



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 30-Nov-2023 | Report No: PID191



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies) Belize	Operation ID P181064	Operation Name Belize Blue Economy Project	
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 27-May-2024	Estimated Approval Date 31-Oct-2024	Practice Area (Lead) Environment, Natural Resources & the Blue Economy
Financing Instrument Investment Project Financing (IPF)	Borrower(s) The Government of Belize	Implementing Agency Ministry of Economic Development	GEF Focal Area Climate Change

Proposed Development Objective(s)

To improve Belize's management capacity for sustainable development of its blue economy and increase access to climate resilient and sustainable water and sanitation services in targeted coastal areas of Belize.

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? Yes

Is this project Private Capital Enabling (PCE)? Yes

SUMMARY

Total Operation Cost	21.76
Total Financing	9.49
of which IBRD/IDA	5.73
Financing Gap	12.27

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	5.73
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Non-World Bank Group Financing

Trust Funds	3.76
Global Environment Facility (GEF)	3.76
Environmental and Social Risk Classification	Concept Review Decision
Substantial	The review did authorize the preparation to continue

B. Introduction and Context

Country Context

1. Belize is an upper-middle-income country in Central America with a population of 405,272, a gross domestic product (GDP) of US\$2.82 billion, and per capita GDP over US\$6,900 in 2022.¹ As a member of the Caribbean Community (CARICOM), Belize has close socioeconomic and political ties to the wider Caribbean Region. While its economy experienced a sound rebound after the COVID-19 pandemic, Belize maintains a high poverty rate of 35.7 percent according to the 2022 Census, and infrastructure gaps have been identified as one of the key constraints to the country's economic growth.² Women and Mayans are more likely to be self-employed and poor, underscoring a structural difference in employment and poverty outcomes.³

2. As a Small Island Developing State (SIDS)⁴ with 386 km of coastline and numerous cayes and outer islands, Belize is highly dependent on its blue economy which is built on the country's expansive seagrass beds, mangroves, and the Belize Barrier Reef. This reef is a key part of the Mesoamerican Barrier Reef—the largest in the western hemisphere stretching over 1,000 km along the coasts of Honduras, Guatemala, Belize, and Mexico. With over 50% of Belizean living along the coast,⁵ Belize is reliant on its coastal and marine ecosystems for the protection of its coastal communities, livelihoods of its fishing families, food security, and the country's most important economic sector—tourism.⁶ In 2017, the tourism sector contributed to over 40 percent of the country's GDP (direct and indirect), and in 2018, it contributed to almost 40 percent of the country's total employment.⁷ It is estimated that a majority of Belize tourism is linked to its rich coastal and marine natural resources and its coastal communities.⁸

¹ For country group information, please see <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>. For population information, please see <https://sib.org.bz/statistics/population/>. For GDP information, please see <https://data.worldbank.org/country/belize>.

² International Monetary Fund. 2023. *Belize: 2023 Article IV Consultation - Staff Report*. The country's official consumption poverty estimates from 2018 indicate that more than half of Belize's population (52 percent) is poor, 10 percent is extremely poor, and 10 percent is vulnerable.

³ World Bank, Macro Poverty Outlook: Belize. (<https://thedocs.worldbank.org/en/doc/e408a7e21ba62d843bdd90dc37e61b57-0500032021/related/mpo-blz.pdf>, last accessed August 29, 2023.)

⁴ Despite not being an island, Belize is considered a United Nations Small Island Developing States (UNSIDS) member. See <https://www.un.org/ohrlls/content/list-sids>.

⁵ Oceana, 2021. State of Belize Fisheries Report 2020. (<https://belize.oceana.org/reports/state-of-belize-fisheries-report-2020/>)

⁶ "Together, the coral reef and the extensive mangroves ecosystem shelter Belize's extensive coast from storms and high velocity winds that cause floods and coastal damage." (World Bank Group. 2017. *Country Partnership Framework for Belize*).

⁷ Belize Ministry of Blue Economy and Civil Aviation. 2022. *Belize Maritime Economy Plan*. (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1134627/Belize_Maritime_Economy_Plan_August_2022.pdf).

⁸ Oceana, 2021.



