INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERIM STRATEGY NOTE

FOR

BELIZE

February 4, 2009
The last Country Assistance Strategy for Belize was discussed by the Executive Directors on September 5, 2000.

**CURRENCY UNITS: BELIZE DOLLAR (BZ$)**  
US$1.00 = BZ$2.00 (Fixed)

**FISCAL YEAR: APRIL 1 TO MARCH 31**

**WEIGHTS AND MEASURES: METRIC SYSTEM**

**ABBREVIATIONS AND ACRONYMS**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AAA</td>
<td>Analytical and Advisory Activities</td>
</tr>
<tr>
<td>CAPRA</td>
<td>Central American Probabilistic Risk Assessment</td>
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<td>CARICOM</td>
<td>Caribbean Community</td>
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<tr>
<td>CAS</td>
<td>Country Assistance Strategy</td>
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<td>CCA</td>
<td>Common Country Assessment</td>
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<tr>
<td>CCRIF</td>
<td>Caribbean Catastrophe Risk Insurance Facility</td>
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<td>CCCCC</td>
<td>Caribbean Community Climate Change Centre</td>
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<tr>
<td>CCT</td>
<td>Conditional Cash Transfers</td>
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<tr>
<td>CDB</td>
<td>Caribbean Development Bank</td>
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<tr>
<td>CEM</td>
<td>Country Economic Memorandum</td>
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<td>CIDA</td>
<td>Canadian International Development Agency</td>
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<td>CYDP</td>
<td>Conscious Youth Development Program</td>
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<tr>
<td>DFC</td>
<td>Development Finance Corporation</td>
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<td>DSA</td>
<td>Debt Sustainability Analysis</td>
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<tr>
<td>EC</td>
<td>European Commission</td>
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<td>EU</td>
<td>European Union</td>
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<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>GEF</td>
<td>Global Environmental Facility</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GFDRR</td>
<td>Global Facility for Disaster Reduction and Recovery</td>
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<tr>
<td>HDI</td>
<td>Human Development Index</td>
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<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<tr>
<td>ICA</td>
<td>Investment Climate Assessment</td>
</tr>
<tr>
<td>IDB</td>
<td>Inter-American Development Bank</td>
</tr>
<tr>
<td>IEG</td>
<td>Independent Evaluation Group</td>
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<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<tr>
<td>IFC</td>
<td>International Financial Corporation</td>
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<tr>
<td>IFI</td>
<td>International Financial Institution</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>ISN</td>
<td>Interim Strategy Note</td>
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<tr>
<td>LAC</td>
<td>Latin America and the Caribbean</td>
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<tr>
<td>LSMS</td>
<td>Living Standard Measurement Survey</td>
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</table>
Acknowledgements

The World Bank Group greatly appreciates the close collaboration with the Belizean authorities in the preparation of this Interim Strategy Note. This Interim Strategy Note is a product of the Bank’s Belize Country Team led by Michael Corlett under the overall guidance of Yvonne Tsikata. The team effort was reflected in the fact that numerous staff provided suggestions and ideas at several country team meetings and written comments on various drafts. Invaluable comments and suggestions were received from numerous participants at the concept review and regional operations committee meetings including OPCS, FINCR, LEGLA, LCR Operations Services, SDN, PRMED, SECPO, and GFDRR. We are also very grateful for key contributions and comments from the International Monetary Fund. Swati Raychaudhuri edited and formatted the report and provided superb task support to the team.
Table of Contents

I. Executive summary .......................................................................................................................... i
II. Introduction ........................................................................................................................................ 1
III. Country Context ................................................................................................................................ 1
    A. Political Context .............................................................................................................................. 1
    B. Recent Economic Developments .................................................................................................... 2
    C. Macroeconomic Outlook ................................................................................................................ 3
    D. Growth and Competitiveness .......................................................................................................... 5
    E. Poverty and Progress on MDGs ....................................................................................................... 6
    F. Environment and Vulnerability to Natural Disasters ..................................................................... 8
IV. Challenges and Country Priorities ................................................................................................. 9
    A. Restore Fiscal Sustainability and Reduce the Debt Burden ............................................................ 9
    B. Improve Government Transparency and Accountability ............................................................... 10
    C. Address Critical Infrastructure Needs to Support Economic Development .................................. 10
    D. Supporting Sustainable Livelihoods for All .................................................................................. 11
    E. Achieving Environmental Sustainability and Reducing Vulnerability to Natural Disasters and Climate Change .................................................................................................................. 12
V. Bank and Donor Experience ......................................................................................................... 12
    A. Implementation of Previous CAS .................................................................................................. 12
    B. Historical Portfolio Performance .................................................................................................. 13
    C. Development Partners .................................................................................................................. 14
    D. Current Bank Program ................................................................................................................... 16
VI. Bank Interim Assistance Strategy for 2009-2011 ....................................................................... 16
    A. Proposed ISN program ................................................................................................................... 17
    B. Consultations ................................................................................................................................... 20
    C. Trust funds ..................................................................................................................................... 21
    D. IFC .................................................................................................................................................. 21
    E. Monitoring and Evaluation ............................................................................................................. 21
VII. Managing Risks ............................................................................................................................. 22

Tables
Table 1: Key Macroeconomic Indicators, 2004-2010 (percent of GDP, unless otherwise noted) ........ 3
Table 2: Key Social Indicators ............................................................................................................ 7
Table 3: Portfolio Performance FY00-FY05 ....................................................................................... 13
Table 4: Proposed Lending, and Analytical and Advisory Activities (FY09-FY11) ......................... 17

Annexes
Annex A1: Belize at a Glance ............................................................................................................. 24
Annex B1: Results Monitoring Framework ......................................................................................... 27
Annex B2: Selected Indicators of Bank Portfolio Performance and Management ......................... 30
Annex B3: Proposed IBRD/IDA Base-Case Lending ......................................................................... 31
Annex B4: Summary of Non-lending Services ................................................................................... 32
Annex B6: Belize - Key Economic Indicators ..................................................................................... 33
Annex B7: Key Exposure Indicators .................................................................................................. 34
Annex B8: IFC ....................................................................................................................................... 35
Annex B8: Operations Portfolio (IBRD/IDA and Grants) ................................................................... 36
Annex C: Donor Harmonization Matrix ............................................................................................. 37
Annex D: Debt Sustainability Analysis ............................................................................................... 39
Annex E: Belize: Country Financing Parameters .............................................................................. 41
Annex F: Progress Towards Achieving the Millennium Development Goals ..................................... 42
I. EXECUTIVE SUMMARY

1. This Interim Strategy Note results from the Government of Belize's request to re-engage with the World Bank after several years of limited activities. The ISN (March 2009 to March 2011) aims to re-establish the Bank as a valued development partner through delivery of Analytical and Advisory Activities (AAA) and modest investment lending (US$15 million). The Bank last prepared a Country Assistance Strategy (CAS) for Belize in 2000, but sharply deteriorating fiscal conditions and fiduciary concerns led to a suspension of the program. Beginning in 2005, Belize adopted an adjustment program that lowered deficits substantially, but was ultimately unsuccessful in bringing the country back onto a sustainable path. A market-friendly debt restructuring in 2007 provided immediate debt service relief. A new government led by Dean Barrow of the United Democratic Party (UDP) was elected in February 2008, having campaigned on a platform to improve governance and maintain fiscal discipline. The new Government specifically requested that the World Bank re-engage with the country as part of its efforts to mobilize low-cost multilateral financing and avoid costly commercial borrowing. Based on this request, the new administration’s commitment to good governance and fiscal discipline, the improved fiscal outlook, and the prolonged hiatus (except for a pioneering, successful and ongoing dialogue on climate change issues) in the Bank’s engagement with the country, the Bank is preparing an Interim Strategy Note (ISN).

2. The main focus of the ISN is to provide AAA work to assist the Government in the design and implementation of current policy initiatives, inform Government during the preparation of a medium and long term development strategy (Horizon 2030), which is currently underway, and provide the analytical basis for long term engagement through a CEM that would seek to explore how to unlock Belize’s growth potential and achieve the goal of reducing persistent poverty levels. Given Belize’s limited borrowing capacity, the Bank would make available up to US$15 million over the ISN period (mid FY09- mid FY11) for one investment loan. The proposed Bank program is built around three ISN pillars, (i) Reduce Vulnerabilities and Support Sustainable Livelihoods, (ii) Strengthen Governance and Accountability, and (iii) Address Critical Infrastructure Needs to Support Economic Development.

3. Although the proposed program is modest, Belize’s high level of indebtedness, vulnerability to natural disasters, and lack of Bank knowledge of the country’s systems pose high levels of risk.

4. The following issue is suggested for the consideration of the Board: Is the proposed strategy of cautious re-engagement, through a moderately-sized investment loan and AAA activities appropriate?

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1 The CEM would focus on growth competitiveness issues and could include chapters on macroeconomic policy, access to finance, skills for growth, and infrastructure.
II. INTRODUCTION

5. Belize is a small, upper middle income nation, with around 310,000 inhabitants\(^2\). A former British colony, it is the only English speaking country in Central America. It has a rich cultural heritage reflected in its multi-ethnic population comprised of Mestizo (48.7 percent), Creole (24.9 percent), Maya (10.6 percent), and Garifuna (6.1 percent). The population is evenly divided between rural and urban areas, with the largest population located in the port and commercial center of Belize City (population 93,215). The inland capital city of Belmopan was established in 1961 after Hurricane Hattie devastated the former coastal capital of Belize City. Since it achieved independence in 1981, the country has largely experienced peaceful and stable democracy and friendly international relations; however a long-standing territorial dispute with its neighbor Guatemala has not yet been solved. Both countries have recently agreed to refer the dispute to the International Court of Justice (ICJ), following the recommendation of the Secretary General of the Organization of American States. The referral of the case to the ICJ will require referenda in both Belize and Guatemala. The Bank is currently gathering information on various aspects of the dispute in order to determine whether the project envisaged under this ISN may trigger the application of OP 7.60 - Projects in Disputed Areas.

III. COUNTRY CONTEXT

6. Belize is highly vulnerable to natural disasters, climate change and terms of trade shocks. Belize has experienced frequent natural disasters of catastrophic proportions, most recently Tropical Storm Arthur (May 2008) which caused extensive damage to infrastructure and the agriculture sector. Hurricanes Keith (2000) and Iris (2001) struck Belize in the first year of the previous CAS period, each causing damages in excess of 30 percent of GDP\(^3\). Beyond economic (and social) losses, natural disasters have contributed to the deterioration in fiscal accounts and debt buildup. Belize is particularly exposed to the anticipated intensification of extreme weather events and the effects of increases in sea surface level and temperatures. As a small open economy, Belize is also vulnerable to fluctuations in international prices. The erosion of trade preferential agreements with the European Union (EU) affects the sugar and banana industries. Rising food and fuel prices have affected vulnerable populations and productive sectors.

A. POLITICAL CONTEXT

7. Belize’s political system is stable, but governance problems plagued the previous administration (1998-2008) and contributed to the sharp increase in debt and ensuing economic crisis. Belize is a parliamentary democracy with a bicameral national assembly and is a member of the British Commonwealth. Since its independence from the United Kingdom in 1981, Belize has experienced peaceful and democratic transitions, with power alternating between two major parties, the UDP and People's United Party (PUP). Most recently, the UDP won the February 2008 parliamentary elections, gaining 25 of the 31 seats in the House of Representatives. It drew its electoral strength from a firm commitment to establish a transparent and accountable governing style after the previous administration became increasingly unpopular due to scandals related to the misuse of funds in public institutions, including the Development Finance Corporation (DFC) and the Social Security Board, as well as botched privatizations and the extension of a loan guarantee to a private company without legally mandated legislative approval. While the new administration has already initiated a number of reforms aimed at overhauling previously existing governance arrangements, oversight mechanisms are still weak,

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\(^2\) Statistical Institute of Belize.

and much remains to be done to restore public confidence and improve government accountability.

B. RECENT ECONOMIC DEVELOPMENTS

8. **Belize is a small open economy with GNI per capita of US$3,970 (2007).** The main activities comprise export oriented primary commodities (including sugarcane, bananas and other fruits, logging and fisheries) as well as tourism. The tertiary sector dominates the economy, accounting for 63 percent of the GDP between 1995 and 2007. The secondary sector is the second largest contributor to GDP, accounting for an average of 20 percent over the period 1995-2007. With 18 percent of the GDP, the primary sector is the third largest contributor to GDP, but employs 25 percent of the workforce. Notwithstanding relatively stable sectoral shares of GDP from 1995-2007, the Belizean economy has undergone a significant transformation during this period including the emergence of the tourism sector (particularly cruise and to a lesser extent stay-over arrivals), the emergence of non-traditional agriculture products and fisheries (papayas and shrimp) to complement traditional products (sugar, bananas, and citrus), and the first commercial oil discovery in 2005. Tourism arrivals more than doubled between 1995 and 2007. The fledgling oil sector has been the principal source of growth in recent years. However, oil production is expected to peak in 2008 and decline thereafter at a rate of 10 percent per year.

9. **The high economic growth rates of the early 2000s slowed in 2007-2008, mainly due to external shocks, and recent global financial turmoil.** Real growth averaged almost 5.5 percent annually over the period 2002-2006 as a result of expansionary fiscal and monetary policies which led to a boom in public investment financed by privatizations and commercial debt. Public capital expenditures fell from an average of 14.5 percent of GDP per annum during 2000-2003 to an average of 5.8 percent of GDP from 2004-2007. Real GDP growth, which reached 5.3 percent in 2006 due primarily to an oil discovery, fell to 1.2 percent in 2007 partly due to (i) the negative impact of Hurricane Dean (August 2007) on agricultural output and tourism; (ii) a partial closure of a major garment factory; and (iii) bankruptcy in the aquaculture industry. Growth in the first half of 2008 was strong at 4 percent of GDP due to rebounding export production, buoyancy in construction and a spurt of government spending prior to the general elections. Belize’s economic growth in 2008 is estimated at 2 percent, reflecting the adverse impact of the global economic slowdown and recent floods (October 2008), resulting in economic and infrastructure losses preliminarily estimated to be around 3 percent of GDP. The tourism sector weakened in the January to August 2008 period, as tourism stay-over and cruise arrivals fell 0.7 percent and 9.5 percent year-on-year, respectively.

