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COUNTRY PARTNERSHIP STRATEGY

(FY2012-FY2015)

FOR

BELIZE

July 29, 2011

**Caribbean Country Management Unit
Latin America and Caribbean Region**

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ABBREVIATIONS AND ACRONYMS

AAA	Analytical and Advisory Activities	IFC	International Finance Corporation
AIDS	Acquired Immune Deficiency Syndrome	IMF	International Monetary Fund
AMS	Accompanying Measures for Sugar Protocol Countries	ISDR	International Strategy for Disaster Reduction
BHIS	Belize Health Information System	ISN	Interim Strategy Note
BOOST	Building Opportunities for Our Social Transformation	JSDF	Japan Social Development Fund
CABEI	Central American Bank for Economic Integration	MBRS	Mesoamerican Barrier Reef System
CAPRA	Central American Probabilistic Risk Initiative	MDG	Millennium Development Goals
CCRIF	Caribbean Catastrophe Risk Insurance Facility	MDP	Municipal Development Project
CCT	Conditional Cash Transfer	MTDS	Medium Term Development Strategy
CDEMA	Caribbean Disaster Emergency Management Agency	NEAC	National Environmental Appraisal Committee
CDB	Caribbean Development Bank	NEMO	National Emergency Management Organization
CEA	Country Environmental Analysis	NHI	National Health Insurance
CPI	Consumer Price Index	NLTA	Non-lending Technical Assistance
CPS	Country Partnership Strategy	NPESAP	National Poverty Elimination Strategy and Action Plan
DoE	Department of Environment	NPL	Nonperforming Loan
DFC	Development Finance Corporation	OPEC	Organization of the Petroleum Exporting Countries
DSA	Debt Sustainability Analysis	PAHO	Pan American Health Organization
EC	European Commission	PEFA	Public Expenditure and Financial Accountability
ENDA	Emergency Assistance for Natural Disasters	PFM	Public Financial Management
EU	European Union	PUP	People's United Party
FAO	Food and Agriculture Organization	RAAP	Rapid Assessments and Action Plan
FIRST	Financial Sector Reform and Strengthening	RB	Restore Belize
FSAP	Financial Sector Assessment Program	SEETF	South-South Experience Exchange Trust Fund
FY	Fiscal Year	SEMCAR	Supporting Economic Management in the Caribbean
GDP	Gross Domestic Product	SFA	Special Framework of Assistance
GEF	Global Environment Facility	SFLAC	Spanish Fund for Latin America and the Caribbean
GFDRR	Global Facility for Disaster Reduction and Recovery	SCCF	Special Climate Change Fund
HD	Human Development	TA	Technical Assistance
HDI	Human Development Index	TFSCB	Trust Fund for Statistical Capacity Building
HIV	Human Immunodeficiency Virus	UDP	United Democratic Party
HRH	Human Resources for Health	UNDP	United Nations Development Programme
IBRD	International Bank for Reconstruction and Development	UNIFEM	United Nations Development Fund for Women
IDB	Inter-American Development Bank	UNFPA	United Nations Population Fund
IDF	Institutional Development Fund	UNICEF	United Nations Children's Fund
IFAD	International Fund for Agricultural Development	UNISDR	United Nations International Strategy for Disaster Reduction
		WB	World Bank

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I. Executive Summary

i) *Belize is a small lower middle income country endowed with unique natural resources, including the largest barrier reef in the Americas and pristine tropical forests.* The country's global comparative advantage is derived from its natural resource base, which supports the tourism and agriculture sectors, and its advantageous geographical proximity to major markets. Belize's principal development challenges are rooted in its high vulnerability to external shocks including terms of trade, natural hazards and impacts of climate change, while the Government's ability to address these challenges is constrained by high debt levels and limited fiscal space.

ii) *The global economic crisis had a major impact on the country, and came on the heels of other exogenous shocks including food and fuel price increases of 2008 and natural disasters.* Furthermore, these shocks hit the country amid an ongoing fiscal consolidation following a 2007 market friendly debt restructuring. Following a long period of robust growth, GDP growth was flat in 2009, due to declines in tourism, foreign direct investment, and remittances. As a result unemployment levels have increased and a 2009 Country Poverty Assessment showed that the overall poverty rate increased to 41% of the population from 33% in 2002. Similarly, crime and violence rates reached and remain at disconcerting levels. While growth resumed in 2010, reaching 2.9%, buoyed by an increase in electricity production, high debt levels (83.5% of GDP in 2010) and increasing fiscal pressures remain a persistent challenge for policymakers, limiting the government's ability to address pressing social concerns and to respond to further shocks.

iii) *The Government's medium and long-term strategies highlight that the country's development prospects are intricately linked to the sustainable management of its natural resource base in the face of high vulnerability to exogenous shocks and development pressures.* Belize's development strategies lay out an ambitious program to create a conducive enabling environment for private sector led growth, improve education and health outcomes, and sustainably manage the country's natural resources. Belize's development plans recognize that fiscal constraints compel sound macroeconomic management including efforts to institutionalize fiscal discipline and mobilize official financing.

iv) The Bank's Country Partnership Strategy for 2012-2015 follows the successful implementation of an Interim Strategy Note, which represented the Bank's re-engagement with the country after a long hiatus. The ISN included the Bank's first loan to Belize in almost 10 years and knowledge services which served to establish a productive dialogue with the Government and for the Bank to build the necessary knowledge base to underpin a long-term engagement.

v) This CPS will support the Government's efforts to adopt a sustainable natural resource based economic model while enhancing the country's resilience to climate change and natural hazards. Three results areas support this overall objective and include: i) policies and strategies for mainstreaming of natural resources and climate resilience; ii) institutional capacity strengthening for natural resource management and climate change; and iii) investments to strengthen climate resilience. The Bank's program is selective, reflects an area in which the Bank has a comparative advantage, and supports an area central to Belize's development prospects. Capitalizing on heightened global awareness of climate change, the proposed program aims to leverage substantial grant resources to complement modest IBRD lending to increase the impact of the program.

II. INTRODUCTION

1. After a long hiatus¹, the Bank re-engaged with Belize in 2009 with a two-year Interim Strategy Note (FY09-11). The ISN has been satisfactorily implemented and has helped the Bank establish a productive dialogue with Government and build a knowledge base of the country's development challenges to inform future engagement. Based on the success of the re-engagement, the Bank is moving to a four year Country Partnership Strategy, which will be highly selective and concentrate on supporting the country's efforts to move towards a more sustainable development model, safeguarding its natural resource base while reducing vulnerabilities to climate change and natural hazards.

III. COUNTRY CONTEXT

A. *Country Context*

2. **Belize is a small, lower-middle-income country with a population of 330,000.** It is remarkably diverse ecologically with substantial natural capital along its coast, represented by the largest coral reef and associated ecosystem in the Americas², as well as significant areas of mangroves, tropical forest and inland wetlands. Belize has a unique cultural heritage as well, owing to its strong ties to the English-speaking Caribbean, and geographic ties to Spanish speaking Central America, which have strengthened substantially over the last 20 years due to immigration from neighboring countries, especially Guatemala, and trade links with Guatemala and Mexico. Since the country achieved full independence in 1981, it has largely experienced peaceful and stable democracy. However a long-standing territorial dispute with its neighbor Guatemala has not yet been resolved. In December 2008, both countries agreed to refer the dispute to the International Court of Justice (ICJ), requiring referenda in both Belize and Guatemala which to date has not been carried out. Although the economy has traditionally been oriented towards agriculture, the services sector grew in importance during the 1990s and has been by far the largest contributor accounting for 60 percent of GDP. The agricultural sector, which accounts for around 10 percent of GDP but over 50 percent of total exports, is dominated by the sugar and citrus industries.

3. **Belize is highly vulnerable to natural hazards and climate change.** Belize's long low-lying coastal areas are especially vulnerable to more intense and frequent tropical storms and hurricanes, flood damage, and rising sea levels³. Like the rest of the Caribbean, Belize has experienced frequent natural disasters of catastrophic proportions, and most recently suffered the impact of a Category 1 hurricane (Richard in October 2010) and widespread flooding in 2008. Tropical Storm Arthur (May 2008) caused extensive damage to infrastructure and the agriculture sector. Hurricanes Keith (2000) and Iris (2001) struck Belize in the first year of the previous CPS period, each causing damage reaching 45 percent and 25 percent of GDP, respectively. In 1961, Hurricane Hattie destroyed Belize City and prompted the Government to build a new

¹ The Bank suspended its program in 2001 due to fiscal and governance concerns, but maintained limited engagement through regional programs financed by Global Environment Facility (GEF).

² A UNESCO world heritage site.

³ Recent natural disasters, including flooding in 2008 and Hurricane Richard in 2010, affected large parts of the country, highlighting the vulnerability of the whole country to natural hazards.

administrative capital 50 miles inland in Belmopan. Belize's vulnerability to natural disasters is exacerbated by the effects of climate change, as storm hazards are expected to become stronger and develop more rapidly, and that greater variations in precipitation are predicted to affect droughts and floods. Beyond economic and social losses, natural disasters have contributed to large fiscal deficits and debt accumulations that required Belize to restructure its public debt in 2007. These severe budget constraints, in turn, have limited Belize's ability to finance adaptation and mitigation activities.

4. **Belize's natural resources are critical to the health of its economy and well-being of its most vulnerable population.** Belize's growth prospects and main economic activities, including tourism, agriculture, and fishing, are strongly linked to the country's environment and natural resource base which give the country its key inherent comparative advantages. In particular, the barrier reef provides critical economic and environmental services (fisheries, tourism, and coastal protection), is habitat for many unique species, is possibly an important carbon sink, and contains a large genetic resources pool. The poorest people and communities in Belize are predominantly rural and their livelihoods depend largely on access to land and natural resources; furthermore, the highest poverty levels tend to occur in areas with the highest (e.g., South and West of Belize) or lowest (e.g., North and East of Belize) levels of biodiversity, thus presenting critical poverty-environment challenges (for example with encroachment and enforcement issues). It is therefore important to support effective and improved management of the environment and natural resources for sustainable livelihoods and economic growth in Belize.

5. **Although Belize has managed to preserve its environmental capital to a greater extent than its neighbors, it still faces some serious environmental problems** that adversely affect the poor, and growth prospects. These include: (i) unsustainable management of solid waste and liquid effluents resulting in water and soil pollution; (ii) unregulated development of urban and coastal areas and the rising pollution from cruise ship tourism leading to the degradation of mangroves and coral reefs; (iii) overfishing, resulting in recent declines in catch levels and species varieties; (iv) deforestation and unsustainable extraction of non-timber forest products in hotspot areas; and (v) mitigation of environmental risks from oil exploration in environmentally sensitive areas. The short-term impacts of natural disasters and the long-term effects of climate change are expected to undermine the resilience of the natural ecosystems and human vulnerability, increasing the urgency of tackling these challenges.

B. Political Developments and Governance

6. **Since gaining independence from the United Kingdom on September 21, 1981, Belize has experienced peaceful and democratic transitions,** with power alternating between two major parties, the United Democratic Party (UDP) and the People's United Party (PUP). The governing party, the United Democratic Party led by Prime Minister Dean Barrow, won a commanding majority in the March 2008 parliamentary elections, and requested the Bank to re-engage with the country. Parliamentary elections are due by June 2013.

7. **The governing party entered office amid a challenging environment** characterized by severe natural disasters (widespread floods during 2008) and external shocks (food and fuel price increases), followed by the onset of the global economic slowdown. The administration also inherited a challenging fiscal situation owing to high debt levels (80 percent of GDP in 2008)

despite a market-friendly debt restructuring in 2007 and a legacy of weak governance left by the previous administration, which was beset with allegations of corruption. The governing party faces public pressure to combat rising levels of poverty, unemployment and crime and violence, amid a constrained fiscal environment.

C. Poverty, Social indicators and Millennium Development Goals (MDGs)

8. **Poverty has increased sharply in recent years, partially attributed to the stagnating economic situation and the effects of the 2008 floods.** The latest Country Poverty Assessment (2009) showed that the overall poverty rate increased from 34 percent in 2002 to 41 percent. Extreme poverty increased from 11 percent to 16 percent during the same period. In addition to the 41 percent of the population classified as poor, a further 14 percent of households are deemed vulnerable to poverty. Therefore, 55 percent of all households are either poor or susceptible to falling into poverty. Poverty is more prevalent in rural areas (56.6 percent) than in urban areas (30.3 percent). Income inequality is high, with a Gini coefficient of 0.42 in 2009, but it is lower than its Central American neighbors. Sharp regional and ethnic differences in poverty exist, ranging from 32.5 in the Belize district to 64.6 percent in Toledo, with its heavy concentration of indigenous Mayan communities. Poverty and indigence increased in all districts, though the sharpest increase has been in Corozal which now has a similar level of overall poverty as Toledo. Despite the effects of the global recession, there are industries, such as the oil sector that have prospered, but the gains have not generated multiplier effects across the wider economy.

9. **High poverty rates persist despite the devotion of a significant amount of resources to social protection** (5.7 percent of GDP)⁴. Yet this spending has not translated into results, evidenced by the large number of poor families that remain vulnerable in Belize. The Social Protection System in Belize is inadequate to address the risks these vulnerable groups face due to poor resource allocation, weak targeting, and low program effectiveness. When facing hardship, poor people most often seek the assistance of elected officials to solve their problems, which underscores the limitations of Belize's existing safety net.

10. **Social indicators and progress towards achieving the Millennium Development Goals (MDGs) have been mixed.** According to the 2010 United Nations Development Programme (UNDP) Scorecard and Outlook Report, Belize is on track to meet MDG targets with respect to child mortality, major diseases, and the environment. However, it is not on track to meet targets related to poverty, education, gender, maternal health, and debt management. Belize is in last position (131st) on the Global Gender Gap Index⁵ in the area of political empowerment of women, along with Saudi Arabia, Qatar and Brunei. With the proportion of seats held by women in national parliament being a critical indicator of MDG 3 (Promote gender equality and empower women), Belize is not on course to achieve this MDG. The National Women's Commission is currently working on an update of the 2002 national gender policy. Box 1 summarizes gender issues in Belize⁶. Belize ranks 78 out of 169 countries according to the 2010 Human Development Index (HDI), which places the country below the regional average. Chronic diseases have become important causes of disability and death imposing an

⁴ World Bank Draft Policy Note (June 30, 2010). BELIZE: Issues and Options to Strengthen the Social Protection System.

⁵ Ricardo Hausmann, Laura D. Tyson, Saadia Zahidi, Editors (2010). "The Global Gender Gap Report 2010". World Economic Forum, Geneva, Switzerland. <http://www.weforum.org/pdf/gendergap/report2010.pdf>.

⁶ Based on a Gender background note prepared for the CPS.

increasing burden on individuals and on the healthcare system because of the cost and the life-long nature of these diseases (e.g., cardiovascular diseases, cancer). HIV/AIDS continues to pose a major challenge to national development with adult prevalence rates estimated at 2 percent in 2007, which is among the highest in the Caribbean and Central American regions.

Box 1. Gender Issues in Belize

While not on course to achieve MDG 3, Belize has made clear progress in many areas including the legal and institutional framework for the promotion of gender equality.⁷ Belize's provision of sexual and reproductive health services has improved over the last decade. Girls have caught up with or surpassed boys in education – in tertiary education, a large gap in favor of girls can be observed. However, girls' increased educational attainment relative to boys has not resulted in their equal participation in politics or in private sector careers. Power and decision-making remain dominated by men in all sectors. In the labor market, women continue to earn less than men, are limited mainly to the service sector and face higher unemployment rates.

Despite the progress made, a number of priority gender concerns persist in the country. Adolescent fertility and maternal mortality are higher than the regional average; HIV/AIDS is increasingly feminized, particularly among young girls; and gender based violence is a severe and pervasive problem. Male issues, such as high suicide rates, boys dropping out of school, and young men's increasing involvement in crime and violence, also pose challenges to policy makers. Moreover, country-level aggregates mask important inequities within the country, particularly along ethnic lines. Rural and indigenous women seem to be a particularly vulnerable group. However, many indicators used in this note are not disaggregated by ethnicity, which poses certain limits to these findings.

