

**Document of
The World Bank Group**

FOR OFFICIAL USE ONLY

Report No. 106630

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
AND MULTILATERAL INVESTMENT GUARANTEE AGENCY
COUNTRY PARTNERSHIP FRAMEWORK
FOR
BELIZE
FOR THE PERIOD FY18-22**

April 28, 2017

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

**The International Finance Corporation
Multilateral Investment Guarantee Agency**

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. It contents may not otherwise be disclosed without World Bank Group authorization.

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of April 25, 2017)

Currency Unit = Belize Dollar

1 BZD = US\$ 0.50035

FISCAL YEAR

1 April - 31 March

ABBREVIATIONS AND ACRONYMS

ASA	Advisory Services and Analytics
AML-CFT	Anti-Money Laundering - Combating the Financing of Terrorism
BEI	Belize Enterprise and Innovation Institute
BEL	Belize Electric Limited
BEST	Belize Enterprise for Sustainable Technology
BETF	Bank-Executed Trust Fund
BNCCC	Belize National Climate Change Committee
BTL	Belize Telemedia Limited
BWS	Belize Water Services
BZD	Belize Dollar
CAR	Capital Adequacy Ratio
CARICOM	Caribbean Community
CBB	Central Bank of Belize
CBR	Correspondent Banking Relationship
CBWS	Corozal Bay Wildlife Sanctuary
CCWD	Contra Costa Water District
CDB	Caribbean Development Bank
CLR	Completion and Learning Review
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
CSA	Climate Smart Agriculture
CRIP	Climate Resilient Infrastructure Project
SWCMR	South Water Caye Marine Reserve
DFC	Development Finance Corporation
DRM	Disaster Risk Management
DOE	Department of the Environment
EIA	Environmental Impact Assessment
EPIC	Entrepreneurship Program for Innovation in the Caribbean
ERCAP	Energy Resilience for Climate Adaptation Project
EU	European Union
FAO	Food and Agriculture Organization (UN)
FCPF	Forest Carbon Partnership Facility
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GEF	Global Environment Facility
GoB	Government of Belize
GSDS	Growth and Sustainable Development Strategy

IDB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
ICZM	Integrated Coastal Zone Management
IDF	Institutional Development Fund
ILO	International Labour Organization
IFC	International Finance Corporation
IMF	International Monetary Fund
ISN	Interim Strategy Note
JSDF	Japan Social Development Fund
KBA	Key Biodiversity Areas
LAC	Latin America and the Caribbean
MCCAP	Marine Conservation and Climate Adaptation Project
MDG	Millennium Development Goal
MDP	Municipal Development Project
MIGA	Multilateral Investment Guarantee Agency
MSME	Micro, Small, and Medium-Size Enterprise
MTDS	Medium Term Development Strategy
NCCPSAP	National Climate Change Policy Strategy and Action Plan
NCRIP	National Climate Resilient Investment Plan
NDC	National Determined Contribution
NEMO	National Emergency Management Organization
NGO	Non-Governmental Organization
NLTA	Non-Lending Technical Assistance
NPL	Non-Performing Loan
NPESAP	National Poverty Eradication Strategy and Action Plan
NRM	Natural Resource Management
NRCRG	Natural Resources for Climate Resilient Growth
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
OFIC	OPEC Fund for International Development
PACT	Protected Areas Conservation Trust
PFM	Public Financial Management
PLR	Performance and Learning Review
PUP	People's United Party
REDD+	Reducing Emissions from Deforestation and Degradation (UN program that also focuses on fostering conservation, sustainable management of forests, and enhancement of forest carbon stocks)
SCD	Systematic Country Diagnostic
SDGs	Sustainable Development Goals
SEDLAC	Socio-Economic Database for Latin America and the Caribbean
SIB	Statistical Institute of Belize
SMART	Spatial Monitoring and Reporting Tool
SME	Small and Medium-Size Enterprise
TA	Technical Assistance
TAMR	Turneffe Atoll Marine Reserve

TF	Trust Fund
TVET	Technical Vocational Education and Training
UNDP	United Democratic Party
UNICEF	United Nations Children’s Fund
UNDP	United Nations Development Program
UK	United Kingdom
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
WAVES	Wealth Accounting and Valuation of Ecosystem Services
WBG	World Bank Group
WDI	World Development Indicators
WCM	Water Quality Monitoring

	IBRD	IFC	MIGA
Vice President	Jorge Familiar	Dimitris Tsitsiragos	Keiko Honda
Country Director	Tahseen Sayed Khan	Irene Arias	Merli Baroudi
Team Leader(s)	Leonardo Lemes Pierre Nadji	Luciana Harrington	Petal Jean Hackett

Table of Contents

I.	INTRODUCTION.....	1
II.	COUNTRY CONTEXT AND DEVELOPMENT AGENDA	2
A.	Growth, Poverty, and Shared Prosperity	3
	Growth	3
	Poverty and Shared Prosperity	5
B.	Recent Economic Developments and Outlook	7
C.	Key Development Challenges from the SCD	11
III.	WORLD BANK GROUP PARTNERSHIP FRAMEWORK.....	15
A.	Government Program and Medium-Term Strategy	15
B.	Proposed WBG CPF (FY18-22).....	17
C.	Implementing the FY18-22 Country Partnership Framework	24
IV.	MANAGING RISKS TO THE CPF PROGRAM	26

Tables

Table 1.	Incidence of Poverty by Ethnicity, 2002 and 2009	6
Table 2.	Selected Macroeconomic Indicators.....	9
Table 3.	Sample Hurricane Damages	13
Table 4.	Risks to the CPF Objectives in Belize	26

Figures

Figure 1.	Stop-and-Go Growth Policies in Belize	4
Figure 2.	Per Capita GDP Growth.....	4
Figure 3.	Evolution of Moderate Poverty in LAC and Belize, 2000-2012	6
Figure 4.	Thematic Priorities in the SCD	12
Figure 5.	Filtering Process to Define CPF Objectives	18
Figure 6.	WBG CPF Focus Areas and Objectives	19

Annex

ANNEX 1.	CPF Results Framework	29
ANNEX 2.	Completion and Learning Review	34
ANNEX 3.	Summary of Feedback from Stakeholder Consultations	61
ANNEX 4.	Development Partners.....	64
ANNEX 5.	World Bank Support to Vulnerable Groups in Belize	70
ANNEX 6.	World Bank Portfolio	72

I. INTRODUCTION

1. **The proposed Country Partnership Framework (CPF) for Belize covers the period from July 1, 2017 to June 30, 2022 (FY18-22).** It presents the World Bank Group's (WBG) program and the anticipated results framework. It builds on the results and lessons of Belize's first Country Partnership Strategy (CPS) that covered the period FY12-15. This CPF is well aligned with the Government's long-term development vision, *Horizon 2030: National Development Framework 2010-2030*, and the thematic priorities emerging from the 2016 Belize Systematic Country Diagnostic (SCD).

2. **The CPF will selectively support Belize's medium-term development plan, the *Growth and Sustainable Development Strategy (GSDS)*.** The GSDS provides directions for the nation's development for the period from 2016-2019. It also outlines longer term strategic objectives beyond 2019, namely poverty reduction and sustainable development. The Government of Belize's (GoB) development goals are grouped in four broad areas, described as critical success factors, and include natural resource and environmental preservation, social cohesion and resilience, enhanced governance and citizen security, and national income and investment optimization. The SCD thematic priorities, are consistent with these areas and are well-aligned with the WBG's twin goals of reducing poverty and increasing shared prosperity.

3. **The overarching goal of the proposed CPF is to support Belize in strengthening its economic resilience.** Recognizing the special characteristics of a small state with associated capacity and absorptive constraints, the CPF proposes a consolidated and focused program. This will be the second full strategy for Belize, with the engagement still maturing, and it factors in lessons from the implementation of the first strategy. Therefore, the CPF will retain flexibility in some elements of the engagement that will be further defined with the Government during implementation. The Performance and Learning Review (PLR) at mid-point will incorporate necessary adjustments including in the Results Framework (see Annex 1).

4. **The CPF is organized around two Focus Areas: (a) Fostering Climate Resilience and Environmental Sustainability; and (b) Promoting Financial Inclusion and Social Resilience.** To support these focus areas, the CPF envisages the implementation of a program that could reach up to US\$30 million in new loans, subject to how program performance evolves in the course of the CPF period, continued Government interest in IBRD financing, and on IBRD's lending capacity and demand from other borrowers. It will also be supported by non-lending instruments, notably Analytics and Advisory Services (ASAs), regional initiatives and trust fund resources.

5. **The CPF benefited from the extensive consultations conducted with a broad spectrum of stakeholders.** During these consultations, stakeholder feedback was elicited on key development challenges in Belize and on what should be the focus of the WBG's support to the government over the coming five years. The face-to-face events, both large public meetings and smaller gatherings with targeted invitees, drew participation from representatives of central and local government; the private sector; civil society organizations, including women's groups; academia; media; youth; and development partners. The priorities discussed during consultations centered on building resilience (economic, environmental, and social), with particular focus on most vulnerable groups and sectors. A detailed summary of the consultations appears in Annex 3.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

6. **Belize is an upper-middle-income country in Central America with close sociopolitical and economic ties to the Caribbean.** Since gaining independence from the United Kingdom in September 1981, Belize has experienced peaceful and democratic transitions, with power alternating between two major parties, the United Democratic Party (UDP) and the People's United Party (PUP)¹. In 2015, Belize had a population of 359,000,² a gross domestic product (GDP) of \$1.7 billion,³ and a per capita GDP of \$8,029⁴. As a CARICOM⁵ member, Belize enjoys access to members' markets and benefits from the trade agreements established through this economic union. Belize has an export-oriented economy that benefits from its proximity to the large markets of the United States and Mexico. Belize also has a unique cultural heritage⁶, and is the only English-speaking country in Central America.

7. **Belize's prospects for sustainable growth and inclusion depend significantly on maintaining environmental preservation and building economic resilience.** Belize is remarkably diverse ecologically, with extensive natural capital along the coast, including the largest coral reef in the Americas and an extensive mangroves ecosystem. Both of these ecosystems play a key role in buffering Belize's low-lying coastline against adverse climate events, helping to prevent loss of life, property damage, and coastal erosion. Belize also benefits from extensive areas covered by pristine tropical forests that are vital to limiting soil erosion, runoffs, and flooding. This ecosystem also plays a central role in the Belizean economy as the key agricultural and tourism industries are strongly dependent on Belize's natural resource base, a major comparative advantage of the country. The poorest people and communities in Belize are predominantly rural, and their livelihoods depend heavily on climate-sensitive sectors such as small-scale agriculture, fishing, and tourism (which impact their food security and livelihoods). Moreover, a large population of the poor living in coastal areas are exposed to the risks of hurricanes and storm surges, with those living near watersheds prone to flooding. These areas generally have lower levels of protective infrastructure, and housing is of lower quality, thus exacerbating their vulnerability to hurricane and flood risks.

8. **As a small state, Belize is uniquely exposed to a set of external and internal factors which can affect its economic resilience.** Belize is among the most disaster-prone countries in the world, incurring average annual losses from natural disasters equivalent to almost 4 percent of GDP⁷. On the external front, adverse global economic conditions disproportionately affect Belize due to its small and open economic structure. On the internal front, limited potential for revenue generation combined with large fixed costs associated with the provision of public services – another

¹ UDP has won the last three parliamentary elections (i.e. March 2008, March 2012, November 2015).

² World Bank Country Data (various sources), 2015.

³ Unless otherwise specified, the currency cited throughout this document is the US dollar.

⁴ GDP in purchasing power parity terms. World Bank national accounts data and Organisation for Economic Co-operation and Development (OECD) National Accounts data files, 2015.

⁵ The Caribbean Community (CARICOM) is a grouping of 20 countries (15 Member States and 5 Associate Members).

⁶ Most Belizeans are of multiracial descent. A big part of the population includes people of mixed [Maya](#) and [European](#) descent ([Mestizo](#)), [Kriols](#), Mayas, and Afro-Amerindian ([Garifuna](#)). The remaining population is of either European, East Indian, Chinese, Middle Eastern, and North American descent.

⁷ World Bank Systematic Country Diagnostic (various sources), 2016.

key characteristic of small states – contributes to higher government expenditure-to-GDP ratios, limits fiscal space for infrastructure and social investments, and puts higher upward pressure on public debt when compared with larger economies. These factors exacerbate the country’s macro-fiscal vulnerabilities. In addition, as in other small states, Belize’s banking sector is small, and its financial sector infrastructure is underdeveloped. The vulnerabilities in the financial sector have been heightened due to de-risking measures by international banks, and high level of non-performing loans (NPLs). This creates challenges to increasing financial inclusion and economic resilience. Moreover, with a small population, migration in and out of the country is a common phenomenon which can affect labor market outcomes in different stages of the business cycle. Combined, these challenges hamper the resilience, pace, sustainability, and inclusiveness of growth in Belize.

A. Growth, Poverty, and Shared Prosperity

Growth

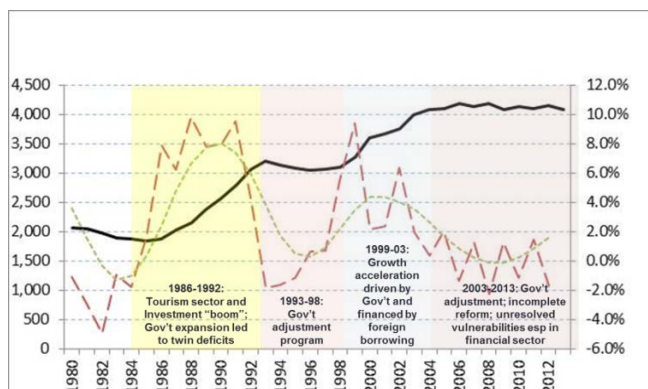
9. **Belize’s highly volatile growth trajectory⁸ is largely a function of its high exposure to external shocks, including climate-related shocks.** Following a period of high growth in the 1980s, the economy slowed in the 1990s under the effects of the US recession, but picked up again in the early 2000s. Like other Caribbean nations, Belize was hard hit by the global financial crisis, and its economy has been trapped in a low growth equilibrium, with high debt, constrained fiscal outcomes, public financial management (PFM) weaknesses, and financial sector stress. These risks have been exacerbated by Belize’s vulnerability to adverse climate and natural disaster, with significant impact on livelihoods, infrastructure, and economic activity. In addition, the agriculture and tourism sectors, the largest industries and the main sources of income, foreign exchange, and job creation, have also been adversely affected by periods of weak external demand, and declining commodity prices. These vulnerabilities challenge the resilience of the Belizean economy and hamper the country’s ability to reduce poverty and increase shared prosperity.