10. **Inflation surged in the third quarter of 2008 to 9.6 percent, a record high, led by an increase of 17.9 percent in the prices of food and beverages.** However, price levels have since fallen, particularly food and fuel, and year end inflation is expected to be 5 percent. The country adopted a fixed exchange rate vis-à-vis the US dollar in 1975 and maintained low inflation until recently. The trade gap widened between 2006 and 2007 as domestic exports registered a downturn of 7.6 percent, whereas imports increased by 4.9 percent. As a result of the trade deficit, the external current account deficit as a share of GDP rose from 2.0 percent in 2006 to 4 percent in 2007 and is expected to reach 9.0 percent in 2008, though still lower than levels seen prior to the oil discovery. At an estimated 5.5 percent of GDP in 2007, Belize’s remittances are smaller than its Central American neighbors and Caribbean Community (CARICOM) averages, but are still a significant source of foreign exchange. The current account deficit was financed by foreign direct investment in tourism, real estate, aquaculture and electricity. These inflows of resources subsequently improved the country’s gross international reserves allowing the months of imports covered by international reserves to increase slightly from 1.3 in 2006 to 1.6 in 2007 and 2.1 in December 2008.
11. A successful debt restructuring in 2007 helped avert an imminent financing shortfall. The government succeeded in restructuring $550 million of commercial debt (out of a total debt stock of $1.1 billion) during the first quarter of 2007. External debt servicing became more manageable as interest payments were lowered and principal repayments were deferred to the 2019-2029 period. The year 2007 was also characterized by fiscal and monetary restraint as the government continued an adjustment program that has reduced overall deficits by more than half since 2005. The primary surplus as a percentage of GDP was 3.9 percent in 2006 and 2007. The overall fiscal deficit as a share of GDP also declined from 2 percent in 2006 to 1.1 percent in 2007. The public sector’s external debt as a share of GDP fell from 83.9 percent in 2006 to 79.5 percent in 2007 as the government paid down a small portion of its external commercial debt, exchanged the remainder for a new super bond, and scaled down its borrowing to project oriented and budget support loans from bilateral and multilateral sources.

Table 1: Key Macroeconomic Indicators, 2004-2010
(percent of GDP, unless otherwise noted)

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>Projected</th>
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<tbody>
<tr>
<td>Real GDP (% annual growth)</td>
<td>4.6</td>
<td>3.5</td>
<td>-0.2</td>
<td>0.2</td>
<td>2.0</td>
</tr>
<tr>
<td>Real GDP per capita (% annual growth)</td>
<td>2.8</td>
<td>3.6</td>
<td>4.3</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Inflation rate (% end of year)</td>
<td>3.1</td>
<td>2.5</td>
<td>3.6</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Gross Domestic Investment</td>
<td>18.3</td>
<td>19.6</td>
<td>16.9</td>
<td>17.2</td>
<td>16.5</td>
</tr>
<tr>
<td>Gross National Savings</td>
<td>8.5</td>
<td>8.8</td>
<td>17.3</td>
<td>12.9</td>
<td>8.2</td>
</tr>
<tr>
<td>Public Sector*</td>
<td></td>
<td></td>
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<tr>
<td>Overall Public Sector Balance</td>
<td>-8.7</td>
<td>-7.0</td>
<td>-2.0</td>
<td>-1.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>8.2</td>
<td>5.7</td>
<td>4.0</td>
<td>5.1</td>
<td>5.7</td>
</tr>
<tr>
<td>Primary Balance</td>
<td>-1.2</td>
<td>-0.3</td>
<td>3.9</td>
<td>3.9</td>
<td>4.5</td>
</tr>
<tr>
<td>Total Public and Publicly Guaranteed Debt**</td>
<td>100.2</td>
<td>98.5</td>
<td>92.1</td>
<td>88.5</td>
<td>79.8</td>
</tr>
<tr>
<td>External Sector Indicators</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Current account balance</td>
<td>-14.5</td>
<td>-14.4</td>
<td>-2.0</td>
<td>-4.0</td>
<td>-9.0</td>
</tr>
<tr>
<td>Goods and services balance</td>
<td>-8.1</td>
<td>-8.7</td>
<td>1.6</td>
<td>1.0</td>
<td>-3.0</td>
</tr>
<tr>
<td>Exports</td>
<td>51.4</td>
<td>55.4</td>
<td>64.4</td>
<td>64.5</td>
<td>69</td>
</tr>
<tr>
<td>Imports</td>
<td>59.5</td>
<td>64.1</td>
<td>62.8</td>
<td>63.5</td>
<td>72.6</td>
</tr>
<tr>
<td>GDP (US$ million)</td>
<td>1,056</td>
<td>1,115</td>
<td>1,213</td>
<td>1,277</td>
<td>1,367</td>
</tr>
</tbody>
</table>

Source: Central Bank, IMF reports and World Bank staff estimates, *Calendar year, **includes public external and domestic debt.

C. Macroeconomic Outlook

12. The near term impact of the global economic slowdown is currently limited, but significant downside risks remain. The banking system appears well capitalized and has little exposure to foreign banks. Non-performing loans are at manageable levels. Central Bank's reserves have risen recently to provide 2.1 months import coverage, and are placed largely in major central banks and strong global financial institutions. Growth projections for 2009 have been revised downwards by one percent to 2 percent of GDP due to the impact of the global

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4 The new “superbond” was issued in February 2007 and will mature in 2029, with principal payments commencing in 2019. The bonds feature step-up coupon rates which in the first three years after issuance are at a fixed per annum rate of 4.25 percent. In years four to five, the rate will increase to 6.00 percent, and thereafter through the maturity of the New Bonds the interest rate will level off at 8.50 percent per annum. Net Present Value debt service savings from the debt restructuring are estimated at 21 percent of GDP.
economic slowdown on demand for Belize’s exports, including tourism, lower remittances and FDI-related construction activity. A projected 33 percent increase in oil output would account for most of the growth (around 1.7 percent) while tourism, already in the midst of a slowdown, is likely to remain flat in 2009. Agriculture appears well poised to contribute to growth in the medium term, but its contribution to 2009 growth is expected to be negligible due to damages from October floods, slackened external demand, and trade preference erosion (sugar and bananas). Inflation is expected to decline to 2.5 percent in 2009 as oil and food prices fall from recent highs. The current account deficit is also expected to improve slightly in 2009 to 8.3 percent of GDP.

13. **While the fiscal accounts are expected to be in surplus for FY08/09, the fiscal stance is likely to deteriorate going forward and limit policy options to confront possibly worsening economic conditions.** The fiscal outturn for FY08/09 (April to March) is expected to exceed budget projections with a 4.8 percent primary surplus (compared to 4.1 percent in the budget) and small overall surplus, driven primarily by extraordinary revenues (oil revenues and external grants). However, these extraordinary revenues are unlikely to materialize going forward. For example, external grants, which are projected to represent 3.6 percent of GDP in FY08/09, are likely to fall to historical levels of around one percent of GDP, while oil revenues are projected to decline due to falling international prices and declining production beyond 2009. Recurrent expenditures also increased significantly on account of a substantial wage increase and higher prices for goods and services. Under unchanged policies, the fiscal position would swing to a 1.6 percent of GDP primary surplus and 2.6 percent overall deficit in FY09/10. The authorities’ commitment to maintaining the fixed exchange regime would place the onus of adjustment on fiscal accounts, particularly given worsening external accounts and lack of access to external markets. While the Government has yet to take concrete actions on the fiscal front, it has recognized that large primary surpluses would be needed over the medium term to lower the high debt/GDP ratios, and is exploring options, including revenue measures and expenditure constraint, in the context of the preparation of the FY09/10 budget. In recent years, governments have achieved fiscal adjustment through large capital expenditure cuts that have affected growth. A sustainable fiscal policy consistent with enhancing growth would need to focus on a combination of expenditure restraint and revenue measures.

14. **Though the debt restructuring significantly improved debt dynamics, according to a preliminary IMF debt sustainability analysis (DSA), without further fiscal consolidation, debt is unsustainable in the long-run.** The DSA (see Annex D) indicates that under current policies (baseline scenario), external debt levels would decline slightly from 72 percent of GDP in 2008 to 66.2 percent in 2013 due to lower interest charges as a result of the debt restructuring. Thereafter, interest charges would increase significantly as the coupon rate on the super-bond resets upward, placing additional pressure on public finances. The 2008 Article IV recommendation for a front-loaded fiscal adjustment to lower debt ratios to 40 percent of GDP by 2019 in order to establish credibility to regain market access remains valid, but the deteriorating economic environment combined with fiscal slippage envisioned this year adds urgency to adopting stabilizing measures. The active scenario targets primary surpluses of above 4 percent of GDP over the medium term and could be achieved by a combination of revenue measures to reduce dependence on oil and grant revenues and expenditure restraint. Under the active scenario, debt levels would gradually fall and reach 40 percent of GDP by 2019. In the medium term, lowering debt ratios would create space for increased public investment to support growth and use of countercyclical fiscal policies in the face of exogenous shocks.

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5 Projections are based on the following assumptions: Real growth in advanced economies of 1.3 percent and 0.2 percent of GDP in 2008 and 2009, respectively; Price of oil (WTI futures) for 2008 and 2009 $99.6 and $52.7, respectively.
D. GROWTH AND COMPETITIVENESS

15. Belize’s growth prospects are tied to its many inherent comparative advantages including an abundance of fertile land for agriculture, unique tourist products, and geographic position between the Caribbean, Central America and Mexico. The country has begun to diversify exports away from traditional agricultural products (sugar, bananas and citrus), into other non-traditional agricultural and marine products, including shrimp, fish, papayas, beans, and live animals, and tourism that have a more promising future. Service exports, particularly tourism, grew rapidly at an annual rate of 15.1 percent during the period of 2000-2006. The tourist sector has increased its Caribbean share of international visitors from 2.8 percent in 1995 to 4.2 percent in 2005. Yet, stayover tourist arrivals per capita are lower than its Caribbean comparators, suggesting existing growth potential. Though the US and EU remain its primary trading partners, Belize has diversified its export markets beyond CARICOM through membership in the Central American Integration System (SICA) since 2002, and Plan Puebla Panamá which links the Central American region to Mexico. Exports to Central America and Mexico have grown faster than those to any other region during the period 2000-2006. The country’s competitiveness is also buoyed by a stable fixed exchange rate regime, traditionally low inflation, and comparatively low tax rates.

16. Unlocking this growth potential will require prudent fiscal policies that would lower debt ratios and create space for increased public investment to support growth. Belize has several high-potential sectors including agriculture and agro-processing, tourism, aquaculture, and forestry-based industries, but the high cost of, and limited access to, finance have impeded private investment while public investment has been constrained by fiscal space. Growth diagnostic work identifies the high cost of finance as the key binding constraint to growth. Recent public consultations for the FY08/09 budget also confirmed access to, and the high cost of, finance as significant impediments to doing business. Expansionary fiscal and monetary policies in recent years led to unsustainable current account and fiscal deficits, debt overhang, and eventually an austere adjustment program characterized by significant cuts in public investment and an increase in reserve requirements. In addition, a low savings rate and inefficiency in the financial system have resulted in high costs of capital. Policy recommendations to ease this constraint include: maintaining fiscal sustainability, institutionalizing fiscal discipline through strengthened budgeting institutions, improving domestic intermediation and increasing domestic savings. Authorities must also seek ways to increase public investment in critical infrastructure, which suffered large budget cuts in recent years, to support high potential sectors (including agriculture and agro-processing, forestry-based industries, tourism, aquaculture) but within a framework of fiscal discipline. Critical investment

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* According to a recent FAO report, "Agricultural Development Management and Operational Strategy" the main challenges in promoting agricultural trade and food security in Belize include addressing productivity constraints, input price spikes, technical shortcomings related to crop diversification and productivity; storage, handling and shipping challenges; market access bottlenecks; causes of the lack of private and public credit and supplier financing; preferential treatment on taxes and duties; and needs in the areas of standards and marketing. Also, see Hausman, R. and Bailey Klinger (2007).
* The weighted average interest rate for commercial lending was 14.3 percent in 2007, which seems reasonable given the level of risk and by international comparison. However, spreads are high for a country with a fixed exchange rate and historically low inflation. The CEM will further explore the issue of MSME finance in Belize. Hausman et. al. argue that the problem is not one of government borrowing crowding out domestic borrowing since the government has mostly borrowed externally, but that domestic finance is affected by the weak fiscal situation through monetary policy. Due to the fixed exchange rate regime, the Central Bank’s sole monetary policy tool is to impose high reserve requirements on commercial banks, which act as an implicit tax. Authors estimate that the high reserve requirement accounts for half of the interest rate spread observed in Belize in 2006.
needs include road maintenance, sanitation, crime prevention and reduction, and upgrading rural airports.

17. **Beyond macroeconomic policies, it will be important for the government to address trade and physical infrastructure bottlenecks that lower the competitiveness of key sectors.** Average costs for importing or exporting a container exceed those in Latin America and the Caribbean (LAC) and Organization of Economic Cooperation and Development (OECD) countries by around 50 and 70 percent respectively. Documentation and time needed are in line with other LAC countries, but almost double those for OECD countries. Physical infrastructure rates well against comparators according to the Global Competitiveness Report (2006), but the poor road infrastructure, due to lack of funds for maintenance, raises costs for agriculture, tourism and the nascent oil sector. Utility rates are also high, particularly for electricity, which is the most expensive in Latin America. The same applies to telecommunications, where a de facto monopoly in fixed line services and a duopoly in mobile are keeping rates for these services at more than 50 percent higher than the Latin American average, and about double the rates prevalent in neighboring countries, such as Guatemala and Jamaica.

18. **The economic consequences of climate impacts are an important element of the outlook for growth and competitiveness.** A number of anticipated climate impacts including a sustained sea level rise, and the impacts of extreme weather events and damages on coastal ecosystems have the potential to seriously impair the prospects for growth. Consolidation and expansion of the efforts already initiated to adapt to these impacts is critical. The growth agenda needs to go hand in hand with the mainstreaming of the adaptation agenda in all sectors of the economy.

E. **POVERTY AND PROGRESS ON MDGS**

19. **Poverty has persisted despite high economic growth rates in the 1990s and early 2000s.** The real growth rate averaged 5.8 percent annually over the period 1995-2002, but poverty assessments conducted in 1995 and 2002 (Belize is planning a poverty assessment in 2009) revealed no changes in overall poverty figures; about a third of the population lies below the poverty line. However there was a modest reduction in extreme poverty to 10.8 percent in 2002, from 13.4 percent in 1995. Sharp regional and ethnic differences in poverty exist, ranging from 24.5 percent in the Belize district to 80 percent in the Toledo district, which has a heavy concentration of indigenous Maya. Nationally the Gini index is 0.4 but at the district level inequality ranges from 0.6 in Belize district to 0.2 in Toledo and Orange Walk, indicating pervasive poverty in those districts. Poverty is less prevalent in urban (23.7 percent) compared to rural areas (44 percent), where the poor are concentrated in elementary livelihoods in agriculture and natural resources. Notwithstanding lower overall urban poverty levels, rapid population expansion in Belize City has led to deteriorating living

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14 World Bank (2008), The Little Data Book on Information and Communication Technology.
conditions and increased poverty levels, particularly in the south side of the city. Available evidence suggests that the persistence of poverty is related to the predominance of poor people in low growth sectors (agriculture), ineffective poverty targeting mechanisms, and unsustainable macroeconomic policies that have led to reductions in social services.15

20. **Social indicators in Belize are generally strong, but progress has slowed in recent years.** Belize ranks 80 out of 179 countries according to the 2005 Human Development Index (HDI). The country’s HDI improved systematically from 1980 to 2000, but has stagnated since; the HDI score in 2005 is unchanged from 1995. Mortality rates for infants and children under 5 compare favorably to LAC and upper middle income countries, and have improved in recent years (see table 2). However, Belize lags behind comparators on the combat against HIV/AIDS and other major diseases. With an estimated HIV rate of infection of 2.4 percent at the end of 2007, Belize is ranked first in Central America and fourth in the Caribbean for rate of infection per capita. Non-communicable and lifestyle diseases (including hypertension and diabetes) are a major concern in Belize, while child malnutrition, particularly in Toledo, is a growing problem. The poor have little access to health care, and quality and affordability are a general problem. Primary and secondary school enrolment rates are higher than LAC, and upper middle income comparators, but completion rates are low and repetition rates are high. Low completion rates amongst the poor are linked to costly school fees. With comparatively high levels of budgetary support to education, the efficacy and efficiency of the country’s investments would appear low and in need of better targeting.