11. Recent efforts to ensure equitable access to education have been successful, but have not always translated into improved outcomes. The gender parity index between girls and boys in primary education increased from 0.939 in 1995 to 1.01 in 2009; in secondary education, from 1.105 in 1995 to 1.13 in 2009; and for tertiary education, from 1.49 in 2002 to 1.73 in 2009⁸. Net primary enrolments fell from 90.3 percent in 1992 to 83.7 percent in 2009, but male enrolments declined further due to the high drop-out rates among boys. Both male and female primary enrolment rates have declined, but male enrolment rates showed greater declines, a common trend in the Caribbean. Key factors that explain declining primary attendance and drop-out rates amongst boys include low-quality primary education, high proportion of untrained teachers, and the absence of role-models who can motivate young boys to stay in school.

12. High drop-out rates among boys is a growing concern, particularly due to their implications for the incidence of crime and violence. There is a clear gender dimension to the problems of at-risk youth, or young people who are neither working nor in school, since young boys and girls tend to engage in different kinds of risky behaviors. While girls continue to be disadvantaged in terms of higher unemployment rates and earlier family responsibilities, boys' underachievement in education and lack of employment opportunities can lead to their participation as perpetrators and victims of violent crime. This has compelled the Government to

⁷ Belize has introduced or adopted legislative initiatives to promote gender equality such as a National Gender Policy, 2003-2008. The Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) as well as the Optional Protocol to CEDAW have been ratified, as has been the Inter-American Convention on the Prevention, Punishment and Eradication of Violence against Women (Convenção do Belém do Pará). The preamble to the Constitution was amended to read "to guarantee gender equality".

⁸ Government of Belize (2002). National Gender Policy.

include interventions aimed at addressing high youth unemployment and low secondary level completion rates.

13. **Crime and violence, which has increased steadily in Belize over the last decade, reached crisis levels in 2010.** The homicide rate of 34.3 (per 100,000 people) is very high compared to 11.6 for Mexico, 18.1 for Ecuador, and 38.8 for Colombia (Human Development Report 2010), and more than doubled from 16 murders per 100,000 citizens in 2000 (according to the Belize Police Department), making it the third highest homicide rate in the Caribbean. Though violence tends to be concentrated in urban areas, particularly in Southside Belize City, the rising incidence of crime in tourist areas threatens to damage the country's image as a safe and secure tourist destination. The high levels of violence have been attributed to high levels of poverty, lack of employment and educational opportunities, the increased abuse of alcohol and drugs, the use of weapons, the weakness of state institutions, and a breakdown in the family structure. The surge in violence is linked to increased transit of drugs.

D. Recent Economic Developments

14. **Belize was adversely impacted by the global downturn and the effects of floods in late 2008; however the economy has recovered modestly in 2010.** Owing to the impact of the 2008 floods on agricultural output and the fallout from the global recession, the economy registered zero growth in 2009. Among the hardest hit sectors were wholesale and retail trade, tourism and agriculture (which in 2009 contracted by 7.1 percent, 7.2 percent and 4.8 percent respectively). Manufacturing output improved amid a 24 percent expansion in petroleum production, as three additional production wells were installed. The economy expanded by 2.9 percent in 2010 driven by a substantial increase in electricity generation and modest recovery in the tourism sector. Amid a weak economic recovery, unemployment has increased from 8.2 percent in May 2008 to 12.6 percent, contributing to worsening social conditions as evidenced by the spike in crime and violence.

15. **Economic performance has been highly uneven and dependent on fiscal stimulus.** Between 2000 and 2009 the economy grew by an annual average of 5.0 percent, peaking at a record rate of 13 percent in 2000. Economic performance has been vulnerable to external shocks as well as erratic policymaking. During 1999-2003, the Government pursued an expansionary fiscal policy financed largely by external commercial borrowing which produced strong GDP growth rates but drove public debt to over 100 percent of GDP in 2003 and the following years. In 2007, debt restructuring eased external debt service and enabled Belize's debt to become fiscally manageable, avoiding a macroeconomic crisis. However, public debt remained high and foreign reserves low, which limited the policy capacity to respond to shocks.

16. **Inflationary pressures are modest in Belize, including food prices.** After deflating by an average of 0.4 percent in 2009 (eop), growth in the price level rose to 0 percent in 2010. The increase reflected the rise in fuel prices (a 3.2 percent rise in transport & communications and 1.4 percent rise in rent, water, fuel & power categories) and the 2.5 percent increase in the general sales tax (which came into force in April 2010), although it was offset by declines in food, beverages and tobacco prices as well as household goods and maintenance reflecting the still weak demand pressures. International food prices are on the rise and although Belize is a net food exporter and the country as a whole could gain from a positive terms of trade shock, those

gains can be distributed very unevenly and also it could endanger the wellbeing of the poor net buyers. As of February 2011, average food prices remain at a 3 year low.

17. Despite government efforts to promote credit conditions, domestic credit demand remains weak. In line with the Central Bank's objective of promoting credit conditions, in November of 2010 the minimum interest rate on savings deposits was reduced from 4.5 percent to 3.5 percent. However, credit to the private sector contracted by 3.6 percent in 2010 from 4.8 percent growth in 2009 with manufacturing, financial institutions and transportation sectors making a sizeable contribution to the reduction. The decline in the domestic credit along with an expansion in foreign assets was reflected in a highly liquid banking system.

18. On the external front, Belize's current account balance has improved. The current account balance in Belize registered a deficit of 2.8 percent of GDP in 2010 down from 9.8 percent in 2008. This was the result of three main factors: improved earnings due to higher oil prices and agricultural prices (predominantly earnings from citrus exports) in 2010, strong performance of the services sector, especially tourism which boosted travel receipts by 6 percent, and decreased capital goods imports for projects that occurred in 2008. However, the capital and financial account surplus plunged by 49 percent in 2009 and is expected to continue decreasing in 2010, owing to lower grants, the ending of the United Kingdom's debt relief program in 2009 and a significant decline in foreign direct investment. International reserves stood at US\$219 million at end-2010 (3.2 months of imports), strengthening from the low levels seen in previous years.

19. Weak fiscal results along with the modest economic performance have been reflected in an increased public debt burden. Despite debt restructuring in 2007 public debt ratio remains high, at around 83.5 percent of GDP at end-2010, leaving the government with limited fiscal headroom. In line with the IMF's advice, the authorities' ongoing efforts to strengthen tax administration center on improving controls over large taxpayers; and adopting a new management and auditing system for customs. In addition, the government implemented tax measures in April 2010, including the increase in the general sales tax from 10 percent to 12.5 percent; and new taxes on petroleum, which together improved government fiscal revenues in FY2010/11. Lower revenues from external grants have been offset by higher oil revenues, that in tandem with flat total expenditures have improved the overall fiscal deficit to 0.8 percent of GDP in FY2010/11 from 1.6 percent of GDP in FY2009/10.

20. The overall health of the banking system has deteriorated. According to 2010 IMF Article IV consultations, three banks (of the five banks) which account for over 40 percent of deposits in the banking system are facing high levels of nonperforming loans (NPLs). By September 2010, nonperforming loans (NPLs) surged to nearly 30 percent of total loans in the distressed banks compared to 20 percent in September 2009. As a result, foreclosures proceedings are already taking place on several large businesses in Belize. While banks comply with current regulations, provisioning remains low by international standards, covering less than 16 percent of NPLs. Preliminary computations show that the capital that would be required to absorb potential loan losses is estimated at up to 5 percent of GDP. Protecting the stability of the banking system is a priority. The 2010 Article IV recommends that the government should specify the size of the capital increase that is needed in each bank and set a timeline for the implementation of a recapitalization plan. In line with IMF technical assistance advice, the

central bank has implemented measures to intensify oversight of the overall banking system and to strengthen the regulatory and bank resolution framework.

Table 1: Belize: Selected Economic Indicators, 2008-2012

	2008	2009	Prel. 2010	Projections	
				2011	2012
(Annual percentage change)					
National income and prices					
GDP at constant prices	3.8	0.0	2.9	2.8	3.0
Prices (GDP Deflator)	2.6	-0.7	0.9	2.9	2.5
Consumer prices (end of period)	4.4	-0.4	0.0	4.5	2.5
Money and credit					
Credit to the private sector	11.6	4.8	-3.6	1.6	3.8
Money and quasi-money (M2)	14.0	5.8	-1.8	5.7	5.6
(In percent of GDP, unless otherwise indicated)					
National accounts					
Consumption	80.6	82.2	80.1	81.6	82.3
Gross domestic investment	27.5	22.0	18.0	19.0	19.5
Net exports	-8.0	-4.2	1.9	-0.6	-1.8
Gross National saving	17.7	15.7	15.2	13.9	12.5
Central Government 1/					
Revenue and Grants	28.7	27.0	27.7	27.2	26.6
Total Expenditure	28.3	28.2	28.5	29.1	29.2
Primary balance	4.2	2.4	2.6	2.0	2.0
Interest	3.8	3.6	3.4	3.9	4.5
Overall balance	0.4	-1.6	-0.8	-1.9	-2.5
External Sector					
Current account balance	-9.8	-6.3	-2.8	-5.1	-7.0
<i>of which exports of goods and services</i>	62.5	53.8	59.7	61.6	62.1
<i>of which imports of goods and services</i>	70.5	58.0	57.8	62.3	63.9
Change in reserves (- increase)	-4.3	-3.6	-0.3	-3.2	-0.6
Gross int. reserves (in months of imports)	2.1	3.3	3.2	3.5	3.3
Public and publicly guaranteed debt	79.7	82.3	83.5	80.6	78.3
Domestic	7.4	7.1	11.8	11.4	12.2
External	72.3	75.2	71.7	69.1	66.1

Source: IMF 2010 Art IV

1/ Fiscal year ends in March

E. Macroeconomic Outlook

21. **With the economy showing signs of recovery from the impact of the global economic slowdown, the economic outlook has improved marginally.** Moderate growth is

expected over the next 2 years (2.8 percent and 3.0 percent for 2011 and 2012) largely driven by an expansion in electricity generation and tourism, and increased estimated oil reserves that will allow the present level of oil output to be maintained for the next few years. Inflation is expected to rise to 4.5 percent in 2011, due to increases in fuel prices. The fiscal deficit is expected to deteriorate to 1.9 percent and 2.5 percent of GDP in FY2011/12 and FY2012/13 respectively, reflecting anticipated increases in interest payments as scheduled increases in interest rates of restructured external debt come into effect, as well as reflecting reduced revenue collection. Nevertheless, public debt is projected to fall to 78.3 percent of GDP in 2012, from the 2010 level of 83.5 percent of GDP (mainly external debt, around 72 percent).

22. **According to the latest debt sustainability analysis (DSA) conducted by the IMF (October 2010), public debt remains high and vulnerable to shocks over the medium-term.** The DSA (see Annex D) indicates that under the baseline scenario, debt levels would remain almost constant and slightly under 80 percent of GDP through 2015. The stable debt ratio reflects the positive effect of a gradual increase in growth that offset the impact of the step-up coupon rates on the restructured debt. The debt ratio is highly sensitive to shocks in growth and the primary balance and to a slightly lesser extent to shocks in the interest rates. Under the active scenario, fiscal consolidation improves primary surplus to above 4 percent of GDP over the medium-term, resulting in a downward path of the debt ratio reaching almost 40 percent by the end of the decade.

IV. GOVERNMENT VISION AND DEVELOPMENT CHALLENGES

23. **Belize's developmental challenges are rooted in its high vulnerability to external shocks including terms of trade, natural hazards and impacts of climate change.** The country's natural resource base, which holds the key to its developmental prospects in terms of sustainable growth and poverty reduction, is particularly vulnerable to these shocks, and faces additional pressures from unsustainable development practices. These challenges were evident during the implementation of the ISN as the country was affected by multiple exogenous shocks including severe flooding in 2008, food and oil price increases, the global financial crisis, and Hurricane Richard in October 2010. These shocks manifested themselves in an economic slowdown with negative impacts on growth and employment, and contributed to a dramatic increase in poverty levels (41 percent), and a surge in crime and violence. Furthermore the country's size and low population density pose significant challenges for the provision of infrastructure necessary to underpin economic activity in main areas including tourism and agriculture, and services to support human capital development. The government's ability to confront these challenges is limited due to fiscal constraints, owing to a high debt burden, accumulated during the 2000s due to serious governance failures.

24. **The Government's development agenda is articulated in the National Poverty Eradication Strategy and Action Plan, 2009-2013 (NPESAP) and the Medium-Term Development Strategy, "Building Resilience against Social, Economic and Physical Vulnerabilities"** (MTDS, 2010-2013), which is closely linked to the NPESAP. A long-term draft development plan, Horizon 2030⁹, emphasizes sustainable natural resource management,

⁹ Horizon 2030 is currently being finalized. The draft vision statement is "Belize is a country of peace and tranquility, where citizens live in harmony with the natural environment and enjoy a high quality of life. Belizeans are an energetic, resourceful and independent people looking after their own development in a sustainable way".

governance, and education. The main government priorities and challenges discussed in these strategies include the following:

25. ***Sustainable Environment and Natural Resource Management.*** Despite the progress in strengthening environmental management in several areas, and, most lately, the highly significant move of the government to ban the bottom trawling fishing method in Belizean waters so as to protect the ocean floor and deep-sea coral reefs, serious challenges remain. Due to weak institutional capacities, implementation and enforcement of environment and natural resources management actions has been inadequate. The institutions that are directly responsible for the management of Belize's environment and natural resources (e.g., Department of Environment, Forest Department, Fisheries Department, Coastal Zone Management Authority and Institute) are under-funded, under-staffed and in many cases do not have the capacity to perform their basic functions. For example, the Department of Environment currently has about 15 staff which can hardly cover the mandate given to the Department under the Environmental Protection Act; and the Forest Department has just under 40 staff charged with managing protected areas (PAs), licensing, monitoring, and enforcement within and outside PAs. The Environmental Impact Assessment (EIA) system—the main instrument in the environmental management toolbox—needs substantial strengthening. Furthermore, there is an overriding need to develop, adopt and implement a comprehensive natural resources and environmental policy and strategy including planning for climate change and mitigating its effects.

26. Government priorities¹⁰ to address these challenges include: (i) strengthening environmental institutions, governance and regulation; (ii) recognizing the contribution of environmental stewardship to economic growth and poverty outcomes by valuing the environment; and by making the protection and sustainable use of natural resources an integral part of the development strategy and sectoral policy planning; and (iii) international technical and financial assistance to help the Government strengthen the resilience of the country's economy and natural resources to climate change shocks and natural disasters.

27. ***Disaster Risk Management.*** The policy framework relating to disaster risk management in Belize is fragmented, with several sectoral policies but no overarching policy in place as a more comprehensive measure. The most comprehensive attempt to date is Belize's National Hazard Mitigation Policy(2004),¹¹ which provides an integrated approach to hazard risk management and sustainable development at national, sectoral, and community levels within a broader national development framework. The National Emergency Management Organization (NEMO), established in the aftermath of Hurricane Mitch (1998), coordinates ex-post disaster preparedness and response activities, but lacks a focus on mainstreaming risk management into sectoral planning and building a culture of ex-ante prevention through risk reduction. Public sector agency organization and legislative frameworks mainly support the emergency management cycle, and suffer disparities in addressing comprehensive risk management.

28. ***Strengthen macroeconomic and fiscal management.*** A main challenge for the government will be to further strengthen the macroeconomic framework to ease Belize's vulnerability to shocks and improve growth and social prospects. Despite Belize's vulnerability

¹⁰ Which were validated during a February 24, 2011 stakeholder workshop in Belize City and discussions with Government of a Bank policy note entitled "Natural Resources for Climate Resilient Growth".

¹¹ The National Hazard Mitigation Policy has been prepared through a concerted effort of the Government, CDB and CDEMA (at the time CDERA).

to external shocks, the government has very little flexibility to implement countercyclical fiscal policy given high debt levels and limited external financing. In February 2007, Belize restructured 98 percent of its public external commercial debt of US\$550 million, avoiding what had been an imminent threat of a fiscal crisis. Though the 2007 debt restructuring temporarily eased fiscal pressures, Belize faces the challenge of increasing debt service in the years ahead associated with the “Superbond”¹² along with competing demands to address the increase in poverty and infrastructure needs to support economic development. In the 2010 Article IV consultation, the IMF has called for a fiscal consolidation strategy geared towards reducing public debt to a more sustainable level (40 percent of GDP by 2019), since this would ease fiscal pressures¹³ and help Belize regain access to external private financing. Lower debt ratios would also provide additional space to respond to adverse shocks and facilitate the future rollover of amortizations coming due from the restructured debt. The government has implemented reforms to improve revenue collection, but has avoided public expenditure cuts due to concerns that they would derail the incipient economic recovery.

