RE generation capacity installed. <i>Baseline [2021]: 42%.</i> <i>Target [2026]: TBC.</i> <i>(Source: Caribbean Centre for RE and EE).</i>  iv. Reduced System Average Interruption Duration Index. <i>Baseline (2019):12.96.</i> <i>Target 2026): 12.</i> <i>(Source: BEL).</i>  v. Tonnes of CO2 emissions avoided. <i>Baseline (2022): 0.</i> <i>Target (2026): TBC.</i>	i. Microgrids in rural areas.  ii. Additional loan for Seventh Power Project.  iii. Scaling up of deployment of integrated utility services.  iv. Unlocking climate finance for DFC.  v. TA – waste to energy facilities design.  vi. TA – electricity sector regulatory reform.  vii. Resilient and sustainable energy in the Caribbean.	<u>Risks</u> i. Procurement and completion delays.  ii. Limited capacity in the relevant Ministry to supervise the project.  <u>Mitigation</u> CDB will work collaboratively with GOCR to identify a suitable firm to undertake the necessary works.  <u>Risk</u> Poor quality of studies undertaken.  <u>Mitigation Measure</u> Plan for Design Review. Active management of studies.

**DEVELOPMENT PARTNERS' CURRENT ACTIVITIES**

<b>Sector/Area</b>	<b>CDB</b>	<b>IDB</b>	<b>WB</b>	<b>EU</b>	<b>UNDP/UNICEF/ FAO/IFAD</b>	<b>OFID/CABEI</b>	<b>TAIWAN</b>	<b>IMF/CARTAC*</b>
Agriculture	Enhancing Sugarcane Farmers' Resilience to Natural Hazards.	<ul style="list-style-type: none"> <li>• TA – Enhancing Conservation in Protected Areas through Disruptive Technologies.</li> <li>• Market based incentives for responsible fishing.</li> <li>• EcoMicro – Belize Credit Union League Green Finance for MSMEs in the Agricultural and Fisheries Sectors.</li> </ul>	Climate resilient and sustainable agriculture project	<ul style="list-style-type: none"> <li>• Agribusiness development in Northern Belize.</li> <li>• TA for Rural Development Project II.</li> </ul>	Resilient Rural Belize Programme (GCF).		Breeding Sheep and Goat Production and Guidance System Enhancement Project.	
Environment and Coastal Protection	<ul style="list-style-type: none"> <li>• Capacity building support for ministries.</li> <li>• Support for access to climate funds.</li> </ul>	<ul style="list-style-type: none"> <li>• Contingent loan for natural disaster emergencies TA - Support for the Implementation of a Climate Risk Management Plan.</li> <li>• Climate vulnerability reduction programme.</li> </ul>	<ul style="list-style-type: none"> <li>• Natural Resource Management</li> <li>• Climate Resilient Investments</li> </ul>		Enabling gender responsive disaster recovery (Canada)		Urban Resilience and Disaster Prevention Project	

Sector/Area	CDB	IDB	WB	EU	UNDP/UNICEF/ FAO/IFAD	OFID/CABEI	TAIWAN	IMF/CARTAC*
Energy	<ul style="list-style-type: none"> <li>Sixth and Seventh Power Projects.</li> <li>Biofuels feasibility study.</li> </ul>	Pilot – Green Finance for RE and EE for MSMEs.	Energy resilience for climate adaptation.	Renewable and Sustainable Energy European Development Fund (EDF) 11.				
Education	<ul style="list-style-type: none"> <li>Education Sector Reform Project II.</li> <li>BNTF.</li> </ul>	<ul style="list-style-type: none"> <li>Skills to access the green economy.</li> <li>Education Quality Improvement Programme II.</li> </ul>					Inter-cultural Bilingual Education	
Transportation	<ul style="list-style-type: none"> <li>Coastal Highway.</li> <li>PGH/Remate by-pass.</li> <li>Second Road Safety Project.</li> </ul>	<ul style="list-style-type: none"> <li>TA – Capacity Building for Public Transport Reform.</li> <li>George Price Highway Rehabilitation.</li> </ul>		Electric buses		Caracol Road	Sarteneja Road	
Tourism	Support for MSMEs	TA – Tourism Innovation Lab						
Private Sector Development/ Trade	<ul style="list-style-type: none"> <li>LOCs.</li> <li>Time Release Study.</li> <li>TSW.</li> <li>Enhancing the Belize National Quality Infrastructure.</li> <li>Increasing Participation of the Belizean Cacao Industry in the Cocoa-Chocolate Global Value Chain.</li> </ul>	<ul style="list-style-type: none"> <li>Global Credit Programme for Safeguarding the Productive Sectors and Employment.</li> <li>TA – Support for Trade and Investment.</li> <li>TA – Innovation Platforms for Social and Economic Impact in Belize.</li> </ul>			Building resilient MSMEs – accelerating digitalisation			

Sector/Area	CDB	IDB	WB	EU	UNDP/UNICEF/ FAO/IFAD	OFID/CABEI	TAIWAN	IMF/CARTAC
Health	BSIF III	Support for COVID-19 control and mitigation.	COVID-19 health sector support (\$2.8 mn).  COVID-19 vaccine purchase and rollout (\$2.1 mn).	Health facilities and health systems strengthening. (EDF 11)	• HIV/AIDS and tuberculosis prevention (from Global Fund).	ECD and Nutrition	Strengthening Medical Imaging	
Social protection		<ul style="list-style-type: none"> <li>• Post COVID-19 support for BOOST.</li> <li>• Sustainable cities initiative.</li> </ul>	Post COVID-19 emergency response	Child protection	<ul style="list-style-type: none"> <li>• Safer City Pilot Project.</li> <li>• Spotlight Initiative to End Violence Against Women and Girls.</li> <li>• Child protection – toolkit on ending sexual violence.</li> </ul>			
Water and Sanitation	<ul style="list-style-type: none"> <li>• Third Water (Ambergris Caye).</li> <li>• BNTF.</li> </ul>	<ul style="list-style-type: none"> <li>• Design of Wastewater Treatment Solutions in Coastal Areas.</li> <li>• Support to Integrated water resources management.</li> </ul>						
Macroeconomic management		Strengthening of tax administration and public expenditure management	Public expenditure review	PFM [EDF 11]			Budget support	
	<ul style="list-style-type: none"> <li>• Support to SIB.</li> <li>• Municipal finances.</li> </ul>	<ul style="list-style-type: none"> <li>• Public Procurement Strengthening.</li> <li>• Support for 2020 Census.</li> </ul>						Customs Administration Financial Sector Supervision PFM Tax administration.