21. **Like in much of the Caribbean, crime and violence remain a serious problem in Belize and pose a serious threat to human welfare and economic growth.** The incidence of crime, including violent crimes, is on the rise. The country's murder rate has risen steadily since 1997, with 97 homicides reported in 2007, up from 49 in 2006, and 55 reported murders in 2008 through July 8.16 Violence against women and children and urban gang warfare are cited as serious concerns. The high levels of violence have been attributed to lack of employment opportunities, the increased abuse of alcohol and drugs, and use of weapons, the weakness of state institutions, and a breakdown in the family structure. Though violence tends to be concentrated in urban areas, particularly Belize City, the rising incidence of crime in tourist areas threatens to damage the country's image as a safe and secure tourist destination.

<table>
<thead>
<tr>
<th>Table 2: Key Social Indicators (2005)</th>
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<tbody>
<tr>
<td><strong>Belize</strong></td>
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<tr>
<td>Life expectancy at birth, total (years)</td>
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<tr>
<td>Mortality rate, infant (per 1,000 live births)</td>
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<tr>
<td>Mortality rate, under-5 (per 1,000)</td>
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<tr>
<td>Prevalence of HIV, total (percent of population ages 15-49)</td>
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<tr>
<td>School enrollment, primary (percent net)</td>
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<tr>
<td>School enrollment, secondary (percent net)</td>
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Source: WDI and HDI, UNAIDS

22. **Progress towards achieving the Millennium Development Goals (MDGs) has been mixed.** According to the First Millennium Development Goals Report in 2004 (see Annex E),

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16 Economist Intelligence Unit.
Belize is well poised to meet MDG targets with respect to education, child mortality, and maternal health. However, it is lagging in terms of meeting targets related to extreme poverty, hunger and HIV/AIDS.

F. ENVIRONMENT AND VULNERABILITY TO NATURAL DISASTERS

23. Belize’s rich geographic and biological diversity, consisting of an abundance of terrestrial and marine ecosystems, plant and animal species, is at risk. The country’s main economic activities, including tourism, agriculture, and fishing, are strongly linked to the country’s natural resource base. High deforestation rates, improper solid waste management, rapid coastal development, inadequate institutions and legal framework, and the recent discovery of oil threaten forests and marine resources. The United Nations Common Country Assessment¹⁷ states that around 75 percent of Belize’s population is vulnerable to natural disasters. As such, proper management and sustainable use of the environment is paramount to realizing economic potential in a sustainable manner and mitigating the impact of natural disasters. The country has demonstrated strong commitment to addressing biodiversity and ecosystem conservation issues and has adopted 11 multilateral environmental agreements.

24. Climate change poses several major risks to Belize as most of the population and economic activity is concentrated in coastal areas. Recent reviews of hurricane trends¹⁸ point to intensified storms in the Caribbean Basin that could have major implications for regional ecosystems and human activities (e.g., damage to agriculture production and infrastructure). Climate change associated impacts on coral bleaching also threaten the livelihood of Belize’s population. Coastal zones are at risk of erosion as the result of intense storms and degradation and destruction of the natural protection offered by healthy coral; in addition the coral reef constitutes one of the major tourism attractions in Belize. Belize City is an especially vulnerable case due to its location on low-lying land and on an exposed area of the coast. While the relocation of the capital to Belmopan is widely commended, the move is incomplete and the risk in Belize City therefore remains. Water availability and quality are also threatened by climate change impacts on sea level rise, saline intrusion and variable rainfall trends causing increased flooding in some areas and unusual droughts in other areas. At a regional level, warming climate and rising sea levels will pose significant, and in some cases insurmountable challenges to the region’s economic and social vulnerability.

25. Belize’s capacity for effective disaster risk management has improved in recent years but significant shortcomings remain. The Government of Belize has a National Hazard Mitigation Policy (2004), a National Adaptation Plan (that includes development of an Agricultural Sector Adaptation Strategy) but lacks a Risk Mitigation Policy or Plan. In the wake of Hurricane Mitch (1998), the Government of Belize instituted the National Emergency Management Organization (NEMO), which is responsible for the coordination of disaster preparedness and response activities. While NEMO has benefitted from donor supported (Caribbean Development Bank and Inter-American Development Bank) institutional strengthening programs, it will be important for the organization to move beyond a focus on managing disasters (ex post) into mainstreaming risk management into sector planning and building a culture of ex ante prevention through risk reduction.¹⁹ Because of the risks associated

with climate change, this proactive approach will also require mainstreaming adaptation to climate change considerations into policy development and planning.

IV. CHALLENGES AND COUNTRY PRIORITIES

26. The new administration’s vision is to restore good governance and fiscal prudence as a means to return the country to a sustainable and inclusive growth path. To achieve these goals the government is committed to addressing a number of challenges:

- Restore fiscal sustainability and reduce the debt burden;
- Improve government transparency and accountability;
- Address critical infrastructure needs to support economic development;
- Invest and develop human capital, with a particular focus on reducing drop-out rates and building skills for development and job creation; and
- Carefully manage environmental resources to ensure contribution to improving peoples’ lives today and securing them for future generations.

27. In the absence of a formal development plan, the interim strategy is guided by consultations with the new administration, discussions with other donors and agencies in Belize, the government’s election manifesto, and the budget statement for FY2008/09.  

A. RESTORE FISCAL SUSTAINABILITY AND REDUCE THE DEBT BURDEN

28. The government is committed to pursuing prudent fiscal policies to establish credibility amongst domestic and international investors, and development partners in order to attract the levels of investment necessary for sustainable growth. The challenge is to continue and deepen the adjustment program put in place by the previous administration in order to reduce debt levels and lower the cost of capital. The government’s first budget aimed to ease cost of living increases and increase the government take of oil revenues. The high primary surplus (4 percent), small overall deficit (0.3 percent), and higher capital expenditures envisioned in the budget are consistent with the government’s commitment to fiscal prudence and increasing investment to support growth. The administration has committed to avoiding costly commercial borrowing and has sought financing from traditional and non-traditional sources. However the budget is characterized by increasing dependence on unsustainable revenue sources (oil and external grants) and a large increase in recurrent expenditures (mostly salaries and goods and services). The FY09/10 budget would need to address the deterioration in the fiscal framework to set public finances on a sustainable track.

29. The Government is also committed to enacting the necessary reforms to institutionalize fiscal discipline. Its efforts in this area are hindered by the frail public financial management framework, an absence of effective medium-term planning and budgeting, weak procurement systems and a weak public investment program framework. In addition, existing revenue and expenditure management systems are either absent or not being used at their full capacity, thus weakening existing controls and depriving the government of timely and reliable financial information, critical for the decision-making. The government is committed to developing and implementing an action plan to remedy key shortcomings in this area identified in the ongoing Public Expenditure and Financial Accountability (PEFA) assessment led by the European Commission (EC).

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20 The previous administration produced a National Poverty Eradication Strategy and Action Plan (NPESAP) for 2006-2010, but it has not been endorsed by the new administration. The government has committed to expand on public budget consultation process through the preparation of long term development plan, the Horizon 2030 project.

30. **Government has recognized the need to better manage climate risk at the macro-level, due to its impact on fiscal and debt sustainability.** Reducing the fiscal costs associated with external shocks, which have contributed to recent debt problems, would be paramount to the Government’s objective of achieving fiscal and debt sustainability. To that end, Belize is already a subscriber to the Caribbean Catastrophe Risk Insurance Facility (CCRIF)\(^2\) a parametric insurance facility, operated for Caribbean governments. CCRIF insures government risk and is designed to limit the financial impact of catastrophic hurricanes and earthquakes by quickly providing short term liquidity when a policy is triggered. Government has requested Bank support to develop a comprehensive agriculture risk management strategy, which would seek to help the country cope with systemic weather and price shocks at the Government (sovereign) and farmer levels.

**B. IMPROVE GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY**

31. **The new administration has placed good governance as the hallmark of the administration and its plan to restore sustainable and inclusive growth.** The governance challenges are related to reducing corruption in public office and addressing deficiencies in public financial management. The government has already taken early concrete steps to address governance issues. These include passage of a freedom of information act, term limits for elected officials (including the Prime Minister), and empowering the Senate’s oversight abilities, including to investigate the government. The intention of the freedom of information act is to avoid secret public guarantees of private debt without parliamentary approval. Complementary initiatives include the strengthening of the Offices of Contractor General and Auditor General, as well as review and update of the legal framework regulating these functions.

32. **The Government is committed to addressing the finance constraint subject to strict standards of transparency and accountability.** A key priority of the new government is to actively address the financing gap, created by the closure of the Development Financial Corporation (DFC) by providing credit to Micro, Small, and Medium Enterprises (MSMEs), farmers, students, and homeowners through a revived DFC and enhancing the role of rural credit unions to satisfy rural producers’ credit needs. Improving access to affordable financing would support government efforts to foster growth in agriculture, a key priority for the new administration. The government is pursuing funds from the CDB and International Fund for Agricultural Development (IFAD) for these purposes. The government is committed to ensuring the independence of the revived Development Finance Corporation, to an efficient and effective operation, and one that is subject to the highest standards of accountability. The House of Representatives passed a new DFC act in January 2009 that establishes corporate governance safeguards including a private sector led board and regulatory oversight by the Central Bank.

**C. ADDRESS CRITICAL INFRASTRUCTURE NEEDS TO SUPPORT ECONOMIC DEVELOPMENT**

33. **The government is committed to reversing recent low levels of public investment which have contributed to a slowdown in growth.** The result has been a lack of critical infrastructure investments to support the economic development of tourism and agriculture sectors, as well as to reduce crime. Among the urgent infrastructure needs identified by the Barrow administration are maintaining and upgrading the country’s road network to facilitate economic development in the citrus, sugar, and tourism industries. There is also an urgent need to upgrade urban services and infrastructure to support cruise tourism and combat crime. Government has secured commitments from IDB to finance a solid waste management project and sustainable tourism project, and the Organization of the Petroleum Exporting Countries

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\(^2\)The CCRIF has received technical support from the Bank.
(OPEC) has committed to a follow-on project to Southside (of Belize City) Poverty Alleviation Project. The government has requested the Bank to develop a Municipal Development Project. The priorities identified by mayors during consultations with Government are drainage, street improvement and traffic control. The country is also falling behind in information and communication infrastructure investments to support the modernization and diversification of the public sector and the economy as a whole, as evidenced by the country's decline in its e-government readiness ranking from 97th to 107th place in the world, ahead only of Haiti, Cuba and Dominica in the Caribbean.\(^{23}\)

34. **The provision of safe and affordable housing is a key element of the government's poverty reduction agenda.** Substandard and insufficient housing, are among the factors contributing to deteriorating standards of living in urban areas, particularly the Southside of Belize City, where rapid expansion as a result of migration has led to overcrowding, squatting, and increasing levels of crime and violence. Public sector housing initiatives in the past have been ineffective and poorly targeted, contributing to fiscal problems. Government has requested Bank technical assistance in devising a sustainable approach to the provision of housing to vulnerable groups.

D. SUPPORTING SUSTAINABLE LIVELIHOODS FOR ALL

35. **Central to the government's goal of fostering sustainable and inclusive economic growth, and a sustained reduction in poverty is an educated, healthy and secure citizenry.** The country faces several challenges to realizing the potential of its human resources including crime and violence, weak educational attainment, mismatch of skills and jobs, and the existence of vulnerable groups. The government's crime and violence initiatives include strengthening the legal and institutional framework, including law enforcement, and supporting direct interventions to tackle the root causes of crime and violence. The government has revived the Conscious Youth Development Program (CYDP) which works with youth at risk to counter gang violence by providing viable alternatives. In addition the government seeks to create enabling family conditions by providing support for single mothers through skills training, child care services, and reductions in taxes on medicines and basic food products. The government is also committed to addressing recent cost of living increases, particularly in food prices, and has acted to eliminate taxes on a number of basic food items.

36. **The government's objective is to build a strong and well-targeted social assistance system focused on investment by the poorest families in their human capital, education and health.** The government's main policy initiative in this area is a Conditional Cash Transfers (CCT) program that seeks to reduce high end-of-primary and secondary drop-out rates by lowering the cost burden on poor families of staying in school. The Government has requested Bank support to develop this program, and more generally to assist the government in developing comprehensive and better targeted policy responses and interventions to address pockets of poverty and vulnerability. Another critical challenge facing Belize is the need to better align the educational system with skills demanded by the labor market. Despite tourism's growing importance in the Belizean economy, the curriculum in primary and secondary schools does not encompass tourism nor does the country have a hospitality training institute.

37. **The Government sees recent increases in food prices as an opportunity to increase agriculture production as a means to increase food security, reduce poverty and promote dynamic processes of rural and agricultural development.** The Government's goal is to diversify and enhance the competitiveness of the agriculture sector and upgrade social and

\(^{23}\) UN E-Government Survey 2008.
economic infrastructure. The government has established a National Commodities Commission to advise the Government on the development of an agriculture export strategy. A Belize Marketing Study has been carried out, which identifies the potential of markets for niche-non-traditional products. A National Export Strategy (NES) is currently in the process of being finalized, with IDB support. International donors supporting Belize’s efforts to boost agriculture competitiveness include the European Community, and FAO.

E. ACHIEVING ENVIRONMENTAL SUSTAINABILITY AND REDUCING VULNERABILITY TO NATURAL DISASTERS AND CLIMATE CHANGE

38. The government believes that proper management and sustainable use of its natural resources are critical to long term economic growth. It is therefore committed to safeguarding its natural resources through strengthening institutional and legal frameworks for environmental management and increasing national technical and management capacities for proper natural resources utilization including enforcement of environmental compliance. The main priority identified by the government is solid waste management, and the IDB is developing a National Solid Waste Management Project. The government has also emphasized the need to review and update the National Land Use plan and support the implementation of the National Protected Areas Policy and System to guide decision-making regarding the country’s natural resources.