29. Government is committed to implementing sound fiscal policies in the face of increasing fiscal pressures. Government’s strategy has been to mobilize bilateral and multilateral support, enact measures to bolster fiscal revenues, and undertake a comprehensive reform of public financial management programs to enhance fiscal discipline. On the latter initiative, the Inter-American Development Bank (IDB) is supporting actions to improve budgeting framework including implementing a Medium-Term Fiscal Framework. Belize is also a subscriber to the Caribbean Catastrophe Risk Insurance Facility (CCRIF).

30. *Improve Government Transparency and Accountability.* The lack of government transparency and accountability has been a long-standing challenge in Belize. Entering office on a mandate to improve governance, the administration has taken several measures to increase transparency and accountability including: i) term limits for the Prime Minister; ii) a recall mechanism for elected officials; iii) extension of powers and functions of the Senate (enabling the Senate to initiate and conduct inquiries into the operations of any government office or public statutory body); and iv) fiscal transparency legislation which sets standards to increase transparency throughout the whole budget process. Additionally, the Auditor-General is empowered by law to report on the use of public monies to Parliament.

31. *The Administration’s governance reform agenda focuses on improving the public financial management framework.* Public Expenditure and Financial Accountability Program (PEFA) and procurement assessments undertaken during the ISN period revealed significant weaknesses in public financial management (PFM), public procurement, public investment management, and government internal audit and control. Government has initiated a wide-ranging agenda to improve the public financial management framework, and has developed extensive action plans, with donor support, which are currently under implementation. Reform areas include the adoption of a fiscal transparency and responsibility framework, supported by

¹² The “Superbond” was structured in such a way that, for the first 12 fiscal years, no payments will be made on the principal. Starting August 2019, Belize will pay principal payments annually until the bond is paid off in 2029.

¹³ The pressures are the result of: i) the increase in the interest rate on the “Superbond” from 4.25 percent to 6.00 percent in 2010 and to 8.50 percent in 2012; ii) an expected decline in oil revenues as production from existing wells will weaken during the forecast period; and iii) increased spending in infrastructure and anti-poverty programs that will result from the 2010-13 development plan.

IDB. In addition, the Finance and Audit (Reform) Act was amended to provide sanctions for violations and to enhance transparency in the tendering process of Government procurement.

32. ***Investment in Human Capital Development.*** Belize faces immediate challenges on the social front including a rise in poverty levels and an escalation in crime and violence. The Government has undertaken several initiatives to tackle these challenges including the RESTORE program, a government-wide citizen security umbrella program supported by IDB and the Caribbean Development Bank (CDB), and other social programs including a youth skills project and food pantry pilot. Related to these efforts, the social protection system has been undergoing major reforms since 2008 to address deficiencies in coverage despite substantial spending levels. Government priorities include the need to improve the capacity to target, coordinate, monitor, and evaluate social services. The recent launch of a conditional cash transfer program, supported by World Bank NLTA (Building Opportunities for Our Social Transformation, BOOST), an innovative way to transfer income to poor households is an important step in upgrading Belize's social policy and programs. BOOST's co-responsibilities include 85 percent school attendance for children 5-17 years old and 100 percent immunization for children 0-5 years old. However, further efforts are needed to consolidate the institutional set-up, the actual implementation of the program, and leverage the opportunities this represents in rationalizing social protection expenditures.

33. ***Improved access, coverage, efficiency and equity in health and education.*** Affordability of health and schooling remains an important barrier to equity in Belize, and spending on the 0-5 age group remains very low which confirms the need for re-investing in human capital, using income transfers, as well as bridging the gaps in the supply of services, especially for the poor. Key policy areas in the education sector include: (i) early childhood development; (ii) expanding access to secondary education; (iii) quality in schools; and (iv) teacher development and management. Several donors are active in the education sector, including the IDB, which completed a project to improve equity in educational resource allocation, and is planning to focus future engagement in improving teacher quality. The Government, with CDB support, is carrying out an education sector strategy and action plan in 2011, which is expected to receive support by IDB. The United Nations Children's Fund (UNICEF) has provided technical assistance in the area of early childhood development, which has led to an announcement in the FY2011-2012 budget of a child care subsidy to support early childhood development. *Health* priorities include the need to expand access to healthcare, particularly for those in the lower income brackets, and to further improve the quality of service. The need to upgrade health care facilities at all regional hospitals to provide all basic testing and care services has also surfaced as a priority. Further to this, the Belize health sector reform policy prioritizes the development of Belize's Health Information System (HIS) which is recognized among the international community as good practice in the initial development and implementation of a comprehensive HIS.

34. ***Foster an Enabling Environment for Growth and Sustainability:*** The Government has prioritized actions to enhance the enabling environment to support private sector led growth. Belize's comparative advantage is based on its unique tourism product and advantageous geographical location near large markets including the United States, Mexico and Central America. In the face of trade preference erosion, which has affected traditional agriculture exports such as bananas, and sugar, the Government aims to diversify the country's economic base, targeting expansion of non-traditional export related products and services, including

primary and agro-industry sectors, fisheries, and tourism. The country is also attempting to increase trade relations with Mexico and its Central American neighbors¹⁴. Growth prospects in these areas face four major constraints including road transport infrastructure, institutional capacity for trade policy making and implementation, access to finance and export promotion. In addition, recent expropriations of the telecommunications (August 2009) and electricity companies (June 21, 2011) could reduce the attractiveness of the country's investment climate to foreign investors. Government initiatives to promote private sector development include the re-establishment of the Development Finance Corporation to improve access to finance, and IDB supported operations to enhance competitiveness of the tourism and agriculture sector.

35. The Government continues to prioritize enhancement of the country's infrastructure following years of low capital investments as a result of fiscal constraints.

The Government has mobilized substantial bilateral and multi-lateral financing of infrastructure, particularly transport investments, which are critical to support private sector development. Requirements for future investments on the primary network include raising the level of robustness to potential future disaster events (particularly coastal flooding) and addressing substandard conditions in parts of the network which have safety consequences. A particular challenge is the absence of sustainable road maintenance financing mechanisms, owing to fiscal constraints but also to institutional resistance to adopting alternative approaches, including private sector participation. However, the government has expressed commitment to undertake institutional reforms, supported by the EU program which is developing a road maintenance plan.

V. WORLD BANK GROUP SUPPORT FY2009-2011

A. Bank program under ISN and lessons learned

36. The Bank program during the ISN period (March 2009-2011) includes one operation, the US\$15 million Municipal Development Project (MDP), which became effective in January 2011. Currently its implementation is rated as satisfactory. During this period several Analytical and Advisory Activities/ Non-lending Technical Assistance (NLTA) have been ongoing and are expected to be finalized in 2011. Three trust funds (see Table 2 below) have also been approved during this period and are currently under implementation. In the social sectors, Bank activities include a multi-year Conditional Cash Transfer (CCT) NLTA; an Influenza Detection and Response project, and a JSDF grant, Improving Children's Health and Nutrition in Poor Mayan Communities in Toledo. Supporting the government's PFM and procurement reform agenda, the Bank has an IDF grant to Strengthen Capacity of Auditor-General and procurement. In disaster risk management, Belize is participating in the Central American Probabilistic Risk Assessment Initiative (CAPRA), with the support of the World Bank, Center for the Coordination of Natural Disasters Prevention in Central America, United Nations International Strategy for Disaster Reduction (UNISDR), and IDB. The Marine Conservation and Climate Adaptation Initiative NLTA seeks to find innovative and sustainable financing mechanisms for long-term marine conservation and climate adaptation actions. This work builds on a long Bank engagement in climate, environment and disaster risk management issues in Belize and the region (see Annex F).

¹⁴ Belize is a member of the Central American Integration System (SICA)

Table 2: Active Belize Trust Funds

Trust Fund		Net Grant Amount (US\$ '000s)
TF094035	South-South Experience Exchange Trust Fund (SEETF) Effective Cash Transfers Program: Lessons Across Honduras, Belize, Mexico, and Jamaica	75.00
TF094490	Building Institutional Capacity of Auditor General and Improving Quality of Public Procurement	351.00
TF095644	Influenza Detection and Response	501.74

37. **IFC.** As of April 30, 2011, IFC's disbursed and held portfolios totaled US\$5.2 million. IFC's portfolio consists of two projects. Work done to date for the establishment of a Credit Bureau consists of a market assessment which was presented to stakeholders. IFC is now working with the Central Bank on a National Strategy document, which will then be followed by assistance in drafting of the required legislation. Regarding SME support, discussions are underway with a client bank for a SME market evaluation.

38. *Achievements during the ISN period:* The MDP was the first Bank loan to Belize in nearly 10 years and will address mounting infrastructure needs of several municipalities, most of which had not benefitted from any major infrastructure works in a decade due to fiscal constraints in the 2000s. The project will contribute to higher-level objectives including: 1) addressing key infrastructure bottlenecks needed to support economic growth and mobility; 2) contributing to modernize and enhance municipal management; 3) reducing vulnerability and risk associated with natural disasters; and 4) improving government's transparency and accountability. The Conditional Cash Transfer (CCT) NLTA has provided just-in-time assistance to support the Government in its assessment of the suitability and feasibility of the CCT, culminating in the government's decision to launch a pilot CCT, a key part of the government's strategy to combat rising poverty and crime and violence. An important achievement of this NLTA was to build the WB reputation with the client to provide quality assistance based on flexible, client-based responsiveness and global experience. The NLTA benefitted from South-South TFs to share experiences with CCTs between Belize, Jamaica, Honduras, and Mexico. The Bank was able to deliver just-in-time assistance following the H1N1 outbreak (Avian Flu TF), which focuses on strengthening health surveillance systems.

39. **Knowledge services also contributed to building the Bank's depleted knowledge base and initiating dialogue in key areas.** Several analytical reports (mentioned above) were produced during the ISN period. The policy note, "Natural Resources for Climate Resilient Growth", was well received by officials in the Ministry of Natural Resources and a wider stakeholder audience, and has resulted in a request for further engagement to tackle priority environmental challenges. The social protection NLTA produced a Policy Note on Issues and Options for Social Protection Reform at a very opportune moment to help the Government articulate a response to evidence of higher poverty levels in the 2009 Country Poverty Assessment. The objective of the Agriculture Sector Risk Assessment NLTA was to assist the government in managing agriculture risks, which is critical both for economic growth,

competitiveness and poverty reduction. The objective of the Housing diagnostic NLTA is to provide an analysis of the housing sector in Belize focused on its parameters, potentials, and pitfalls, in order to assist the Government as well as the various stakeholders in the housing sector in moving towards ensuring “access to quality and affordable housing by all” in the coming years.

40. **Implementation of the ISN has provided important lessons to guide the preparation of the CPS.** Through the implementation of the ISN, Bank teams faced a number of challenges related to the Bank’s long absence, including limited knowledge of the political economy of reform, the government’s unfamiliarity with Bank procedures, and limited Bank knowledge of other donor programs.

41. These achievements and challenges provide ample lessons to inform the design of the new CPS, including:

42. *Challenges of small size.* While project teams have consistently noted the high qualifications of government counterparts, the scarcity of qualified personnel leads to delays in project implementation. The Bank needs to make an effort to ensure that it does not overburden the core group of government staff who manage most Bank activities. This also points to a need to exercise selectivity, simplify project design, and account for the need to conduct extra supervision.

43. *Coordination and harmonization with development partners.* With no local presence nor formal donor coordination mechanism, the Bank needs to invest more efforts into donor coordination/mapping activities.

44. *Consensus building to achieve reform.* Achieving sustainable results requires a better understanding of the political economy of reform, and investment in consensus building in order to bring about policy change.

45. Country financing parameters (CFP) for Belize, which have been agreed upon by Authorities, are included in Annex C.

B. Role of Development Partners

46. **The design of the CPS is intended to fill key gaps/complement other donor programs in order to most effectively address the country’s development challenges.** The major multilateral donors in Belize are the Caribbean Development Bank (CDB), IDB and UN agencies, and significant bilateral partners include the EU, Taiwan, China, and Venezuela. Other donors include OPECs Fund for International Development, and the Central American Bank for Economic Integration (CABEI). Belize does not have a formal IMF program, but has benefitted from close collaboration through Article IV consultations.

47. **The Bank program in Belize has traditionally been small, relative to other donors,** and it is the only donor to have suspended its program during the early 2000s (though other donors reduced disbursements) when fiscal conditions rapidly deteriorated amid financial irregularities. Aid flows in Belize decreased from the early 2000s as the fiscal situation deteriorated and the government reverted to costly commercial borrowing. Beginning in 2005, the previous administration implemented a home-grown adjustment program, under IMF

guidance, and supported by substantial budget support by CDB and IDB. The Barrow administration entered office vowing to avoid costly commercial borrowing and to seek only less costly bilateral and multi-lateral financing, including the World Bank. Thus far it has made good on this pledge as donor programs have ramped up since 2008 with several major infrastructure projects planned or underway.

48. **The Ministry of Economic Development is the liaison for development partners, but no formal donor coordination mechanism exists.** Bank project teams have actively pursued donor coordination on an ad-hoc basis, including the CCT team's collaboration with the IDB and UNICEF on a single beneficiary information and targeting system, and a joint WB/IDB commitment to ensure harmonization of activities in the areas of PFM and procurement reform. The CDB and World Bank recently signed a Memorandum of Understanding to increase collaboration and coordination.

49. **IDB's program tackles several of Belize's key development challenges through lending and technical assistance.** IDB has a lending portfolio of US\$70 million and is active in several sectors (see Annex G). The IDB's country strategy (2008-12) focuses on the following development objectives: i) Ensuring sound fiscal management and public sector transparency; ii) Creating the conditions for and restoring sustainable, private sector led growth; iii) Improving human resource development and social protection; and iv) Rehabilitating road infrastructure damaged by floods in early November 2008. IDB has active projects (or projects under preparation) in tourism, agriculture competitiveness, solid waste management, health, education, disaster risk mitigation, and crime and violence. IDB is also delivering substantial technical assistance under development objective i. IDB's program is front-loaded in 2008-2009, with a base-line envelope of US\$51.5 million (maximum envelope is US\$101.5 million), though several additional loans have been approved or are under preparation including an education program, Community Action for Public Safety (Crime and violence), and a Hurricane Richard reconstruction loan.

50. **Similarly, CDB's large and diverse portfolio (US\$64 million)** consists of projects in infrastructure (water, bridges, roads), financial sector (credit line to the Development Finance Corporation (DFC)), and social development (Basic Needs Trust Fund, health and skills). CDB is currently preparing a country strategy paper for the years 2011-13. CDB is also currently preparing an Education Sector Strategy and action plan, which will include an investment plan to be financed by CDB and IDB.

51. **The European Union (EU) is the largest provider of grants, primarily for rural development,** including banana and sugar support. A Global Climate Change Alliance¹⁵ grant (€2.9 million) for Belize, financed by the EU, is expected to disburse in 2011. The grant will be implemented by UNDP to enhance adaptive capacity and resilience to climate change in national policies, including the water sector in Belize. According to the EU, 80 percent of the funds will finance investments in the water sector, where a climate change strategy is already in place. The remaining funds will be dedicated to mainstreaming climate change policy, a pre-condition of which is that the Government of Belize establishes a climate change desk.

¹⁵ Initiated in September 2007 by the European Commission, (EC) the Global Climate Change Alliance seeks to enhance cooperation and support between the European Union (EU) and poor developing countries, most vulnerable to climate change, to adapt to the effects of climate change without prejudice to achieving the Millennium Development Goals.

52. UNDP's main areas of focus include: i) Poverty Elimination by Investing in People; ii) Reverse the Spread of HIV and AIDS; and iii) Improving Sustainable Development Practices (Disaster Risk Reduction, Natural Resource Management and Climate Change). UNDP also plays a leading role in gender and development, using its convening services to engage stakeholders, and has conducted workshops in gender and economic policy management, Disaster Risk Reduction and Gender Workshop. UNDP also supports initiatives aiming at increasing the contribution of women to national decision-making in the National Assembly, and at increasing national capacity for gender-mainstreaming in policy development and implementation.