3. Belize’s reliance on its coastal and marine ecosystems corresponds to its exceptional vulnerability to adverse impacts from external shocks, most notably climate-related shocks. Ranked third in terms of disaster risk and fifth in climate change risk among all SIDS, Belize’s coastal areas are threatened by hurricanes, storms, and flooding, while the low-lying terrain of these areas exacerbates the effects of flooding and sea level rise. Coastal erosion and coral bleaching are additional climate-related threats, particularly affecting the tourism and fisheries sectors. Economically, the country has recently witnessed high loss caused by Hurricane Lisa in 2022, estimated at about 10 percent of Belize’s national budget.⁹ Land-based pollution such as waste and wastewater and, more recently, the massive influx of sargassum are new threats to the country’s efforts to conserve its coastal and marine environment and develop its tourism and fisheries sectors. On top of such natural events, external shocks such as increasing energy prices and the COVID-19 pandemic weaken the country’s external position and reduce the purchasing power of its population. Such climate and economic vulnerability has disproportionately affected the country’s poor and vulnerable population.¹⁰

Sectoral and Institutional Context

4. Recognizing the importance of coastal and marine ecosystems to its economy and the livelihood of its coastal communities, the Government of Belize has developed a suite of laws and regulations to ensure sustainable management of its forest resources and safeguard mangroves and associated ecosystem services,¹¹ protect the wildlife and globally threatened species from local extinction,¹² control environmental pollution and protect natural resources,¹³ and manage coastal zones and promote international best practices for management of aquatic and fisheries resources,¹⁴ among others. In 2020, Belize established the Ministry of Blue Economy and Civil Aviation (MBECA) with a mission to “increase GDP through a thriving Blue Economy Development pathway that is harmonized, innovative and socially just, supported by a robust, science-based management regime of our aquatic resources and space to improve the livelihood of all Belizeans.”¹⁵

5. At the national level, in 2011, Belize presented its Horizon 2030 Vision in the National Development Framework for Belize (2010–2030) with specific emphases on sustainable fisheries and sustainable and responsible tourism. The framework also acknowledges the need to incorporate environmental sustainability into development planning, strengthen protected areas management, and promote green energy. In 2016, the Belize’s Growth and Sustainable Development Strategy (2016–2019) incorporated both poverty reduction and long-term sustainable development issues into the country’s medium-term economic development plans. It specifically called for the rationalization of land-use planning to support sustainable economic activities, value added from sustainable fisheries management and processing, and competitiveness and value added of the tourism sector and its ‘eco-tourism’ profiles.

6. More recently, in October 2022, the Government of Belize, through MBECA, launched its first Blue Economy Development, Policy and Strategy with a high-level objective that “Belize’s Blue Economy, by year 2030, is productive, sustainable, resilient and vibrant, contributing sustainably to the socio-economic well-being of the country and its people” and its first Belize Maritime Economy Plan with concrete recommendations on how to promote sustainable practices for the country’s main blue economy sectors—coastal development, tourism, shipping and ports, fisheries—

⁹ Statement by Hon. Orlando Habet, Minister of Sustainable Development, Climate Change and Disaster Risk Management at the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change.

https://unfccc.int/sites/default/files/resource/BELIZE_cop27cmp17cma4_HLS_ENG.pdf.

¹⁰ Bailey, S., and F. Ciardi. 2020. *Case Study on Shock-Responsive Social Protection in Belize*. Oxford Policy Management and World Food Programme. <https://docs.wfp.org/api/documents/WFP-0000118598/download/>.

¹¹ Forests Act (1927, revised 2000), Forests (Protection of Mangroves) Regulations (2018).

¹² Wildlife Protection Act (1981, revised 2000).

¹³ Environmental Protection Act (1992, revised 2020).

¹⁴ Coastal Zone Management (CZM) Act (1998, revised 2020).

¹⁵ MBECA Annual Report 2021: <https://edc.gov.bz/elibrary/uploads/bhnFCM4fDcsayLrmXL1gKL9R5QIUDWO.pdf>.



and attention needed for the development of marine renewable energy, aquaculture and mariculture, and ecosystem services. It is noteworthy that blue economy-related actions are featured in Belize Updated Nationally Determined Contribution (August 2021), including reductions in greenhouse gas (GHG) emissions by restoring ecosystems and adaptation actions in tourism and fisheries sectors.