39. Government is committed to reducing vulnerability to natural disasters and climate change. Belize has taken early action on climate issues, not only participating in the regional efforts at adaptation, but also committing financial and technical resources to the establishment of a center of excellence on climate issues. The Caribbean Community Climate Change Center (CCCCC), located in Belmopan, Belize, was established in 2002 as a response to the need for sound institutional capability in the region and to address, primarily the issue of adaptation to climate impacts.24 The Bank supports these areas through Belize’s participation in the Mainstreaming Adaptation to Climate Change (MACC) project, the objective of which is to facilitate the creation of an enabling environment for climate change adaptation, and the proposed Adaptation to the Intensification of Hurricanes in Central America and the Caribbean project. MACC is supporting the government on this task with the commissioning of a country-level sectoral vulnerability and risk assessment for Belize and a proposed sectoral strategy on adaptation to climate change for water. Belize is also part of the CAPRA initiative, financed by IDB and to be implemented jointly with the World Bank, which would support disaster risk management by providing detailed hazard, vulnerability and risk information and supports tools for risk management decision making in sectors such as financial protection, land use planning and emergency scenarios or climate change analysis.25

V. BANK AND DONOR EXPERIENCE

A. IMPLEMENTATION OF PREVIOUS CAS

40. Implementation of the last CAS was incomplete due to the country’s macroeconomic difficulties. The last CAS was discussed by the Board on September 5, 2000 and covered FYO1-05. The CAS supported four elements of the government’s development agenda: (i) enhancing economic growth, (ii) improving access to and quality of social services,

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24 The CCCCC, which was also supported by the World Bank and the Government of Italy, is now widely recognized as the voice of the region on climate and adaptation issues and continues to be the focal point of an extensive dialogue on climate issues between the World Bank, the region and the Government of Belize.

25 CAPRA is a GFDRR funded and Bank executed project currently piloted in Costa Rica and Nicaragua. The IDB has agreed to finance four additional Central American countries under the CAPRA project and has prepared an Memorandum of Understanding (pending signature by the Bank) for joint implementation of CAPRA in Belize, Guatemala and El Salvador.
(iii) modernizing the state and improving governance, and (iv) implementing policies for environmentally sustainable development. CAS preparation took place amid growing concerns over the country’s deteriorating fiscal stance resulting in a modest base case lending program of US$30 million and the inclusion of benchmarks on fiscal performance, which were agreed upon by authorities. The Roads and Municipal Drainage Project (US$13 million) went to the Board alongside the CAS. Fiscal conditions deteriorated further early in the CAS period, partly attributed to costs associated with damage from two devastating hurricanes (Keith and Iris), and concerns arose over growing non-performing loan ratio in the state development bank (DFC). In mid 2001, the Bank suspended the Education Sector Improvement Project in light of significant deviation from the fiscal performance benchmarks laid out in the CAS. During the CAS period, only one other project was approved, a Supplemental to the Social Investment Fund, which funded cost overrun of the SIF project due to damage from Hurricane Iris. The non-lending activities envisaged for the CAS period were cancelled. The revelation of financial irregularities in the DFC and Social Security Board raised fiduciary problems, which together with fiscal sustainability concerns, served to limit Bank activities through the remainder of CAS period.

41. **On climate issues, the Bank has been involved with the region, including Belize, since 1998.** In fact, World Bank involvement in adaptation to climate change impacts was initiated in the Latin America region with the formulation of the CPACC (Caribbean Planning for Adaptation to Climate Change) Project in 1997, an enabling activity of regional nature, which included all CARICOM nations. It focused on the vulnerability of the island nations of the Caribbean to the impacts of climate change. These efforts continue with MACC and the Implementation of Adaptation Measures in Coastal Zones (SPACC) Project. To date, work on adaptation in the Caribbean constitutes the most comprehensive Bank-wide approach, from which valuable lessons can be derived. The rationale for early involvement was based on a perceived high degree of vulnerability of the ecosystems and economies in the region. An assessment was commissioned (Haites, 2002)\(^\text{26}\) to understand the ecosystem and economic impact.

### B. HISTORICAL PORTFOLIO PERFORMANCE

42. **Portfolio performance during the previous CAS period was good, but project outcomes, as measured by IEG evaluations, were poor** (see table 3). The Roads and Municipal Drainage Project was rated satisfactory by IEG, but a subsequent Project Performance Assessment Report (PPAR)\(^\text{27}\) rated the project as Moderately Unsatisfactory. The Social Investment Fund was rated Moderately Unsatisfactory by IEG.

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>FY00</th>
<th>FY01</th>
<th>FY02</th>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of projects under commitment</td>
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<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Net commitment amount (US$m)</td>
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<td>21.4</td>
<td>21.4</td>
<td>13</td>
<td>13</td>
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<tr>
<td>Total disbursed (US$m)</td>
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<td>13.4</td>
<td>9.4</td>
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</tr>
<tr>
<td>Percent of projects at risk</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>Percent of commitments at risk</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Disbursement Ratio</td>
<td>30.5</td>
<td>124.7</td>
<td>40.7</td>
<td>53.2</td>
<td>43.9</td>
<td>36.5</td>
</tr>
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</table>


\(^{27}\) The project was selected for assessment because there was a concern that follow-up on the institutional issues, as opposed to engineering issues, would be poor. It was also identified as a project with potential safeguard issues.
43. As of September 30, 2008, IFC's disbursed and held portfolios totaled US$4.31 million, for a project in agribusiness. Under the previous CAS, IFC's objectives were limited given the small size of the economy, the relatively slow pace of reform and the active participation of other multilateral and bilateral agencies as well as the Commonwealth Development Corporation. Given the deterioration of the private sector environment in the past CAS period, IFC has not been able to make new commitments since FY98.

44. IFC's business development efforts have focused on: (i) financial markets development and access to finance, (ii) infrastructure, (iii) tourism, and emerging sectors (health and education, and information technology), (iv) improving the business environment (business enabling environment, business edge, SME toolkit). In Belize, the Corporation identified potential opportunities in access to finance (MSME banking and trade finance), and infrastructure. In a joint WB/IFC mission together with IDB in May 2008, IFC participated in meetings with government officials and the private sector. One of the evident key constraints to private sector development is access to finance, especially for MSMEs, agribusiness, and housing.

45. Though Bank activities were limited during the CAS period, some important lessons may be drawn to inform Bank re-engagement. The main lesson is that full government commitment to sound macroeconomic and fiscal management is necessary to achieve CAS objectives. The government's pursuit of macroeconomic policies inconsistent with the benchmarks laid out in the CAS led to the suspension of part of the CAS program and negatively impacted the projects that were executed, resulting in implementation delays and creating risks that underfunding of essential operations and maintenance of infrastructure would continue.

46. Relevant lessons cited in IEG reviews of projects completed during the last CAS are as follows:

- Inadequate attention to local institutions and their governance arrangements may jeopardize achievement of urban development objectives.
- Technical assistance in the form of strategies and plans for infrastructure investment may be ineffectual in the absence of government ownership and a defined medium-term fiscal framework within which to situate them. As this framework was missing in Belize, the technical assistance was ineffective.
- Projects in hurricane risk areas should take safety features to cope with severe storms into account at the design stage.
- Inter-agency cooperation needs considerable and explicit attention and cannot be taken for granted. There must be appropriate incentives for collaboration.

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

C. DEVELOPMENT PARTNERS

48. Fiscal sustainability concerns have adversely impacted all other development partner programs. The fiscal deterioration led to less lending by other key partners, including the CDB and IDB, and a shift in strategic priorities away from poverty alleviation towards dealing with macroeconomic and fiscal imbalances. Details of donor activities are in Annex C. The IDB did not approve any investment lending projects between 2001 and 2005, but engaged in technical cooperation projects to promote private sector development. After the initiation of the adjustment program in 2005, IDB's focus shifted to providing technical assistance for the
orderly winding down of the Development Finance Corporation (DFC) and budget support through a policy based loan during the debt restructuring exercise. Like the IDB, the CDB also reduced lending levels (since 2003) due to Belize's fiscal difficulties and reoriented its program towards activities focused on the resolution of macroeconomic imbalances. CDB maintained its support of the Basic Needs Trust Fund, a poverty reduction program. It also approved a policy based loan in 2006 to help authorities close the fiscal and external financing gaps during the implementation of the adjustment program and debt restructuring strategy.

49. The IDB is currently preparing a new country strategy that includes lending in solid waste management, sustainable tourism, disaster recovery and a policy based loan focused on issues related to education and health reform. The sustainable tourism loan will finance restoration and improvement of facilities in four highly-sought tourism destinations in the country: San Ignacio and surroundings in Cayo District; Ambergris Caye in Belize District; Placencia peninsula in Stann Creek District; and Belize City, and the preparation of a National Tourism Master Plan. The IDB has prepared a series of policy notes (education, disaster risk management, energy, growth diagnostics) to inform the preparation of the country strategy. IDB is also providing technical assistance for an agriculture sector strategy, disaster risk reduction through CAPRA and strengthened results-based management in the public sector.

50. CDB's current portfolio includes a Modernization of Customs Project, two TA grants regarding the modernization of financial regulations (public sector) and the implementation of an appropriate institutional framework for macro-economic management. A Natural Disaster Management Loan is being prepared to finance the reconstruction of an important bridge destroyed by the recent passage of Tropical Storm Arthur. CDB also plans to support Government's decision to revive the DFC as an independent lending institution.

51. The EC has used a mix of financial instruments to finance development cooperation with Belize. The focal area is poverty reduction through integrated rural development; a non-focal area is public sector capacity building. These strategic objectives will be achieved through (a) supporting programmatic approaches to promoting agriculture- and non-agriculture-related rural enterprises, and (b) strategic infrastructure measures to create an enabling environment for rural development. Measures will include the efficiency and competitiveness of traditional agricultural crops, as well as diversification, including value adding and non-agricultural initiatives such as tourism. The EC is leading a PEFA for the purpose of assessing the eligibility of Belize for budgetary support.


53. Belize does not have a formal staff monitored program with the IMF, though Article IV consultations are conducted on a regular basis. Authorities consulted closely with IMF staff in designing and implementing stabilization policies in 2005. Later the IMF provided an Assessment Letter for the international financial community prior to the commercial external debt restructuring. The IMF also provides technical assistance in tax administration, statistics, and monetary policy instruments.
54. Non-traditional donors have played an increasingly important role in recent years. Belize has received critical budget support in the form of grants from non-traditional donors. The Organization of the Petroleum Exporting Countries (OPEC) is financing a Southside (of Belize City) Poverty Alleviation Project, which focuses on infrastructure improvements to support poverty reduction.

55. There are no formal donor coordination mechanisms in Belize. The Ministry of Economic Development coordinates relations with external donors. The IDB and UN agencies (UNDP and UNICEF) have offices in Belize. In recent years donor coordination efforts concentrated on helping Government deal with the macroeconomic problems. The IMF, IDB and CDB worked closely together during the implementation of the adjustment program and ensuing debt restructuring.

56. The new government is committed to reenergizing relations with external partners, and avoiding commercial borrowing. Given the low level of engagement in recent years, the Bank has sought to work closely with other external partners, particularly the IDB, CDB, IMF, UN and EC during the preparation of the ISN. The EU led PEFA exercise has provided an avenue to engage donors on public financial management issues and assess areas where the Bank could contribute. The CCT team has also consulted closely with IDB, UNICEF, CDB, and talks are ongoing with CIDA for cooperation on PFM and e-governance issues under CIDA’s upcoming SEMCAR program.28

D. Current Bank Program

57. The World Bank is supporting the Government of Belize with a Trust Fund for Statistical Capacity Building (TFSCB) grant (US$200,000) and technical cooperation via the Living Standard Measurement Studies (LSMS) survey program. In addition to assistance with the Statistical Institute of Belize’s (SIB) updating of the TFSCB implementation plan, the Bank has been working on technical issues related to achieving data comparability for the Survey of Living Conditions (SLC) (1995, 2002, and 2008).

58. The World Bank is also supervising one active GEF project, Mainstreaming Adaptation to Climate Change for US$10,950,000, in which Belize participates. The objective of the project is to facilitate the creation of an enabling environment for climate change adaptation in CARICOM small island and coastal developing states.29 The Bank is proposing to expand its work on climate change in Belize and the region through an “Adaptation to the Intensification of Hurricanes in Central America and the Caribbean” project under a proposed Special Climate Change Fund (SCCF) grant. The Bank is also preparing a Mesoamerican Barrier Reef System II (MBRS II), the objective is to consolidate on-going efforts on the part of Belize, Guatemala, Honduras and Mexico to manage the Mesoamerican Barrier Reef System (MBRS) as a shared, regional ecosystem and create a transnational regulatory and policy framework for its sustainable use.

VI. Bank Interim Assistance Strategy for 2009-2011

59. The proposed interim strategy for Belize (March 2009 to March 2011) aims to re-establish the Bank as a valued development partner and serve as a bridge to preparing a new CAS in 2011. The program is based on specific requests from the government and the Bank’s comparative advantage with respect to other development partners. It builds on previous Bank

28 Supporting Economic Management in the Caribbean.
29 The participating countries are: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Cooperative Republic of Guyana, Jamaica, St. Christopher and Nevis, Saint Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. The project is scheduled to close in March, 2009.
experience and is aligned to the government’s development strategy. The Bank program is crafted in the spirit of the Paris Declaration and endeavors to work in close coordination with other development partners to avoid duplication and minimize the burden on the public sector.

A. PROPOSED ISN PROGRAM

60. The main focus of the ISN is to provide AAA work to assist the Government in the design and implementation of current policy initiatives, inform Government during the preparation of a medium and long term development strategy (Horizon 2030), which is currently underway, and provide the analytical basis for a long term engagement through a CEM that would seek to explore how to unlock Belize’s growth potential and achieve the goal of reducing persistent poverty levels. Given Belize’s limited borrowing capacity, the Bank would make available up to US$15 million over the ISN period (mid FY09- mid FY11) for one investment loan. The proposed Bank program is built around three ISN pillars, (i) Reduce Vulnerabilities and Support Sustainable Livelihoods, (ii) Strengthen Governance and Accountability, and (iii) Address Critical Infrastructure Needs to Support Economic Development.

Table 4: Proposed Lending, and Analytical and Advisory Activities (FY09-FY11)

<table>
<thead>
<tr>
<th>Fiscal Year 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Fiduciary Action Plan (programmatic through FY10)</td>
</tr>
<tr>
<td>CCT Education non-lending TA: The discussion with the Government is for a two year TA. FY09-10</td>
</tr>
<tr>
<td>Mainstreaming Adaptation to Climate Change (GEF)</td>
</tr>
<tr>
<td>Trust Fund for Statistical Capacity Building (ongoing)</td>
</tr>
<tr>
<td>CAPRA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal Year 2010:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Development Project (Investment Lending)</td>
</tr>
<tr>
<td>Agriculture Risk Management non-lending TA</td>
</tr>
<tr>
<td>Housing and Urban Development, non-lending TA</td>
</tr>
<tr>
<td>Country Economic Memorandum (CEM)</td>
</tr>
<tr>
<td>Information and Communications Infrastructure non-lending TA: pending official government request.</td>
</tr>
<tr>
<td>Mesoamerican Barrier Reef System II (GEF)</td>
</tr>
<tr>
<td>Country Environmental Analysis</td>
</tr>
</tbody>
</table>

Pillar I: Reduce Vulnerabilities and Support Sustainable Livelihoods

The AAA activities supported under this pillar would aim to strengthen Government policies to address the country’s macro and micro vulnerabilities.