53. IMF macro policy advice is generally well regarded by Authorities. It is presently providing technical assistance related to the resolution of banking problems. In 2009 Belize received financial assistance from the IMF Emergency Assistance for Natural Disasters (ENDA), following extensive flooding. Taiwan, China has provided budget support (grants and concessional lending) and agriculture investments while Belize benefits from the Venezuelan Petro-Caribe program and a housing grant.

54. **In sum, the programs of Belize's main development partners are well-aligned with the Government's national strategies and generally address the key development challenges outlined in Section IV.** IDB's program addresses the country's macro and fiscal challenges through technical assistance focused on improving the PFM framework. The Government's program to tackle rising poverty rates and associated crime and violence is supported by IDB and CDB, and the World Bank through its existing CCT technical assistance. Health and Education challenges are addressed under the leadership of CBD and IDB. Several development partners support the promotion of an enabling environment for private sector led growth through infrastructure lending, including targeted investments to key growth sectors (tourism and agriculture) and improved access to finance. However, while elements of the challenges related to sustainable natural resource and disaster risk management are addressed by various development partners, including IDB and UNDP, the programs lack sufficient scope and coordination to adequately address the magnitude of the challenge facing the country.

C. Consultations

55. **Stakeholder consultations (see Annex E) played an instrumental role in the design of the CPS.** The Bank conducted consultations in Belize during the week of February 23-27, 2011 and May 9-12, 2011. The team met with varied state and non-state stakeholders including representatives from government ministries, private sector, academia, NGOs, and other development partners, sharing the Bank's diagnostic of Belize's development challenges. A recurring theme in these discussions was that Belize's development prospects are intricately linked to its natural resource base. There was a general concern that Belize must manage its natural resources in a more sustainable manner and strengthen resilience to natural hazards and climate shocks in order to achieve its medium- and long-term development goals. While this conclusion is reflected in the Government's national development strategies, there is a lack of a systematic approach to address the critical challenges posed by unsustainable natural resource use and climate change. Stakeholders encouraged the donor community, including the World Bank, to play a more supportive role in this area.

56. The Bank's main government counterpart also identified priority areas for Bank engagement including the need to enhance the country's infrastructure, strengthen the education system, continue to strengthen the social protection system, and modernize the country's payment systems. Discussions with key decision makers focused on identifying the most strategic role for the World Bank that would leverage IBRD resources/financing with additional resources, in a manner that responds to Government priorities and addresses the country's main developmental challenges. The outcome of these discussions was an agreement to focus the Bank's program on the country's development challenges related to *Sustainable Environment and Natural Resource Management*.

D. Proposed Bank Program

57. The CPS will concentrate on one central area: to support the Government to achieve ***Inclusive and Sustainable Natural Resource-Based Growth and Enhanced Climate Resilience***. The rationale behind this selectivity is threefold: (i) the Bank's comparative advantage and the potential impact it could have given the importance of natural resources in Belize's growth; (ii) the Bank's capacity to leverage additional funds to complement the limited resources; and (iii) the fact that other priority sectors are supported by other donors (see Annex G).

58. **This selected program will support the Government's efforts to adopt a sustainable natural resource based economic model while enhancing the country's resilience to climate change and natural hazards.** Natural resources are undoubtedly central to Belize's development prospects, and there is a sense of urgency to adopt a sustainable model in the face of more frequent and intense natural hazard impacts. Belize also has an opportunity, afforded by the uniqueness of its natural resource base, to position itself on the global climate stage as a responsible steward of its natural resources. By supporting these efforts, the proposed program could substantially leverage IBRD funding with other existing funds that target environment and natural resources management, emerging global climate funds (grants), and other development partners' programs. A program to protect the natural capital of Belize would help improve growth prospects and benefit the poor who tend to depend on natural resource-driven sectors in Belize. Furthermore, the CPS would also support fiscal sustainability to the extent to which increased resilience to climate change and natural hazards would reduce associated fiscal costs borne by the government as a result of disasters.

59. **The proposed CPS includes a range of potential activities under 3 main results areas:** i) Policies and strategies for Mainstreaming of natural resources and climate resilience; ii) Institutional capacity strengthening for natural resource management and climate change; and iii) Investments to strengthen climate resilience. The results areas correspond to activities related to policy, capacity building, and investments, respectively. The results matrix (Annex A) is indicative, as specific activities will be developed during the course of an annual programming exercise, subject to available Bank and grant resources. A CPS progress report will be prepared in FY14, following Parliamentary elections due by June 2013. At this time, the results matrix will be revised to reflect actual programmed activities.

60. **Governance and gender issues are integrated in the CPS.** Supporting the Government's commitment to transparency and accountability, the Bank will identify opportunities to integrate governance into ongoing and new activities. Ongoing activities, including the Municipal Development Project and the IDF grant to Strengthen Capacity of

Auditor-General and Procurement, already include governance related activities, as described below. As the Government and the Bank seek to identify new entry points for enhancing governance capacity, particular focus will be given to identifying activities related to the demand side of good governance, such as information and transparency, consultation and participation, and monitoring and oversight. Regional development in the demand-side of good governance area continues to be a high priority agenda with the implementation of various initiatives focusing on decentralization, citizen and civil society participation and open access to information. This creates an opportunity for Belize through the CPS to engage in learning exchanges on progress within the LCR Region, taking advantage of South-South knowledge exchanges, or outside the region with other countries addressing similar issues of interest. The CPS also provides a window to address gender issues in the natural resource based economy, as described below.

61. Bank support can be provided through two main instruments:

- i) **Analytical, Knowledge, and Convening Services:** aimed at enhancing the institutional capacity of the Government in natural resources management and climate change related activities in a sustainable manner, including policy and strategy formulation, planning, coordination, implementation and monitoring. This implies substantial strengthening of institutional capacity in a systematic fashion at the macro-level (i.e., MED/MoF), micro-level (i.e., implementing ministries/departments/agencies such as Ministry of Natural Resources and Environment, Agriculture and Fisheries, National Emergency Management Organization, and others), and community level. CPS resources could also selectively strengthen agencies involved in natural resource management and climate resilience activities.
- ii) **Financing:** an investment program targeted at the improvement and/or development of climate resilient infrastructure (roads/bridges, drainage, schools, health facilities, emergency shelters). The investment activities would build on the analytical and capacity building initiatives undertaken, and could be financed by IBRD, GEF, Adaptation Fund and other trust funds.

62. **The CPS spans a four-year period. Early in the CPS period, the Bank will focus on knowledge services which may lead to operations later. These operations may be funded by grant resources,** including the Adaptation Fund, Special Climate Change Fund, GEF, Global Facility for Disaster Reduction and Recovery (GFDRR), and others, allowing for the scaling-up of the program. For example, applications are currently being prepared for the Adaptation Fund and Special Climate Change Fund (SCCF). The Bank team expects that the CPS' focus, and Government commitment to its stated goals, will further enhance fund-raising efforts. The Bank will engage in an annual programming exercise in close coordination with Government and donors. In allocating Bank resources to support the program, priority will be given to activities that support the CPS' main focus and leverage grant resources and additional donor financing to increase developmental impact. The CPS will continue to support ongoing activities (see section on "Ongoing Activities") identified as Government priorities including the CCT technical assistance (under a HD NLTA) and payment systems work, but Bank engagement in education is expected to be limited to upstream activities on account of substantial donor support (CDB and IDB) in the sector.

63. **Consideration will also be given, particularly in the event that additional resources are identified, to other strategic areas outside the scope of the CPS**, including follow-on to ongoing activities described below. Such demands will be evaluated according to the following criteria i) Government demand and a demonstrated strong will for political reform, where applicable; ii) alignment with National Development Strategies; and iii) resource availability.

64. **Limited indicative lending is US\$5-7 million per year over four years with the possibility for higher amounts** subject to client demand, country performance, global economic developments, and IBRD financial capacity. This would likely translate into one large or two medium-sized IBRD financed projects.

Table 3: Ongoing and Planned Knowledge Services and Lending Activities (FY12-15)

Ongoing activities (committed during ISN preparation and implementation)	Inclusive and Sustainable Natural Resource-Based Growth and Enhanced Climate Resilience (Planned Activities)
Municipal Development Project (<i>lending through FY15</i>) JSDF Improving Children's Health and Nutrition in Poor Mayan Communities in Toledo (through FY13) BZ (TF) Influenza Detection and Response (FY13) IDF grant on Building Institutional Capacity of the Auditor- General and Improving Quality of Public Procurement (through FY12) Payment Systems TA (<i>FIRST trust fund</i>) (FY12) Financial Sector Assessment Program (<i>joint with IMF</i>) (FY12) Central American Probabilistic Risk Assessment Initiative (CAPRA) (through 2015)	Natural Resources for Climate Resilient Growth NLTA (<i>through FY15</i>) Human Development NLTA (FY12) Natural Resources for Climate Resilient Growth <i>IBRD financing</i> (FY13) Marine Conservation and Climate Adaptation Initiative (<i>Adaptation Fund and other donors to be identified</i>) GEF Mesoamerican Barrier Reef System II Project

Results Area 1: Policies and Strategies for Mainstreaming of natural resources and climate resilience

65. Horizon 2030 states that “the principles of sustainable development should be at the center of decisions to allocate and utilize the natural resources of the country”. To achieve this vision, the strategy calls for the incorporation of environmental sustainability into development planning.

66. The Bank Group will contribute to the following outcomes: i) Principles of environmental sustainability/climate resilience/disaster risk reduction are incorporated into development planning; and ii) Improved coordination on climate change across sectors. The Bank aims to achieve these two outcomes through supporting UNDP’s preparation of a climate change adaptation and disaster risk reduction policy and strategy (described below), and establishing a climate change desk to improve coordination across sectors.

67. The Bank Group will support this Results area through a *Natural Resources for Climate Resilient Growth NLTA*. The Bank will work closely with UNDP, under the EU funded Global Climate Change Alliance grant (€2.9 million), whose objective is to enhance adaptive capacity and resilience to climate change in national policies, including the water sector in Belize, to identify specific areas of engagement. Bank objectives will focus on filling the analytical gaps and undertaking consensus building efforts to support the mainstreaming of climate change adaptation agenda. Bank activities could also seek to capture the incomes and services generated by the key ecosystems, to illustrate to policymakers the various trade-offs of alternative development scenarios through a Natural Capital (Ecosystems) Valuation.

68. The World Bank is currently preparing the Mesoamerican Barrier Reef System II Project to be funded by the Global Environment Facility (GEF). The scope of this project is complementary to the proposed Marine Conservation and Climate Adaptation Initiative (see below) as it is directed at land-based threats, work on judicial system (court enforcement), and trans-boundary watersheds among the Mesoamerican Reef countries (Belize, Guatemala, Honduras, and Mexico). The project aims to consolidate on-going efforts to coordinate national policies for the conservation and sustainable use of the shared reef system and broaden the multi-sectoral focus with the participation of the tourism and agriculture sectors. Accordingly, the project will support both outcomes of this results area.

Results Area 2: Institutional capacity strengthening for natural resource management and climate change

69. A strategy to protect the natural capital of Belize includes the need to strengthen environmental institutions, governance and regulation. The institutions that are directly responsible for the management of Belize's environment and natural resources (e.g., Department of Environment, Forest Department, Fisheries Department, Coastal Zone Management Authority and Institute) are under-funded, under-staffed and in many cases do not have the capacity to perform their basic functions.

70. The Bank Group will contribute to the following outcomes: i) Enhanced effectiveness of the Environmental Impact Assessment (EIA) System; ii) Enhanced human resilience and capital for a natural resource based economy; iii) Strengthened capacity for compliance monitoring and enforcement of key agencies responsible for environment in Belize; iv) Strengthened institutions for implementing climate resilience measures; and v) Better preparedness through improved disaster risk management institutions.

71. To achieve these outcomes, the Bank could undertake activities to develop mechanisms for implementing an effective EIA process by: i) establishing EIA certification process under the DoE; ii) strengthening the National Environmental Appraisal Committee (NEAC) by establishing clear terms of reference for NEAC; iii) upgrading the data and records management system of the DoE; and iv) increasing NEAC autonomy and transparency of procedures via regular update and publication of the committee's decisions on publicly accessible website. Under this initiative, the Bank would explore supporting the Government efforts to access climate funds from sources such as the Adaptation Fund and Special Climate Change Fund, the GEF, and other climate change funds, and support through the Clean Development Mechanism. Particular focal areas could include the identification of policies and programs that improve inclusiveness and human resilience and build human capital for a natural resource based

economy. The Bank would seek opportunities to include specific gender based programs in the area of climate change adaptation and disaster based mitigation, complementing UNDP's efforts. The Bank could also assess, in short periods of time, key public management arrangements of the institutions involved in environment and climate resilience activities (human resource management, asset management, tax administration, public procurement, ensuring fiscal sustainability, and public expenditure management), through Rapid Assessments and Action Plans (RAAPs).

72. The Bank could also support the Government's efforts to adopt a road maintenance program through upstream technical assistance under the *Natural Resources for Climate Resilient Growth NLTA*. As part of a financing agreement with the EU, the Government is currently preparing a national road maintenance strategy that would seek to create a sustainable financing mechanism. The Bank is prepared to offer upstream technical assistance, including sharing regional experiences. Further assistance could be considered during the CPS as the reform process advances, and potential Bank activities would be linked to the climate resilience theme of the CPS.

73. The Bank would support building the country's capacity for assessment of natural risks and integration of such assessment into policy and decision making process for the development of investments, disaster risk mitigation and disaster response across sectors, through the provision of technical advisory services, training and acquisition of goods. Ongoing activities include Belize's participation in CAPRA, which will establish probabilistic risk assessment capacity in Belize as well as a risk information platform. The initiative will train local users in the use of open-source risk models in order to facilitate a comprehensive understanding of risk and risk management and its integration in decision-making processes.

Results Area 3: Investments to strengthen climate resilience

74. This results area would address the Government's strategy to *Foster an Enabling Environment for Growth and Sustainability*, and focus on infrastructure investments to strengthen the country's resilience to climate change and natural hazard impacts. Through this strategy, the Bank Group is expected to contribute to achieving the following outcomes: i) Enhanced climate resilience of key infrastructure; ii) Increased ecosystem resilience to climate change impacts; iii) Strengthened legal and administrative framework for PAs; and iv) Increased human resilience to climate change impacts.

75. Priority investments are expected to be identified in climate change adaptation plans, which would be developed under Results Area 1. IBRD financing and additional grant funding would be sought to support these investments. Civil works to be financed would focus on retrofitting and climate-proofing existing infrastructure as well as the construction of key infrastructure designed to protect the most vulnerable assets. These interventions will mitigate the adverse affects of future economic and natural shocks, and at the same time, create an enabling environment for sustained economic development better adapted to a rapidly changing climate.

76. The *Marine Conservation and Climate Adaptation Initiative*¹⁶, which is expected to be partly financed by the Adaptation Fund, would seek to find innovative and sustainable financing mechanisms for long-term marine conservation and climate adaptation actions that would strengthen the climate resilience of the Belize Barrier Reef System through a comprehensive package of climate adaptation and conservation measures. The initiative embodies a two-track approach which combines ecosystem-based adaptation with national level enabling policy, finance, and legal frameworks as an effective long-term approach to help strengthen the resilience of the reef system to the adverse effect of climate change. The initiative will produce long-term economic, environmental, and social benefits by addressing the challenges posed by climate change on marine ecosystems and on the livelihoods of future generations. The objectives of the program, which contribute to outcomes in each of the three results areas, are: i) to expand and secure Marine Protected Areas and Replenishment (no-take) Zones (Result 2, and Result 3 – outcome ii); ii) to improve the reef's policy and regulatory protection regime (Result 1); iii) to scale up the pilot repopulation of coral reefs with resilient varieties grown in coral nurseries; iv) to provide a comprehensive support in alternative livelihoods for affected users of the reef (Result 3, outcome iv); v) to reduce impacts from resident and tourism activity in keys (Result 3, outcome ii); and vi) to raise awareness, build local capacity, and disseminate information (Result 2). The alternative livelihoods program will pay particular attention to gender dimensions.