10. **Belize’s economic performance has been uneven and is characterized by a stop-and-go growth pattern and pro-cyclical fiscal policy.** Two cycles of intense growth are evident since 1980 (see Figure 1). The first cycle of growth (1984-1992) was driven by a boom in tourism that was initially financed by foreign direct investment (FDI), a sharp increase in agriculture production and exports, and high growth in the construction sector (financed principally by public investments). These growth years were not accompanied by an increase in domestic savings. Instead, Belize experienced an expansion in government expenditure, characteristic of a pro-cyclical fiscal policy, which quickly shifted the public sector balance from an overall surplus in the 1980s to a deficit of 8 percent of GDP by 1993. Beginning in 1993, the economy faced a significant slowdown resulting from an unfavorable external environment characterized by low commodity prices and dampened tourism demand resulting from low growth in the United States and Europe. With limited fiscal buffers, GoB efforts to stimulate the economy, by running fiscal deficits, were not sufficient to sustain the growth levels experienced in the preceding years. The second cycle of growth was in the late 1990s, with a new round of government expenditure financed principally by foreign borrowing. This growth period was also not sustained because of vulnerabilities, especially in the financial sector.

⁸ See Belize Systematic Country Diagnostic (SCD), World Bank, February 2016.

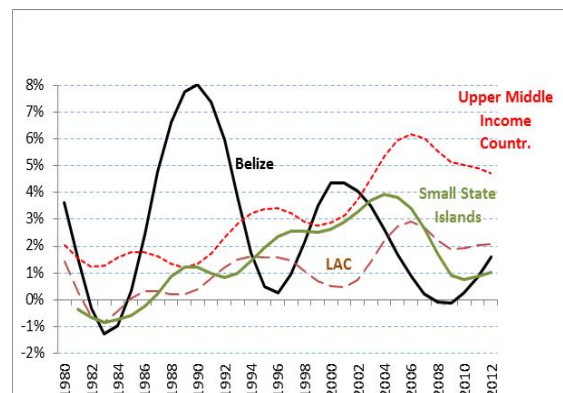
11. **Both episodes of stop-and-go growth broadly coincided with long stretches of flat per capita income levels in Belize.** From the early 2000s to date, GDP growth has been very close to the rate of growth of the population (estimated at 2.5 percent), and thus has led to GDP per capita stagnation for the last decade (see Figure 2).

Figure 1. Stop-and-Go Growth Policies in Belize



Source: World Bank staff estimates and World Bank World Development Indicators (WDI). H-P filter dashed green and actual per capita GDP growth dashed red (both rhs). Per capita income in Belize black line (lhs).

Figure 2. Per Capita GDP Growth Belize vs. Latin American and Caribbean Countries and Upper-Middle Income Countries, 1980-2012



Source: World Bank staff estimates using an H-P filter and World Bank WDI.

12. **Belize's export basket is diversified relative to the size of the economy and its level of development, including with respect to the agriculture and tourism sectors, the key drivers of growth in Belize.** In the agriculture sector, this is evidenced by diversification into non-traditional crops such as papaya, hot peppers, marine products, and cocoa, among others. As expected from an economy that specializes in agriculture and tourism, the level of complexity of Belize's export products remains low and its composition has not changed much over the past decade – more than half of export goods were primary products between 2003 and 2013. In the tourism sector, diversification is also evidenced by the range of products offered, including cultural tourism, nature-based tourism, sun and beach, and cruise tourism.

13. **Tourism is the most important industry in Belize, with a total contribution of 38.1 percent to GDP and 34.3 percent of employment in 2016⁹.** Tourism is the country's main source of foreign exchange. In 2015, Belize received over 300,000 overnight tourists, a 9 percent increase from 2008. The increase was even more significant in the cruise sector which experienced 43 percent growth during the same period. Approximately 70 percent of arrivals originate from the United States and Canada. Average daily tourist expenditure has increased by 11 percent since 2009, to \$160 in 2014¹⁰. The accommodation offering is predominantly composed of small boutique hotels as Belize has had limited success in attracting larger-scale hotel chains because of its risk profile and weaknesses in the business environment.

⁹ World Travel and Tourism Council. Economic Impact – Belize Country Report, 2017.

¹⁰ World Tourism Organization. Compendium of Tourism Statistics UNWTO, 2014.

14. **The agriculture sector, the second largest in Belize, accounts for 13 percent of GDP and is of crucial importance to poverty reduction and improving livelihoods.** Approximately 38 percent of Belize’s total land area is considered potentially suitable for agriculture and livestock raising, with 7 percent of that (about 78,000 hectares) currently utilized for farming. Agriculture and fishing (*exclusive of agri-business*) account for a relatively low share of GDP but represent approximately 10 percent of total employment and two-thirds of exports.¹¹ In 2013, the sector’s largest exports included marine products (\$56.2 million), sugar (\$53.7 million), citruses (\$53.3 million), and bananas (\$44.2 million). The sector is significantly constrained by infrastructure weaknesses and is vulnerable to adverse weather events. In particular, recurring natural disasters and the effects of climate change have significantly impacted agricultural yields, food production, food prices, and the livelihood of the rural population (56 percent of total population in 2015).

15. **Despite appearing initially promising, the importance of oil as a source of growth has declined.** Oil production started late in 2005, and accounted for roughly 7 percent of GDP in peak years. However, in view of low international prices and dwindling reserves in existing wells, oil revenues currently account for only 1 percent of GDP.¹² In 2015 offshore exploration was banned because of the associated risks to biodiversity, the coral reef, ecotourism, and the fishing industry which is the third-largest foreign exchange earner for Belize.

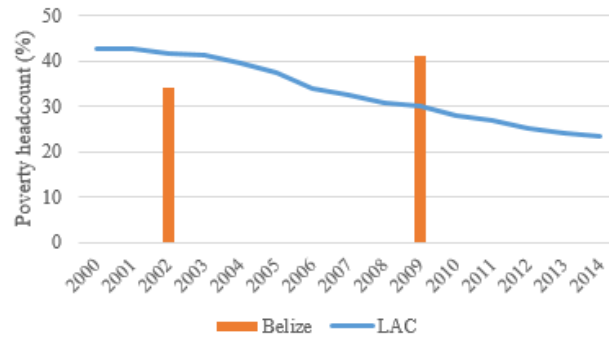
Poverty and Shared Prosperity

16. **Poverty and shared prosperity outcomes are likely to have worsened since the last estimates in 2009.** Poverty data in Belize, which are available only for the years of 2002 and 2009, show an increase in the share of the population below the poverty line, from 34 to 42 percent between those two data points. While robust data-based evidence is not available, a convergence of factors – such as the effects of the global financial crisis in 2008; the several natural disasters faced by Belize, and the fuel price rises observed also in 2008 - indicate that poverty and shared prosperity outcomes may have worsened. Limited data availability also prevented an analysis of the distribution and inclusiveness of poverty outcomes. By comparison, in the Latin America and Caribbean (LAC) region, poverty dropped from 42 percent to 30 percent during the same period (see Figure 3). In 2010, for the first time in LAC, the proportion of people in the middle class exceeded the proportion of poor people, an inflection point that remains distant for Belize.

¹¹ Belize Country Systematic Diagnostic, World Bank, 2016.

¹² *Source:* Statistical Institute of Belize and WB staff calculations.

Figure 3. Evolution of Moderate Poverty in LAC and Belize, 2000-2012



Source: LAC Equity Lab tabulations of SEDLAC (CEDLAS and the World Bank) and WDI. Government of Belize and Caribbean Development Bank. 2009 Country Poverty Assessment Final Report, August 2010.

17. **There are substantive spatial differences in the incidence of poverty in Belize.** The bottom 40 percent of the population is mostly situated in rural areas, with the highest rates of moderate and extreme poverty¹³ found in the districts of Corozal and Toledo. Similarly, districts such as Stann Creek or Orange Walk have moderate poverty rates that are above the national average. Available data show that 46 percent of the households in Toledo and Corozal are extremely poor. Also, whereas household poverty fell from 67 percent to 46 percent in Toledo between 2002 and 2009, attributed largely to an increase in cocoa production, it more than doubled in Corozal, jumping from 20 to 46 percent.

18. **At the household level, poverty data reveal stark differences based on ethnic background and level of educational attainment.**¹⁴ The data shows that Mayans have the highest poverty incidence levels – twice the poverty incidence experienced by Creoles or other ethnic minorities (see Table 1). Similarly, half of the households whose heads have no or incomplete primary education are poor, a proportion that falls to 18 percent for those that conclude secondary education.

Table 1. Incidence of Poverty by Ethnicity, 2002 and 2009

Ethnic Group	2002		2009		% of population 2009	
	Indigent	All Poor	Indigent	All poor	All Poor	Indigent
Creole	5	27	9	32	15	21
Mestizo	6	30	13	42	40	48
Maya	55	77	51	68	34	17
Garifuna	2	24	12	39	6	7
Other*	8	28	11	35	5	6
Total	11	34	16	41	100	100

Source: Government of Belize and Caribbean Development Bank (2010).

19. **While the general poverty count shows no significant disadvantage for women, Belize still lags behind LAC countries in ensuring equal economic and agency opportunities for women.** The available data show lower poverty rates for women across different age groups. However, in the labor market, gender imbalances have been observed with only 49 percent of

¹³ Extreme (or Indigent) poverty is defined as \$2.74 per day and Moderate poverty as \$4.65 per day.

¹⁴ Belize Country Poverty Assessment. Final Report 2010, Government of Belize and Caribbean Development Bank.

women participating in the labor market, compared to the LAC average of 54 percent.¹⁵ Furthermore, women are at higher risk of being unemployed than men, with one-fifth of the female labor force being unemployed in 2014 compared to 7 percent of the male labor force. Youth are particularly affected: the ratio of female to male unemployment among 15-24-year-olds is 263, well above the LAC average of 142. In agency indicators, it is noteworthy that Belize has a very low share of parliamentary seats occupied by women (3 percent) and only 13 percent of ministerial positions are held by women; in the private sector, however, women have a stronger presence in leadership roles¹⁶. Finally, in terms of endowments, Belize has reached gender parity in primary and secondary school enrollment rates, performing above the LAC average, where girls predominate. Similar to trends in several other countries, more than twice as many young women, as compared to men, enroll in university education (2013).

20. Belize is in the process of identifying specific targets for each of the Sustainable Development Goals (SDGs). The United Nations (UN) sustainable development agenda adopted in September 2015 sets forth 17 SDGs to end poverty, protect the planet, and ensure prosperity for all by 2030. While Belize has achieved most of the Millennium Development Goals (MDGs), MDG 1 related to poverty and hunger was not met. Consequently, Belize will have to exert extra effort to address these issues in the context of the SDGs.

B. Recent Economic Developments and Outlook¹⁷

21. Belize's volatile growth pattern over the past five years underscores its continued vulnerability to external economic conditions and exogenous shocks. Between 2011 and 2016, the real GDP growth rate averaged 2.1 percent, dropping from a peak of 4.1 percent in 2014 to a low of -1.5 percent in 2016. The performance of the economy continues to be fundamentally anchored on the performance of the tourism and agriculture sectors, which essentially drove the accelerations and decelerations observed during the last five years. A combination of weather-related shocks and unstable demand for Belize's narrow range of exports have continued to highlight the country's vulnerability. In 2015 and 2016, adverse weather conditions negatively impacted agricultural production. Outbreaks of plant and animal diseases in 2015 further reduced crop harvests and fishery output. The impact of Hurricane Earl in August 2016 exacerbated an already fragile economic situation, causing significant losses in agriculture and tourism, and imposing economic costs estimated at about 5.5 percent of GDP. Real GDP growth thus contracted

¹⁵ Data in this paragraph are from the World Development Indicators unless another source is stated. Share of female population 15+ that participates in the labor force (modeled ILO estimate), data from 2014. This compares to 82 percent of male labor force participation in Belize, and 80 percent in LAC. In addition to WDI data, the information on gender in the CPF draws on the following assessments: Government of Belize – National Women's Commission, 2010. National Gender Policy. Part 1: The Situation Analysis of Gender Issues in Belize; UN Women, 2016. "Belize: Overview of Country Gender Equality Status"; and UNICEF, 2011. The Situation Analysis of Children and Women in Belize

2011: An Ecological Review.

¹⁶ In 2010, one-fourth of firms in Belize had a female top manager, and almost one-third of firms had women among the owners. World Bank Enterprise Survey 2010.

¹⁷ As of March 8, 2017.

sharply, falling from 2.9 percent in 2015 to -1.5 percent in 2016 despite the good performance of the tourism and construction sectors.

22. Falling agricultural output and low global prices sharply reduced export earnings, and rising machinery imports contributed to a widening current-account deficit. Belize both exports crude oil and imports refined fuel products, but as a net oil importer the slump in international oil prices that began in 2014 has improved the country's trade balance. Yet despite the improved oil balance and a recent increase in tourism receipts, lower agricultural and fisheries exports more than offset the gains and contributed to a widening current-account deficit, which reached about 13 percent of GDP in 2015-16.¹⁸ Between 2013 and 2016, goods exports declined by 18 percent, with oil exports plunging in value by more than 80 percent from their 2013 level, reflecting the combined effect of historically low prices and reduced output.¹⁹ Meanwhile, imports increased by 9 percent, driven by machinery and other capital goods relating to new foreign investments in the sugar industry. Proceeds from FDI, together with the support received from PetroCaribe,²⁰ have financed the current-account deficit, and international reserves equaled to an estimated 4.0 months of imports at end-2016.

23. Rising public spending and slow revenue mobilization have widened the fiscal deficit. Falling oil prices diminished royalty revenue, contributing to a decline in total revenues between 2014 and 2015. During 2016, the authorities introduced a set of measures designed to boost revenues, including a fuel-tax hike early in the year, which have helped offset the revenue decline previously observed. The combined pressure of a rising public-sector wage bill, transfers, and capital-expenditure overruns have caused the growth of total expenditures to accelerate since 2015. The fiscal deficit ballooned from 2.4 percent of GDP in 2014 to 8 percent in 2015 and remained elevated at 5 percent in 2016. The primary deficit gradually worsened from a surplus of 1.4 percent of GDP in 2012 to a deficit of 5.6 percent in 2015. The primary deficit is expected to remain negative over the near term with negative effects on debt dynamics.

24. A June 2016 ruling by the Permanent Court of Arbitration in The Hague on compensation resulting from past nationalization sharply increased fiscal pressure. The court ordered the government to pay US\$200 million—equivalent to about 11 percent of GDP—in compensation for the 2009 nationalization of Belize Telemedia Limited.²¹ The settlement has significantly impacted the fiscal accounts, with repayments equaling about 1.8 percent of GDP in 2015, 5.5 percent in 2016, and 5.6 percent in 2017 (see Table 2).²² In light of Belize's limited fiscal space and external borrowing constraints, a central assumption is that part of the gross financing needs occasioned by the settlements would be covered by a range of mechanisms, including

¹⁸ MFM, World Bank, and World Bank staff estimates

¹⁹ IMF, 2016. Article IV Consultation, Staff Report. 2016 data are estimates

²⁰ The PetroCaribe agreement was launched in 2005. It has allowed several Latin American and Caribbean countries to purchase oil from Venezuela on preferential terms. Purchasers pay a small percentage of the total cost up front, and the balance can be paid over 25 years at 1 percent interest.

²¹ In 2009, Belize Telemedia Limited (BTL) was nationalized. The Permanent Court of Arbitration in The Hague was called upon to define (i) the price attributable to more than 45 million shares and (ii) the applicable interest rate.