61. *Reduce high end-of-primary and secondary drop-out rates.* The Government requested Bank support for the development of a two-year CCT program (Technical Assistance for a Potential Conditional Cash Transfers (CCT) program) that would help reduce drop-out rates, especially among boys aged 10-16 years-old, focusing on completion of primary school and successful transition into secondary education. In addition, TA would assist Government to identify the broader social protection building blocks that would be needed to get results on the

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30 The CEM would focus on growth competitiveness issues and could include chapters on macroeconomic policy, access to finance, skills for growth, and infrastructure.

31 Data shows that only 57% of the boys survived and completed secondary school in 2005/2007 compared to 71% among females. There are a relatively high percentage of secondary school students dropping out of school, particularly among boys, as early as Form I (Grade 9). Moreover, the GoB is aware that high drop-out rates are linked to broader social policy challenges that require an integrated response beyond the education sector.
Government's agenda of poverty alleviation. These activities would support the Government development goal, "supporting sustainable livelihoods of all" and could also be expected to support its commitment to "restore fiscal sustainability" through increasing effectiveness of Government's scarce poverty alleviation resources by employing targeting systems. This work would build bridges between the Bank and the CDB efforts to support the work of the Statistical Institute of Belize, which intends to carry out the Living Standards measurement Survey next spring. The Bank is seeking trust fund resources from CIDA to support this work. In addition, the Bank would work closely with UNICEF in terms of TA provision, co-financing and general dialogue on social policy.

62. Given the complexity of the social policy issues involved and poor institutional capacity in Belize, the proposed TA has a programmatic approach and would follow two phases: 1) assessment of suitability/feasibility of CCT and pilot design; ii) TA to support the Government in the monitoring/evaluation of the pilot as it gets implemented in 3 selected districts (Belize City, Orange Walk and Toledo).

63. Re-orient housing programs to the poor. The proposed Housing and Urban Development non-refundable TA was requested by Government and would support its commitment to provide safe and affordable housing. The diagnostic study would identify the major gaps in housing policy by assessing housing needs, examining existing government housing programs and assessing their effectiveness in reaching needy households. These activities would help the Government to address the continuing allocation of unsuitable land to poor people and thereby support Government's efforts to reduce vulnerability to natural disasters and climate change. The scope of the urban development TA could include (i) the preparation of medium term multi-sectoral development plans for municipalities and (ii) review of property tax programs, which suffer from low tax collection, and (iii) the development of cost recovery for services mechanisms to ensure adequate funds for maintenance of assets.

64. Better manage climate risk in the agriculture sector. The Bank proposes to support the Government in designing a comprehensive agriculture risk management strategy through the proposed non-lending TA. This work would assist Government in managing climate risk (at the farmer and macro level), which has been shown to impact fiscal and debt sustainability. It is a key element of the government's development agenda, and would draw and build on the Bank's extensive experience and leadership in designing risk management mechanisms for Caribbean countries. The Bank would support the development of market based agricultural risk management instruments, in particular agricultural insurance, to help the country cope with systemic weather and price shocks at the Government (sovereign) and farmer levels. This technical assistance will undertake country-specific risk assessments in three countries (including Belize) to examine the vulnerability of the agriculture sector, and the fiscal resources that support it, to systemic climate shocks, and the potential impact of insurance instruments in reducing that vulnerability. The Bank would also continue to engage with Government and other donors to support Government's efforts to enhance agricultural competitiveness.

65. Reduce vulnerability to natural disasters and climate change. The Bank would continue to support Government's commitment through Belize's participation in the Mainstreaming Adaptation to Climate Change (MACC) project and the proposed Adaptation to the Intensification of Hurricanes in Central America and the Caribbean project. Belize is part of the expected expansion of the CAPRA initiative in 2008/2009 jointly with the IDB. The Caribbean

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[32] The proposed work will evaluate the introduction of market-based financial price risk management mechanisms for producers, producer groups and/or financial institutions. These instruments are restricted to commodities with correlated derivative markets or with a trading system that is liquid enough to provide such hedging mechanisms (i.e. coffee, sugar, etc.).
Risk Atlas, a GFDRR grant in preparation, will also support the development of risk evaluation work in Belize with a particular focus on climate change scenario analysis. It is also proposed to conduct a Country Environmental Analysis.

Pillar II: Strengthen Governance and Accountability

66. This pillar would support the Government’s commitment to establish good governance as the hallmark of its administration. The Bank’s activities would build upon the momentum of the administration’s early good governance efforts (see section II.A) and focus on improvements in the PFM and procurement framework, local government strengthening, and increased transparency in social service delivery.

67. Strengthen the PFM and public procurement framework, and improve government transparency and accountability. An EU-led PEFA, completed in January 2009, provides an entry point for the Bank to collaborate with key donors (EU, IDB, CIDA and CDB) and the government on PFM as well as to explore potential follow-on AAA which could include an integrated fiduciary action plan tailored to the needs of a small country. This action plan will focus on such key areas as long and medium-term planning and budgeting, revenues and expenditure management, external audit and enhancing the performance and monitoring of public procurement. By targeting a number of issues with a significant impact on government transparency and accountability, it will be directly linked to a broader governance and anti-corruption agenda. It will also aid the future implementation of the donor-financed projects by helping to manage an elevated level of fiduciary risk currently existing in Belize. The Bank is seeking grant resources, including from the Institutional Development Fund, to support these efforts through capacity building in key government institutions. The Bank would coordinate its efforts with IDB and EC in order to find the most appropriate areas of Bank intervention. The Bank is also engaged in discussions with CIDA and the IMF for cooperation in the implementation of CIDA’s upcoming SEMCAR program, aimed at improving economic management in the region, through policy interventions in PFM, tax administration and customs, among others, as well as corresponding investments in modern information and communication technologies to support these policies.

68. Increase transparency in social service delivery. The Bank will support the Government in piloting a transparent and objective targeting mechanism for the selection of CCT beneficiaries. The Municipal Development Project, discussed below, would contain a heavy emphasis on local government strengthening.

Pillar III: Address Critical Infrastructure Needs to Support Economic Development

69. This pillar would support a component of the Government’s overall strategy, together with OPEC and IDB projects focused on Belize City and San Pedro, to increase the provision of infrastructure to support economic development. The operation would also mutually reinforce Government efforts to mainstream climate change adaptation and disaster risk management into policy making.

70. Improve coverage and quality of municipal infrastructure. The choice of the lending operation, a Municipal Development Project, reflects careful consideration of Belize’s infrastructure needs, other donor activities, and the Bank’s comparative advantage. Government requested the Bank to focus on municipal infrastructure in secondary towns due to its experience with the Municipal Roads and Drainage Project on which the proposed project would be expected to build. The objective of the proposed project would be to improve and maintain municipal service delivery.
There are clear infrastructure needs in all of the towns, but the sheer scale of the needs is beyond the scope of the project to support, and would also be beyond the ability of the town councils to maintain with their own resources. Therefore, prioritization of infrastructure needs is essential. Drainage needs are particularly important, both as the first Bank-financed project lacked funds to fully address all the needs and because the towns are growing rapidly and need solutions for new areas. The second important area to emerge is that of traffic management to address increasing congestion and traffic problems. This is an opportune moment to help towns with traffic issues - including roads and road architecture, as well as management, signage and so on as responsibility for the transport department has recently been devolved to the town councils. Other possible municipal infrastructure investments include: social infrastructure/facilities; public spaces, parks, and tourism enhancements; bridges (smaller municipal type); markets; and street lighting. A number of key 'soft' municipal issues will also be addressed through the proposed project including: revenue strengthening; council accountability; citizen participation; town planning (including disaster risk mitigation and climate change adaptation); as well as assistance with Central Government framework for municipal development (e.g. transfer formula, land ownership information system, land use framework, etc.).

Furthermore, the Bank is proposing to expand its regional work on telecommunications, information technology and e-government to include Belize under a broad regional information and communications infrastructure program aimed at leveraging the potential of the new technologies in terms of opportunities for trade and competitiveness, economic diversification and social development, as well as overall regional integration. The initial phase of Belize's participation in this regional program would involve a Non-Lending Technical Assistance activity aimed primarily at supporting the government in improving the efficiency and competitiveness of the country's telecommunications sector, while identifying options for increased access to information and communication technologies by government, private sector and individuals, with a particular focus on rural areas. IFC could play an important downstream investment role in this important sector.

The Bank has maintained ongoing consultations with the new administration and other external partners during the preparation of the ISN, and held discussions on the ISN draft with Government, which is in agreement with the possible interventions by the Bank in response to the main priorities of the government. The proposed Bank program has benefitted from the Government's extensive public consultations conducted in May and June 2008 during the preparation of the FY2008/09 budget. The government's request for a Bank funded Municipal Development Project was the result of Government consultations with the Mayors' Association. The Bank has also consulted closely with other donors, particularly the CDB, EC, IDB, IMF and the UN. The ISN period will overlap with the Government's preparation of its medium term economic strategy and long term Vision 2030 development plan. The Bank will participate in, and benefit from, public consultations around that process. Further discussions and public consultations will take place during the course of the ISN period through the project preparation process for the Municipal Development Project and AAA activities. For example, the municipal development team will be consulting with the beneficiaries (communities) of the proposed project through the project preparation process, Social Assessment, public consultations on the

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73. **B. CONSULTATIONS**

The following is a list of persons/agencies included in the consultations: Belize Enterprise for Sustained Technology, Chamber of Commerce and Industry, Belize Business Bureau, National and District Associations of Village Councils, representatives of the tourism industry, Women's Issues Network of Belize, Agro-Productive Sector Group, Trade Union Congress of Belize, fisheries sector, environmental sector, Belize Association of Insurance and financial Advisers, Belize Livestock Association, Belize Mayors Association
Environmental Assessment and Framework, and consultations on the proposed infrastructure investments. Similarly, the Bank will participate in the public consultations for the CCT pilot. The CEM would be disseminated in coordination with the University of Belize, which has played an important role in public policy processes in the country.

C. TRUST FUNDS

74. The Bank is actively seeking Trust Fund resources to enhance the development impact of the proposed activities in the ISN. Ongoing trust funds include the Statistical Capacity Building project (TFSCB) and regional GEF -- Mainstreaming Adaptation to Climate Change project. The planned IDF grant (Building Institutional Capacity of the Auditor General and Improving Quality of Public Procurement) would complement the diagnostic work (e.g. OECD/DAC planned by IDB) and development of an action plan envisioned under the planned PFM work (Integrated Fiduciary Action Plan) with critical capacity building activities in an effort to create a cadre of qualified procurement professionals and assistance in updating procurement legislation. The Bank is also seeking TF resources from CIDA to support PFM activities, a crime and violence pilot34, and the agriculture risk management project. These activities are closely aligned with Government priorities as depicted in Annex B1.

D. IFC

75. In the past year, as part of the Bank Group effort to reactivate WBG activities in Belize, IFC made several visits to Belize to identify private investment opportunities that would lead to sustainable income generating activities notably in the MSMEs sector. In the past 2 years, adopting a more regional approach, IFC increased its activities in the English Speaking Caribbean which includes the Bahamas, Barbados, Belize, Guyana, Jamaica, the OECS countries, and Trinidad and Tobago.

76. In the short term, IFC will focus its activities on developing MSME banking and trade finance, as well as improving the business environment. Some of these activities, notably trade finance, are likely to support the agribusiness sector. In the medium term, IFC will look into those activities where WBG synergies can be maximized such as infrastructure investment involving PPPs, where it could apply its advisory services and investment products. Additional activities in the financial sector could involve the use of local currency financing instruments and include housing finance, rural credit or student loans. This will, however, depend on the new DFC and its complementarity with private sector financing. Human capital and skills building is a likely fourth area of intervention as IFC rolls outs its business edge and SME toolkit throughout the English Speaking Caribbean. Should opportunity arise, IFC will selectively consider growth and income generating projects involving tourism, and natural resource management.

E. MONITORING AND EVALUATION

77. This ISN is results-oriented and will be monitored and evaluated using benchmark performance indicators included in Annex B1. Performance will be measured according to results obtainable during the two year ISN period. Given limited ongoing activities, the success of the ISN will be evaluated according to the impact of Bank activities on the public policy process and measured by the Government’s demand for Bank support beyond the ISN period. Specific indicators and mechanisms for monitoring and evaluation will be finalized with Government during consultations described in the ISN. The Bank will rely on government data

34 The potential crime and violence pilot draws from extensive Bank experience in the Caribbean and would aim to assist client governments in improving the effectiveness of their crime and violence prevention strategies by testing integrated approaches to youth-at risk in violent hotspots/conflict-affected communities.
to track progress toward these goals. The Bank will support government efforts to improve collection and analysis of economic, social and poverty data through its support of the Statistical Institute of Belize (TFSCB) and TA to support the Government in the monitoring/evaluation of the pilot CCT program.

VII. MANAGING RISKS

78. Although the proposed program is modest, Belize’s high level of indebtedness, vulnerability to natural disasters, and lack of Bank knowledge of the country’s systems pose high levels of risk.

79. Despite the 2007 debt restructuring exercise, public external debt levels remain high at 72 percent of GDP. IBRD exposure to Belize is US$21 million, or 1.5 percent of GDP. Fiscally sound policies, including running substantial primary fiscal surpluses, in order to bring debt levels down to sustainable levels, and a debt management strategy that relies exclusively on official financing for the near future will help mitigate this risk.

80. The global slowdown and financial crisis could negatively impact growth through a slowdown in tourism, FDI and remittances, and lower international oil prices could reduce fiscal revenues. Though the near term impact of the crisis on the banking system appears limited, the Bank will monitor developments in coordination with the IMF. The debt restructuring has given Belize some additional fiscal space and greater predictability on its interest payments. But the pegged exchange rate, when the external balances are deteriorating and reserves cover only two months of imports, could limit the room for policy maneuver. Government is committed to taking necessary actions, including revenue measures and expenditure constraint, to confront deteriorating conditions.

81. 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. To mitigate this risk, the Bank would seek to use existing Project Implementation Units (PIUs) from other International Financial Institution projects and engage in extensive supervision of project activities. In addition, the Bank’s work under the Pillar II: Strengthen Governance and Accountability will help the country to effectively implement internally and externally funded projects in support of its development agenda.

82. Belize remains vulnerable to natural disasters and the effects of climate change. While NEMO has increased its capacity to prepare for and manage disasters, Belize still lacks a comprehensive disaster risk management program. The CDB and IDB continue to provide support in this area, and the Bank will also contribute through joint-implementation of CAPRA initiative with IDB. The Bank will continue to support Belize in its efforts to create an enabling environment for climate change adaptation through existing and planned GEF activities. The proposed agriculture risk management TA would help the country manage weather and price risk at macro and micro level. Belize is also a participant in CCRIF, which provides liquidity in case its parametric values are triggered.