77. Existing activities which support this results area include the *Municipal Development Project (MDP)*, which includes capacity enhancement in town planning such as in the area of disaster risk reduction and mitigation. The Project will also finance specific investments in drainage improvement which should help in flood mitigation and management. It also supports the Government's efforts to improve land subdivision standards, to ensure adequate land fill of plots and roads, as well as adequate storm drainage. The focus on the MDP as a dual entry point for the CPS enhances both natural resource management and the demand-side of good governance, as the MDP currently includes activities designed to strengthen accountability and transparency including: i) public disclosure of financial statements of municipalities; and ii) ensuring public participation through townhall meetings on investment prioritization. New activities under this pillar would seek to enhance the climate resilience aspects already built into MDP. The Bank would seek resources from the Special Climate Change Fund (SCCF)¹⁷, to finance additional activities aimed at enhancing climate resilience in the targeted municipalities. Additional financing for MDP would also be strongly considered on the grounds that the demand/need for additional infrastructure in the municipalities exceeds the scope of the project.¹⁸ This approach would capitalize on the strength of the Project Implementation Unit in the Social Investment Fund, which after initial delays is fully staffed and well-functioning.

¹⁶ The Government has officially requested the Bank to prepare an application to the Adaptation Fund and act as Implementation Agency (May 18, 2011).

¹⁷ The Special Climate Change Fund (SCCF) was established in November 2004 under the United Nations Framework Convention on Climate Change (UNFCCC) at its seventh session in Marrakesh to finance activities, programs and measures relating to climate change that are complementary to those funded by the resources allocated to the climate change focal area of the Global Environment Facility (GEF) Trust Fund and by bilateral and multilateral funding

¹⁸ Should the Bank pursue additional financing for the Municipal Development Project, OP/BP 7.60 (Projects in Disputed Areas) would likely be triggered given the unresolved territorial dispute between Belize and Guatemala as mentioned in paragraph 2 (said OP/BP was triggered in the original project in 2010).

Ongoing Activities

78. **The CPS will also continue to support the government’s social agenda in the context of rising crime and poverty levels**, building on the promising results of the CCT NLTA. The second phase of CCT technical assistance, under the *HD NLTA*, will aim to consolidate the gains under the program, making social protection more efficient in spending and more effective in results, and move towards the creation of a flagship CCT program that helps rationalize other programs (efficiency) and provides a further support for the accumulation of human capital amongst the poor (effectiveness). The Bank will work with the Government to introduce good practices on increasing transparency and accountability of CCT program. Continued support for CCT implementation provides an excellent entry point to target gender-related issues, given that reducing male drop-outs is one of the objectives of the program, and draws on regional Bank experience including the *Boys at Risk in the Caribbean Initiative*¹⁹. Support of CCT programs serves as a separate entry point for capacity strengthening of municipal and local governments and fostering improved relationships between national and local-level governments, service providers and beneficiaries. The program will also support deepening dialogue in the education sector with government and the donor community through upstream participation in the development of an education sector strategy, led by CDB. The program will also provide a window to sustain health sector engagement initiated during the ISN period through the Avian Flu TF and JSDF on Childhood Nutrition. In general, through the continued HD engagement through the NLTA, the Bank will be well-positioned to support the CPS’ theme of climate resilient growth.

79. **The Bank will continue its support for the strengthening of public financial management in Belize.** It will continue its current support for the strengthening of the capacity of the Office of the Auditor General and upgrading public procurement systems in the country. This project could include governance and anti-corruption activities in the procurement component including: i) designing a system to safely report cases of malpractice, fraud or corruption; and ii) training of bidders and procurement specialists from the Government. Additional fiduciary training on World Bank operations strengthens the capacity of PFM in handling both donor funds and State funds while building a more transparent and accountable environment. This support will complement IDB’s activities. Belize is also a potential beneficiary of SEMCAR (Supporting Economic Management in the Caribbean), a new program funded by the Canadian International Development Agency to support improved economic and public financial management including revenue administration in the Caribbean.

80. **In the financial sector**, the Bank is providing technical assistance, financed by FIRST, to support the Central Bank (CDB) in improving the safety and efficiency of the Payments, Remittances and Securities Settlement Systems (PRSSS) in Belize, through: (i) developing an overall National *Payment Systems* (NPS) development strategy and (ii) reforming the legal and regulatory framework for payment systems. The CBB would use the NPS development strategy created to guide its NPS reform process which will include development of the necessary payment systems platforms. The Bank is also conducting jointly with the IMF a **Financial Sector Assessment Program** (FSAP), a comprehensive and in-depth analysis of the country’s financial sector.

¹⁹ The Bank is supporting regional efforts to tackle crime and violence, through an IDF grant to SICA (Sistema de Integracion de Centro America) which includes Belize.

E. IFC Strategy

81. IFC's strategy for the Caribbean has four pillars: (i) crisis response (to the financial crises and Haiti's earthquake); (ii) financial inclusion and job creation; (iii) regional competitiveness and integration; and (iv) climate resilience. In Belize, IFC's focus will be specifically on financial markets development and access to finance, infrastructure, agribusiness and tourism, and green construction and other climate resilient activities.

82. One of the key constraints to private sector development is access to finance, especially for MSMEs and the informal sector. IFC's financial sector strategy in Belize is geared towards expanding credit through: (i) Advisory Services with a bank to identify the SME market potential and, if attractive, on how to structure its operations to address it; (ii) increase trade through the provision of trade facilities; and (iii) assist with the establishment of the legal framework for the creation of Credit Bureaus. In infrastructure, IFC's advisory services could help improve the regulatory framework and facilitate private sector participation in infrastructure projects (public-private partnerships, or PPPs), with the objective of improving access to basic services for the underserved and leveraging donor financing. Once a clearer regulatory framework is in place, IFC could also explore potential direct investment in existing private sector infrastructure companies. In the agribusiness, tourism and green construction, IFC will partner with the suitable private sector players to identify opportunities that are consistent with IFC's strategy. In all these sectors, once IFC has a specific engagement, it will seek to ensure that the companies meet benchmarks for energy and other input usage as well as meeting IFC's environmental and social standards.

83. Given the small size of the economy, the relatively slow pace of reform and the participation of other multilateral agencies, it is expected that IFC's activity will continue to be limited. As reforms intensify, IFC will respond to opportunities to support viable projects, particularly in export-oriented sectors like infrastructure, agribusiness and tourism.

VI. RISKS AND RISK MITIGATION

84. Based on lessons of experience in implementing the ISN and based on the fiscal situation of Belize, the risks associated with this program are characterized as high. The mid-term CPS Progress Report to be prepared following parliamentary elections (to be held by June 2013) will allow the Bank to revisit the risks associated with the strategy and make adjustments as needed.

85. **High Debt risk.** Despite the 2007 debt restructuring exercise, public external debt levels remain high at 83.5 percent of GDP. IBRD exposure to Belize is US\$11.8 million, or 0.9 percent of GDP. The debt restructuring has given Belize some additional fiscal space and greater predictability on its interest payments, but increases in the step-up coupon rate of the "Superbond" will place pressure on fiscal accounts. The Government has taken tough actions on the revenue side, raising the General Sales Tax rate, but would need to exercise greater expenditure constraint, to confront deteriorating conditions. Foreign reserves have strengthened and the near-term outlook has improved moderately, but Belize remains susceptible to downside risks. In line with IMF recommendations from the 2010 Article IV, further fiscal consolidation measures are needed to reduce public debt to a more sustainable level.

86. **Financial sector risk.** The global slowdown and severe floods adversely affected economic activity, delayed the adoption of plans for fiscal consolidation, and contributed to increased bank risks. Weaknesses in the banking system could undermine systemic stability, though the IMF is providing technical assistance to strengthen the regulatory and bank resolution frameworks. In addition, the Bank is conducting jointly with IMF a Financial Sector Assessment Program (FSAP) in July 2011.

87. **Implementation risk.** Belize's capacity limitations and lack of familiarity with World Bank processes and procedures could constrain effective project implementation, resulting in slower than anticipated implementation. Though government counterparts have gained experience with Bank processes in the context of the ISN, including staff in the PIU of the municipal development project, this remains an important risk. The Bank will continue assessing this risk and mitigating it with frequent supervision as needed and training efforts integrated in the operations. Implementation of the CPS is also highly dependent on obtaining significant grant resources, which if they do not materialize, would limit the Bank's ability to deliver the full scope of the program. This risk is partially mitigated by the Bank's demonstrated success in leveraging trust funds to support country programs, as in the case of the Pilot Program for Climate Resilience (PPCR) program which has leveraged US\$65-70 million (see Annex F).

88. **Vulnerability to natural hazards and climate change.** As previously noted, Belize is highly vulnerable to natural disasters and climate change. The proposed CPS is focused on mitigating these risks through activities related to policy, capacity building, and investments. Should a natural hazard event occur during CPS implementation, the Bank would be prepared to provide support, *inter alia*, through IBRD financing and additional financing of the Municipal Development Project.

89. **Political Risk.** With Parliamentary elections due by June 2013, there is a risk that a new administration would not support the Bank's program. This risk is considered low since both political parties support a development model based on sustainable natural resources-based growth and the related need to strengthen the country's resilience to climate change and natural hazard impacts.

90. **Governance.** Concerns related to transparency and a weak public financial management and procurement framework pose a risk to the Bank's program with Belize. The key for mitigating these risks is the Government's demonstrated commitment to improving the governance and PFM framework, and its initial actions in this direction, including developing action plans for PFM and procurement reform supported by the IDB and the Bank. These risks are also mitigated through initiatives to strengthen governance which have been mainstreamed into activities starting with the Belize Municipal Development Project and include: i) developing a national framework for strengthening integrity in infrastructure that mitigates corruption risks through information sharing; ii) independent monitoring involving beneficiaries; iii) better use of information and communication technologies; and iv) tighter financial controls. Other specific procurement measures include improved oversight, enhancing procurement performance and monitoring to make the public procurement system more efficient and transparent (including the emphasis on the open transparent competition), strengthening public procurement processes and other business process reforms, capacity constraints in individual procuring entities and needs assessment for procurement training, capacity building, and contract management.

91. **Investment climate risk.** Since 2009, two expropriation events have occurred involving Belize Telemedia Limited (BTL) and Belize Electricity Limited (BEL). Belize has been engaged in numerous lawsuits with regards to its expropriation of BTL in 2009²⁰, and concerns about protracted lawsuits could undermine the quality of the investment climate and reduce prospects for private sector led growth. The Government welcomes genuine foreign direct investments and maintains that both expropriations were carried out in the public interest with a commitment to provide fair compensation, as required by Belizean law. The Bank will monitor further developments in connection with these expropriation cases.

²⁰The Belize Court of Appeal ruled on June 24, 2011 that the expropriation of BTL was unconstitutional. In turn, the Government introduced an amendment to the legislation to satisfy concerns expressed by the Court of Appeal's judgment and seeking to re-acquire the same property that was expropriated in 2009. Also, the Government has indicated its intention to take the case to the Caribbean Court of Justice. The potential application of OB/BP 7.40 (Disputes over Defaults on External Debt, Expropriation, and Breach of Contract) will be analyzed depending on the outcome of said disputes.

Annex A1: Results Monitoring Framework

<i>Inclusive and Sustainable Natural Resource-Based Growth and Enhanced Climate Resilience</i>		
Results Area 1: Policies and Strategies for Mainstreaming of natural resources and climate resilience		
Outcomes	Milestones, Outputs of CPS Program and Proxy Indicators*	Instruments/Partners
Principles of environmental sustainability/climate resilience are incorporated into development planning	<p>Climate change adaptation policy and strategy adopted by parliament <i>Indicator: Published Act/approved bills</i></p> <p>Specific climate resilience measures incorporated into sectoral development plans and investment programs <i>Indicator: Natural resources wealth valuation/accounting undertaken for consideration within the national development agenda</i></p>	<p>Natural Resources for Climate Resilient Growth NLTA.</p> <p>Mesoamerican Barrier Reef System II Project (GEF)</p> <p><i>Partners: UNDP, EU</i></p>
Improved coordination on climate change across sectors	<p>Framework of climate change coordination and planning of project activities adopted by key ministries</p> <p>Empowered and efficient climate change coordination mechanism established <i>Indicator: Functioning inter-ministerial Steering Committee as demonstrated by regular meetings and follow-up actions taken.</i></p>	<p>Natural Resources for Climate Resilient Growth NLTA</p> <p><i>Partners: UNDP</i></p>
Results Area 2: Institutional capacity strengthening for natural resource management and climate change		
Enhanced effectiveness of the	EIA certification program established for enhanced	Natural Resources for Climate Resilient Growth

<p>Environmental Impact Assessment (EIA) System</p>	<p>environmental compliance</p> <p><i>Indicators: Number of people certified, Number of investment projects with EIAs</i></p>	<p>NLTA</p> <p>GEF</p>
<p>Enhanced human resilience and capital for a natural resource based economy</p>	<p>Policies and programs supporting skills development that improve inclusiveness and human resilience and build human capital for a natural resource based economy</p> <p><i>Indicator: Education strategy that improves the system's capacity to produce skills relevant for a natural resource based economy is adopted</i></p>	<p>Natural Resources for Climate Resilient Growth NLTA</p> <p>HD NLTA</p> <p><i>Partners: CDB, IDB, UNDP</i></p>
<p>Strengthened capacity for compliance monitoring and enforcement of key agencies responsible for environment in Belize</p> <p>Strengthened institutions for implementing climate resilience measures</p>	<p>Targeted training programs and collaboration arrangements with communities, private sector, NGOs which will result in enhanced capacity to:</p> <ul style="list-style-type: none"> • access funds and manage climate change impacts <p><i>Indicator: Functional national entity(ies) with technical and fiduciary capacity to access climate funds and implement measures</i></p> <ul style="list-style-type: none"> • measure and monitor climate variables <p><i>Indicator: Number of staff in key agencies trained and equipped with better assessment and compliance monitoring tools and capacities</i></p> <ul style="list-style-type: none"> • prepare for and respond to adverse natural events <p><i>Indicator: No. communities organized as part of national emergency response organization</i></p>	<p>Natural Resources for Climate Resilient Growth NLTA</p> <p>GEF</p> <p>Municipal Development Project (IBRD US\$15millions)</p> <p><i>Partners: UNDP</i></p>

Better preparedness through improved disaster risk management institutions	Improved Early Warning systems for hurricane and coastal flooding <i>Indicator: Number of functioning communication nodes forming part of the national system</i>	Natural Resources for Climate Resilient Growth NLTA GFDRR <i>Partners: UNDP</i>
Results Area 3: Investments to strengthen climate resilience		
Enhanced climate resilience of key infrastructure	Select bridges, schools, hospitals, shelters, Ministries retrofitted to improve their climate resistance and functionality during natural hazard emergencies <i>Indicator: No. of bridges, schools, hospitals, shelters, Government buildings climate-proofed</i> Provision of drainage in the selected Municipalities <i>Indicator: Km of drainage financed under the Project</i> <i>Baseline: 0 Target: 3</i> Improved local road infrastructure <i>Indicator: Km of drainage financed under the Project</i> <i>Baseline: 0 Target: 4</i>	Natural Resources for Climate Resilient Growth (<i>IBRD lending</i>) Municipal Development Project (ongoing, IBRD US\$15millions, potential additional financing) <i>Trust Funds: Special Climate Change Fund</i> <i>Partners: IDB, UNDP, EU, CDB</i>
Increased ecosystem resilience to climate change impacts	Integrated watershed and coastal zone management <i>Indicator: Area (ha) rehabilitated and or under sustainable management</i>	Natural Resources for Climate Resilient Growth (<i>IBRD lending</i>)
Strengthened legal and administrative framework for PAs	Replanting of mangroves and restoring forests and habitats in target areas <i>Indicator: Number of people (local labor) employed</i>	Marine Conservation and Climate Adaptation Initiative (<i>Adaptation Fund</i>)

	<i>in ecosystem restoration activities</i>	<i>Partners: The Nature Conservancy</i>
Increased human resilience to climate change impacts	Alternative local livelihoods program, including vulnerable groups and women <i>Indicator: Number of households facilitated to engage in sustainable livelihood activities</i>	Natural Resources for Climate Resilient Growth (IBRD lending) Marine Conservation and Climate Adaptation Initiative (<i>Adaptation Fund</i>) GEF <i>Partners: UNDP, The Nature Conservancy</i>

* Baselines and targets will be developed as specific activities are identified.

