Statement by Jan Piercy  
Date of Meeting: September 5, 2000

**Belize CAS**

1. We thank staff for preparing this candid assessment of the challenges facing the economy of Belize. This CAS is especially welcome as the previous CAS dates back to 1993. Can staff explain why there has been such a long period without either an update or a successor CAS?

2. We commend the broad range of consultations that informed the preparation of this CAS and the Belize Government’s recent National Poverty Elimination Strategy. Participation in the formulation of the CAS is key to building public ownership of the development agenda.

3. We are also pleased to note that the proposed lending program is highly selective and reflects the ongoing efforts of other donors, notably the IDB and CDB. However, we still do not see a clear link between the clearly outlined challenges facing Belize (such as export competitiveness and diversification) and the donor activities outlined in Table 5. Can staff clarify how the Bank’s role in Belize’s development efforts was constructed to best reflect comparative advantage and ensure no overlap with the efforts of other institutions?

4. Both the CAS and the most recent IMF Article IV staff report voice concern over the sustainability of Belize’s fiscal position. We concur with Fund staff’s observation that privatization revenues will be short-lived and broader fiscal reforms are necessary. Given these concerns, we were surprised not to see plans for an updated Public Expenditure Review (the last one dates from 1996). Can staff outline their plans in this regard? We believe that the PER is critical to assist the government in improving and targeting the efficiency of social spending. Furthermore, given the shortcomings in Belize’s education system, additional resources are needed to enhance the coverage and quality of education. We would welcome views from staff as well as the IMF representative on how Belize might be able to allocate additional resources to education given its current fiscal difficulties.
5. The CAS also notes, in para 43, "Lessons from Recent Performance," that "strengthening the financial management of projects is crucial." However, there is no mention in the CAS of conducting a CFAA. Can staff explain why not?

6. Belize’s growth and employment objectives depend on an enabling environment that will attract investment and spur increased business activity. A key to creating such an environment is the fair, transparent and uniform application of laws. In this vein, we look forward to the conclusions of the CPAR scheduled for FY '03.

7. We appreciate the candor of the CAS regarding Belize's vulnerabilities to money laundering and weak supervisory functions. As a general matter, we believe CAS's should address financial abuse issues -- particularly for any World Bank member on any of the three lists issued this past summer (FATF's NCCT list, the FSF OFC list, and the OECD tax havens list). Money laundering, harmful tax competition and inadequate bank supervision undermine the credibility and efficiency of the international financial system, while presenting a threat to individual countries' development agenda. The Bank has a strong role to play in this area, as part of its efforts to help countries improve their financial sectors, as well as in its anti-corruption/good governance activities. We understand from Table 5 that DFID is working with Belize in this area, but would still appreciate hearing how this issue feeds into the Bank's overall strategy to help Belize address identified financial abuse concerns.

8. Similarly, we welcome the CAS quantification of gender equality issues in Belize, notably the fact that female unemployment stands at 21% (compared with 10% for men). We would welcome elaboration from staff on ways to expand economic opportunities for women in Belize.

9. We note the CAS discussion of Belize’s environmental concerns, and we commend GEF’s engagement in Belize. This is particularly important as eco-tourism is targeted as a key source of growth and employment. Such development will need to be carefully planned to ensure environmental sustainability.

10. In conclusion, we wish the authorities success as they pursue the steps needed to deepen and expand the economic opportunities available to the people of Belize.