83. Governance concerns and a weak public financial management and procurement framework pose a risk to Bank re-engagement with Belize. The key for mitigating these risks is the new government’s firm commitment to improving the governance and PFM framework, and its initial actions in this direction, including the PEFA. The Bank’s proposed program aims to support the government in these efforts as well as to safeguard Bank investments and build its knowledge base. The Bank will build on PEFA findings to strengthen PFM and public procurement functions. Initiatives to strengthen governance are planned to be mainstreamed into future projects/operations/activities starting with the Belize Municipal Development Project
would 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 project specific procurement measures could 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.
Annex A1: Belize at a Glance

Belize at a glance

Key Development Indicators

(2007)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Belize</th>
<th>Latin America &amp; Caribbean</th>
<th>Upper middle income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population, mid-year (millions)</td>
<td>0.31</td>
<td>593</td>
<td>823</td>
</tr>
<tr>
<td>Surface area (thousand sq. km)</td>
<td>23</td>
<td>20,421</td>
<td>41,497</td>
</tr>
<tr>
<td>Urban population (% of total population)</td>
<td>2.1</td>
<td>12.2</td>
<td>2.8</td>
</tr>
<tr>
<td>GNI (Atlas method, US$ billions)</td>
<td>1.2</td>
<td>3,118</td>
<td>5,750</td>
</tr>
<tr>
<td>GNI per capita (Atlas method, US$)</td>
<td>3,970</td>
<td>5,540</td>
<td>6,987</td>
</tr>
<tr>
<td>GNI per capita (PPP, international $)</td>
<td>5,100</td>
<td>9,320</td>
<td>11,868</td>
</tr>
<tr>
<td>GDP growth (%)</td>
<td>1.2</td>
<td>5.7</td>
<td>5.8</td>
</tr>
<tr>
<td>GDP per capita growth (%)</td>
<td>0.1</td>
<td>4.5</td>
<td>5.1</td>
</tr>
</tbody>
</table>

(most recent estimate, 2000–2007)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2000</th>
<th>2000–07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty headcount ratio at $1.25 a day (PPP, %)</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Life expectancy at birth (years)</td>
<td>72</td>
<td>73</td>
</tr>
<tr>
<td>Infant mortality (per 1,000 live births)</td>
<td>14</td>
<td>22</td>
</tr>
<tr>
<td>Child malnutrition (% of children under 5)</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Adult illiteracy, male (% of ages 15 and older)</td>
<td>91</td>
<td>94</td>
</tr>
<tr>
<td>Adult illiteracy, female (% of ages 15 and older)</td>
<td>89</td>
<td>92</td>
</tr>
<tr>
<td>Gross primary enrolment, male (% of age group)</td>
<td>125</td>
<td>120</td>
</tr>
<tr>
<td>Gross primary enrolment, female (% of age group)</td>
<td>121</td>
<td>116</td>
</tr>
<tr>
<td>Access to an improved water source (% of population)</td>
<td>91</td>
<td>91</td>
</tr>
<tr>
<td>Access to improved sanitation facilities (% of population)</td>
<td>47</td>
<td>78</td>
</tr>
</tbody>
</table>

Net Aid Flows

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net ODA and official aid (US$ millions)</td>
<td>15</td>
<td>30</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td>Aid (% of GNI)</td>
<td>7.5</td>
<td>7.5</td>
<td>1.9</td>
<td>0.7</td>
</tr>
<tr>
<td>Aid per capita (US$)</td>
<td>99</td>
<td>180</td>
<td>59</td>
<td>26</td>
</tr>
</tbody>
</table>

Long-Term Economic Trends

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer prices (annual % change)</td>
<td>4.3</td>
<td>2.3</td>
<td>2.8</td>
</tr>
<tr>
<td>GDP implicit deflator (annual % change)</td>
<td>2.8</td>
<td>1.2</td>
<td>2.7</td>
</tr>
<tr>
<td>Exchange rate (annual average, local per US$)</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Terms of trade index (2000 = 100)</td>
<td>100</td>
<td>99</td>
<td>94</td>
</tr>
</tbody>
</table>

Note: Figures in italics are for years other than those specified. 2007 data are preliminary. ... indicates data are not available.

a. Aid data are for 2006.

Development Economics, Development Data Group (DECDG).
**Balance of Payments and Trade**  
(US$ millions)

<table>
<thead>
<tr>
<th>Item</th>
<th>2000</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total merchandise exports (fob)</td>
<td>260</td>
<td>429</td>
</tr>
<tr>
<td>Total merchandise imports (cif)</td>
<td>462</td>
<td>842</td>
</tr>
<tr>
<td>Net trade in goods and services</td>
<td>-168</td>
<td>18</td>
</tr>
<tr>
<td>Workers' remittances and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>compensation of employees (receipts)</td>
<td>22</td>
<td>75</td>
</tr>
<tr>
<td>Current account balance</td>
<td>-165</td>
<td>-43</td>
</tr>
<tr>
<td>as a % of GDP</td>
<td>-19.9</td>
<td>-4.0</td>
</tr>
<tr>
<td>Reserves, including gold</td>
<td>114</td>
<td>73</td>
</tr>
</tbody>
</table>

**Central Government Finance**

(% of GDP)

<table>
<thead>
<tr>
<th>Item</th>
<th>2000</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current revenue (including grants)</td>
<td>22.0</td>
<td>28.9</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>18.0</td>
<td>21.2</td>
</tr>
<tr>
<td>Current expenditure</td>
<td>17.8</td>
<td>24.9</td>
</tr>
<tr>
<td>Overall surplus/deficit</td>
<td>-8.1</td>
<td>-1.1</td>
</tr>
</tbody>
</table>

**External Debt and Resource Flows**

(US$ millions)

<table>
<thead>
<tr>
<th>Item</th>
<th>2000</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt outstanding and disbursed</td>
<td>912</td>
<td>1,015</td>
</tr>
<tr>
<td>Debt service</td>
<td>76</td>
<td>125</td>
</tr>
<tr>
<td>Debt relief (HIPC, MDR)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total debt (% of GDP)</td>
<td>73.5</td>
<td>79.5</td>
</tr>
<tr>
<td>Total debt service (% of exports)</td>
<td>16.2</td>
<td>17.0</td>
</tr>
<tr>
<td>Foreign direct investment (net inflows)</td>
<td>23</td>
<td>111</td>
</tr>
<tr>
<td>Portfolio equity (net inflows)</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>

**Composition of total external debt, 2006**

<table>
<thead>
<tr>
<th>Category</th>
<th>US$ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official Sector Debt</td>
<td></td>
</tr>
<tr>
<td>IBRD</td>
<td></td>
</tr>
<tr>
<td>Total debt outstanding and disbursed</td>
<td>40</td>
</tr>
<tr>
<td>Disbursements</td>
<td>2</td>
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<tr>
<td>Principal repayments</td>
<td>4</td>
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<tr>
<td>Interest payments</td>
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</tr>
<tr>
<td>IDA</td>
<td></td>
</tr>
<tr>
<td>Total debt outstanding and disbursed</td>
<td>0</td>
</tr>
<tr>
<td>Disbursements</td>
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</tr>
<tr>
<td>Total debt service</td>
<td>0</td>
</tr>
<tr>
<td>IPC</td>
<td></td>
</tr>
<tr>
<td>Total disbursed and outstanding portfolio</td>
<td>11</td>
</tr>
<tr>
<td>of which IPC own account</td>
<td>11</td>
</tr>
<tr>
<td>Disbursements for IPC own account</td>
<td>1</td>
</tr>
<tr>
<td>Portfolio sales, prepayments and repayments for IPC own account</td>
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</tr>
<tr>
<td>MGA</td>
<td></td>
</tr>
<tr>
<td>Gross exposure</td>
<td></td>
</tr>
<tr>
<td>New guarantees</td>
<td></td>
</tr>
</tbody>
</table>

Note: Figures in italics are for years other than those specified. 2007 data are preliminary.  
- Indicates data are not available. -- indicates observation is not applicable.

Development Economics, Development Data Group (DECDG).
Millennium Development Goals

**Belize**

With selected targets to achieve between 1990 and 2015
(estimate closest to date shown, +/- 2 years)

### Goal 1: halve the rates for extreme poverty and malnutrition

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty headcount ratio at $1.25 a day (PPP, % of population)</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Poverty headcount ratio at national poverty line ( % of population)</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Share of income or consumption to the poorest quintile (%)</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Prevalence of malnutrition (% of children under 5)</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

### Goal 2: ensure that children are able to complete primary schooling

- **Primary school enrollment (net, %)**
  - 1990: 66
  - 2000: 96
  - 2007: 97
- **Primary completion rate (% of relevant age group)**
  - 1990: 62
  - 2000: 99
  - 2007: 124
- **Secondary school enrollment (gross, %)**
  - 1990: 44
  - 2000: 68
  - 2007: 79
- **Youth literacy rate (% of people ages 15-24)**
  - 1990: 76
  - 2000: ... 
  - 2007: ... 

### Goal 3: eliminate gender disparity in education and empower women

- **Ratio of girls to boys in primary and secondary education (%)**
  - 1990: ... 
  - 2000: 99
  - 2007: 100
- **Women employed in the nonagricultural sector (% of nonagricultural employment)**
  - 1990: ... 
  - 2000: 39
  - 2007: 40
- **Proportion of seats held by women in national parliament (%)**
  - 1990: 0
  - 2000: 3
  - 2007: 7

### Goal 4: reduce under-5 mortality by two-thirds

- **Under-5 mortality rate (per 1,000)**
  - 1990: 43
  - 2000: 30
  - 2007: 23
- **Infant mortality rate (per 1,000 live births)**
  - 1990: 36
  - 2000: 26
  - 2007: 20
- **Measles immunization (proportion of one-year olds immunized, %)**
  - 1990: 86
  - 2000: 83
  - 2007: 95

### Goal 5: reduce maternal mortality by three-fourths

- **Maternal mortality ratio (modeled estimate per 100,000 live births)**
  - 1990: ... 
  - 2000: 77
  - 2007: 83
- **Births attended by skilled health staff (% of total)**
  - 1990: 47
  - 2000: 56
  - 2007: ...
- **Contraceptive prevalence (% of women ages 15-49)**
  - 1990: ... 
  - 2000: ... 
  - 2007: ...

### Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases

- **Prevalence of HIV (% of population ages 15-49)**
  - 1990: ... 
  - 2000: ... 
  - 2007: 2.1
- **Incidence of tuberculosis (per 100,000 people)**
  - 1990: ... 
  - 2000: ... 
  - 2007: ...
- **Tuberculosis cases detected under DOTS (%)**
  - 1990: 49
  - 2000: 49
  - 2007: 49

### Goal 7: halve the proportion of people without sustainable access to basic needs

- **Access to an improved water source (% of population)**
  - 1990: ... 
  - 2000: 91
  - 2007: 91
- **Access to an improved sanitation facility (% of population)**
  - 1990: ... 
  - 2000: 47
  - 2007: 47
- **Forest area (% of total land area)**
  - 1990: 72.5
  - 2000: 72.5
  - 2007: 72.5
- **Nationally protected areas (% of total land area)**
  - 1990: ... 
  - 2000: ... 
  - 2007: 46.3
- **CO2 emissions (in metric tons per capita)**
  - 1990: 1.6
  - 2000: 1.7
  - 2007: 2.8
- **GDP per unit of energy use (constant 2005 PPP $ per kg of oil equivalent)**
  - 1990: ... 
  - 2000: ... 
  - 2007: ...

### Goal 8: develop a global partnership for development

- **Telephone mainlines (per 100 people)**
  - 1990: 9.2
  - 2000: 13.4
  - 2007: 14.3
- **Mobile phone subscribers (per 100 people)**
  - 1990: 0.0
  - 2000: 0.7
  - 2007: 6.7
- **Internet users (per 100 people)**
  - 1990: 0.0
  - 2000: 0.0
  - 2007: 6.0

### Education Indicators (%)

<table>
<thead>
<tr>
<th>2002</th>
<th>2004</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

- **Primary net enrollment ratio**
- **Ratio of girls to boys in primary & secondary education**

### ICT indicators (per 1,000 people)

<table>
<thead>
<tr>
<th>2002</th>
<th>2004</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

- **Fixed & mobile subscribers**
- **Internet users**

Note: Figures in italics are for years other than those specified. ... indicates data are not available.
## Annex B1: Results Monitoring Framework

<table>
<thead>
<tr>
<th>Country Development Goals</th>
<th>Issues and Obstacles</th>
<th>ISN Outcomes</th>
<th>Milestones</th>
<th>Bank Program (and Partners)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pillar I:</strong> REDUCE VULNERABILITIES AND SUPPORT SUSTAINABLE LIVELIHOODS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce high end-of-primary and secondary drop-out rates</td>
<td>Lack of strong and well-targeted social assistance program</td>
<td>Outcomes: Political consensus on initiation of CCT pilot achieved. Increased technical capacity of Government staff to design and implement CCT program. Indicators: Cabinet approves Memorandum on CCT pilot. CCTWG(^{35}) designs CCT pilot ready for implementation.</td>
<td>CCTWG active in developing building blocks and operational guidelines of CCT program (January to June 2009). CCTWG develops targeting mechanism and establishes registry of beneficiaries (June 2009).</td>
<td>AAA: CCT TA Trust Fund: CIDA (proposed) TFSCB (ongoing) Other Donors: IDB PBL on education and health reform</td>
</tr>
<tr>
<td>Housing programs become more pro-poor</td>
<td>Current housing programs have been ineffective and poorly targeted.</td>
<td>Outcome: Foundation laid for stakeholder consensus on pro-poor housing policy. Indicator: Stakeholder consultations are held to discuss findings of diagnostic study and an action plan to mainstream findings into current and planned housing policies is produced.</td>
<td>Government completes inventory of existing housing programs. (December 2009)</td>
<td>AAA: Housing and Urban Development TA</td>
</tr>
<tr>
<td>Better manage climate risk in the agriculture sector (at the farmer and at the macro-level) to</td>
<td>Need to move from the current reactive system of ex-post assistance after a disaster, to a more ex-ante program for reaching</td>
<td>Outcome: Enhance country’s ability to manage weather and price risks at macro and micro level.</td>
<td>Agricultural climate risk maps and climate data inventory completed (December 2009).</td>
<td>AAA: Agriculture Risk Management TA Country Environmental</td>
</tr>
</tbody>
</table>

\(^{35}\) Conditional Cash Transfer Working Group (CCTWG) is a small, dedicated technical group including Chief Executive Officers (CEOs) and policy directors of key relevant ministries (Health, Human Development, Education, Youth and Economic Development).
<table>
<thead>
<tr>
<th>Country Development Goals</th>
<th>Issues and Obstacles</th>
<th>ISN Outcomes</th>
<th>Milestones</th>
<th>Bank Program (and Partners)</th>
</tr>
</thead>
<tbody>
<tr>
<td>reduce the fiscal burden</td>
<td>vulnerable farmers and consumers.</td>
<td>Indicators: One innovative agricultural insurance contract for small farmers (June 2010) Baseline: Agricultural insurance market is non-existent.</td>
<td>Agriculture Risk Management Strategy developed and workshop conducted with stakeholders (January 2010)</td>
<td>Analysis</td>
</tr>
</tbody>
</table>