Annex B1: Belize At A Glance

Belize at a glance

2/25/11

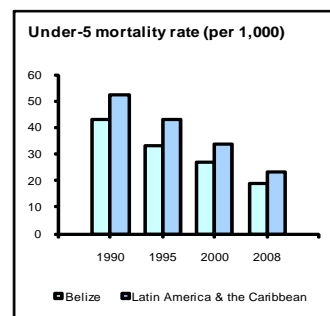
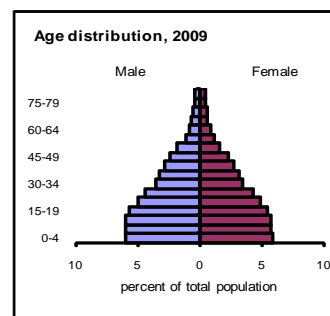
Key Development Indicators

(2009)

	Belize	Latin America & Carib.	Lower middle income
Population, mid-year (millions)	0.33	566	3,767
Surface area (thousand sq. km)	23	20,422	31,923
Population growth (%)	3.4	1.1	1.2
Urban population (% of total population)	52	79	40
GNI (Atlas method, US\$ billions)	12	3,882	7,682
GNI per capita (Atlas method, US\$)	3,740	6,856	2,039
GNI per capita (PPP, international \$)	5,990	10,525	4,502
GDP growth (%)	0.0	4.3	7.5
GDP per capita growth (%)	-3.4	3.2	6.3

(most recent estimate, 2003–2008)

Poverty headcount ratio at \$125 a day (PPP, %)	13 ^a	8	..
Poverty headcount ratio at \$2.00 a day (PPP, %)	23 ^a	17	..
Life expectancy at birth (years)	76	73	68
Infant mortality (per 1000 live births)	16	20	44
Child malnutrition (% of children under 5)	5	4	25
Adult literacy, male (% of ages 15 and older)	..	92	87
Adult literacy, female (% of ages 15 and older)	..	90	73
Gross primary enrollment, male (% of age group)	122	118	109
Gross primary enrollment, female (% of age group)	119	114	105
Access to an improved water source (% of population)	99	93	86
Access to improved sanitation facilities (% of population)	90	79	50

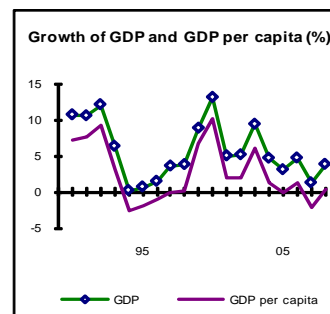


Net Aid Flows

	1980	1990	2000	2009 ^b
<i>(US\$ millions)</i>				
Net ODA and official aid	15	30	5	25
<i>Top 3 donors (in 2007):</i>				
European Commission	1	2	7	13
United States	0	12	-1	2
Japan	0	0	1	1
Aid (% of GNI)	7.5	7.5	19	2.1
Aid per capita (US\$)	99	160	59	78

Long-Term Economic Trends

Consumer prices (annual % change)	112	3.0	0.6	2.3
GDP implicit deflator (annual % change)	114	2.8	0.5	-0.3
Exchange rate (annual average, local per US\$)	2.0	2.0	2.0	2.0
Terms of trade index (2000 = 100)	..	..	..	..



1980–90 1990–2000 2000–09
(average annual growth %)

Population, mid-year (millions)	0.1	0.2	0.2	0.3	2.6	2.8	3.2
GDP (US\$ millions)	195	413	832	1,354	4.7	4.5	4.2
<i>(% of GDP)</i>							
Agriculture	27.4	20.0	16.7	12.2	2.9	5.5	2.0
Industry	30.9	22.2	21.2	22.8	3.8	2.8	5.9
Manufacturing	23.9	13.1	10.9	14.3	1.4	2.3	7.5
Services	41.7	57.8	62.1	65.1	5.1	4.6	4.1
Household final consumption expenditure	71.9	57.7	79.1	66.7	-0.6	7.0	1.0
General gov't final consumption expenditure	17.2	12.9	12.9	15.8	1.1	5.0	4.6
Gross capital formation	24.1	27.2	28.7	25.5	7.9	2.8	-0.2
Exports of goods and services	55.4	62.2	53.0	62.1	6.7	4.4	7.3
Imports of goods and services	68.6	60.1	73.7	70.0	3.4	6.4	1.2
Gross savings	21.2	34.9	7.6	13.8			

Note: Figures in italics are for years other than those specified. 2009 data are preliminary. .. indicates data are not available.
a. Country poverty estimate is for earlier period. b. Aid data are for 2008.

Development Economics, Development Data Group (DECDG).

Balance of Payments and Trade

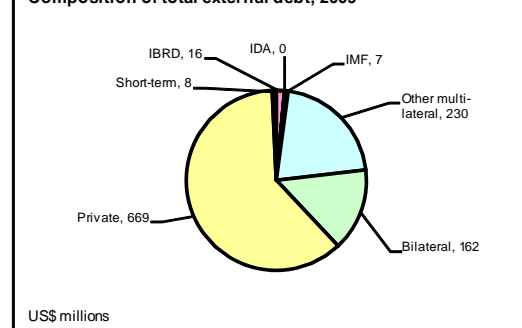
	2000	2009
<i>(US\$ millions)</i>		
Total merchandise exports (fob)	260	429
Total merchandise imports (cif)	462	..
Net trade in goods and services	-168	-55
Current account balance as a % of GDP	-16.5	-9.3
Workers' remittances and compensation of employees (receipts)	26	80
Reserves, including gold	114	73

Central Government Finance

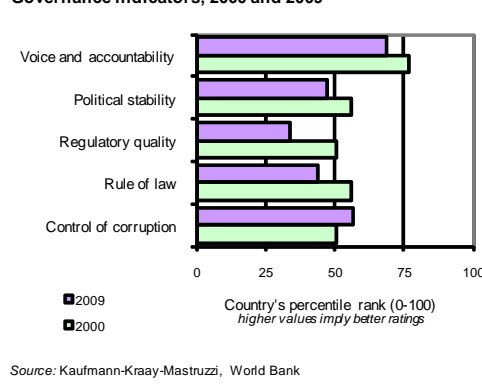
	2000	2009
<i>(% of GDP)</i>		
Current revenue (including grants)	22.0	25.4
Tax revenue	18.0	21.3
Current expenditure	17.8	24.4
Overall surplus/deficit	-9.1	-2.8
Highest marginal tax rate (%)		
Individual	..	..
Corporate	..	..

External Debt and Resource Flows

	2000	2009
<i>(US\$ millions)</i>		
Total debt outstanding and disbursed	612	1092
Total debt service	76	100
Debt relief (HIPC, MDR)	-	-
Total debt (% of GDP)	73.5	80.7
Total debt service (% of exports)	16.2	2.4
Foreign direct investment (net inflows)	23	95
Portfolio equity (net inflows)	0	0

Composition of total external debt, 2009**Private Sector Development**

	2000	2009
Time required to start a business (days)	-	44
Cost to start a business (% of GNI per capita)	-	45.5
Time required to register property (days)	-	60
Ranked as a major constraint to business (% of managers surveyed who agreed)	2000	2009
n.a.	..	..
n.a.	..	..
Stock market capitalization (% of GDP)	..	..
Bank capital to asset ratio (%)	..	..

Governance indicators, 2000 and 2009**Technology and Infrastructure**

	2000	2008
Paved roads (% of total)	17.0	..
Fixed line and mobile phone subscribers (per 100 people)	21	59
High technology exports (% of manufactured exports)	0.0	0.1

Environment

	2000	2008
Agricultural land (% of land area)	7	7
Forest area (% of land area)	72.5	72.5
Terrestrial protected areas (% of surface area)	..	44.5
Freshwater resources per capita (cu. meters)	60,332	49,674
Freshwater withdrawal (billion cubic meters)	0.2	..
CO2 emissions per capita (mt)	2.8	14
GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent)	..	..
Energy use per capita (kg of oil equivalent)	..	..

World Bank Group portfolio

	2000	2009
<i>(US\$ millions)</i>		
IBRD		
Total debt outstanding and disbursed	40	16
Disbursements	2	0
Principal repayments	4	4
Interest payments	3	1
IDA		
Total debt outstanding and disbursed	0	0
Disbursements	0	0
Total debt service	0	0
IFC (fiscal year)		
Total disbursed and outstanding portfolio of which IFC own account	11	4
Disbursements for IFC own account	1	0
Portfolio sales, prepayments and repayments for IFC own account	1	0
MIGA		
Gross exposure	-	-
New guarantees	-	-

Note: Figures in italics are for years other than those specified. 2009 data are preliminary.
.. indicates data are not available. - indicates observation is not applicable.

2/25/11

Annex B2: Selected Indicators* of Bank Portfolio Performance and Management

As Of Date 5/25/2011

Indicator	2011
Portfolio Assessment	
Number of Projects Under Implementation ^a	1
Average Implementation Period (years) ^b	0.7
Percent of Problem Projects by Number ^{a, c}	0.0
Percent of Problem Projects by Amount ^{a, c}	0.0
Percent of Projects at Risk by Number ^{a, d}	0.0
Percent of Projects at Risk by Amount ^{a, d}	0.0
Disbursement Ratio (%) ^e	0.0
Portfolio Management	
CPPR during the year (yes/no)	
Supervision Resources (total US\$)	
Average Supervision (US\$/project)	

Memorandum Item	Since FY 80	Last Five FYs
Proj Eval by IEG by Number	9	0
Proj Eval by IEG by Amt (US\$ millions)	80.5	0.0
% of IEG Projects Rated U or HU by Number	33.3	0.0
% of IEG Projects Rated U or HU by Amt	30.0	0.0

- a. As shown in the Annual Report on Portfolio Performance (except for current FY).
- b. Average age of projects in the Bank's country portfolio.
- c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
- d. As defined under the Portfolio Improvement Program.
- e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.
- * All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex B3: IBRD/IDA Program Summary

Proposed IBRD/IDA Base-Case Lending Program				
Fiscal year	Project ID	US\$(M)	Strategic Rewards b (H/M/L)	Implementation b Risks (H/M/L)
2010	Municipal Development Project	15.0	H	H
2013	Natural Resources for Climate Resilient Growth Project			

Annex B4: Summary of Non-lending Services – Belize

<i>Product</i>	<i>Completion FY</i>
Recent completions	
BZ Economic Policy Notes	2011
BZ Housing Diagnostic	2011
BZ CCT TA	2011
BZ Agriculture Sector Risk Assessment	2010
Underway	
JSDF Improving Children's Health and Nutrition in Poor Mayan Communities in Toledo	2015
IDF Building Institutional Capacity of the Auditor General and Improving Quality of Public Procurement	2013
FIRST Payment Systems TA	2012
Comprehensive Approach for Probabilistic Risk Assessment (CAPRA)	2015
Financial Sector Assessment Program (joint with IMF)	2012
Planned	
Human Development NLTA	2015
Natural Resources for Climate Resilient Growth NLTA	2015
GEF Mesoamerican Barrier Reef System II Project	2015

Annex B6: Belize - Key Economic Indicators

Indicator	Actual				Estimate	Projected		
	2005	2006	2007	2008	2009	2010	2011	2012
National accounts (as % of GDP)								
Gross domestic product ^a	100	100	100	100	100	100	100	100
Agriculture	15	15	12	12	..	..	..	..
Industry	17	21	21	23	..	..	..	..
Services	67	65	66	65	..	..	..	..
Total Consumption	90	82	83	81	82	80	82	82
Gross domestic fixed investment	19	18	17	28	22	18	19	20
Exports (GNFS) ^b	55	65	65	62	54	60	62	62
Imports (GNFS)	64	63	64	71	58	58	62	64
Gross domestic savings	10	18	17	19	18	20	18	18
Gross national savings ^c	5	16	13	18	16	15	14	13
<i>Memorandum items</i>								
Gross domestic product (US\$ million at current prices)	1115	1213	1277	1359	1349	1401	1481	1563
GNI per capita (US\$, Atlas method)	3570	3650	3560	3770	3780	..	..	..
Real annual growth rates (% , calculated from 84 prices)								
Gross domestic product at market prices	3.0	4.7	1.2	3.8	0.0	2.9	2.8	3.0
Gross Domestic Income	-0.1	5.7	4.5	4.3	..	..	..	..
Real annual per capita growth rates (% , calculated from 84 prices)								
Gross domestic product at market prices	-0.2	1.3	-2.1	0.4	-3.4	..	..	..
Total consumption	-4.8	-6.0	2.6	0.6	..	..	..	..
Private consumption	-5.8	-6.4	1.5	0.4	..	..	..	..
Balance of Payments (US\$ millions)								
Exports (GNFS) ^b	618	790	824	849	726	837	913	971
Merchandise FOB	325	427	426	480	382	..	..	..
Imports (GNFS) ^b	715	764	810	958	782	810	922	999
Merchandise FOB	556	612	642	788	621	..	..	..
Resource balance	-97	26	14	-109	-56	27	-9	-28
Net current transfers	..	74	93	112	80	..	..	..
Current account balance	-160	-25	-52	-132	-85	-39	-75	-110
Net private foreign direct investment	126	108	142	188	95	0	0	0
Long-term loans (net)	31	-13	-108	33	0	0	0	0
Official	25	66	-24	5	26	-9	-6	-12
Private	6	-79	-84	28	-26	9	6	12
Other capital (net, incl. errors & omissions)	36	-21	41	-31	..	39	75	110
Change in reserves ^d	-33	-50	-23	-58	..	0	0	0
<i>Memorandum items</i>								
Resource balance (% of GDP)	-8.7	2.1	1.1	-8.0	-4.2	1.9	-0.6	-1.8

(Continued)

Indicator	Actual			Estimate		Projected		
	2005	2006	2007	2008	2009	2010	2011	2012
Public finance (as % of GDP at market prices)^e								
Current revenues	23.6	25.8	28.2	28.7	27.0	27.7	27.2	26.6
Current expenditures	25.2	25.1	23.2	23.4	24.5	24.0	24.7	25.2
Current account surplus (+) or deficit (-)	-1.6	0.7	5.0	5.3	2.5	3.7	2.5	1.4
Capital expenditure	5.7	4.6	5.7	4.9	3.7	4.5	4.4	4.0
Foreign financing	..	..	..	..	..	..	..	..
Money and credit								
Money and quasi-money (M2)	..	17.3	15.0	14.0	5.8	-1.8	5.7	5.6
Credit to the Private Sector	..	13.1	13.9	11.6	4.8	-3.6	1.6	3.8
Price indices (YR84 =100)								
Real exchange rate (US\$/LCU) ^f	94.3	95.2	92.5	93.0	95.3	..	..	..
Real interest rates								
Consumer price index (% change)	3.6	2.9	4.1	4.4	-0.4	0.0	4.5	2.5
GDP deflator (% change)	2.4	4.0	4.0	2.6	-0.7	0.9	2.9	2.5

a. GDP at factor cost

b. "GNFS" denotes "goods and nonfactor services."

c. Includes net unrequited transfers excluding official capital grants.

d. Includes use of IMF resources.

e. Consolidated central government.

f. "LCU" denotes "local currency units." An increase in US\$/LCU denotes appreciation.

Annex B7: Belize - Key Exposure Indicators

Indicator	Actual				Estimated		Projected	
	2005	2006	2007	2008	2009	2010	2011	2012
Total debt outstanding and disbursed (TDO) (US\$m) ^a	1012	1181	1173	1083	1110	1170	1194	1224
Net disbursements (US\$m) ^a	..	..	0	0	0	0	0	0
Total debt service (TDS) (US\$m) ^a	..	..	64	51	47	44	41	39
Debt and debt service indicators (%)								
TDO/XGS ^b	..	149.5	142.4	127.6	152.9	139.8	130.8	126.1
TDO/GDP	90.7	92.5	86.3	79.7	82.3	83.5	80.6	78.3
TDS/XGS	..	..	7.1	5.4	6.5	5.3	4.5	4.0
Concessional/TDO	14.9	14.3	16.0	18.9	20.3	19.1	18.7	17.8
IBRD exposure indicators (%)								
IBRD DS/public DS	..	..	..	..	5.4	..	..	1.9
Preferred creditor DS/public DS (%) ^c	..	..	..	..	23.2	..	..	28.7
IBRD DS/XGS	..	0.8	0.7	0.6	0.7	..	..	..
IBRD TDO (US\$m) ^d	35	30	25	21	16	12	8	7
Of which present value of guarantees (US\$m)								
Share of IBRD portfolio (%)	0	0	0	0	0	0	0	0
IDA TDO (US\$m) ^d	..	..	..	..	..	..	..	..
IFC (US\$m)								
Loans								
Equity and quasi-equity /c								
MIGA								
MIGA guarantees (US\$m)								

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

d. Includes present value of guarantees.

e. Includes equity and quasi-equity types of both loan and equity instruments.