7. Align with these blue economy strategy and plan, in 2023, the #Plan Belize listed the protection and sustainable use of natural resources as one of its six strategic objectives of its Medium-Term Development Strategy (2022-2026) and called for the development of the National Blue Economy Strategy and Action Plan. To implement these strategies, Belize has been actively cooperating with development partners to conserve its coastal and marine ecosystems and explore effective interventions to promote its blue economy development.

8. With increasing pollution, overfishing, coastal erosion, and rapid but uncoordinated development, Belize however faces challenges to operationalize its blue economy strategies and lacks a comprehensive program to effectively manage its blue assets and achieve sustainable development of its blue economy. Extensive stakeholder consultation identified that the following key challenges: (a) lack of coordinated development planning and implementation across blue economy sectors and between national and destination levels; (b) lack of climate-resilient urban infrastructure and services, most notably for water, sanitation, and waste management, to meet the demands of its population and tourists and quality development of its blue economy; (c) lack of capacity of key public actors to monitor development activities, enforce existing regulations, and properly manage blue assets; and (d) lack of sustainable financing mechanisms to support long-term investments for climate-resilient blue economy development. Together, these challenges are negatively affecting the country's ability to manage its blue assets and blue economy development in the long run.

9. Recognizing the successful implementation results of the Belize Marine Conservation and Climate Adaptation Project (MCCAP, P131408), the Government of Belize has requested the World Bank's support to develop a comprehensive blue economy program that addresses the key challenges in Belize and to implement priority water and sanitation investments in Belize City and San Pedro.

Relationship to CPF

10. The proposed project is fully aligned with Objective 1b (Enhancing sustainable natural resource management) under Focus Area 1 (Fostering climate resilience and environmental sustainability) of the World Bank Group Country Partnership Framework (CPF) for Belize for the period FY18–22 (Report No. 106630, discussed by the Board on May 30, 2017), which has been extended to FY24. By focusing on blue economy development and supporting the country to mobilize sustainable financing mechanisms such as parametric catastrophe insurances, the project will also contribute to Focus Area 2 (Promoting financial inclusion and social resilience).

C. Proposed Development Objective(s)

11. The proposed project development objectives are to improve Belize's management capacity for sustainable development of its blue economy and increase access to climate resilient and sustainable water and sanitation services in targeted coastal areas of Belize.

Key Results (From PCN)

12. The proposed key results are:

- Coordinated policies for blue economy development.
- Improved capacity for operationalizing blue economy strategies.
- Reduced land-based pollution discharge to targeted coastal ecosystems.



- Improved access to safe water supply in target areas.

D. Concept Description

13. **Component 1: Policy Development and Capacity Building.**¹⁶ This component aims to improve cross-sectoral and cross-jurisdiction coordination in land-use and environmental management policies and plans, strengthen technical capacity of key stakeholders in promoting blue economy development, and establish a platform to coordinate the development and financing of a blue economy investment program.

14. **Subcomponent 1.1: Policy Development** will support the review and revision of critical land-use and environmental management policies and regulations to facilitate blue economy development in Belize. At the concept stage, key planning policy actions to be supported are: (a) a national land-use policy and (b) regulatory reforms to support destination management. Key environmental management policies to be supported are: (a) environmental monitoring and enforcement standards and procedures, (b) integrated fisheries monitoring policies and procedures, and (c) a national sanitation master plan and operational efficiency improvement plans for BWS.

15. **Subcomponent 1.2: Capacity Development** will support knowledge management activities (training, knowledge exchange, and so on) on selected blue economy topics to help improve technical and operational capacity of targeted stakeholders. This Subcomponent will also support Belize's participation in knowledge events organized by the global knowledge platform of the GEF Sustainable Cities Integrated Program.

16. **Subcomponent 1.3: Blue Economy Investment Program** will identify critical investment needs in key blue economic sectors of the country, promote coordinated interventions across ministries and jurisdictions, and develop a financing plan to mobilize resources from the public and private sectors and development partners. This program is expected to serve as a coordination platform to support Belize's blue economy development beyond this project. As part of the proposed financing plan, sustainable financing mechanisms such as blue carbon, sustainability linked bonds, and parametric insurance under the Caribbean Oceans and Aquaculture Sustainability Facility (COAST) will be explored along with bilateral and multilateral donor financing mechanisms.