**Pillar II: STRENGTHEN GOVERNANCE AND ACCOUNTABILITY**

<p>| Strengthen the PFM and procurement framework, and improve government transparency and accountability | Need to strengthen PFM and procurement systems in support of fiscal consolidation efforts. | Outcome: Improved (upgraded) PFM and procurements systems, would simplify and expedite the implementation of the internally and externally funded projects in support of its development agenda. On a broader level, improved scrutiny would help to ensure the government's adherence to the budget execution in line with its stated policies, thus enhancing the aggregate fiscal discipline and strategic allocation of available resources. Indicator: Increase (from zero) the number of government projects assisted by trained procurement specialists by the end of 2011. Baseline: None of the government staff assisting the public procurement function has received training in internationally recognized procurement. | PEFA assessment completed report, workshop held (December 2008) OECD-DAC assessment (first half of 2009) Integrated Fiduciary Action Plan completed (FY10) Capacity building activities for the public procurement and external audit functions implemented; 10-15 procurement specialists and 20-30 auditors trained (FY10-11) | AAA: Integrated Fiduciary Action Plan (joint with IDB and EC) CEM Trust Funds: Proposed IDF: Building Institutional Capacity of the Auditor General and Improving Quality of Public Procurement Proposed: Co-implementation of CIDA-financed SEMCAR program Other donor: EC PEFA; IDB OECD-DAC |</p>
<table>
<thead>
<tr>
<th>Country Development Goals</th>
<th>Issues and Obstacles</th>
<th>Issues and Obstacles</th>
<th>Bank Program (and Partners)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve coverage and quality of municipal infrastructure</td>
<td>Lack of investment in municipal infrastructure, particularly roads and drainage, due to fiscal situation and unsustainable municipal finances.</td>
<td>Government requests project preparation facility (PPP) (December 2008)</td>
<td>Leading: Municipal Infrastructure Project (US$15 million)</td>
</tr>
</tbody>
</table>

**Pillar III: ADDRESS CRITICAL INFRASTRUCTURE NEEDS TO SUPPORT ECONOMIC DEVELOPMENT**

- Government appoints preparation/implementation working group (July 2009)
- Municipal development plans completed and adopted by town councils
Annex B2: Selected Indicators of Bank Portfolio Performance and Management

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Portfolio Assessment</strong></td>
<td></td>
</tr>
<tr>
<td>Number of Projects Under Implementation *</td>
<td>0</td>
</tr>
<tr>
<td>Average Implementation Period (years) *</td>
<td>0.0</td>
</tr>
<tr>
<td>Percent of Problem Projects by Number a,c</td>
<td>0.0</td>
</tr>
<tr>
<td>Percent of Problem Projects by Amount a,c</td>
<td>0.0</td>
</tr>
<tr>
<td>Percent of Projects at Risk by Number a,d</td>
<td>0.0</td>
</tr>
<tr>
<td>Percent of Projects at Risk by Amount a,d</td>
<td>0.0</td>
</tr>
<tr>
<td>Disbursement Ratio (%) *</td>
<td>57.5</td>
</tr>
</tbody>
</table>

**Portfolio Management**

CPPR during the year (yes/no)

Supervision Resources (total US$)

Average Supervision (US$/project)

<table>
<thead>
<tr>
<th>Memorandum Item</th>
<th>Since FY 80</th>
<th>Last Five FYs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proj Eval by OED by Number</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Proj Eval by OED by Amt (US$ millions)</td>
<td>80.5</td>
<td>12.5</td>
</tr>
<tr>
<td>% of OED Projects Rated U or HU by Number</td>
<td>22.2</td>
<td>0.0</td>
</tr>
<tr>
<td>% of OED Projects Rated U or HU by Amt</td>
<td>14.5</td>
<td>0.0</td>
</tr>
</tbody>
</table>

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: Proposed IBRD/IDA Base-Case Lending

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Proj ID</th>
<th>US$(M)</th>
<th>Strategic Rewards b (H/M/L)</th>
<th>Implementation b Risks (H/M/L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>BZ Municipal Development Project</td>
<td>15.0</td>
<td>H</td>
<td>H</td>
</tr>
<tr>
<td>Overall Result</td>
<td></td>
<td>15.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex B4: Summary of Non-lending Services

<table>
<thead>
<tr>
<th>Product</th>
<th>Completion FY</th>
<th>Cost (US$000)</th>
<th>Audience</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust Fund for Statistical Capacity Building</td>
<td></td>
<td></td>
<td></td>
<td>KG, PS</td>
</tr>
<tr>
<td>GEF MACC 6R Mainstreaming Adapt to Climate Change</td>
<td></td>
<td></td>
<td></td>
<td>KG, PS</td>
</tr>
<tr>
<td>Integrated Fiduciary Action Plan</td>
<td>FY09-10</td>
<td></td>
<td>G, B, D</td>
<td>KG, PS</td>
</tr>
<tr>
<td>CCT Education non-lending TA</td>
<td>FY09-10</td>
<td>80</td>
<td>G, B, D</td>
<td>KG, P</td>
</tr>
<tr>
<td>Housing and Urban Development, non-lending TA</td>
<td></td>
<td></td>
<td>G</td>
<td>KG</td>
</tr>
<tr>
<td>Agriculture Risk Management non-lending TA</td>
<td>FY10</td>
<td></td>
<td>G, B, D</td>
<td>KG, PS</td>
</tr>
<tr>
<td>Country Economic Memorandum</td>
<td>FY10</td>
<td></td>
<td>G, B, D</td>
<td>KG, PS</td>
</tr>
<tr>
<td>Country Environmental Analysis</td>
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<td></td>
<td>G, B, D</td>
<td>KG, PS</td>
</tr>
<tr>
<td>Implementation of Adaptation Measures in Coastal Zones (SPACC) Project</td>
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<td></td>
<td>G, B, D</td>
<td>KG, PS</td>
</tr>
<tr>
<td>MBRS II</td>
<td></td>
<td></td>
<td>G, B, D</td>
<td>KG, PS</td>
</tr>
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</table>

Annex B6: Belize - Key Economic Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>National accounts (as % of GDP)</td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>Gross domestic product*</td>
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<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<td>Agriculture</td>
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<td>Industry</td>
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<td>17</td>
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<td>21</td>
<td>21</td>
<td>20</td>
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<td>19</td>
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<td>Services</td>
<td>66</td>
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<td>Total Consumption</td>
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<td>84</td>
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<tr>
<td>Gross domestic fixed investment</td>
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<td>19</td>
<td>19</td>
<td>17</td>
<td>17</td>
<td>16</td>
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<td>16</td>
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<tr>
<td>Exports (GNFS)</td>
<td>53</td>
<td>51</td>
<td>55</td>
<td>64</td>
<td>65</td>
<td>69</td>
<td>62</td>
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<tr>
<td>Imports (GNFS)</td>
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<td>64</td>
<td>63</td>
<td>64</td>
<td>73</td>
<td>70</td>
<td>69</td>
<td>68</td>
</tr>
<tr>
<td>Gross domestic savings</td>
<td>6</td>
<td>10</td>
<td>10</td>
<td>18</td>
<td>18</td>
<td>17</td>
<td>17</td>
<td>16</td>
<td>16</td>
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<tr>
<td>Gross national savings</td>
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<tr>
<td>Memorandum items</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross domestic product</td>
<td>988</td>
<td>1056</td>
<td>1115</td>
<td>1213</td>
<td>1277</td>
<td>1367</td>
<td>1430</td>
<td>1500</td>
<td>1574</td>
</tr>
<tr>
<td>(US$ million at current prices)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>GNI per capita (US$, Atlas method)</td>
<td>3410</td>
<td>3520</td>
<td>3570</td>
<td>3740</td>
<td>3790</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Real annual growth rates (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross domestic product at market prices</td>
<td>9.3</td>
<td>4.6</td>
<td>3.0</td>
<td>4.7</td>
<td>1.2</td>
<td>2.0</td>
<td>2.0</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Balance of Payments (US$ millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports (GNFS)</td>
<td>528</td>
<td>543</td>
<td>618</td>
<td>782</td>
<td>827</td>
<td>943</td>
<td>891</td>
<td>989</td>
<td>1037</td>
</tr>
<tr>
<td>Merchandise FOB</td>
<td>316</td>
<td>308</td>
<td>325</td>
<td>427</td>
<td>429</td>
<td>520</td>
<td>491</td>
<td>545</td>
<td>571</td>
</tr>
<tr>
<td>Imports (GNFS)</td>
<td>655</td>
<td>629</td>
<td>715</td>
<td>762</td>
<td>809</td>
<td>992</td>
<td>1000</td>
<td>1041</td>
<td>1062</td>
</tr>
<tr>
<td>Merchandise FOB</td>
<td>522</td>
<td>481</td>
<td>556</td>
<td>612</td>
<td>642</td>
<td>779</td>
<td>785</td>
<td>817</td>
<td>834</td>
</tr>
<tr>
<td>Net current transfers</td>
<td>41</td>
<td>46</td>
<td>51</td>
<td>74</td>
<td>93</td>
<td>79</td>
<td>83</td>
<td>83</td>
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</tr>
<tr>
<td>Current account balance</td>
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<td>-154</td>
<td>-160</td>
<td>-25</td>
<td>-43</td>
<td>-100</td>
<td>-82</td>
<td>-71</td>
<td>-74</td>
</tr>
<tr>
<td>Public finance (as % of GDP at market prices)*</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Revenues and Grants</td>
<td>22.9</td>
<td>22.2</td>
<td>23.9</td>
<td>24.8</td>
<td>30.2</td>
<td>29.4</td>
<td>27.5</td>
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<td>Total Expenditure</td>
<td>31.2</td>
<td>30.9</td>
<td>30.9</td>
<td>26.7</td>
<td>31.3</td>
<td>29.2</td>
<td>29.8</td>
<td>30.2</td>
<td>29.8</td>
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<td>Capital expenditure</td>
<td>10.4</td>
<td>8.2</td>
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<td>6.1</td>
<td>6.1</td>
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<td>Primary Balance</td>
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<td>-1.2</td>
<td>-0.3</td>
<td>3.9</td>
<td>3.9</td>
<td>4.5</td>
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<td>Overall Balance</td>
<td>-8.3</td>
<td>-8.7</td>
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<td>-1.1</td>
<td>-2.3</td>
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<td>GDP deflator (% change)</td>
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<td>2.4</td>
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### Annex B7: Key Exposure Indicators

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</thead>
<tbody>
<tr>
<td>Total debt outstanding and disbursed (TDO) (US$m)*</td>
<td>1058</td>
<td>959</td>
<td>1003</td>
<td>1018</td>
<td>1015</td>
<td>984</td>
<td>1001</td>
<td>1035</td>
<td>1070</td>
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<tr>
<td>Net disbursements (US$m)*</td>
<td>265</td>
<td>223</td>
<td>210</td>
<td>84</td>
<td>598</td>
<td>51</td>
<td>51</td>
<td>60</td>
<td>76</td>
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<tr>
<td>Total debt service (TDS) (US$m)*</td>
<td>157</td>
<td>334</td>
<td>233</td>
<td>135</td>
<td>625</td>
<td>85</td>
<td>89</td>
<td>93</td>
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#### Debt and debt service indicators (%)

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<tbody>
<tr>
<td>TDO/XGS*</td>
<td>200.6</td>
<td>176.6</td>
<td>162.4</td>
<td>130.2</td>
<td>122.8</td>
<td>104.3</td>
<td>112.4</td>
<td>104.7</td>
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<tr>
<td>TDO/GDP</td>
<td>107.1</td>
<td>90.8</td>
<td>90.0</td>
<td>83.9</td>
<td>79.5</td>
<td>72.0</td>
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<td>69.0</td>
<td>68.0</td>
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<tr>
<td>TDS/XGS</td>
<td>29.7</td>
<td>61.4</td>
<td>37.7</td>
<td>17.2</td>
<td>75.6</td>
<td>9.0</td>
<td>10.0</td>
<td>9.4</td>
<td>9.4</td>
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<tr>
<td>Concessional/TDO</td>
<td>8.7</td>
<td>12.8</td>
<td>..</td>
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#### IBRD exposure indicators (%)

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</thead>
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<tr>
<td>IBRD DS/public DS</td>
<td>4.7</td>
<td>1.9</td>
<td>2.6</td>
<td>4.8</td>
<td>1.1</td>
<td>7.2</td>
<td>6.0</td>
<td>5.4</td>
<td>3.8</td>
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</tr>
<tr>
<td>IBRD DS/XGS</td>
<td>0.9</td>
<td>0.4</td>
<td>0.4</td>
<td>0.6</td>
<td>0.1</td>
<td>0.8</td>
<td>0.7</td>
<td>0.5</td>
<td>0.4</td>
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</tr>
<tr>
<td>IBRD TDO (US$m)*</td>
<td>42.0</td>
<td>39.0</td>
<td>35.0</td>
<td>30.0</td>
<td>25.0</td>
<td>21.0</td>
<td>19.0</td>
<td>17.0</td>
<td>16.0</td>
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</tbody>
</table>

#### 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.
Annex B8: IFC

Belize
Commitment and Disbursed Outstanding Investment Portfolio
As of 06/30/2008
(in USD Millions)

<table>
<thead>
<tr>
<th>FY Approval</th>
<th>Company</th>
<th>Committed</th>
<th>Disbursed</th>
<th>Outstanding</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Loan</td>
<td>Equity</td>
<td>QT/RM</td>
</tr>
<tr>
<td>1998</td>
<td>Novaambergris</td>
<td>4.31</td>
<td>0</td>
<td>0</td>
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<tr>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Portfolio</td>
<td></td>
<td>4.31</td>
<td>0</td>
<td>0</td>
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</table>

* Denotes Guarantee and Risk Management Products.  
** Quasi Equity includes both loan and equity types.
## Annex B8: Operations Portfolio (IBRD/IDA and Grants)

<table>
<thead>
<tr>
<th>Closed Projects</th>
<th>9</th>
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### IBRD/IDA *

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Disbursed (Active) of which has been repaid</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Disbursed (Closed)</td>
<td>80.50</td>
</tr>
<tr>
<td>of which has been repaid</td>
<td>60.21</td>
</tr>
<tr>
<td>Total Disbursed (Active + Closed)</td>
<td>80.50</td>
</tr>
<tr>
<td>of which has been repaid</td>
<td>60.21</td>
</tr>
<tr>
<td>External Partner</td>
<td>Macroeconomic Policy</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>CDB</td>
<td>Macro PBL (CDB)</td>
</tr>
<tr>
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<td>ASYCUDA WORLD</td>
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<tr>
<td></td>
<td>Institutional Framework for Conducting Macroeconomic Management</td>
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<td>IDB</td>
<td>Macro PBL (CDB)</td>
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<td></td>
<td>Strengthening Results-based Management in the Public Sector</td>
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<td></td>
<td>Integrated Fiduciary Action Plan (IDB, EC)</td>
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<td></td>
<td>Trust Fund for Statistical Capacity Building (TFSCB)</td>
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<td>EC</td>
<td>PEFA</td>
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37
<table>
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<tr>
<th>External Partner</th>
<th>Macroeconomic Policy</th>
<th>Productive Sectors</th>
<th>Infrastructure</th>
<th>Social Development</th>
<th>Environment</th>
<th>Financial Sector</th>
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<tbody>
<tr>
<td>Venezuela and PetroCaribe</td>
<td></td>
<td>Tilapia Fish Farming Land Cleaning Project</td>
<td>Belmopan Market Reconstruction Rural Electrification Maintenance of Streets and Drains</td>
<td>Single Mothers - Skills Training Project</td>
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<td>OPEC</td>
<td></td>
<td>Southside (Belize City) Poverty Alleviation Project - Phase I, II, and III (and CABEI) Big Falls Belize/Guatemala Border (Completion of the Southern Highway Project) (and Kuwait)</td>
<td></td>
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</table>
Annex D: Debt Sustainability Analysis

The IMF prepared a preliminary Debt Sustainability Analysis following a November 2008 mid-year surveillance mission. The baseline scenario assumes an unchanged policy stance from the projected outcome for the present fiscal year. Under this scenario, because of the associated external and fiscal uncertainties, it is assumed that there will be a declining level of multilateral lending and bilateral grants, and that investment levels would be such that economic growth would be low. The active scenario assumes a front loaded fiscal adjustment which tapers off over time as debt ratios decline. Policy adjustment is assumed to foster confidence and larger financing from international financial institutions and bilateral donors, allowing for higher investment and growth.