Annex B8: Operations Portfolio (IBRD/IDA and Grants)

As Of Date 5/25/2011

Closed Projects **9**

IBRD/IDA

Total Disbursed (Active)	1.01
of which has been repaid	0.00
Total Disbursed (Closed)	7.30
of which has been repaid	41.60
Total Disbursed (Active + Closed)	8.31
of which has been repaid	41.60
Total Undisbursed (Active)	13.87
Total Undisbursed (Closed)	0.00
Total Undisbursed (Active + Closed)	13.87

Active Projects

Project ID	Project Name	<u>Last ISR</u>		Fiscal Year	IBRD	<u>Original Amount in US\$ Millions</u>			<u>Difference Between Expected and Actual Disbursements^{a/}</u>	
		Supervision Rating				IDA	GRANT	Cancel.	Undisb	Orig.
		<u>Development Objectives</u>	<u>Implementation Progress</u>							
P111928	BZ Municipal Development	S	S	2011	15				13.87	-1.13

Annex B8: IFC Operations Portfolio

Belize													
Committed and Disbursed Outstanding Investment Portfolio													
As of 4/30/2011													
(In USD Millions)													
		Committed						Disbursed Outstanding					
<u>FY</u> <u>Approval</u>	<u>Company</u>	<u>Loan</u>	<u>Equity</u>	<u>**Quasi</u> <u>Equity</u>	<u>*GT/RM</u>	<u>Participant</u>	<u>Total</u>	<u>Loan</u>	<u>Equity</u>	<u>**Quasi</u> <u>Equity</u>	<u>*GT/RM</u>	<u>Participant</u>	<u>Total</u>
2010/2011	Atlantic Belize	0	0	0	0.85	0	0.85	0	0	0	0.85	0	0.85
1998	Nova/ambergris	4.31	0	0	0	0	4.31	4.31	0	0	0	0	4.31
Total Portfolio:		4.31	0	0	0.85	0	5.16	4.31	0	0	0.85	0	5.16
* Denotes Guarantee and Risk Management Products.													
** Quasi Equity includes both loan and equity types.													

Annex C: Belize: Country Financing Parameters

Item	Parameter	Explanation
<p>Cost Sharing and Local Cost Financing</p> <p>Limit on the proportion of individual projects costs that the Bank may finance.</p>	Up to 100 percent	The Bank may finance up to 100 percent of the cost of a project in Belize provided that Government maintains its commitment towards fiscal sustainability in addition to careful prioritization of the scarce resources available to support the development program.
<p>Recurrent Cost Financing</p> <p>Limits that would apply to the overall amount of recurrent expenditures that the Bank may finance.</p>	No country level limit.	The Bank will determine the possibility for financing recurrent cost on a project by project basis. The Bank may finance incremental recurrent cost after careful consideration of the fiscal impact of the recurrent costs and the impact on indebtedness in the short and medium terms as well as the sustainability of the sector and project achievements. The conditions for the Bank's recurrent cost financing in Belize are (i) incremental nature of the recurrent cost; (ii) decreasing flow of financing by the Bank; and (iii) establishment of mechanisms for sustainable financing of the recurrent cost by the local counterpart at the end of the Bank financing. Loan proposals should specify the mechanisms for the country to cover the recurrent cost at an increasing rate towards a 100 percent local cost coverage before the end of the project.
<p>Local cost financing. Are the requirements for Bank financing of local expenditures met, namely that: (i) financing requirements for the country's development program would exceed the public sector's own resources (e.g., from taxation and other revenues) and expected domestic borrowing; and (ii) the financing of foreign expenditures alone would not enable the Bank to assist in the financing of individual projects</p>	Yes	The two requirements are met. The Bank may therefore finance local costs in the proportions needed in individual projects.
<p>Taxes and Duties Are there any taxes and duties that the Bank would not finance?</p>	None	The Bank considers the taxes in Belize to be generally reasonable and nondiscriminatory.

Annex D: Belize Debt Sustainability Analysis

Belize’s debt restructuring in 2007 opened the path to restoring fiscal sustainability but total public debt burden remains still high. In February 2007, Belize restructured 98 percent of its public external commercial debt of US\$550 million, avoiding what had been an imminent threat of fiscal crisis. The “*Superbond*” was structured in such a way that, for the first 12 fiscal years, no payments will be made on the principal and payments will be only made for interest. Starting August 2019, Belize will pay principal payments annually until the bond is paid off in 2029. The bond features step-up coupon rates: 4.25 percent during the first three years after issuance; 6 percent for fiscal years 2010 and 2011; and finally 8.50 percent (twice the initial amount) from 2012 until maturity in 2029. Public debt decreased significantly in the last five years (from 98.7 percent of GDP in 2005 to less than 80 percent in 2010) but the debt burden is still high and further actions to lower the debt to GDP ratio are needed.

The debt sustainability analysis presented in this annex considers two alternative scenarios. A baseline scenario and an active scenario are taken into account. These scenarios are based on the macroeconomic assumptions which are consistent with the medium-term macroeconomic frameworks envisioned in the 2010 IMF Article IV consultation (see Table 1). The baseline scenario assumes the continuation of present policies, which are likely to lead to slower growth and a moderate primary surplus. The active scenario incorporates the effect of policies able to reduce expenditures and increase revenues. As a consequence, the active scenario would imply higher primary surplus and lower external financing needs.

Bound tests are performed to assess the vulnerability of Belize’s debt to standard shocks. To test how deviations from their predicted values of key macroeconomic variables (growth rate, exchange rates, primary balance and interest rates) affect the debt path in Belize, the following settings are considered: a) historical scenario based on the assumption that key macroeconomic variables stay at their historical averages for 1999–2008; b) an exchange rate shock (one time 30 percent real depreciation in 2010); c) a negative shock in the output; d) a negative shock in the primary balance; and e) a contingent liabilities shock (one time 10 percent of GDP shock to contingent liabilities in 2010). Unless specified, all the shocks are considered to persist in the projected years.

Under the baseline scenario, public debt will hover around 77 percent of GDP through 2015 (see Table A.1 – Panel A). The baseline scenario is based on the continuation of the current fiscal policy. This assumption implies that growth rate won’t be higher than 2.5 percent until 2019 and that the primary surplus will stabilize at 1.5 percent of GDP over the medium term. Slower growth and a low primary surplus will entail higher financing needs which will be mostly covered by external commercial creditors at market interest rates (10 year U.S. T-Bond plus 400 bps) and to a lesser extent by multilaterals lending. In this scenario, the public debt-to-GDP ratio will remain slightly below the 80 percent threshold. The limited primary surplus will imply lower fiscal space and, therefore, a lower capacity to spend in order to address social priorities.

Bound tests reveal that the public debt is vulnerable to standard shocks (see Figure A.1). In the baseline scenario, Belize would be extremely vulnerable to a real exchange rate shock. This vulnerability stems from the composition of the public debt: 90 percent of the public debt is

denominated in foreign currency. As a consequence, a 30 percent real depreciation of the local currency would result in the public debt breaking the threshold of 115 percent of GDP. Lower growth will negatively impact the level of public debt, too. A pessimistic scenario for growth (half standard deviation contraction) will take public debt up to 96 percent of GDP in 2015. Higher expenditures will have a similar impact. A contraction of half standard deviation of the primary balance will lead to a situation of primary deficit with public debt climbing to 92 percent of GDP by 2015.

In the active scenario of fiscal consolidation, public debt would gradually decline to under 60 percent by 2015 (see Table A.1 – Panel B). The active scenario is based on the assumption that the Government will be able to achieve and maintain a primary surplus of 4.5 percent of GDP since 2011. Higher primary surplus will increase the fiscal space and give the possibility to the Government to increase capital investments and address social priorities. Improved confidence would also favor foreign direct investments. As a result of these assumptions, economic growth will be higher than in the passive scenario and will reach 3.5 percent over the medium-term. The joint impact of higher growth and lower financing needs will reduce the public debt ratio to 60 percent by 2014 and 40 percent by the end of this decade, when Belize will start paying the principal payments of the “*Superbond*”. Bound tests reveal reduced vulnerability to standard shocks compared to the baseline scenario. In this case, stronger primary balance and higher growth would facilitate a rapid absorption of the impacts produced by the shock considered, although the standard depreciation shock would result in a substantial step-increase in the debt ratio as in the baseline scenario, followed by a steady decline.

Based on the above analysis, the sustainability of Belize’s public debt depends on the set of policy actions that will be undertaken during next years. Fiscal consolidation will significantly reduce the debt-to-GDP ratio and Belize’s vulnerability to shocks. It will imply measures to increase revenues, reduce/reassign expenditures, and improve debt management. A strong commitment from the government is needed to proceed in this direction. Moreover, bound tests underlined the vulnerability of Belize to a depreciation of the exchange rate. Therefore, it is crucial for the Government to continue in its effort to strengthen the stability of the exchange rate by sustained fiscal consolidation, the successful resolution of weaknesses in the banking system, and a disciplined monetary stance.

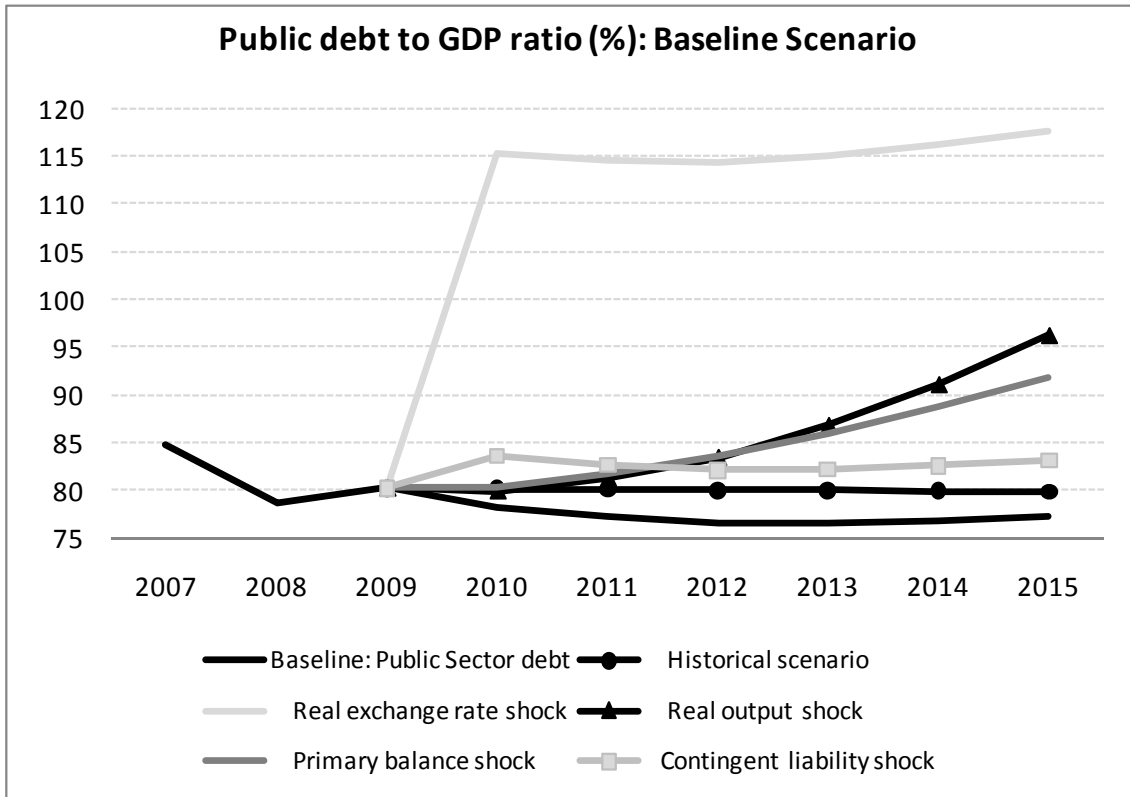
Table A.1. Macro framework and Debt Sustainability: Baseline and Active Scenario**Panel A. Baseline Scenario**

	2009	Projected					
		2010	2011	2012	2013	2014	2015
(Annual percent change)							
Real Economy							
GDP at constant prices	0.0	2.0	2.3	2.5	2.5	2.5	2.5
Prices (GDP Deflator)	-0.5	3.8	2.5	2.5	2.5	2.5	2.5
Public Sector							
Primary balance	0.7	1.5	1.5	1.5	1.5	1.5	1.5
Interest	3.6	3.9	4.2	4.6	5.2	5.4	5.7
Overall balance	-2.9	-2.4	-2.6	-3.1	-3.7	-3.9	-4.1
External Sector							
Current account balance	-6.8	-5.7	-6.7	-5.6	-7.0	-7.6	-8.0
Gross official reserves (in months of imports)	3.2	3.4	2.9	2.7	2.6	2.6	2.6
Baseline: Public Sector debt							
	80.2	78.1	77.2	76.6	76.5	76.8	77.2
o/w foreign currency denominated	73.1	71.2	69.2	67.3	67.3	67.6	68.2
Bound tests							
Historical scenario	80.2	80.1	80.1	80.0	80.0	79.9	79.9
Real exchange rate shock	80.2	115.2	114.6	114.4	115.1	116.2	117.6
Real output shock	80.2	79.9	81.3	83.4	86.8	91.0	96.2
Primary balance shock	80.2	80.4	81.8	83.5	85.9	88.7	91.7
Contingent liability shock	80.2	83.6	82.7	82.1	82.2	82.6	83.1

Panel B. Active Scenario

	2009	Projected					
		2010	2011	2012	2013	2014	2015
(Annual percent change)							
Real Economy							
GDP at constant prices	0.0	2.0	2.3	3.5	3.5	3.5	3.5
Prices (GDP Deflator)	-0.5	3.8	2.5	2.5	2.5	2.5	2.5
Public Sector							
Primary balance	0.7	2.7	4.5	4.5	4.5	4.5	4.5
Interest	3.7	3.9	4.0	4.2	4.4	4.2	3.9
Overall balance	-2.9	-1.1	0.5	0.2	0.1	0.3	0.6
External Sector							
Current account balance	-6.8	-5.4	-5.0	-4.7	-4.6	-4.6	-4.2
Gross official reserves (in months of imports)	3.2	3.5	3.5	3.5	3.5	3.6	3.7
Baseline: Public Sector debt							
	80.2	76.9	72.8	68.4	64.4	60.4	56.4
o/w foreign currency denominated	73.1	70.2	66.4	62.4	58.7	55.1	51.3
Bound tests							
Historical scenario	80.2	80.1	80.1	80.0	80.0	79.9	79.9
Real exchange rate shock	80.2	114.0	110.2	105.8	102.0	98.4	94.6
Real output shock	80.2	78.7	76.8	75.0	73.9	73.4	73.2
Primary balance shock	80.2	79.2	77.5	75.3	73.6	72.0	70.4
Contingent liability shock	80.2	86.9	82.9	78.5	74.5	70.6	66.7

Figure A.1. The impact of bound tests in the baseline and active scenarios



Annex E: CPS Consultations

1. The preparation of this strategy was based on a continuous and in-depth dialogue with the Government of Belize, civil society, the private sector, and regional development partners.
2. The process of arriving at the CPS focus was highly consultative, and involved initial discussions with the Government during the 2010 October Annual Meetings and the 2010 December Municipal Development Project loan signing ceremony, in which Government laid out its initial priorities.
3. The formal country consultations with high level officials and broader government and civil society began in February and continued in May 2011, and consisted of a brief presentation by the Bank team, setting out the Bank's diagnosis of challenges and development priorities, and proposed areas of intervention. This was followed by comments and questions and answers on the proposed strategy as well as on broader issues and concerns. The consultations were organized and hosted by the Ministry of Economic Development and the Bank team met with a total of 74 government, private sector, and civil society representatives in addition to development partners.
4. During the consultations, there was a general understanding that Belize's developmental prospects are intricately linked to its natural resource base, which faces a variety of pressures from the impacts of climate change, natural hazards and economic development. Overall, the consultations served to deepen the Bank's understanding of the development challenges, government priorities, and the role of other development partners.
5. A results summary of the consultations is provided below. This summary is not comprehensive and does not reflect the official views of any group or audience consulted.