17. **Component 2: Water, Sanitation and Waste Management.** This component will support (a) the upgrade of Belize City Wastewater Treatment Plant (WWTP), (b) water network expansion in South San Pedro, (c) water network expansion in North Placencia Peninsula, and (d) waste management pilot in San Pedro.

18. **Subcomponent 2.1: Belize City Wastewater Treatment Plant Upgrade.** This subcomponent will help renovate the existing Belize City WWTP to improve its treatment performance to meet the national discharge standards, and to expand the treatment capacity so that it can accommodate the expected population growth for at least the next 25 years.

19. **Subcomponent 2.2: Water Network Expansion to South San Pedro.** This component would expand the existing water distribution system in South San Pedro to meet current and future potable water demand for the residents and businesses of this area. This would improve access to safe and reliable potable water to the residents of South San Pedro and contribute to the economic development.

20. **Subcomponent 2.3: Water Network Expansion to North Placencia Peninsula.** This subcomponent would include the construction of groundwater intake facility including reservoir, pump house, generator building, and pipe linear

¹⁶ Note that the front-end fee is deducted from component financing numbers.



works for North Placencia as a redundant system to provide continuous water services to residents and businesses of Placencia.

21. **Subcomponent 2.4: Waste Management Pilot in San Pedro.** This subcomponent will be designed to support San Pedro to pilot a waste separation and recycling program. At the concept stage, the targeted recyclable materials are polyethylene terephthalate (PET) plastics, glass, and aluminum products. A key element of this pilot will be on public mobilization through extensive awareness-raising campaigns at the community level, which will be designed based on findings of a behavior economic analysis of key stakeholders involved in the pilot. Technical training and financial support may be considered under the pilot to incentivize active participation of residents and business entities and designated purchasers/exporters.

22. **Component 3: Project Management.** This component will support project management, monitoring and evaluation, technical assistance and technical studies, and capacity strengthening. It will finance project implementation costs associated with the Project Implementation Units (PIUs) at key agencies involved in project implementation.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	Yes
Projects in Disputed Area OP 7.60	Yes

Summary of Screening of Environmental and Social Risks and Impacts

23. The Environmental and Social Risks Classification (ESRC) is Substantial at the Concept stage. Overall, the Project is expected to result in positive environmental and social outcomes. However, at the concept stage, the environmental risk rating is Substantial, and the social risk rating is Moderate. The key environmental risks include (i) soil, water, and air pollution that may result from desludging of facultative ponds and septage disposal; (ii) leakages and emissions of greenhouse gasses (GHGs) from the wastewater treatment plant upgrades; (iii) adverse impacts to water quantity and quality of groundwater systems in case water supply activities lead to significant water use; (iv) generation and disposal of hazardous waste; and (v) construction stage risks such as occupational health and safety (OHS), cultural heritage risks, and waste management.

24. The main social risks of the project activities are (i) the social exclusion of the disadvantaged and vulnerable groups (fishers, women, female-headed households, low-income households, the youth, the LGBTI+ community, persons with disabilities, etc.) from the consultation and decision-making processes; (ii) transparency of stakeholder participation and public information disclosure; (iii) inadequately addressing and promoting environmental and social capacity building and institutional strengthening; (iv) labor influx, and (v) probability of economic and physical displacement caused by civil work. These E&S risks are likely to be temporary, short-term, and limited in extent and can be managed through routine preventive and mitigation E&S measures and by applying known technologies. The Government of Belize will prepare appropriate assessments to manage the environmental and social risks. Prior to appraisal, the Borrower will prepare, consult, and disclose: (i) a draft Stakeholder Engagement Plan (SEP) with its Grievance Mechanism (GM) - The SEP will also address the requirements of meaningful consultations in contexts of IPs, consistent with ESS7, and for the



implementation of activities under Component 1; (ii) draft LMP; (iii) draft terms of reference (ToRs) for the E&S assessments for Component 2 activities; and (iv) a draft Environmental and Social Commitment Plan (ESCP) which will be finalized during negotiations. During implementation, the Borrower will prepare E&S assessments for Component 2 activities, which will be reviewed by the Bank, disclosed for consultations, updated, and finalized. The outcome of the E&S assessments will be considered in project design and no activities will commence prior to having the appropriate assessments and mitigation measures in place. The ESRC will be reviewed regularly during preparation and implementation to reflect the project's risk level.

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APPROVAL

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