²² The accounting principle adopted for the repayments is that they constitute a financial investment. This interpretation is consistent with the views of the IMF's most recent Article IV. See: <http://www.imf.org/en/News/Articles/2016/09/26/PR16424-Belize-IMF-Executive-Board-Concludes-2016-Article-IV-Consultation>

potential multilateral and bilateral budget support operations, savings accrued from the PetroCaribe agreement, and the sale of public assets.

Table 2. Selected Macroeconomic Indicators
(% of GDP, unless otherwise specified)

	2012	2013	2014	2015*	2016*	2017*	2018*
GDP at constant prices (percentage change)	3.8	1.3	4.1	2.9	-1.5	2.1	2.0
Consumer prices (average)	1.2	0.5	1.2	-0.9	0.6	1.0	2.1
Exports of goods and services	65.3	65.2	67.0	63.2	56.2	55.1	54.3
Imports of goods and services	63.8	67.0	70.7	71.6	65.6	63.5	61.5
Revenue and grants	26.6	28.6	29.1	28.0	29.1	28.1	27.4
Overall public expenditure	27.1	30.3	31.7	35.9	34.6	34.7	32.5
Current expenditure	22.2	23.3	24.4	25.9	27.7	28.0	28.4
<i>of which:</i> Wages	9.5	9.5	9.8	10.3	10.8	11.6	11.6
Transfers	4.1	4.1	4.4	4.6	4.6	4.6	4.5
Capital expenditure and net lending	4.8	7.0	7.3	10.4	7.0	6.7	4.1
<i>of which:</i> Settlement	1.8	5.5	5.6	...
Primary balance	1.3	1.0	0.3	-5.5	-2.5	-2.9	-1.3
Overall balance	-0.5	-1.6	-2.4	-7.9	-5.5	-6.6	-5.1
Current account balance	-1.2	-4.5	-7.9	-12.5	-13.6	-11.6	-11.1
Net foreign direct investment	12.3	5.4	8.7	3.7	4.5	4.5	6.1
Public and publicly guaranteed debt	79.0	79.4	77.6	82.1	99.9	95.7	96.4

Source: National authorities, International Monetary Fund, and World Bank staff estimates.
Fiscal figures reflect fiscal years (April-March). *2015-2016 data is provisional; 2017-2018 data is estimated.

25. **The public debt stock declined between 2011 and 2014, but the country’s worsening fiscal position has reversed this trend.** The public debt stock has fluctuated over time, reflecting the stop-and-go pattern of economic growth, the cyclicity of fiscal spending, and the impact of periodic debt restructuring. Between 2006 and 2007, the government restructured part of its short-term debt by issuing a US\$500 million “superbond,” which was originally expected to mature in 2029. In 2013, the superbond’s maturity was extended to 2038. Increasing financing needs and the recognition of contingent liabilities related to the nationalizations have pushed the debt stock from 77.6 percent of GDP in 2014 to 99.9 percent in 2016. The debt stock is currently projected to exceed 100 percent of GDP by 2021. Most of Belize’s debt stock is central government debt. More than 80 percent is external debt denominated in foreign currency, primarily US\$, held by non-residents. Multilateral creditors account for roughly 24 percent of the debt stock. Despite the fixed exchange rate, Belize’s debt profile is potentially sensitive to exchange-rate shocks. A recent IMF Debt Sustainability Analysis²³ found that the debt-to-GDP ratio is also vulnerable to shocks affecting economic growth, interest rates, the financial sector, contingent liabilities, and the primary balance. Going forward, the government is expected to shift to a mix of domestic financing, asset reductions, and international-reserve withdrawals to cover its financing needs.

26. **While the banking system has become increasingly resilient over time, the recent loss of correspondent banking relationships (CBR) between domestic and international banks**

²³ IMF, 2016. Belize: Article IV Consultation – Press Release, Staff Report, and Statement by the Executive Director for Belize. October 2016

has created macro-fiscal challenges and could slow economy-wide growth. The banking system's overall capital-adequacy ratio has improved, while the share of nonperforming loans declined from 20 percent in 2012 to 15.8 percent in early 2016.²⁴ However, global financial institutions' increased focus on de-risking led some international banks to terminate their CBR with Belizean banks in 2015 and 2016. Even the Central Bank of Belize lost some of its CBR during this period.²⁵ These developments could have an adverse impact on the real sector, trade, foreign investment inflows, remittances, and tourism exports. Although the volume of international transactions has remained largely unaffected thus far, there are signs of rising transaction costs and clearance times. The impact on tourism could be especially acute, as the lion's share of tourist expenditures involve credit-card transactions executed via correspondent banks, and a shock to the tourism sector could negatively affect employment, growth, and Government finances.

27. The government is taking steps to enhance banking-sector oversight and tighten financial law enforcement. The authorities are aware of the importance of strengthening regulations against money laundering and stepping up efforts to combat terrorism financing. Collaboration with bilateral counterparts, including the World Bank Group, on these subjects is ongoing. In early 2017, Belize's International Financial Services Commission presented a plan to enforce new regulations to increase licensing fees and capital requirements for higher-risk offshore financial agents and to bolster its own sectoral oversight and sanctioning capacity.

28. GDP growth is expected to remain broadly stable at around 2 percent over the medium term, as diminished public investment and significant competitiveness challenges partially offset the impact of a dynamic tourism sector and rebounding agricultural exports. The ongoing economic expansion in the US is expected to drive the continued growth of the tourism sector, with both flights and cruise-ship arrivals expected to increase steadily. The rise of the sugar industry is projected to boost agricultural output, and a major new production plant is commencing operations. The current-account deficit is expected to taper off moderately as rising goods and services exports improve the trade balance, but it will likely remain in double digits over the medium term.

29. Risks are tilted on the downside and are concentrated on the fiscal front. The large settlements payment and the restructuring of the superbond will heighten pressure on the country's foreign-exchange reserves, which could fall to less than 2 months of imports by 2019.²⁶ The fiscal deficit is expected to widen over the next two years before narrowing to a medium-term average of about 5 percent of GDP in 2018, after the settlement process is complete. Given the slow projected recovery of oil prices, the impact of a further reduction in PetroCaribe financing, or even its abrupt termination, would be less severe than would have been the case just a few years ago. Nevertheless, diminished PetroCaribe inflows would immediately accentuate existing fiscal risks by intensifying pressure on international reserves, with negative implications for debt refinancing capacity.

²⁴ IMF, 2016. Financial Soundness Indicators. <http://www.imf.org/external/pubs/ft/scr/2016/cr16334.pdf>

²⁵ IMF, 2016. Belize: 2016 Article IV Consultation, October.

²⁶ IMF, 2016. Belize: Article IV Consultation – Press Release, Staff Report, and Statement by the Executive Director for Belize. October 2016.

30. **The nominal exchange-rate peg to the US dollar (at 2 Belize Dollars (BZD) : 1 United States Dollars (US\$)) continues to anchor Belize’s macroeconomic framework and inflation-targeting regime, but it constrains policy flexibility.** The peg has reinforced price stability and bolstered investor confidence, enabling foreign direct investment to average almost 7 percent of GDP per year from 2012 and 2016. The inflation rate turned slightly negative in 2015, falling to -0.9 percent due to low international oil, food and transportation prices. However, a modest increase in food prices and fuel taxes turned inflation mildly positive in 2016. The inflation rate is projected to remain at about 2 percent over the medium term, reflecting the combined effect of the fixed exchange rate, historically low (albeit rising) global oil prices, and subdued inflation among the country’s principal trading partners. Given the recent deterioration of macroeconomic conditions and the government’s adherence to the fixed exchange rate, the expected drop in foreign-currency reserves could increase pressure on the monetary-policy regime. The strengthening of the US dollar has caused the Belize dollar to appreciate in nominal terms against most of the country’s trading partners, and the real effective exchange rate appreciated by 10 percent between 2011 and 2015. This contributed to the decline in Belizean exports during the period.²⁷

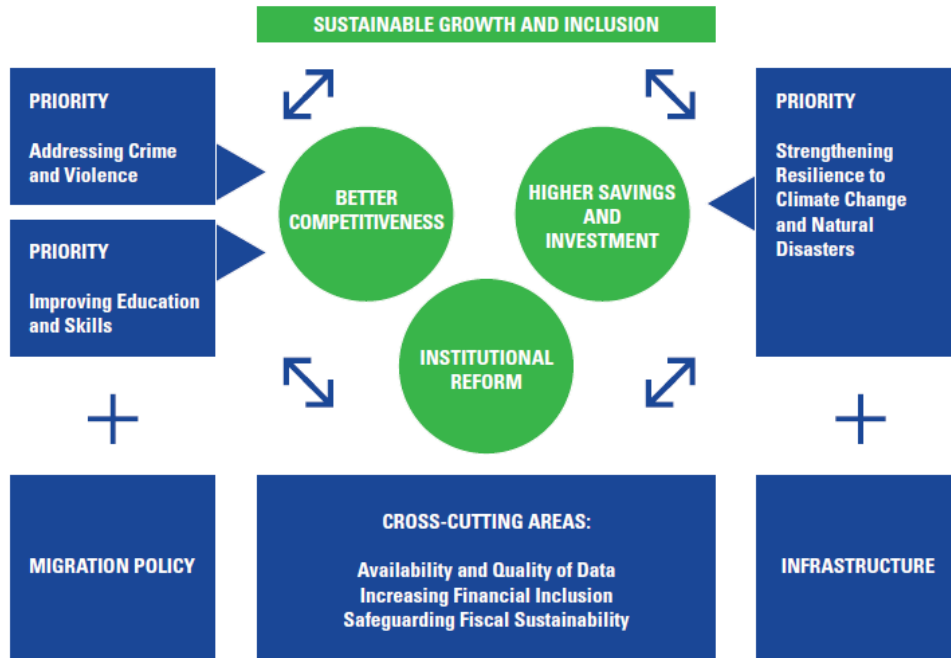
31. **The most recent (2016) IMF Article IV consultation in Belize concluded that the economy continues to face multiple challenges.** It highlighted the weakening fiscal position, which is putting up-ward pressure on public debt. The IMF also noted that while the banking system weaknesses have decreased, the loss of CBR experienced by the largest banks in the country poses significant challenges for the economy.

C. Key Development Challenges from the SCD

32. **The Belize Systematic Country Diagnostic (SCD) analyzed challenges and opportunities for Belize to reduce poverty and increase growth and shared prosperity.** The SCD concluded that Belize’s development depends on multiple reinforcing enabling factors such as better competitiveness, higher savings and investments, and strengthening institutions. In this context, the SCD further identified three thematic priorities, including: (a) strengthening resilience to climate change and natural disasters; (b) improving education and skills; and (c) addressing crime and violence. Additionally, the SCD identified three cross-cutting areas that are critical for the achievement of the twin goals in Belize: (a) safeguarding fiscal sustainability; (b) improving the availability and quality of data; and (c) increasing financial inclusion (see Figure 4). Expanding infrastructure investments and strengthening the legal framework that underpins the country’s current migration policy were also considered important factors that could reinforce the expected impacts of the SCD’s priority areas. Data availability constraints did not enable the SCD to establish the magnitudinal impact of different interventions on the WBG’s twin goals of reducing poverty and enhancing shared prosperity, therefore priorities have not been ranked.

²⁷ IMF, 2016. External Stability Assessment, Annex I of the IMF 2016 Article IV Consultation.

Figure 4. Thematic Priorities in the SCD



33. **Climate shocks pose a major development challenge, as they unleash vulnerabilities for the entire economy, especially for the poor.** Adverse climate events impact agriculture, infrastructure sectors, tourism, and ultimately the livelihood of all Belizeans (see Table 3). Underdeveloped and dilapidated infrastructure, particularly in the transport sector, severely disrupts the movement of goods and people (70 percent of the Belizean population lives near primary and secondary road networks). In 2015, the agriculture sector contracted (year-over-year) by more than 4.5 percent, due to adverse climate events. According to a 2015 assessment prepared by the Ministry of Agriculture, extreme weather conditions experienced between August to mid-October 2015, in Toledo, Stann Creek, Cayo, Belize, Orange Walk, and Corozal districts affected 4,383 farmers and led to an estimated financial loss of US\$14 million.²⁸ In the first six hours of Hurricane Earl in 2016, failures in the energy transmission and distribution network reduced energy dispatch by more than half, almost leading to a total blackout of the system. While Belize has made great strides in improving resilience, key infrastructure and economic sectors remain vulnerable to extreme weather and climate change risks (floods, droughts, storms, sea level rise, etc.).

²⁸ El Niño Effects on Local Agriculture. Ministry of Agriculture, January 2016.

Table 3. Sample Hurricane Damages

Hurricane	Year	Estimated Damages
Hattie	1961	600 percent of GDP; 400 deaths ¹
Keith	2000	45+ percent of GDP ²
Iris	2001	25 percent of GDP ³
Dean	2007	6-8 percent of GDP (\$80-100 million) ⁴
Richard	2010	Est. 3-4 percent of GDP (\$35 million) ⁵
Earl	2016	Est. 9-11 percent of GDP (\$150 million) ⁶

Sources: (1) EM-DAT, the International Disaster Database, accessed January 2013; (2) EM-DAT, the International Disaster Database, accessed January 2013; (3) EM-DAT, the International Disaster Database, accessed January 2013; (4) Public Utilities Commission, 2007, "Preliminary Damage Assessment and Needs Analysis Report"; and Economic Commission for Latin America and Caribbean, 2007, "Macro Social-Economic Assessment of the Damage and Losses caused by Hurricane Dean."; (5) National Emergency Management Organization, 2010, "Initial Damage Assessment Report."; and (6) National Emergency Management Organization, 2016, "Initial Damage Assessment and Needs Analysis Report."

34. **Much of the country’s natural resource base actively mitigates environmental risks and their associated economic costs.** Natural resources support economic activity and shelters the country from adverse weather events and climate change risks. The Belize Barrier Reef, for example, supports a vibrant tourism, fishing industry, and livelihoods for communities. Together, the coral reef and the extensive mangroves ecosystem shelter Belize’s extensive coast from storms and high velocity winds that cause floods and coastal damage. According to a World Resources Institute assessment in 2008, approximately two-thirds of the mainland coast is protected by coral reefs. It has been estimated that the value of ecosystem services generated by the coral reefs and mangroves is between 15 and 22 percent of GDP (in the annual range of US\$395-559 million).²⁹ Belize also benefits from extensive areas covered by pristine tropical forests that are vital to limiting soil erosion and runoffs. Land cover changes and poor soil management have resulted in high levels of soil erosion. Deforestation is mainly caused by encroachment for agricultural production. Forest cover has continued to decrease from 73 percent in 1989 to 62 percent in 2012. Currently, 71 percent of watersheds are forested, but forest cover in these watersheds is estimated to reduce to 55 percent by 2050.³⁰ These challenges not only have environmental impact, but also reduce agricultural sector resilience and therefore directly affect the livelihoods of the communities that depend on natural resources. Protecting these ecosystems is critical for enhancing their ability to provide the associated environmental protection and economic resilience.

35. **Weaknesses in the financial sector present an important challenge to economic resilience and inclusion in Belize.** The financial sector requires strengthening across the three dimensions of financial infrastructure, financial system stability, and integrity. On the financial infrastructure side, weaknesses include the absence of a movable collateral registry (and weaknesses in the land registry) and a credit bureau, as well as a slow transition to a fully automated payments settlement system. Thus, bank lending is mostly collateral-based (i.e. real estate) which adversely impacts women³¹; credit risks are assessed as higher due to lack of payment

²⁹ World Resources Institute (2008).