Under the baseline scenario, debt is unsustainable in the long-run. This scenario suggests a slight downward trend in the period covered by DSA, as external debt ratios decline from 72 percent of GDP in 2008 to 66.2 percent of GDP in 2013. The initial decline in debt ratios is due to lower interest payments on the exchanged debt (super bond) and when this interest rate climbs to 8.5 percent in 2013, the debt trajectory becomes unsustainable.

Bounds tests reveal that the debt trajectory can change dramatically in response to standard shocks. For example, debt ratios are particularly sensitive to the depreciation shock given that 90 percentage points of the total public debt is denominated in foreign currency in 2007. In response to this shock, the external debt ratio would increase to 91 percent by 2013 on impact and follow a similar trajectory to that of baseline.

Under the active scenario, total debt ratios decline gradually to 59.1 percent by 2013 and to 40.7 percent by 2019. The fiscal adjustment and the availability of multilateral financing at favorable terms are the driving factors. Bound tests reveal reduced vulnerability to shocks compared to the passive scenario.

Compared to the 2008 Article IV consultation report, both scenarios display somewhat lower debt ratios. The current baseline scenario predicts lower debt ratios and lower debt-stabilizing primary balance compared to those of last year’s, largely due to reduced interest payments after the debt exchange. However, similar to last year’s assessment, high vulnerability to standard shocks remains. In the active scenario, which envisages a fiscal adjustment comparable to last year’s, vulnerability to shocks is reduced, reflecting lower than previously assumed interest rates as a result of the debt exchange.
### Baseline Scenario: Macro framework and Debt Sustainability

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td><strong>Real economy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP at constant prices</td>
<td>1.2</td>
<td>2.0</td>
<td>2.0</td>
<td>2.3</td>
<td>2.3</td>
<td>2.4</td>
<td>2.5</td>
</tr>
<tr>
<td>Prices (GDP deflator)</td>
<td>4.0</td>
<td>5.0</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
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<tr>
<td><strong>Public Sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Primary balance</td>
<td>3.9</td>
<td>4.5</td>
<td>2.3</td>
<td>1.5</td>
<td>1.9</td>
<td>2.6</td>
<td>2.4</td>
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<tr>
<td>Interest</td>
<td>5.0</td>
<td>3.6</td>
<td>3.5</td>
<td>3.8</td>
<td>4.1</td>
<td>4.6</td>
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<tr>
<td>Overall balance</td>
<td>-1.1</td>
<td>1.0</td>
<td>-1.1</td>
<td>-2.3</td>
<td>-2.2</td>
<td>-2.0</td>
<td>-2.6</td>
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<td><strong>External Sector</strong></td>
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<td></td>
</tr>
<tr>
<td>Current account balance</td>
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<td>-8.3</td>
<td>-6.5</td>
<td>-6.6</td>
<td>-6.7</td>
<td>-6.8</td>
</tr>
<tr>
<td>Gross official reserves (in months of imports)</td>
<td>1.6</td>
<td>2.1</td>
<td>1.7</td>
<td>1.7</td>
<td>1.7</td>
<td>1.7</td>
<td>1.7</td>
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<tr>
<td><strong>Baseline: Public Sector debt</strong></td>
<td>88.5</td>
<td>79.8</td>
<td>77.5</td>
<td>76.2</td>
<td>74.9</td>
<td>73.4</td>
<td>72.4</td>
</tr>
<tr>
<td>o/w foreign-currency denominated</td>
<td>79.5</td>
<td>72.0</td>
<td>69.0</td>
<td>68.0</td>
<td>66.8</td>
<td>66.2</td>
<td>66.2</td>
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<tr>
<td>Real GDP growth is at historical average minus one standard deviation</td>
<td>79.9</td>
<td>79.3</td>
<td>80.2</td>
<td>81.6</td>
<td>83.3</td>
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<tr>
<td>Primary balance is at historical average minus one standard deviation</td>
<td>79.9</td>
<td>79.6</td>
<td>80.4</td>
<td>81.2</td>
<td>81.8</td>
<td>83.1</td>
<td>83.1</td>
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<tr>
<td>One time 30 percent real depreciation in 2008</td>
<td>79.9</td>
<td>112.2</td>
<td>111</td>
<td>109.9</td>
<td>108.9</td>
<td>108.7</td>
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<td>10 percent of GDP increase in other debt-creating flows in 2008</td>
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<td>87.5</td>
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### Active Scenario: Macro framework and Debt Sustainability

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<th>2010</th>
<th>2011</th>
<th>2012</th>
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<td><strong>Real economy</strong></td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>GDP at constant prices</td>
<td>1.2</td>
<td>2.0</td>
<td>2.0</td>
<td>3.4</td>
<td>3.5</td>
<td>3.5</td>
<td>3.6</td>
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<tr>
<td>Prices (GDP deflator)</td>
<td>4.0</td>
<td>5.0</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
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<tr>
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<tr>
<td>Primary balance</td>
<td>3.9</td>
<td>4.5</td>
<td>3.1</td>
<td>4.0</td>
<td>4.8</td>
<td>4.2</td>
<td>3.8</td>
</tr>
<tr>
<td>Interest</td>
<td>5.0</td>
<td>3.6</td>
<td>3.4</td>
<td>3.6</td>
<td>3.7</td>
<td>3.9</td>
<td>4.0</td>
</tr>
<tr>
<td>Overall balance</td>
<td>-1.1</td>
<td>1.0</td>
<td>-0.3</td>
<td>0.5</td>
<td>1.2</td>
<td>0.2</td>
<td>-0.2</td>
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<td><strong>External Sector</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Current account balance</td>
<td>-4.0</td>
<td>-9.0</td>
<td>-7.4</td>
<td>-5.1</td>
<td>-4.3</td>
<td>-3.8</td>
<td>-3.4</td>
</tr>
<tr>
<td>Gross official reserves (in months of imports)</td>
<td>1.6</td>
<td>2.1</td>
<td>1.9</td>
<td>1.8</td>
<td>1.7</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td><strong>Active: Public Sector debt</strong></td>
<td>88.5</td>
<td>79.8</td>
<td>76.7</td>
<td>71.9</td>
<td>66.6</td>
<td>62.6</td>
<td>59.1</td>
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<tr>
<td>o/w foreign-currency denominated</td>
<td>79.5</td>
<td>72.0</td>
<td>69.2</td>
<td>64.8</td>
<td>59.9</td>
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<td><strong>Bound tests</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Real GDP growth is at historical average minus one standard deviation</td>
<td>79.9</td>
<td>77.5</td>
<td>73.4</td>
<td>68.8</td>
<td>65.4</td>
<td>62.7</td>
<td>62.7</td>
</tr>
<tr>
<td>Primary balance is at historical average minus one standard deviation</td>
<td>79.9</td>
<td>78.7</td>
<td>76.0</td>
<td>72.8</td>
<td>70.8</td>
<td>69.5</td>
<td>69.5</td>
</tr>
<tr>
<td>One time 30 percent real depreciation in 2008</td>
<td>79.9</td>
<td>111.3</td>
<td>106.0</td>
<td>100.5</td>
<td>96.4</td>
<td>93.1</td>
<td>93.1</td>
</tr>
<tr>
<td>10 percent of GDP increase in other debt-creating flows in 2008</td>
<td>79.9</td>
<td>86.7</td>
<td>81.8</td>
<td>76.4</td>
<td>72.3</td>
<td>69.0</td>
<td>69.0</td>
</tr>
</tbody>
</table>

40
## Annex E: Belize: Country Financing Parameters

<table>
<thead>
<tr>
<th>Item</th>
<th>Parameter</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost Sharing and Local Cost Financing</strong>&lt;br&gt;Limit on the proportion of individual projects costs that the Bank may finance.</td>
<td>Up to 100 percent</td>
<td>The Bank may finance up to 100% of the cost of a project in Belize provided that GoB maintains its commitment towards fiscal sustainability in addition to careful prioritization of the scarce resources available to support the development program.</td>
</tr>
<tr>
<td><strong>Recurrent Cost Financing</strong>&lt;br&gt;Limits that would apply to the overall amount of recurrent expenditures that the Bank may finance.</td>
<td>No country level limit.</td>
<td>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, (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% local cost coverage before the end of the project.</td>
</tr>
<tr>
<td><strong>Local cost financing.</strong> 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</td>
<td>Yes</td>
<td>The two requirements are met. The Bank may therefore finance local costs in the proportions needed in individual projects.</td>
</tr>
<tr>
<td><strong>Taxes and Duties</strong>&lt;br&gt;Are there any taxes and duties that the Bank would not finance?</td>
<td>None</td>
<td>The Bank considers the taxes in Belize to be generally reasonable and nondiscriminatory.</td>
</tr>
</tbody>
</table>
### Annex F: Progress Towards Achieving the Millennium Development Goals

<table>
<thead>
<tr>
<th>GOALS</th>
<th>Targets (relevant)</th>
<th>General Status</th>
<th>Main Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1: Eradicate extreme poverty and hunger</td>
<td>Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.</td>
<td>Far Behind as it relates to halving the percentage of persons living below the poverty line(^{36}) (This target is not relevant to Belize as the minimum wage is US $10 for an 8 hour day).</td>
<td>Economic environment, Chronic poverty among the indigenous population, Influx of immigrants from neighboring countries.</td>
</tr>
<tr>
<td>Goal 2: Achieve universal primary education</td>
<td>Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.</td>
<td>Well Poised</td>
<td>Ensuring that slippage does not occur, Improve the quality of education, Lower cost of education to poor families.</td>
</tr>
<tr>
<td>Goal 3: Promote gender equality and empower women</td>
<td>Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.</td>
<td>Well Poised as it relates to education but lagging Behind in women's participation in employment and decision making</td>
<td>Stem the gap that is threatening boys secondary and tertiary education, Ensure equal access to economic opportunities for women.</td>
</tr>
<tr>
<td>Goal 4: Reduce child mortality</td>
<td>Reduce by two-thirds, between 1990 &amp; 2015, the under-five mortality rate.</td>
<td>Well Poised</td>
<td>Maintain current trends, Ensure access to quality services in rural areas, Improve registration of infant deaths.</td>
</tr>
<tr>
<td>Goal 5: Improve maternal health</td>
<td>Reduce the maternal mortality ratio by 75 percent between 1990 and 2015.</td>
<td>Reasonably Poised</td>
<td>Improve level of participation in pre- and ante natal clinics, Build capacities at local level for birth attendants, Increase information and education on contraceptive use and family planning.</td>
</tr>
<tr>
<td>Goal 6: Combat HIV/AIDS, malaria and other diseases</td>
<td>Have halted by 2015, and begun to reverse, the spread of HIV/AIDS.</td>
<td>Behind</td>
<td>Combat stigma and discrimination, Change attitudes and behavior to reduce risk, Effectively target girls and ensure that they are protected, Empower PLWHA and change messages to those that give hope to PLWHA.</td>
</tr>
</tbody>
</table>

\(^{36}\) The poverty line is defined as the minimum estimated cost of basic food and non-food items that an individual requires to meet its basic food needs. The figure ranges from US $2.51 to US $3.95 per individual per day depending on geographic location. If the expenditure is less than the poverty line then the individual is considered poor.

\(^{37}\) The indigent line is defined as the minimum cost of food requirement necessary for healthy existence of an individual. The figure ranges from US $1.51 to US $2.15 per individual per day depending on geographic location. If the expenditure is less than the indigent line then the individual is considered very poor.

42
<table>
<thead>
<tr>
<th>GOALS</th>
<th>Targets (relevant)</th>
<th>General Status</th>
<th>Main Challenges</th>
</tr>
</thead>
</table>
|       | Have halted by 2015, and begun to reverse the incidence of malaria and other major diseases | Behind         | - Improve surveillance  
- Stem increasing trend in major non-communicable diseases |
| Goal 7: Ensure environmental sustainability | Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources | Behind         | - Ensure that integration of principles translate into reversal of environmental resource losses  
- Enforcement  
- Achieve community buy-in |
|       | Halve, by 2015, the proportion of people without sustainable access to safe drinking water | Well Poised    | - Standardize data gathering protocols  
- Achieve 100 percent access to rural communities and pockets of poverty in urban centers |
|       | By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers | Reasonably Poised | - Increase access to security of tenure my landless Mayans  
- Address the poverty hot spot on the Southside of Belize City  
- Improve quality and availability of sanitation facilities in poor communities |
| Goal 8: Develop a global partnership for development | Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term | Far Behind     | - Reduce current level of debt  
- Restore credit worthiness  
- Maintain competitiveness of exports and diversify the range of export products |
|       | Develop/implement strategies for decent and productive work for youth | Behind         | - Review legislation and update  
- Improve quality of vocational education  
- Cultivate entrepreneurship culture among children and youth  
- Strategies and policies need to result in tangible outputs |
|       | Provide access to affordable essential drugs$^3$ | Far Behind     | - Reduce cost of essential drugs  
- Increase availability of essential drugs in rural areas |
|       | Make available the benefits of new technologies, especially information and communications | Reasonably Poised | - Strengthen science and technology education  
- Increase access to rural areas |


$^3$The proportion of the population with access to affordable, essential drugs on a sustainable basis, according to WHO and the UN, is the percentage of the population that has access to a minimum of 20 most essential drugs. Access is defined as having drugs continuously available and affordable at public or private health facilities or drug outlets that are within one hour’s walk of the population.