Main Consultation Comments and Outcomes

Public Sector Consultation

6. This consultation was held with the Ministry of Economic Development and other line ministries, and discussed the following priorities:
 - Supporting key areas, including infrastructure, payments system, and education
 - Understanding that economic development goes hand in hand with natural resource conservation measures and that important synergies between ecological services and tourism remain untapped
 - Strengthening the social protection system as a whole, in addition to supporting early childhood development, expanding access to secondary education, improving the quality of schools, and teacher development
 - Involving the planners in order to position the natural resources agenda on a higher platform that can be translated into a coherent program

Civil Society Consultation

7. A roundtable was held with representatives from civil society, the private sector and development partners which stressed the following priorities:
 - Private sector growth should be encouraged and stimulated with a view to enhance competitiveness and reduce the cost of doing business.
 - Natural resources management should be integrated into national planning due to the importance of the environment for the country's growth; there is an important window of opportunity to work on a unified economic development plan focused on cross-sectoral and long-term issues.
 - A formal mechanism to incorporate non-state actors would facilitate collaboration between the government, civil society groups, and the private sector.

Consultation on the Natural Resources Dimension of Development

8. A workshop was held with the Government and other stakeholders based on the Belize Natural Resources for Climate Resilient Growth draft policy note. Participants stressed the multidimensional and cross-cutting nature of natural resource management and the need to take such considerations into account when formulating reforms.
9. Current deficiencies in addressing natural resource management issues were highlighted, notably insufficient institutional mechanisms that foster inter-sectoral collaboration, and long-term strategic planning.

Consultation with Development Partners

10. Consultations with development partners (IDB, EU, and UNDP) focused on discussing any potential gaps in addressing the country's strategic development with a view to align activities moving forward.
11. The IDB stressed the importance of adopting an intersectoral approach and in finding strategic entry points on the natural resources management agenda to bring key stakeholders to engage in higher-level dialogue with Government counterparts.

Local Consultation Participants

Consultations between February 21st and 24th, 2011

Non-state Stakeholders:

1. Albert Reimer, BAS Group
2. Alex Martinez, The Nature Conservancy
3. Amanda Burgos Acosta, Belize Audubon Society
4. Dareece Chuc, Belize Audubon Society
5. Dudley Heredia, Belize Audubon Society
6. Andre Cho, Geology and Petroleum Department (GPD)
7. Audrey Matura-Shepherd, Oceana
8. Colin Gillett, Coastal Zone Management Institute (CZMAI)
9. E. Irving, Galen University
10. Ernest N. Raymond, Social Investment Fund (SIF), Belize Municipal Development Project
11. Imani Fairweather Morrison, Oak Foundation
12. Jose Alpuche, Belize Agro-Productive Sector Group
13. Joseph Hendrilex, UNICEF
14. Kerry Beliste, Protected Area Conservation Trust (PACT)
15. Sharon Ramclam, PACT
16. Leandra Cho-Ricketts, University of Belize
17. Vincent Palacio, University of Belize
18. Marilyn Gentle-Garvin, Belize Family Life Association
19. Melanie McField, Healthy Reefs/Smithsonian
20. Mike Heusner, National Environmental Appraisal Committee (NTIA NEAC)
21. Nadia D. Bood, WWF Central America
22. Nellie Catzim, Southern Environmental Association (SEA)
23. Olivia Rhaburn, National Association of Village Councils of Belize (NAVCO)
24. Orlando Dawson, NAVCO
25. Seleni Matus, Belize Tourism Board
26. Tracey Hutchinson, Belize Social Security Board
27. Yvette Alonzo, Association of Protected Areas Management Organizations (APAMO)
28. Evita Quiroz, APAMO
29. Caroline Clarke, Representative, Belize Country Office, Inter-American Development Bank
30. Harold Arzu, Operations Advisor, Belize Country Office, IDB

Government of Belize:

1. Mary Vasquez, RESTORE Belize, Office of the Prime Minister
2. Yvonne Hyde, Chief Executive Officer, Ministry of Economic Development
3. Emily Waight-Aldana, Economist, Ministry of Economic Development
4. Yvette Alvarez, Senior Advisor, Ministry of Finance
5. Martin Alegria, Chief Environmental Officer, Department of Environment, Ministry of Natural Resources

6. Colin Young, National Protected Areas Secretariat (NPAS) Director, Ministry of Natural Resources
7. Arlene Mabela, NPAS, Ministry of Natural Resources
8. Paul Flowers, Strategic Planning and Policy Advisor, Ministry of Natural Resources
9. Tanya Marsden, Policy Unit (PCPU), Ministry of Natural Resources
10. Marlen Westby, PCPU, Ministry of Natural Resources
11. Marcelo Windsor, Forestry Department, Ministry of Natural Resources
12. Safira Vasquez, Strategic Approach to International Chemicals Management (SAICM), Department of Environment, Ministry of Natural Resources
13. Edgar Ek, Agriculture Dep. Chief Environmental Officer, Ministry of Natural Resources
14. Jeavon Hulse, Department of Environment, Ministry of Natural Resources
15. Gilroy Lewis, Solid Waste Management Authority (SWAMA), Ministry of Natural Resources
16. Lumen Cayetano, SWAMA, Ministry of Natural Resources
17. Beverly Wade, Fisheries Department, Ministry of Agriculture and Fisheries
18. Eugene Waight, Chief Agriculture Officer, Department of Agriculture, Ministry of Agriculture and Fisheries
19. George Myvett, Sr. Fisheries Officer, Fisheries Department, Ministry of Agriculture and Fisheries
20. David Leacock, Chief Executive Officer for the Ministry of Education and Youth
21. Christopher Aird, Chief Education Officer, Ministry of Education and Youth
22. Ellajean Gillett, Ministry of Education and Youth
23. John Bodden, Ministry of Health
24. Judith Alpuche, Chief Executive Officer for the Ministry of Human Development and Social Transformation
25. John Flowers, Ministry of Human Development and Social Transformation
26. Lawrence Sylvester, Chief Executive Officer for the Ministry of Housing and Urban Development
27. Nigel Vasquez, Ministry of Tourism, Civil Aviation & Culture
28. Nonatis Canta, Pesticides Control Board (PCB)

Consultations between May 9th and 13th, 2011

1. Dean Barrow, Prime Minister
2. Joseph Waight, Financial Secretary, Ministry of Finance
3. Yvette Alvarez, Senior Advisor, Ministry of Finance
4. Yvonne Hyde, Chief Executive Officer, Ministry of Economic Development
5. Emily Waight-Aldana, Economist, Ministry of Economic Development
6. Beverly Castillo, Chief Executive Officer, Ministry of Natural Resources
7. Martin Alegria, Chief Environmental Officer, Department of Environment, Ministry of Natural Resources
8. Colin Young, National Protected Areas Secretariat (NPAS) Director, Ministry of Natural Resources
9. Paul Flowers, Strategic Planning and Policy Advisor, Ministry of Natural Resources
10. George Myvett, Sr. Fisheries Officer, Fisheries Department, Ministry of Agriculture and Fisheries

11. James Azueta, Fisheries Officer, Fisheries Department, Ministry of Agriculture and Fisheries
12. Lisa Carne, Marine Biologist, Placencia, Stann Creek District
13. Nadia D. Bood, WWF Central America
14. Brian Young, Tour Guide and Co-Chairman of Friends of Laughing Bird Caye, Stann Creek District
15. Kenrick Leslie, Executive Director, Caribbean Community Climate Change Centre
16. Ulric Trotz, Science Adviser, Caribbean Community Climate Change Centre
17. Mark Bynoe, Environmental/Resource Economist, Caribbean Community Climate Change Centre
18. Winston Bennett, Project Manager, Caribbean Community Climate Change Centre
19. Kay Menzies, President of the Belize Chamber of Commerce

Annex F: Bank Experience in Climate Change, Natural Disaster Risk Management, and Environment

Climate Change

The World Bank's involvement in adaptation to climate change impacts was initiated in the Latin America region with the formulation of the Caribbean Planning for Adaptation to Climate Change (CPACC) Project in 1997, an enabling activity of regional nature (US\$6.2 million from the GEF, closed in November 2002), which included all CARICOM nations. It focused on the vulnerability of Caribbean island nations to the impacts of climate change.

The Bank continued to support these areas through the *Mainstreaming Adaptation to Climate Change (MACC) project* (US\$5 million from the GEF, closed in March 2009), the objective of which was to facilitate the creation of an enabling environment for climate change adaptation in the small islands of the Caribbean Community, and coastal developing states (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago). Under the MACC, a National Adaptation Strategy and Action Plan in the Water Sector in **Belize** was completed in March 2009. **Belize** also actively participated in the elaboration and formulation of a Caribbean Regional Framework for Achieving Development Resilience to Climate Change (2009-2015) which was endorsed by the Heads of State in July 2009. Also, regional position papers have been prepared and agreed upon prior to UNFCCC related meetings (e.g. COP, SBSTA) once a year, sometimes twice a year. These are incorporated into the Alliance of Small Island States (AOSIS) negotiating position.

Pilot Program for Climate Resilience (PPCR): The Caribbean countries accepted the invitation to be a regional PPCR pilot in May 2009. This is a regional program for: (i) country-based investments in six nations - Haiti, Jamaica, Dominica, Grenada, St. Lucia, and St. Vincent and the Grenadines; and (ii) region-wide activities to support national climate change strategies as well as regional planning strategies, policies and financing mechanisms. The latter is directly benefitting Belize. The planned activities are: (i) monitoring and climate impact modeling activities; (ii) facilitating an enabling environment (policy and institutional framework); (iii) providing the right data and tools to enable countries to factor climate risks into sustainable land-use management and spatial planning; (iv) capacity building and awareness raising aimed at different levels, including sectors and policy makers; and (v) integration of climate change into development and budget planning. These two tracks will work through key entities in the Caribbean region. CCCCC is a member of the PPCR Regional Steering Committee and also implementing specific activities (see brief on CCCCC). The total grant allocation for the Caribbean Regional PPCR is US\$60-75 million.

Environment

Belize's sector-specific policies and legislation are generally robust. Various key environmental policies and legislations exist, such as the National Biodiversity Strategy Action Plan, the 2009 Water Resources Management Act, the 1992 National Lands Act and the 1999 Coastal Zone Management Act. In December 2010, Belize also has banned bottom trawling in territorial waters, which is known to be very destructive to the marine ecosystems. However, integration

and implementation of legislation have been lacking. For example, due to weak institutional capacities, implementation and enforcement of environmental management actions have been inadequate. On the other hand, environmental civil society organizations are very strong and actively participate in the formulation of policies and management of protected areas (PAs).

The Conservation and Sustainable Use of the Mesoamerican Barrier Reef System (MBRS I) Project Phase I, which was executed by Central American Commission on Environment and Development (CCAD) and closed on June 30, 2007, aimed at assisting Belize, Guatemala, Honduras, and Mexico to strengthen and coordinate national policies, regulations, and institutional arrangements for the conservation and sustainable use of the MBRS as a shared regional ecosystem. The project was successful in catalyzing international cooperation among the four countries and was widely regarded as a model for regional coordination and joint management of a transboundary resource.

Building on the successes of MBRS I project, the Conservation and Sustainable Use of the *Mesoamerican Barrier Reef System (MBRS) II Project* is under preparation with the objective to consolidate on-going efforts to coordinate national policies for the conservation and sustainable use of the shared reef system and broaden the multi-sectoral focus with the participation of the tourism and agriculture sectors. It will also promote adoption of biodiversity-friendly activities in local communities and the private sector. Currently, the legal agreement for the preparation grant has been prepared but is on hold due to a lack of consensus among the 4 countries as to which agency should be the recipient of the grant resources. The parties are considering various options on how to move the process forward..

Disaster Risk Management

The *Central American Probabilistic Risk Assessment Initiative (CAPRA)* aims to strengthen the regional capacity for assessing, understanding and communicating disaster risk. CAPRA is a partnership between Center for Coordination of National Disaster Prevention in Central America (CEPRENAC), the UN International Strategy for Disaster Reduction (ISDR), the IDB and the World Bank as a means to raise awareness among client countries in the region by providing them with a set of tools that would let them better understand the risk of adverse natural events. CAPRA uses probabilistic methodologies to assess risk.

In Belize, during the first phase of CAPRA financed by the IDB, a country risk profile and specific disaster risk assessments including seismic and hurricane risks (winds, storm-surges and rain) have been developed for Punta Gorda, Belmopan and Belize City. For these locations, the Average Annual Loss (AAL) calculated are between 1 to 3 percent of the total exposed value, due mainly to contribution of losses associated with hurricane risk. Based on these analyses, the Bank may support the second phase to improve the quality and reliability of these preliminary results and focus on creating technical capacity in the country through a training strategy and by supporting selected key institutions on the development of specific risk assessments using the CAPRA platform.

Annex G: Donor Harmonization Matrix

External Partner	Macroeconomic Policy	Productive Sectors	Infrastructure	Social Development	Environment/Disaster	Financial Sector
CDB	Modernization of Customs and Excise Department		Placencia Road Upgrading Project Belize River Valley Water Supply System Kendall / Mullins River Bridges Northern Highway Haulover Creek Bridge to Airport Road Macal River Crossing	Technical & Vocational Training Project Social Investment Fund (Basic Needs Trust Fund) (\$15mn)	Hurricane Dean Emergency Relief National Disaster Management (Tropical Storm Arthur Recovery)	DFC Line of Credit
IDB	Strengthening Results-based Management in the Public Sector Strengthening Belize's Fiscal Transparency and Responsibility Program to support the implementation of the Medium Term Action Plan to Enhance Expenditure Management (TA) Integrated Fiduciary Action Plan (IDB, EC)	Sustainable Tourism Loan Agricultural Services Program Belize City Downtown Rehabilitation (ta) Land Management Program III (\$2.5mn)	Post Hurricane Richard flood risk mitigation infrastructure in Belize City 5mn Integrated Water and Sanitation Program for the Placencia Peninsula	Health Reform Project (with CDB/EU) Education Program (5mn) under preparation Community Action for Public Safety.(\$5mn) Social Policy Support (\$15mn) Strengthening of Pension System in Belize (TA)	Solid Waste Management (and OFID) Disaster Risk Management (CAPRA) Support for the Preparation of an Integrated Disaster Risk Management (TA)	Institutional Strengthening of the credit union sector (TA)

External Partner	Macroeconomic Policy	Productive Sectors	Infrastructure	Social Development	Environment/Disaster	Financial Sector
World Bank	IDF Building Institutional Capacity of the Auditor General and Improving Quality of Public Procurement		Municipal Development Project National Housing and Urban Development Plan, non-lending TA	CCT – Education Belize Influenza Detection and Response JSDF Improving Children's Health and Nutrition in Poor Mayan Communities in Toledo	Disaster Risk Management (CAPRA, GFDRR) MBRS (II) CCRIF	
EC		SFA (Special Framework of Assistance) - Banana Support Programme Accompanying Measures for Sugar Protocol Countries II (AMS) Rural Development Project (BRDP) II (US\$12.8 mn)	Rehabilitation of Sugar /Feeder Roads - Corozal/Orange Walk	George Town High School; Technical High School Building - Stann Creek District	Global Climate Change Alliance (\$4mn)	
UN				UNICEF Programs - Human Development (Strengthen Protection System for Children) MDG Needs Assessment and Cost Prognosis	Mainstreaming and Capacity Building for Sustainable Land Management Project (GEF) Integrating Protected Areas and Landscape Management in the Golden Stream	

External Partner	Macroeconomic Policy	Productive Sectors	Infrastructure	Social Development	Environment/Disaster	Financial Sector
					<p>Watershed</p> <p>Strengthening of Disaster Preparedness and Emergency Response Capacity in Belize</p> <p>Strengthening National Capacities for the Operationalization, Consolidation, and Sustainability of Belize's Protected Areas System (GEF)</p>	
OPEC Fund for International Development			<p>Southside (Belize City) Poverty Alleviation Project - Phase I, II, and III</p> <p>Belize/Guatemala Border (Completion of the Southern Highway Project) (and Kuwait, OPEC, CABEI)</p>			
Others			Santa Elena New International Crossing (CABEI)	HIV/AIDS prevention, care, treatment and support (PAHO, UNICEF, UNFPA, UNIFEM, UNDP)	National Forest Program Facility (FAO)	Rural Finance Project (IFAD/CABEI)



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