³⁰ Cherrington et al. "Impacts of Climate Change and Land Use Change on Belize’s Water Resources". 2014

³¹ For example, according to an analysis of borrowing trends within the Belize Enterprises for Sustainable Technology (BEST), men tend to be in a much better position than women to offer land as collateral. (Government of Belize - National Women’s Commission, 2010. National Gender Policy. Part 1 The Situation Analysis of Gender Issues in Belize.)

histories on borrowers; customer due diligence is weak; and payment clearing and settlement processes still experience delays. Collectively, these shortcomings put pressure on spreads between lending and borrowing rates (cost of credit) and hinder access to financing (particularly for small and medium enterprises - SMEs). In addition, financial services and instruments for SMEs, such as leasing and factoring are limited, and infrastructure financing, housing financing, and agriculture financing are underdeveloped. On the financial stability side, regulatory and supervisory improvements have been observed. These include continued restrictions on the systemic bank and other banks that were granted an extension on provisioning requirements, increased capital adequacy ratios (CARs), and declining non-performing loans (NPLs).³² Notwithstanding these improvements, a capital market with adequate safeguards, transparency and disclosure mechanisms, is absent and could support banks in raising capital to more promptly bring provisioning to the required prudential levels. Finally, the recent losses in correspondent banking relationships by Belizean banks could have negative externalities for financial stability, cross-border financial flows, remittances, and repatriation of tourism receipts.

36. Belize's high incidence of unemployment is also a key constraint to greater inclusion and is strongly linked to low skill levels in the labor force, particularly among youth. The official unemployment rate stands at 14 percent, and is even higher among youth, at 23 percent. According to a labor survey conducted in 2014, females, the majority of whom were under the age of 25, constitute two-thirds of the unemployed population.³³ Furthermore, women are more likely to be underemployed than men: 22 percent of the employed female population, compared to 8 percent for male.³⁴ Skills shortages and mismatch are reportedly a major constraint to youth employment, productivity, and competitiveness. According to the latest available data (Enterprise Survey 2010), an inadequately skilled labor force is the third-most significant constraint to private sector operations. Only 45 percent of secondary school-aged children attend school, substantially lower than the LAC average of 80 percent, and only one in four children from the bottom 20 percent of the income distribution attend secondary school. While these outcomes reflect deeper problems in quality and access to formal education, they are also reflective of inadequacies in vocational and training institutions. Reforming the education system to improve access and quality of education is a high priority as reflected by the programs implemented with multilateral partners, including the Inter-American Development Bank (IDB) and the Caribbean Development Bank (CDB). Belize cannot compete in higher-value added sectors without making efforts to enhance the skills and employability of its workforce, especially of youth who have left the school system. Improving skills and employability of youth would positively impact competitiveness, productivity, inclusion, and contribute to the reduction of crime and violence.

37. Crime and violence have been a major socioeconomic challenge. The homicide rate increased 150 percent between 2000 and 2010, and was the sixth-highest in the world in 2010.³⁵

³² The system's ratio of non-performing loans to total loans fell to 15.8 percent (5.7 percent net of provisions) at end-March 2016, and the reported capital adequacy ratio increased to 25 percent. IMF Article IV Staff Report, 2016.

³³ Statistical Institute of Belize. Annual Report, 2015.

³⁴ Statistical Institute of Belize. Labour Force Survey Summary Findings, April 2016. Furthermore, based on the 2009 LSMS, UNICEF reports that almost 80 percent of women are employed in service sectors, compared to about 50 percent of men (see UNICEF, 2011. The Situation Analysis of Children and Women in Belize 2011: An Ecological Review).

³⁵ López, J. 2013. "Organized Crime and Insecurity in Belize." Washington, DC: Inter-American Dialogue.

In 2012, it reached 44.7 homicides per 100,000 inhabitants, among the three highest homicide rates in Central America and the Caribbean, with increasing trends linked to gangs and criminal organized groups.³⁶ Males are the main victims of homicides (90.3 percent, United Nations Office on Drugs and Crime 2013 using 2011 data), and young males between the ages of 8 and 19 form a significant proportion of the victims and perpetrators of different forms of street violence and crime. Women are at a higher risk of suffering from intimate partner violence and sexual violence.³⁷ As noted in the SCD, 99 percent of Belizean youth have been exposed to violence, compared to 58 percent in Jamaica.³⁸ This is significant because, in addition to adverse psychological effects on the individuals, youth exposure to violence is considered an important risk factor for future perpetration of violence. Among them, youth who neither work nor study, and in particular disadvantaged, young, idle males, are particularly vulnerable to violence, both as victims and perpetrators, and considered at risk.³⁹ A recent World Bank Regional Study confirms that youth idleness is correlated with crime and violence.⁴⁰ The incidence of crime and violence also hinders Belize's competitiveness, with the latest available data (Enterprise Survey 2010) highlighting that 70.4 percent of Belizean enterprises pay for security services, compared to 61.4 percent in LAC.⁴¹ It is also cited as the biggest threat to the tourism industry, the leading economic sector in the country.

III. WORLD BANK GROUP PARTNERSHIP FRAMEWORK

38. **This section presents the World Bank Group's Partnership Framework.** It summarizes the Government's program as reflected in its GSDS and demand for WBG support. It highlights lessons learned from the implementation of the previous CPS program. It then identifies the selectivity filters for the proposed CPF program, before outlining the structure of the CPF, the proposed WBG program and its implementation.

A. Government Program and Medium-Term Strategy

Government Program and Demand

39. **The GoB's development plan is focused on strengthening economic and social resilience.** Belize's long-term development vision, *Horizon 2030: National Development Framework 2010-2030*, highlights a series of strategic and long-term goals for the sustainable and prosperous development of the country, including key reforms aimed at poverty reduction and addressing long-term sustainable development issues. The Government envisages implementing

³⁶ See UNODC. 2013. Global Study on Homicide, at: https://www.unodc.org/documents/gsh/pdfs/2014_GLOBAL_HOMICIDE_BOOK_web.pdf, accessed October 2016.

³⁷ The Women's Circle of Belize 2010 survey at <http://www.impowr.org/content/summary-domestic-violence-belize>.

³⁸ Gayle, H. and N. Mortis (2010), "Male Social Participation and Violence in Urban Belize: An Examination of their Experience with Goals, Guns, Gangs, Gender, God, and Governance." Ministry of Education. Belize.

³⁹ 'At-risk youth' are defined, with respect to age, as 16-29-year-olds.

⁴⁰ Chioda, Laura. Crime Prevention in LAC: Never Too Early, Never Too Late, Never Too Comprehensive. World Bank, Latin America and the Caribbean Region, forthcoming.

⁴¹ World Bank and IFC. 2010. Belize Country Profile 2010. Enterprise Surveys, available at: <http://www.enterprisesurveys.org/~media/GIAWB/EnterpriseSurveys/Documents/Profiles/English/belize-2010.pdf>, accessed October 2016.

its vision through a series of medium-term development strategies. The first medium-term development strategy, *Growth and Sustainable Development Strategy 2016-2019* (GSDS), was launched in April 2016 and is guiding the Government's development program. The GSDS identifies a set of initiatives aimed at strengthening economic and social resilience, promoting competitiveness.

40. **GSDS focuses on four critical factors to support the overarching goal of improving the quality of life of all Belizeans.** The four critical success factors (CSFs) include: (a) optimizing national income and investment; (b) enhancing social cohesion and resilience; (c) improving the health of natural, environmental, historical, and cultural assets; and (d) strengthening governance and citizen security. The CSFs outline a series of objectives and necessary conditions, and are broadly aligned with the SCD priorities.

41. **Within the GSDS framework, the GoB has requested WBG engagement in two broad areas.** First, the Government confirmed the relevance of ongoing programs supported by the WBG which includes infrastructure resilience to climate change and natural resource management. The Government requested continued support in this area, including in building resilience of the agricultural sector to adverse weather events, which has been affected by land-use changes and deforestation. Second, the Government has requested WBG support for enhancing financial inclusion and social resilience. While the GoB recognizes the critical priority of financial sector strengthening, the request, initially, is focused on enhancing financial inclusion, an area in which the World Bank and the International Finance Corporation (IFC) have provided technical assistance during the FY12-15 CPS period. The GoB also requested WBG engagement to support the Government's efforts towards greater social resilience, focused initially on support to youth employability and at-risk youth inclusion. This represents a new area of engagement for the World Bank in Belize. During the course of the CPF implementation, GoB could also consider WBG engagement on select areas to support macro-fiscal sustainability should there be a need and circumstances warrant.

Lessons Learned, Consultations, and WBG Comparative Advantage

42. **The overall performance of the previous CPS program (FY12-FY15) was assessed as moderately satisfactory.** Given that this was the first WBG strategic engagement, the CPS concentrated on one interlinked theme -- support for the Government's efforts to adopt a sustainable natural resource-based economic model while enhancing the country's resilience to climate change and natural disasters. It included three results areas and ten outcome indicators out of which five outcomes were achieved or mostly achieved and three were partially achieved. Good results emerged towards strengthening institutional capacity to implement climate resilience and environmental protection measures through better coordination, monitoring and enforcement. WBG support was moderately satisfactory in fostering infrastructure and human resilience to climate change impacts. Some progress was also observed in increasing ecosystem resilience to climate change impacts and human capital for a natural resource-based economy by the end of the CPS period (See Annex 2 – Completion and Learning Review).

43. **Implementation of the previous CPS presents important lessons for the WBG program going forward.** Experience gained during the CPS indicates that project implementation

in Belize requires particular focus on capacity building in public-financial management, inter-agency coordination, and extensive support in the implementation of projects. The Completion and Learning Review (CLR) identified lessons learned which are summarized below:

- Interventions to support Belize’s resilience to climate change and natural hazards have a multi-sector dimension requiring strong coordination across a wide range of ministries and agencies.
- Increasing project management, including financial management and procurement capacity, is essential to ensure efficient implementation of programs.
- Implementation of community-based activities requires a long gestation period, especially in the first years of implementation, as significant time is needed to mobilize, sensitize, and build basic skills of targeted groups.
- In a small state context, with multiple development challenges and capacity constraints, a deeper engagement in few areas is appropriate to avoid fragmentation of support.
- The CPF results framework can benefit from inclusion of fewer objectives that can be closely monitored.

44. **In addition to the lessons learned, feedback from stakeholder consultations informed this CPF.** The consultations started during the SCD preparation and culminated with the final round of CPF consultations where proposed Focus Areas and main directions were broadly supported (see Annex 3 – Summary of Feedback from Stakeholder Consultations). The diverse stakeholders representing government, private sector, and civil society groups highlighted core priorities in the areas of economic growth and resilience, with particular focus on most vulnerable sectors and communities. The World Bank Group also conducted high-level consultations with the Government where the CPF Focus Areas were considered appropriate and relevant to support the country’s development strategy. In addition, the built-in flexibility in the CPF was welcomed by the Government. Such flexibility will enable the Government to receive, if required, potential support in areas that could contribute to fiscal sustainability and broader financial sector strengthening.

45. **The WBG is well positioned to support the selected CPF focus areas and objectives.** The WBG’s comparative advantage to support the CPF program derives from: (a) the knowledge-base in areas of engagement between the WBG and the GoB during the FY12-15 CPS period including: disaster risk management, climate change adaptation, infrastructure resilience and natural resource management (NRM), and financial sector strengthening; (b) the WBG’s global knowledge of challenges affecting small states and ability to mobilize and integrate solutions that can be tailored to help mitigate these challenges in Belize; and (c) an understanding of complementarities with the work of other development partners in Belize (see Annex 4 - Development Partners).

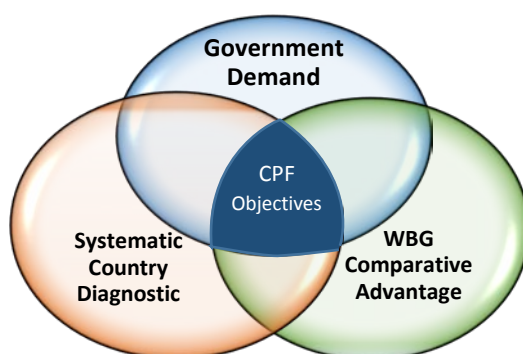
B. Proposed WBG CPF (FY18-22)

46. **The overarching goal of the FY18-22 CPF is to support Belize in strengthening its economic resilience.** This goal will be pursued with a focus on advancing progress towards the twin goals of reducing poverty and increasing shared prosperity. The current engagement in areas associated to climate resilience and environmental sustainability remains relevant. The CPF takes forward the ongoing lending and technical assistance in this area. Furthermore, it deepens

engagement through additional support earmarked towards financial inclusion and social resilience.

47. **The CPF program is derived from three selectivity filters.** The filters include: (a) *Government demand* (focusing on areas that have strong country ownership and have potential high impact); (b) *SCD priorities*; and (c) *WBG's comparative advantage* based on its past record of engagement and lessons learned, global knowledge and regional experience, and the role of other development partners (see Figure 5). Further selectivity was also derived from Belize's small state context and associated capacity challenges which warrant a more focused and consolidated approach, avoiding spread-out interventions. Using these selectivity filters as guiding principles, the CPF program presents two focus areas and a sub-set of four objectives. Focus Area 1 - *Fostering Climate Resilience and Environmental Sustainability* - was selected based on the WBG's demonstrated track-record and continued strong demand from the Government. Focus Area 2 - *Promoting Financial Inclusion and Social Resilience* - was selected based on the WBG's global knowledge and experience in implementing similar programs, including in Belize and in the Caribbean Region, and Government demand.

Figure 5. Filtering Process to Define CPF Objectives



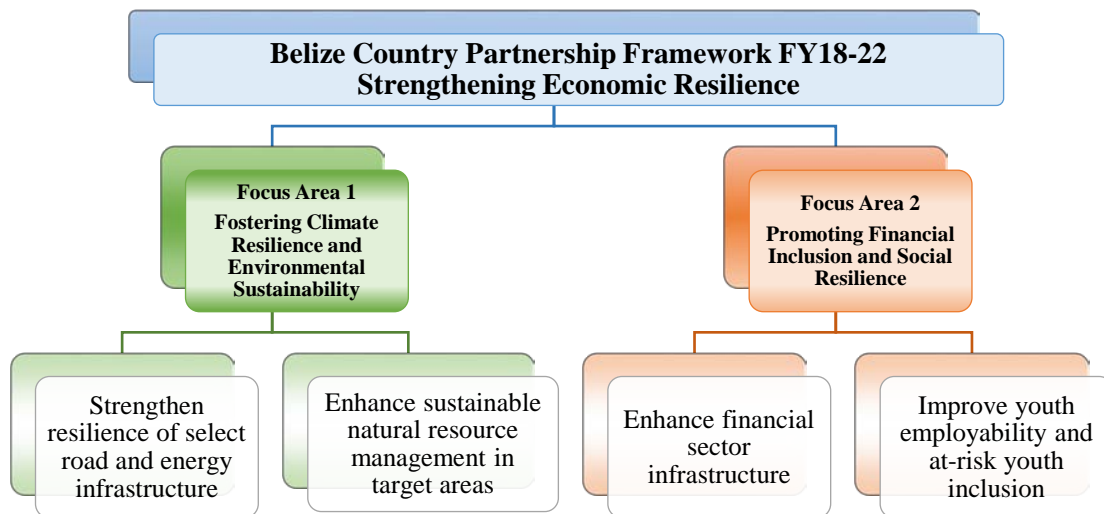
48. **In exercising selectivity, the CPF program addresses some of the priority areas identified in the SCD.** Although important, critical topics identified in the SCD are not being addressed in the CPF as either there is insufficient client demand or other partners have strong engagement. Topics highlighted as enabling factors in the SCD such as competitiveness and institutional reform are not being directly addressed as other partners have ongoing engagements with the GoB (see Annex 4 – Development Partners).

49. **Regarding the cross-cutting fiscal sustainability area, the WBG will maintain regular dialogue and remain open to engage, should there be Government demand and the need arise.** Engagement in this area could potentially include targeted analytical support, technical assistance, and financing. Specifically, the Bank could provide support with debt management strategies, advancing fiscal consolidation and public-financial management reforms, and budget support.

50. **This CPF represents both a continuity of the ongoing program and a deepening of engagement in priority areas.** The strategic area of the previous strategy on climate resilience and NRM remains relevant and the CPF reflects continuity of the ongoing program (see Annex 6 – World Bank Portfolio), as well as additional support. The main shift since the last strategy is the deepening of the engagement on financial inclusion, and initiating new engagement to promote social resilience. The rationale for additional WBG support in this area stems from the high priority to improve inclusion and livings standards for the bottom 40 in Belize and strong demand from the Government.

51. **Objectives under both Focus Areas will contribute to the CPF’s overarching goal.** Focus Area 1 is articulated through two objectives that aim to: (1a) *strengthen resilience of select road and energy infrastructure*, and (1b) *enhance sustainable natural resource management in target areas*. Collaboration under Focus Area 2 is also articulated through two objectives that aim to: (2a) *enhance financial sector infrastructure*, and (2b) *improve youth employability and at-risk youth inclusion* (see Figure 6). To achieve these objectives, the CPF envisages the implementation of a program that could reach up to US\$30 million in new loans, subject to how program performance evolves in the course of the CPF period, continued Government interest in IBRD financing, and on IBRD’s lending capacity and demand from other borrowers. Additionally, the program will be supported by non-lending instruments, notably Analytics and Advisory Services (ASAs), and leveraging grant resources from donor partners when available. Finally, the WBG’s support provided through regional initiatives and programs could contribute to achievement of the objectives for this CPF. The Results Framework (RF) will be developed further during implementation of the CPF, once new projects are determined, and adjustments made during the PLR stage.

Figure 6. WBG CPF Focus Areas and Objectives



52. **Under both Focus Areas, the WBG envisages addressing the needs of the bottom 40 percent and most vulnerable population.** The WBG’s ongoing projects have already placed emphasis on supporting the most vulnerable groups in Belize. Projects currently under implementation, for example, support community mobilization for the development of alternative

livelihoods, which reach several vulnerable groups (see Annex 5 – World Bank support to vulnerable groups in Belize). Planned collaboration under this CPF will continue to promote this approach. In addition, the CPF program will remain gender informed through its analytical and operational engagement.

Focus Area 1. Fostering Climate Resilience and Environmental Sustainability

53. This Focus Area includes two objectives that aim to foster climate resilience and environmental sustainability. The SCD considers these particular aspects to be crucial, having fundamental impact on the country’s ability to move to a position of higher economic resilience. Belize’s economic vulnerabilities are exacerbated by its exposure to natural disasters. In the short-term and beyond, these vulnerabilities can affect economic growth, the generation of welfare gains, and its distribution among Belizeans.

54. The adverse natural disaster and climate impacts pose major impediments to promoting sustainable growth and reducing poverty, which are priorities of the Government. The importance given to building climate resilience across all sectors was highlighted in the National Determined Contribution (NDC) submitted by the Government of Belize to the United Nations Framework Convention on Climate Change (UNFCCC). Thus, the GoB has given priority attention toward improving infrastructure resilience, natural resource management and implementing viable adaptation measures targeting the most vulnerable sectors and ecosystems of Belize. Integrated landscape management has increasingly proven to be an important element in balancing interdependencies between different landscape elements and interests, such as agricultural production, biodiversity conservation, and forestry management.

55. In addition to the ongoing support to the infrastructure resilience agenda, the Bank has also established a strong engagement in natural resource management and this CPF envisages continued collaboration in this area. As described in further details below, one of the WBG’s engagement in Belize is focused in supporting the Government to enhance resilience of select road and electricity distribution infrastructure. The Bank’s portfolio is also strongly anchored on activities aimed at improving the sustainability of natural resources and in safeguarding livelihoods that depend on them. Going forward this support will continue given its alignment with the country’s development agenda. In addition, under this Focus Area, the Bank will aim to support integrated landscape management approaches that include attention to agriculture as a productive sector.

Objective 1a. Strengthening resilience of select road and energy infrastructure

56. The GoB developed the National Climate Resilient Investment Plan (NCRIP) to address the impacts of climate change on social and economic resilience. This plan was elaborated with support from the Bank and other donors. The NCRIP road prioritization analysis identified four geographical areas of socioeconomic importance and high susceptibility to disaster risk: the greater Belize City area, west of Belmopan, the northern area around Corozal, and the southern area around Independence. The NCRIP also covers energy and stresses the need to reduce vulnerabilities in this sector by mainstreaming climate change risk considerations.

57. **During this CPF program, the WBG will continue to support Belize in enhancing the resilience of road infrastructure against extreme weather.** The Bank is currently supporting the implementation of the NCRIP road network through the Climate Resilient Infrastructure Project (CRIP – P127338), a US\$30 million investment. The CRIP is contributing to a reduction of critical infrastructure vulnerability through the retrofitting and rehabilitation of select primary road networks, including associated drainage and flood mitigation systems. Additional support is also being provided under the project to strengthen institutional capacity to enhance infrastructure asset management and planning. The project further provides a Contingency Emergency Response window to support potential needs arising from an eligible crisis or emergency. Under the CPF FY18-22, the WBG will continue supporting infrastructure resilience through this project, collaborating closely with other partners, including the European Union and CDB, who also provide financing to Belize in this area.

58. **The CPF will support the resilience of energy infrastructure leveraging grant funds.** The Government has recently started the implementation of the Energy Resilience for Climate Adaptation Project (ERCAP – P149522), which is supported by a US\$8 million Global Environment Facility (GEF) grant-funded project. Through this project, the WBG will support Belize’s efforts to enhance resilience of electricity distribution so that Belize can better adapt to existing and emerging impacts from climate change on energy security. This collaboration will help improve long-term planning and adaptation capacity, as well as support demonstrative infrastructure improvements aimed at increasing transmission network resilience to extreme weather events. Given the dialogue with the GoB in the energy sector, the WBG will also seek opportunities to support, as opportunities emerge, the use of technologies that could further enhance the resilience of the energy sector by improving Belize’s energy matrix toward renewable energy sources. In infrastructure sectors, the WBG along with IDB, CDB and the OPEC Fund for International Development (OFIC), have supported Belize in improving the resilience of key road infrastructure, among other cross-sectorial infrastructure improvements.

Objective 1b. Enhancing sustainable natural resource management in target areas

59. **Deforestation, land use change, and poor soil management are affecting critical ecosystems, economic activity and the livelihoods that depend on them.** Deforestation, particularly in key watersheds, has led to the loss of critical protection of water quality, fuel and non-timber forest products for local and indigenous communities, and soil stabilization to prevent excessive sedimentation and reduce run-off of agricultural nutrients.

60. **The CPF will continue to support GoB efforts to enhance sustainable natural resource management.** Through existing grant-funded projects under implementation in the country, the WBG will support Belize in building capacity in forest protection, and in completing the readiness phase of REDD+ (a framework for reduction of emissions from forest degradation and deforestation). In addition, the WBG will support marine conservation for strengthened resilience of the reef system, and promotion of sustainable natural resource-based alternative livelihoods at the community level, also through grants which are currently under implementation.

61. **The WBG will promote better management of natural resources also to help mitigate risks that hamper the resilience of agriculture as a productive sector and livelihoods.** Climate

change continues to influence the magnitude of rainfall as well as its seasonal distribution and inter-annual variability, leading to intensified rainfall shortages (i.e. droughts) during dry seasons and water logging episodes (i.e. floods) during rainy seasons, thus affecting the resilience of the agriculture sector and livelihoods that depend on it. Land use changes caused by encroachment for agriculture production has exacerbated flood risks. Healthy functioning landscapes can help mitigate floods and droughts and strengthen agriculture sector resilience⁴² through better soil management, water resources management (surface and groundwater), integrated landscape management approaches (crop-livestock, climate-smart agriculture), and agro-forestry initiatives. The WBG will support capacity building envisaged by the GoB in select areas in line with the “National Adaptation Strategy to Address Climate Change in the Agricultural Sector in Belize” (2014). The Food Price Crisis Response trust fund, could support the preparation of a Climate-Smart Agriculture (CSA) country profile to enhance knowledge on agriculture sector challenges and opportunities to improve its resilience. As the WBG develops more knowledge on specific needs, additional opportunities for support to the GoB will be assessed further during CPF implementation and evaluated at PLR stage, at which time the corresponding results indicator, baselines, and targets will be incorporated.

Focus Area 2. Promoting Financial Inclusion and Social Resilience

62. **This Focus Area includes two objectives that aim to promote financial inclusion and social resilience.** The SCD analyzed these particular aspects to be essential in promoting resilient growth in Belize, and highlighted the interconnectedness with economic competitiveness and growth outcomes.

63. **As highlighted in the SCD, improving economic resilience is essential to helping Belize embark on a path of greater and more inclusive growth that can further reduce poverty.** This CPF Focus Area will aim to lay the foundations for improving select areas of the business enabling environment to bring about more economic opportunities for underserved segments of the society and marginalized groups. In particular, WBG support will aim to strengthen select elements of the financial sector, particularly by promoting financial inclusion (see Objective 2a.). This Focus Area will also support greater youth employability, with attention to at-risk youth inclusion (see Objective 2b.). The IFC will continue with the implementation of its advisory services program to strengthen the financial sector infrastructure, and will seek to invest in firms in the agribusiness, tourism, infrastructural, and financial sectors, given appropriate market conditions.⁴³ Multilateral Investment Guarantee Agency (MIGA) will aim to support potential foreign investments in the agribusiness, manufacturing, services, and infrastructure sectors through its political risk guarantees, where private sector demand exists.

⁴² Irrigation Policy and Strategy for Belize. FAO/Government of Belize, 2011.

⁴³ At present, the IFC does not have any investments and MIGA has no exposure in Belize.

Objective 2a. Enhancing financial sector infrastructure

64. **Despite the current excess liquidity across the banking sector⁴⁴, credit growth is limited (particularly for SMEs), the cost of credit is relatively high, and access to finance has been identified as one of the most binding constraints to enterprise growth.**⁴⁵ The availability of credit is limited, particularly for SMEs, and lending has not expanded significantly over the past few years (3.1 percent increase from 2011-2014). These challenges are a reflection of a combination of structural factors in the financial sector, including financial stability challenges and financial sector infrastructure shortcomings, which together constitute barriers on credit, investment, and private sector growth. Tackling these challenges, by (a) strengthening the resilience and stability of the financial sector; (b) enhancing the underlying financial sector infrastructure; and (c) fostering the capacity of institutions and borrowers, could increase credit growth and have positive spillovers for economic activity and inclusion.

65. **The CPF program envisages support to complement efforts by the Central Bank of Belize (CBB) to enhance access to finance.** WBG efforts will be aimed at strengthening the underlying building blocks of financial sector infrastructure including credit reporting systems, secured transactions and collateral registry frameworks, and payments and settlement systems. This support will also aim to promote consumer protection and financial literacy capacity, as a way to foster safe and responsible financing practices. Additional areas of potential support to the CBB may include strengthening the regulation and supervision of financial intermediaries that play a key role in supporting access to finance (including credit unions), and encouraging growth of financial instruments for SMEs and other underserved groups. Support in these areas will aim to complement and be closely coordinated with other partners supporting access to finance for SMEs in Belize.

66. **The WBG will support Belize in strengthening regulatory standards and enhancing enforcement and transparency.** The withdrawal of CBRs poses risks to financial sector resilience and stability in Belize and in many other jurisdictions in the region. The World Bank is supporting Belize in conducting a national risk self-assessment and will explore opportunities to provide additional support to the GoB to improve the Anti-Money Laundering - Combating the Financing of Terrorism (AML/CFT) framework. The CPF will retain flexibility for potential further collaboration on strengthening financial sector stability, regulation, supervision and transparency, in line with international requirements.

Objective 2b. Improve youth employability and at-risk youth inclusion

67. **The large number of inactive youth and working-age Belizeans constrains growth and shared prosperity.** Factors behind high rates of inactivity in Belize include inadequate technical and socio-emotional skills, as many youth leave school without acquiring these skills; expectations and aspirations that are misaligned with market realities; and limited formal sector job

⁴⁴ IMF Article IV: At end March 2014, commercial banks' excess cash reserves and liquid assets reserves were respectively 120 percent and 70 percent of requirements. In one domestic bank, excess liquidity was more than 200 percent of required reserves, and accounted for 60 percent of the system's total.

⁴⁵ See Growth Diagnostic in Belize. Hausmann and Klinger (2007), and the response of female-managed firms in the 2010 Enterprise survey.

opportunities. There is, however, evidence of positive returns to education at the secondary level, as unemployment rates for those with only a primary education (15.1 percent) are triple that of those with tertiary education.

68. **The WBG will support the Government of Belize in its efforts to strengthen youth employability programs.** This CPF objective will aim to contribute to (a) strengthening analytical capacity and information management systems (e.g. labor market, program evaluation and effectiveness assessment) to inform evidence-based interventions and support the implementation and monitoring of programs, (b) developing a streamlined policy that is aligned with good international practices and experience, (c) strengthening coordination among main stakeholders within and outside the Government in implementing the strategy; and (d) investing in youth employability and labor insertion programs.

69. **In the context of youth employability, additional attention will be paid to support at-risk-youth.** The SCD discussed youth unemployment in further detail and noted the link between youth idleness and crime and violence. Improving the employability of youth and supporting at-risk youth inclusion could contribute to a reduction of at-risk youth idleness. While crime and violence are complex issues that require multiple and comprehensive short- and long-term interventions, the World Bank will aim to support the GoB through preventive measures, such as remedial education, life skills, cognitive-behavioral therapy, trauma-based services, tailored tutoring and mentoring, and vocational and technical training. Activities in this area will build on international evidence of what works to prevent youth violence.

70. **To ensure greater effectiveness and sustainability of youth employability and at-risk youth inclusion programs, the WBG will aim to strengthen private sector participation.** One of the major constraints to the successful implementation of employment programs is the disconnect between the supply and demand of skills (i.e. skills mismatch). The WBG will support Government efforts towards enhanced private sector engagement. The role of the private sector in all phases will be crucial, especially given its potential to support job placement and scholarships/internship programs. The WBG's support to the GoB under this objective will be closely coordinated with other multilateral agencies already active in this area to maximize synergies and complementarity of programs.

C. Implementing the FY18-22 Country Partnership Framework

71. **The Belize CPF for FY 18-22 builds on the ongoing portfolio which is strongly aligned with the proposed objectives of the new WBG program.** There is currently 1 IBRD-financed project (US\$ 30 million). This project is supporting the Government's infrastructure resilience agenda, and focuses on improving the resilience of select road infrastructure (particularly drainage works), and disaster risk management and preparedness. The grant-funded project approved in 2016 (US\$ 8 million) will also support the resilience of critical electricity distribution networks. In the natural resource area, the Bank's active portfolio includes 4 grant-funded projects (US\$15 million) which are contributing to enhanced sustainability of forests, ocean resources, natural resource-based livelihoods, and to protection of key biodiversity areas. With respect to financial sector engagement, the IFC and the Bank have been providing analytical support and technical assistance on financial sector infrastructure under the IFC's Caribbean Credit Bureau Program and

the Caribbean Collateral Registries Program, and the Bank's Payment and Settlement Systems Program. Combined, these activities position the Bank to continue supporting and deepening engagement in these areas. While there is political commitment for reforms, institutional weaknesses and capacity constraints have delayed project implementation. The WBG will continue to provide strong implementation support, including more on-going technical support, learning from the CPS experience.

72. **The CPF will be implemented over FY18-22, through a mix of financial, knowledge and convening services to best address Belize's development needs.** The indicative financing for the CPF program could reach US\$30 million in new financing, subject to how program performance evolves in the course of the CPF period, continued Government interest in IBRD financing, and on IBRD's lending capacity and demand from other borrowers. The five-year duration will allow for alignment of preparation of the next CPF with the political cycle and also provide sufficient time for gestation of, and progress towards, the implementation of envisaged projects. The PLR will provide an opportunity to make any required adjustments to the results framework, especially in Focus Area 2 where the program will be further developed.

73. **Public Financial Management in Belize has improved but challenges remain⁴⁶ and efforts to strengthen key areas continue.** Main areas where enhancements were noted include budget preparation, controls over budget execution and in-year budget performance reporting. However, some aspects require further enhancements, as there is still insufficient comprehensiveness and accuracy in the annual financial statements as well as delays in its submission to the Auditor General. Slow development of the internal audit function as well as issues in the external audit function (including capacity constraints in Auditor General's Office, Public Accounts Committee, and the legislature approving supplementary budgets ex-post) also require attention and improvements. Financial management support is provided by the Bank at the project-level and will continue during CPF implementation.

74. **There are outstanding challenges in the public procurement area.** Among other areas, the national legal and regulatory framework for procurement requires comprehensive reform and institutional capacity development. The World Bank is working in close collaboration with the Inter-American Development Bank and Caribbean Development Bank to provide coordinated support to the GoB in the procurement area. The GoB still does not have a comprehensive and integrated PFM reform plan and although there are a number of reforms ongoing, supported by different Donors, only a few have been brought to full implementation or have started implementation. Intensive procurement implementation support will be provided at the project level to ensure sufficient capacity to implement projects without extensive delays.

75. **Monitoring and evaluation and statistic capacity is weak.** Analytical work conducted to prepare the SCD highlighted the need for more data and evidence to inform policy-making and implement reforms. The World Bank, through its regional Statistical Capacity building program has provided training in the areas of data anonymization, data analysis, and electronic data collection. An assessment of the current statistical capacity conducted during the SCD revealed that the Belize Statistical Institute requires increased capacity in data collection and analysis, particularly in the areas of poverty and socio-economic statistics. A new poverty assessment is

⁴⁶ Belize PEFA Assessment 2013 – August 2014

expected to be launched in 2017 by the CDB and IDB and new poverty and inequality estimates are expected to be produced by 2018-2019. The WBG will continue to collaborate on such initiatives led by these partners as they progress.

76. **Close coordination with other development partners will be essential to ensure optimal allocation of resources and maximize results.** The WBG and other partners are complementing each other’s contributions to Belize’s development program. Coordination at the technical level has enabled complementarity of efforts among development partners and joint work in providing capacity support to ministries and implementing agencies, in particular in road infrastructure resilience support and natural resource management. Continued collaboration across agencies, with support from the GoB, will be maintained to ensure synergies and complementarities of new projects (see Annex 4 – Development Partners).

IV. MANAGING RISKS TO THE CPF PROGRAM

77. **The overall risk to achieving the CPF objectives is assessed as High** (see Table 4). Four key potential risks have been identified: changes in the macroeconomic environment (debt and fiscal sustainability), capacity constraints for program implementation, weakness in fiduciary and procurement systems, and environment and social risks.

Table 4. Risks to the CPF Objectives in Belize

Risk Categories Rating	(H, S, M, L)
1. Political and governance	M
2. Macroeconomic	H
3. Sector strategies and policies	M
4. Technical design of project or program	M
5. Institutional capacity for implementation and sustainability	S
6. Fiduciary	S
7. Environment and social	S
8. Stakeholders	M
Overall	H

78. **This CPF will be implemented in a constraining macroeconomic environment.** Belize’s near-term macroeconomic outlook could be adversely affected by deeper external shocks, including a larger than expected increase in oil price or a drop in prices of Belize’s major commodity exports, and higher financial volatility associated with a possible tapering of US monetary policy. Such shocks would adversely affect the country’s fiscal balance, especially fiscal revenues. A tightening of fiscal revenues could potentially impact the availability of fiscal resources for counterpart funding and recurring expenditures, and eventually slow the pace of implementation of the Government’s program. The compensations due in relation to the nationalizations have contributed to heightened fiscal and debt sustainability concerns and increasing financing gaps. Against this backdrop, prudent fiscal and monetary management could smooth the transition to a lower potential growth level in light of the likely non-temporary commodity price declines. In view of a combination of heightened fiscal risks and sizable external imbalances, this risk is assessed as high. The CPF proposes a highly flexible approach, enabling

ready adjustments to the program, and the WBG will maintain dialogue with Government in these areas and remain open to engagement, should there be an opportunity going forward.

79. **Belize has limited experience with Bank operations and weak institutional capacity for implementation.** The proposed strategy for mitigation of this risk – namely, intensive implementation support, technical assistance, and training of project staff – was employed during the CPS period and helped to avoid major program delays. Going forward, the same approach will be intensified, notably training of project implementation personnel for all new projects.

80. **Procurement capacity remains a challenge.** Thus far, the Government has demonstrated commitment to improving the PFM framework, including through the development of action plans for procurement reform supported by IDB. That progress notwithstanding, in the area of public procurement reform and capacity building remains a particular challenge. In the short-term, the shortfall in procurement capacity is being made up by specialized consultancy assignments and by the Bank’s provision of hands-on procurement support. These risks are also mitigated through initiatives that have been mainstreamed into activities, starting with the Belize Municipal Development Project (P111928) and including (a) a national framework for strengthening integrity in infrastructure investments that mitigates corruption risks through information sharing; (b) independent monitoring involving beneficiaries; (c) better use of information and communication technologies; and (d) tighter financial controls.

81. **Weaknesses in public financial management capacity remain.** During the FY12-15 period, weakness in the financial management systems and capacities of line ministries affected their ability to establish and oversee project coordination units. While development partners are supporting the Government in financial management areas, issues persist, including delays in the preparation of budget reports, low quality of audited government statements, and limited transparency in the classification of spending items in budget documents. As a result, the Bank has designed project implementation arrangements through established entities outside Government ministries. Additionally, as these entities are outside Government ministries, there is a need to strengthen reporting lines between these entities and the Government, to ensure adequate budget reporting between them, as project budgets and expenditures are not always fully captured in the Government’s accounts, with repercussions for budget management. Looking forward, the Bank will continue to provide capacity building at the project coordination level, and as financial management capacity in the country enhances, the alternative of progressively phasing out the ring-fenced approach and designing project implementation through Government ministries would be considered.

82. **Environmental and social risks are significant.** Given Belize’s high exposure to natural disasters, hurricanes and tropical storms represent significant costs to GDP, human lives, and can significantly affect projects under implementation, especially the ones involving infrastructure works, as well as envisioned additional support to NRM and landscape management. Furthermore, it can also jeopardize the country’s weak implementation and institutional capacities. The Government is strengthening its capacity to build resilience to climate and environmental risks through the implementation of the NCRIP and NRM plans, both of which are supported by the Bank’s ongoing program. The Bank’s Global and local experience in climate resilience has been applied in project design. Accomplishments under the municipal development project have

illustrated the positive effects of climate resilient infrastructure, in addition to building the capacity of Belize institutions in disaster risk management. While not eliminating the risk in itself, continued support and assistance in climate resilience and DRM will strengthen the country's ability to respond and plan for natural disasters, thereby decreasing risks to project implementation. There are social and environmental concerns regarding land tenure in indigenous communities in the Toledo and Stann Creek districts. In the event that Bank-supported operations involve these districts, the Bank's environmental and social framework⁴⁷ will guide the viability of Bank support to land use management that may include indigenous lands, recognizing the Caribbean Court of Justice ruling⁴⁸, and considering the Maya Consultation Framework⁴⁹.

⁴⁷World Bank Environmental and Social Framework. (see <http://www.worldbank.org/en/news/press-release/2016/08/04/world-bank-board-approves-new-environmental-and-social-framework>).

⁴⁸ See CCJ court ruling: <http://www.caribbeancourtjustice.org/wp-content/uploads/2015/10/2015-CCJ-15AJ.pdf>

⁴⁹ Maya Consultation Framework. Toledo Alcaldes Association and Maya Leaders Alliance. June 2014.

ANNEX 1. CPF Results Framework

Focus Area 1. Fostering Climate Resilience and Environmental Sustainability		
<p>Belize is exposed to a variety of shocks that can divert the country from its development path. The SCD highlights the vulnerability of the country to the foreseeable adverse physical, environmental, and economic impacts of climate change and natural disasters. Priority attention must be directed toward building resilience, improving natural resource management, and implementing viable adaptation measures targeting the most vulnerable sectors and ecosystems of Belize. This is particularly the case as the country’s growth path has heavily depended upon the country’s natural resource base, which could stress land and water resources in the absence of countervailing initiatives. Belize has been very proactive in building resilience in this respect.</p>		
<p>Objective 1a. Strengthen resilience of select road and energy infrastructure</p>		
<p>Intervention Logic Belize has made significant advances in enhancing the resilience of infrastructure against flood risks and impacts of climate change, and has consistently improved its capacity to respond promptly and effectively to crises and emergencies stemming from natural disasters. Among others, road and electricity distribution infrastructures have been identified as priorities. To increase resilience in these areas, improving infrastructure, long-term planning, and adaptation capacity are required.</p>		
CPF Indicators	Supplementary Progress Indicators/Milestones	WBG Program
<p>1.1 Increase in length of roads upgraded according to Climate Change Adaptation designs</p> <p>Baseline: 0 (2017) Target: 15 miles (2020) Source: Project Implementation Supervision Reports (ISRs).</p>	<p>DRM institutional capacity, methodologies, and procedures improved and implemented (e.g. Data Management, Risk Mapping, Land Use Planning, Road Asset Management)</p> <p>Baseline: 0 (2017) Target: 1 (2019)</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> Climate Resilient Infrastructure Project (P127338; 2014-2020)
<p>1.2 Increase in the number of select electricity consumers with enhanced security of electricity</p> <p>Baseline: 0 (2017) Target: 274,000* (2020) * Based on total BEL residential customers (66,835 households in 2014) multiplied by the average number of people per household (4.1 based on 2010 census).</p>	<p>Methodologies and procedures to incorporate climate resilience in long-term planning of energy infrastructure and systems developed and adopted</p> <p>Baseline: 0 (2017) Target: 1 (2019)</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> Energy Resilience for Climate Adaptation Project (P149522; 2016-2020)

<p>Source: Project Implementation Supervision Reports (ISRs)</p>	<p>Transmission network segmented and protected against cascading line faults Baseline: Partial (2017) Target: Complete (2019)</p> <p>Weak transmission sections in the system reinforced to be more resilient (as measured by the number of new poles installed) Baseline: 0 (2017) Target: 60-130 (2019)</p>	
<p>Objective 1b. Enhance sustainable natural resource management in target areas</p>		
<p>Intervention Logic</p> <p>Natural resource management is paramount to mitigate climate change risks and protect Belize against the threats posed by adverse weather events (e.g. hurricanes, tropical storms). The coral reef and mangroves ecosystem play a vital role in protecting the coastal areas. Similarly, deforestation, land use change, and poor soil management are resulting in soil erosion and rainfall run-off, affecting critical ecosystems in the country. Moreover, deforestation, particularly in key watersheds, has led to the loss of critical protection of water quality, fuel and non-timber forest products for local and indigenous communities, and soil stabilization to prevent excessive sedimentation and reduce run-off of agricultural nutrients. In addition to precipitation variability, changes in land use and poor soil management in the northern districts are contributing to flooding and episodes of water logging, resulting in reduced resilience of agricultural production, thus affecting livelihoods that depend on natural resources.</p>		
<p>CPF Indicators⁵⁰</p>	<p>Supplementary Progress Indicators/Milestones</p>	<p>WBG Program</p>
<p>1.3 Increase in the number of people adopting sustainable natural resources management practices Baseline: 3,277 (2017) Target: 28,000* (2022) *Based on total number of people provided with capacity-building support to improve management of natural resources (7,000 households) multiplied by the average number of people per</p>	<p>Number of natural-resource-based alternative livelihood activities implemented Baseline: 0 (2017) Target: 30 (2018)</p> <p>Number of people provided with capacity-building support to improve management of natural resources</p>	<p>Ongoing</p> <ul style="list-style-type: none"> • Management and Protection of Key Biodiversity Areas Project (P130474; 2014-2019) • Promoting Sustainable Natural Resource-based Livelihoods Project (P132098; 2013-2018) • Marine Conservation and Climate Adaptation

⁵⁰ Given the potential operation in NRM, the indicators/milestones (and corresponding baselines and targets) for this objective will be fine-tuned at the PLR stage.

<p>household (4.1 based on 2010 census). Source: Project Implementation Supervision Reports (ISRs)</p>	<p>Baseline: 0 (2017) Target: 5,000 (2019)</p>	<p>Project (P131408; 2015-2020)</p> <p>Potential</p> <ul style="list-style-type: none"> • REDD+ Readiness Preparation (Trust Fund) • Natural Resource Management (IBRD lending, ASA) • Food Crisis Response Trust Fund
--	--	--

Focus Area 2. Promoting Financial Inclusion and Social Resilience

Belize has been trapped in a slow growth equilibrium that hinders faster growth, poverty reduction, and greater shared prosperity. Several factors affect the resilience and inclusiveness of growth in Belize, including weaknesses in financial infrastructure, limited skills in the labor market, and high unemployment rates (particularly among youth). Improving economic resilience is essential to help Belize embark on a path to greater and more inclusive growth that can further reduce poverty. This CPF Focus Area will aim to lay the foundations for improving select areas of the business enabling environment to bring about more economic opportunities for underserved segments of the private sector and marginalized groups.

Objective 2a. Strengthen financial infrastructure

Intervention Logic
To enhance financial inclusion in Belize, the WBG will support the development of the underlying legal and regulatory frameworks and promote strengthened institutional capacity in the financial sector. Given the early stage of dialogue on financial sector support to Belize and limited data available at present, the CPF indicators/milestones (and corresponding baselines and targets) for this objective will be updated at the PLR stage.

CPF Indicators⁵¹	Supplementary Progress Indicators/Milestones	WBG Program
<p>2.1 Increase in access to finance as measured by percentage of individuals with an account at a financial institution (age 15+) Baseline: 48.2 (2014) Target: 56* (2022) *Given it takes time for the impact of such interventions to materialize, the target (at CPF closing) is</p>	<p>Adoption of a secured transactions and credit bureau legislations in line with international best practice Baseline: 0 (2017) Target: 2 (2019)</p> <p>Creation of a collateral registry and a Credit Bureau</p>	<p>Ongoing</p> <ul style="list-style-type: none"> • WBG TA on Financial Infrastructure • WBG TA on Investment Climate (IC) • WBG NRA Assessment <p>Potential</p>

⁵¹ Measured by Global Findex (2014). This will be updated once the Global Findex 2017 report is released.

currently proposed as a 15 percent increase from the baseline year. Source: Global Findex Report	Baseline: 0 (2017) Target: 2 (2021)	<ul style="list-style-type: none"> • Financial Inclusion (IBRD lending, ASA) • IFC investments (depending on market conditions)
---	--	---

Objective 2b. Improve youth employability and at-risk youth inclusion

Intervention Logic

There are many inactive youth and unemployed working-age Belizeans, factors that constrain growth, threaten shared prosperity, and contribute to crime and violence. As highlighted in the SCD, the official unemployment rate stands at 14 percent and is even higher among youth, at 23 percent. Young women are particularly affected. Based on recent studies, several factors are behind these high rates of inactivity, including low skills level in the labor pool. In Belize, young men between the ages of 8 and 19 also form a significant proportion of the victims and perpetrators of different forms of street violence and crime. To support the ongoing programs of the Government in these areas, the WBG will support a targeted program to enhance the employability of youth, and attention will also be paid on support to at-risk youth. The proposed activities should equip young people with the necessary skills for work and motivate them to find employment and remain employed. Given the early stage of dialogue on youth employability and at-risk youth support and limited data available at present, the CPF indicators/milestones (and corresponding baselines and targets) for this objective will be updated at the PLR stage.

CPF Indicators	Supplementary Progress Indicators/Milestones	WBG Program
<p>2.2 Share of program beneficiaries in wage employment or further training six months after program completion (disaggregated by gender, ethnicity, education level, at-risk youth) Baseline: 0 (2017) Target: 20% (2022) Source: Project Implementation Supervision Reports (ISRs)</p>	<p>Labor Market Information System strengthened Baseline: No (2017) Target: Yes (2020)</p> <p>Number of youth who benefit from supported training or employment programs (disaggregated by gender) Baseline: 0 (2017) Target: 300 annually; at least 50% of which should be female participants (2020)</p> <p>Business victimization survey completed Baseline: 0 (2017) Target: 1 (2019)</p>	<p>Potential</p> <ul style="list-style-type: none"> • Youth Employability support (IBRD lending, ASA)

	<p>Policy note on public-private partnerships for at-risk youth employability completed</p> <p>Baseline: 0 (2017)</p> <p>Target: 1 (2019)</p>	
--	---	--

ANNEX 2. Completion and Learning Review

CPS Board Discussion:	Sept. 8, 2011
CPS Progress Report:	NA
Period Covered by CPS Completion and Learning Review:	<u>9/2011-12/2015</u>

I. INTRODUCTION

1. **This Country Partnership Strategy Completion and Learning Review (CPSCLR) is a self-evaluation by the World Bank (WB) of the implementation of the FY12-15 Belize CPS (Report No. 63504-BZ).** It evaluates the CPS program performance in achieving the expected outcomes; the design and implementation of the program; and its contribution to the twin goals of eradicating extreme poverty and boosting shared prosperity. In the absence of a CPS Progress Report, this CPSCLR uses the results framework prepared as part of the original CPS design to validate the achievements during the CPS period.

2. **Belize is a small, upper-middle-income country with a population of 359,000 and a unique natural resource endowment, including the largest barrier reef in the Americas.** The country's global comparative advantage derives principally from the natural resource base (which supports tourism and agriculture) and from its geographic proximity to major markets, such as the USA. Nonetheless, economic growth rates have barely kept up with population growth since the mid-1990s, and poverty rates (estimated to be above 40 percent) are much higher than in neighboring countries. As noted in the Systematic Country Diagnostic (SCD)⁵², Belize's principal development challenges are rooted in its high vulnerability to external shocks, including unfavorable terms of trade developments, natural hazards, and the impacts of global climate change. Concurrently, Government's ability to address/mitigate these challenges has been constrained by high debt levels and severely limited fiscal space.

3. **There was very limited engagement between the Bank and Belize for most of the decade of the 2000s – the FY12-15 Belize CPS, together with the 2-year Interim Strategy Note (ISN) that preceded it, was an important step toward closer cooperation after a long hiatus.** The Bank-supported program under the FY10-11 ISN was small, including a single loan for a Municipal Development Project (P111928; US\$15 million)⁵³ and three trust fund (TF)-financed operations for social assistance (TF094035), influenza prevention (TF095644), and public procurement (TF094490), respectively. In addition, the ISN encompassed a selective program of analytic work to rebuild the Bank's country/sector knowledge and further the dialogue with Government in key areas. The ISN was implemented successfully and paved the way for deeper cooperation under the FY12-15 CPS.

II. CPS PROGRAM DESIGN AND PERFORMANCE

4. **The FY12-15 CPS was both highly selective and fully aligned with the Government's comprehensive national vision and development strategies.** Among the key documents that underpinned the CPS are (a) the National Poverty Eradication Strategy and Action Plan, 2009-2013 (NPESAP), (b) the Medium-Term Development Strategy, "Building Resilience

⁵² Belize Systematic Country Diagnostic (SCD), World Bank, February 2016.

⁵³ Unless otherwise specified the currency used throughout this document is the US dollar.

against Social, Economic and Physical Vulnerabilities” (MTDS, 2010-2013), which was closely linked to the NPESAP, and (c) a long-term draft development plan, *Horizon 2030*, which emphasized sustainable natural resource management. Each of these plans responded to the core development challenge facing Belize, namely the country’s high vulnerability to external shocks. A particular focus of the strategies was to identify and reduce the use of unsustainable development practices that tended to accentuate the adverse impacts of exogenous shocks.

5. **The FY12-15 CPS concentrated on one central area -- support for the Government’s efforts to adopt a sustainable natural resource-based economic model while enhancing the country’s resilience to climate change and natural hazards.** As such, the CPS program was highly selective within the focus area at the center of Belize’s development prospects. As the 2016 Belize SCD notes, Belize’s ability to promote faster poverty reduction and greater shared prosperity will depend on how well the country deals with its vulnerability to climate change and natural disasters. Moreover, the Bank had a clear comparative advantage in supporting Belize’s efforts to better manage natural resources by virtue of (a) its experience in the sector in countries with similar conditions (e.g., Caribbean island states, Guyana), and (b) the in-depth analytical work specific to Belize undertaken in the ISN period, including a comprehensive Policy Note on Natural Resources for Climate Resilient Growth (June, 2011), which was widely discussed with a range of stakeholders.

6. **Besides selectivity and alignment, an additional principle that drove the design and implementation of the CPS was the need to coordinate closely with external partners -- many of whom had long been active in Belize and were already implementing large programs.** Capitalizing on heightened global awareness of climate change, the program aimed to leverage substantial grant resources to complement modest IBRD lending, thereby increasing the impact of the Bank’s own work in the sector. As a comparatively new and relatively small player in Belize in terms of lending, the CPS appropriately sought to leverage available IBRD resources – both internally with trust fund resources and externally with multilateral and bilateral partner programs. The emphasis on partnerships was also driven by the Bank’s positive experience with donor coordination in implementing the ISN, and was reflected in the results framework.

7. **IFC sought to expand its role in Belize during this CPS period, principally by extending to Belize the main emphasis of its broader Caribbean regional program.** In this regard it sought to increase its presence in key areas for green private sector growth, including financial markets development, access to finance, infrastructure, agribusiness, tourism, and green construction and other climate-resilient activities. To support efforts establish a movable collateral lending framework and establish a credit bureau, the IFC provided both analytical and technical assistance to the Central Bank of Belize (CBB). IFC supported the CBB in drafting the credit bureau legislation, holding credit reporting workshops as well as developing a public awareness raising campaign. IFC also provided analytical review of the secured transactions framework in 2015, with a diagnostic report including recommendations for reform. These efforts were geared toward developing the underlying legal and regulatory framework and promoting institutional capacity for the introduction of a moving collateral registry and a credit bureau. The CPS was not, however, designated a joint product, and IFC activities were not reflected in the results matrix.

8. **The CPS program was designed to support three interlinked results areas:** (a) policies and strategies for mainstreaming of natural resources and climate resilience; (b) institutional capacity strengthening in the areas of natural resource management and climate

change; and (iii) investments to strengthen climate resilience. These results were to be achieved through implementation of a small number of complementary activities, including lending operations, grant-funded activities, and ASA. Progress toward achieving program objectives is rated as **Moderately Satisfactory (MS)** overall. This rating reflects the findings of this assessment that 5 of 10 outcomes were achieved or mostly achieved, 3 were partially achieved, and 2 not achieved. A detailed description of progress toward achievement of specified results is given in Annex I of the CLR. The following paragraphs provide a summary of performance by the three results areas and expected outcomes.

Results Area 1. Policies and strategies for mainstreaming of natural resources and climate resilience

- Outcome 1 -- Principles of environmental sustainability/climate resilience incorporated in development planning: In line with the government's long-term development vision laid out in *Horizon 2030*, a key focus of the CPS was to support the government's efforts to mainstream environment and climate change concerns into the development plans of sectoral ministries and agencies. The Bank-supported Non-Lending Technical Assistance (NLTA) for Natural Resources for Climate Resilient Growth (NRCRG) was instrumental, among other things, in helping the government to develop a 10-year National Climate Change Policy Strategy and Action Plan (NCCPSAP) for 2015-2025, which was adopted by the Cabinet of Ministers in March 2015. With this approval, the plan was officially adopted, and the target indicator was achieved. The NLTA also supported development of the National Protected Areas Act and the Protected Areas Conservation Trust Act, both of which were approved by Cabinet in November 2015. The Key Biodiversity Areas (KBAs) project (P130474) is supporting additional legislation: the update of the land tenure legislation, the Forest Act, and the Wildlife Act. The Marine Conservation and Climate Adaptation Project (MCCAP; P131408) is helping revise the Coastal Zone Management Act. But the approval of these pieces of legislation is a lengthy process which goes beyond the timeframe of the CPS.
- Progress was also made (with NRCRG support) in raising awareness within government of natural resource wealth valuation and accounting. In May 2012, the Bank presented to senior government officials an overview of the Wealth Accounting and Valuation of Ecosystem Services (WAVES), shared country experiences on natural resource valuation and greening of GDP in Latin America and the Caribbean, and encouraged the government to explore similar work. In September 2013, the Bank supported a representative from the Ministry of Forestry, Fisheries and Sustainable Development to participate in the WAVES regional workshop in Bogota, Colombia with the objective of presenting the importance of Natural Capital Accounting as a tool to inform policy dialogue with concrete policy examples. The Bank supported staff exchanges with neighboring countries, including for the participation of Belizean officials at the Lima Climate Change Conference 2014 of the United Nations Framework Convention on Climate Change (UNFCCC).
- As a result, climate resilience measures were incorporated into sectoral development plans and investment programs. In August 2014, The National Climate Resilience Investment Plan (NCRIP) was fully adopted by GoB, resulting for the first time in climate change-related impacts being integrated into national investment planning across all sectors and ministries. The US\$1 million Africa Caribbean and Pacific (ACP)-EU Natural Disaster Risk Reduction Program, an initiative of the ACP Group managed by the Global Facility

for Disaster Reduction and Recovery (GFDRR ACP-EU NDRR/GFDRR) grant leveraged the MCCAP, which led to the development of the Belize NCRIP. This highly participatory plan, which brought together a range of stakeholders, is integrating climate resilience and disaster risk management into all aspects of the country's development planning. The Growth and Sustainable Development Strategy (GSDS) 2016 – 2019 included actions with climate change implications, such as continued mainstreaming of climate change considerations into national development planning and coordinated implementation of the NCCPSAP within the wider planning efforts. Also the Belize National Climate Change Committee (BNCCC) was re-configured in 2015.

- With respect to natural capital accounting, both NCRIP and GSDS have objectives to include it in their respective implementation. At this stage, however, additional steps are needed before natural capital accounting is fully integrated into Belize's planning process. Taking into account both the achievements with regard to the policy and legislative framework and the advances in natural resource valuation/accounting, this outcome is assessed to have been **Mostly Achieved (MA)**.
- Outcome 2 -- Improved coordination on climate change across sectors: To further this objective, the Bank worked closely with UNDP, under the EU-funded Global Climate Change Alliance grant (€2.9 million), whose objective was to enhance adaptive capacity and resilience to climate change in national and sectoral policies, and to identify specific areas of engagement. The Bank NLTA focused on filling analytical gaps and undertaking consensus-building efforts to support the mainstreaming of a climate change adaptation agenda. Largely as a result of these coordinated efforts, the Belize National Climate Change Committee (BNCCC) was established and is now fully operational. The BNCCC, chaired by the Ministry of Agriculture, Fisheries, Forestry, the Environment and Sustainable Development, has been established with a cross-section of members from all relevant government ministries and agencies, the private sector, civil society, and academia. The BNCCC also has the direct participation of the Office of the Prime Minister and is able to advise the government through the Cabinet. Meetings of the BNCCC are held quarterly, to coordinate climate change policies, programs and activities for GoB. Cross-sectoral coordination is also apparent in a range of development programs (e.g., for the management of key biodiversity areas and the promotion of sustainable livelihoods in rural areas). Looking forward, the Bank as the Delivery Partner is supporting GoB to implement the Forest Carbon Partnership Facility (FCPF) REDD+ Readiness Grant (US\$3.8M; TF018492) which, among other activities, aims to strengthen the BNCCC to mainstream REDD+ into appropriate strategies and to oversee the coordination of REDD+ activities. In light of these achievements, this outcome is rated **Achieved (A)**.

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

- Outcome 3 -- Enhanced effectiveness of the Environmental Impact Assessment (EIA) System: The CPS aimed to support Belize in establishing an effective EIA certification program to improve environmental compliance in public and private projects and businesses. With support from the NRCRG NLTA and a US\$6 million GEF grant for the Management and Protection of Key Biodiversity Areas (KBAs) Project (P130474), the Department of the Environment, Forest Department, and the National Environmental

Assessment Committee have significantly improved their capacity to: (a) conduct monitoring and compliance activities, (b) carry out consultations with local communities in remote forested areas, and (c) appraise environmental impact assessments necessary for obtaining licenses and permits. However, support for the establishment of a standardized Environmental Impact Assessment (EIA) Process, and a Protocol for enhanced environmental screening and scoping is still underway and will likely be fully implemented only over the next 12 months, i.e. beyond the CPS period. The indicators of success are the number of trained staff and; improving the EIA program, including updating and endorsing the EIA manual. In this context, the outcome is rated **Partially Achieved (PA)** during the CPS period.

- Outcome 4 -- Enhanced human resilience and capital for a natural resource-based economy: This goal was originally envisaged to be supported through the Municipal Development Project (P111928). However, it changed significantly during CPS implementation. Rather than focus on broad changes to the country's education system to build the skills needed for a natural resource-based economy, a decision was taken at the government's request to concentrate capacity-building funds on strengthening the knowledge/skills of officials at the municipal level to undertake core functions. As a result, more than 220 staff from Town and City Councils were trained in municipal development, governance, revenue enhancement, municipal finance, and/or project management. These capacity-building activities have led Town and City Councils to (a) increase tax collection; (b) better manage and plan public finance expenditures; (c) coordinate and define investment priorities with local communities; and (d) increase stewardship of civil works delivered by the Municipal Development Project (MDP). However, in the absence of a CPS progress report, the original planned outcome was never formally changed, so that this (original) outcome is necessarily rated **Not Achieved (NA)**.
- Outcome 5 -- Strengthened capacity for compliance monitoring and enforcement of key agencies responsible for environment in Belize: The Bank supported the Ministry of Agriculture, Fisheries, Forestry, the Environment and Sustainable Development (MAFFESD), and the PACT as the fiduciary agent for the preparation and implementation of the KBAs project and MCCAP. The MAFFESD has successfully prepared a Readiness Preparation Proposal (R-PP). As a result Belize was selected into FCPF as one of the qualified eligible REDD countries. PACT increased their fiduciary capacity, and was selected to manage the fiduciary aspect of the FCPF REDD Readiness grant.
- For terrestrial areas, the KBAs Project provided vehicles that have greatly enhanced the mobility of the technical departments (the Department of the Environment/DOE) and Forest Department/FD) and the National Environmental Assessment Committee to conduct monitoring and compliance activities and consultations with local communities in remote forested areas and to appraise environmental impact assessments necessary for obtaining licenses and permits. For the marine environment, the Marine Conservation and Climate Adaptation Project (MCCAP; P131408) has contributed in three ways. First, by strengthening surveillance, monitoring, and enforcement in the three targeted Marine Protected Areas (MPAs) by increasing patrols in Turneffe Atoll Marine Reserve (TAMR), Corozal Bay Wildlife Sanctuary (CBWS), and South Water Caye Marine Reserve

(SWCMR) through the purchase and repair of patrol vessels; the provision of fuel and training; the establishment of formal joint patrols with local stakeholders and accommodation and transportation for enforcement officers; and the purchase of equipment necessary for the roll-out of the Spatial Monitoring and Reporting Tool (SMART) enforcement system. A joint patrol was established for the CBWS between Sarteneja Alliance for Conservation and Development, Fisheries Department, Forest Department, Coast Guard, and Customs Department. Members of the CBWS joint enforcement team include Fisheries Department, Sarteneja Alliance for Conservation and Development, Forest Department, Hol Chan Marine Reserve, and the Belize Coast Guard. A formalized joint patrol for TAMR has also been implemented. A Comprehensive Enforcement Training Manual was developed as a training guide for Enforcement Officers, and has been circulated to the various partner/agencies. The second MCCAP contribution was the undertaking of biological and water quality monitoring of strategic and control sites. MCCAP supported biological data collection activities at SWCMR to conduct an independent study of lobster catch rates of traps in replenishment zones and fishing areas. In addition, a Water Quality Monitoring (WQM) protocol has been developed and necessary equipment procured (a vehicle and a 30-ft vessel with engines, trailer, and laboratory equipment). Finally, MCCAP supported the conducting of an aerial survey of seascape and landscape for Ambergris Caye, Central, and Caye Caulker to establish a spatial and temporal baseline for human use of coastal and marine resources in tandem with the implementation of the Belize Integrated Coastal Zone Management (ICZM) Plan. This outcome is therefore rated as **Achieved (A)**.

- Outcome 6 -- Strengthened institutions for implementing climate resilience measures: At the time the CPS was prepared, Belize had no institutions that were deemed sufficiently strong in terms of technical and fiduciary capacity to access global funds available for addressing climate change and natural resource management (NRM). The CPS therefore emphasized strengthening relevant public institutions as a primary means of supporting government efforts to access climate funds from sources such as the Adaptation Fund and Special Climate Change Fund, the GEF, and the Clean Development Mechanism. CPS support in this area was provided through a number of instruments, including the KBAs Project, the Municipal Development Project, the REDD/Readiness program, and the NRCRG NLTA. These interventions were successful in strengthening key national institutions to a level that enabled Belize to qualify for climate funds. For example, the Adaptation Fund accredited the Protected Areas Conservation Trust (PACT) in September 2011; the Caribbean Community Climate Change Centre, located in Belmopan, was accredited as a regional implementing entity by the Green Climate Fund in July 2015; and the 2014-2024 environmental strategy and plan mentioned under Results Area 1 has been the basis for new support from a number of international donors. Another central objective of CPS support was building the country's capacity for assessing natural risks and integrating these assessments into policy and decision-making processes for the development of investments, disaster risk mitigation, and disaster response across sectors. Three grant financed activities – the Hazard and Risk Assessment Framework for Belize: Prioritization of an Investment Plan; the Caribbean Risk Information Program NLTA; and the Caribbean Disaster Risk Financing TA Program NLTA – were the main instruments used to support this objective and provided technical advisory services, training, and

necessary goods during the CPS period. As a result of these activities, Belize is now better prepared to manage disaster risk. Engineers within the Ministry of Works, Transport and NEMO and planners from the Ministry of Natural Resources and Immigration have been trained on topics relating to disaster risk management and the integration of climate resilience in infrastructure projects. The Bank also facilitated Belize's participation in the Central American Probabilistic Risk Initiative, through which the country has established a capacity for probabilistic risk assessment as well as a risk information platform. The initiative has also trained local personnel in the use of open-source risk models in order to facilitate a comprehensive understanding of risk and risk management and its integration in decision-making processes. Moreover, capacity has been built within the Social Investment Fund (SIF) to design, manage, and implement urban development, and climate resilient and disaster risk management projects with support from the Municipal Development Project. In light of these impressive advances over the CPS period, this outcome is assessed as **Achieved (A)**.

- Outcome 7 -- Better preparedness through improved disaster risk management institutions: Disaster risk management was strengthened substantially during the CPS period, through staff training in forest fire rapid response and conflict resolution and a component for rapid disbursement of emergency funds in the KBAs project. The emergency funds are operational. To enable use of these emergency funds, the government created new, appropriate protocols for emergency declarations that will now be used to better manage disaster risks. However, to the extent that the specific indicator included in the results framework (i.e., creation of a network of communication nodes) was not met, this outcome is rated as **Partially Achieved (PA)**.

Results Area 3. Investments to strengthen climate resilience

- Outcome 8 -- Enhanced climate resilience of key infrastructure: Given Belize's vulnerability to climate shocks, an important CPS objective was to strengthen bridges, schools, hospitals, shelters, government buildings, and other public infrastructure as well as improve signage. Significant progress was made in this regard under the Municipal Development Project, which rehabilitated some 11 km of roads (versus a target of 4 km), built more than 19 km of drainage (more than 6 times the target), improved some 103 intersections, and posted 172 new traffic signs. The road rehabilitation and drainage works were designed with parameters on climate variability. Additional results under the MDP included the rehabilitation of the bus terminal in Belmopan, the extension of the municipal market in Dangriga, the rehabilitation of the administrative building in Punta Gorda, upgrading of the municipal market in Corozal, construction of a sporting facility in Corozal, upgrading of the central park in Orange Walk, and the construction of sidewalks in Benque Viejo. Finally there was an overall institutional strengthening in the eight Town Councils and Cities (TCC) covered under this project: the TCCs designed economic development and growth plans through a participatory process, improved financial management and revenue collection, better traffic management, and asset maintenance plans. MDP was actually extended by one year under a restructuring in May 2015, where several targets were raised. All works realized under the MDP were selected via public consultations led by each TCC.

- Further works were planned under the CRIP. However, given that the CRIP was only approved in the last year of the CPS period, little progress was made on the ground during the period. Achievement include the prioritization of an investment plan, whereby the selection of highway network works was done under the Hazard and Risk Assessment Framework for Belize Trust Fund (TF012584). One of the selection criteria is the strengthening of climate resilience infrastructure. To the extent that the original results framework did not include explicit targets for infrastructure rehabilitation (except targets under the MDP which were not included in the results framework) it is difficult to determine the rating for this outcome. However, in view of the significant delays in preparation and, hence, approval and effectiveness of the CRIP -- which, in turn, meant delays in implementing rehabilitation and retrofitting of public facilities -- it is reasonable to assume that outcomes from this activity fell short of expectations. As a result, this outcome is rated **Partially Achieved (PA)**.
- Outcome 9 -- Increased ecosystem resilience to climate change impact: Progress with regard to improving the resilience of ecosystems has been very limited during the CPS period. The outcome was to be supported by three Bank-supported activities: a Natural Resources for Climate Resilient Growth (IBRD lending), a GEF Protection and Management of Key Biodiversity Areas Project, and the Marine Conservation and Climate Adaptation Project (MCCAP). Under the KBAs, the rehabilitation of degraded lands and sustainable forest management are targeted to increase ecosystem resilience to climate change. They are conducive to maintaining full forest health and functionality. One impact will be to increase sequestration. Sustainable forest management will result in avoided emission of live Carbon Dioxide Equivalent (target 2.5 million metric tons by November 2019). KBAs has a target indicator of employing 1000 people in 25 communities, in ecosystem restoration activities. As the key deforestation driver is the expansion of agriculture and rural frontier, it is important to create incentives for local communities not to engage in deforestation activities. Incentives include employment for restoration activities and Non-Timber Forest Products (NTFPs) livelihoods activities. The MCCAP was expected to help find innovative and sustainable financing mechanisms for long-term marine conservation and climate adaptation actions to strengthen the climate resilience of the Belize Barrier Reef System. By the end of the CPS period, however, MCCAP was still in the process of identifying rehabilitation activities, with results expected only at the end of 2016. The end-project target is for 74,480 ha of coastline to be brought under biodiversity protection. Similarly the GEF operation for key bio-diversity areas is still in the process of assessing areas of high conservation value for rehabilitation through community-based activities. The project aims to cover 3,425 ha by project completion. Thus although there is a high probability that the Bank-supported program will have a positive impact on ecosystem resilience in the future, in terms of the FY12-15 CPS period, this outcome is rated **Not Achieved (NA)**.
- Outcome 10 -- Increased human resilience to climate change impacts: As part of the effort to strengthen the resilience of poor rural households to climate impacts (floods, droughts, etc.), the Promoting Sustainable Natural Resource-Based Livelihoods project (P132098), supported by the Japan Social Development Fund (JSDF; TF012901), aimed to educate poor communities on means of building sustainable livelihoods, which reduced

anthropogenic pressure on the natural resource base. Twenty-five communities were targeted and reached. By the end of the CPS period, approximately 600 members of beneficiary groups had been engaged in sustainable livelihoods sub-projects, and 928 people had benefitted from training necessary for developing and managing sustainable livelihood activities. About half of program beneficiaries were women and more than 90 percent were from vulnerable households. Approximately 2.5 percent of the total households in the 25 targeted communities have been engaged in sustainable livelihoods sub-projects; 3.9 percent benefitted from training for the development and management of sustainable livelihood activities. Building on the success of this project, livelihoods components were built into the MCCAP and the GEF KBA. These projects are expected to expand the achievements already registered, covering an additional 3,500-4,000 people by project closing (KBA 2019 and MCCAP 2020, respectively). . Given the progress made to date, i.e. 25 targeted communities reached, and the expectation of continued work in this area under the new operations, this outcome is rated **Achieved (A)**.

Table 1. Summary of CAS Results Areas and Outcomes Ratings

Results Area I. Policies and strategies for mainstreaming of natural resources and climate resilience	
Outcome 1. Principles of environmental sustainability/climate resilience are incorporated into development planning	MA
Outcome 2. Improved coordination on climate change across sectors	A
Results Area 2. Institutional capacity strengthening for natural resource management and climate change	
Outcome 3. Enhanced effectiveness of the Environmental Impact Assessment (EIA) System	PA
Outcome 4. Enhanced human resilience and capital for a natural resource-based economy	NA
Outcome 5. Strengthened capacity for compliance monitoring and enforcement of key agencies responsible for environment in Belize	A
Outcome 6. Strengthened institutions for implementing climate resilience measures	A
Outcome 7. Better preparedness through improved disaster risk management institutions	PA
Results Area 3. Investments to strengthen climate resilience	
Outcome 8. Enhanced climate resilience of key infrastructure	PA
Outcome 9. Increased ecosystem resilience to climate change impact	NA
Outcome 10. Increased human resilience to climate change impacts	A

Note: A=Achieved, MA=Mostly Achieved, PA= Partially Achieved, NA=Not Achieved

III. WORLD BANK PERFORMANCE

9. **The World Bank’s performance is rated Good overall.** The assessment is based, among other things, on (a) the high relevance of CPS objectives and design; (b) close coordination with,

and leveraging of, partners' technical and financial resources; (c) strong Bank-GoB relations, which deepened and became more productive over the CPS period; and (d) effective program delivery and portfolio management despite the relative newness of the Bank's re-engagement in Belize. The main weakness related to the design of the results matrix, which, while strong in a number of respects, sometimes lacked sufficient attention to quantification of baselines and targets and focused insufficiently on end-outcomes.

10. **CPS Design.** The CPS was designed at a time when the Bank's knowledge of the Belize context was relatively limited, given the nearly decade-long hiatus in activity prior to the preparation of the ISN and in an environment where IBRD funds for Belize (US\$30 million) were dwarfed by the extensive programs of other external partners, such as the Inter-American Development Bank (IDB) and the EU. In this context, as previously noted (para 4), the Bank strategy of concentrating its activities in the area of NRM and climate change adaptation was an appropriate one, as it allowed the CPS program to have an appreciable impact in an area of vital importance to Belize's medium- to longer-term development. This impact was further maximized by the close alignment of the CPS environment agenda with the country's own development plans, especially its long-term development vision laid out in *Horizon 2030*, which was developed with participation from a wide range of stakeholders, including the country's external partners.

11. From the start, the CPS program was developed in close coordination with domestic and external partners, enabling the Bank to leverage the partners' technical and financial resources and thereby maximize the potential impact of both the CPS and partners' activities (see para 13 below). Other positive features of the overall CPS design included: (a) the maintenance of sufficient flexibility to adjust the program to ensure use of grant funds where available; (b) significant attention to technical assistance and ASA (although no major adjustments were ultimately needed) to address implementation-capacity weaknesses and bolster sectoral knowledge and reduce analytical gaps; (c) conscious planning to maximize the use of grants, given Belize's constrained fiscal environment; and (d) efforts that built on Bank experience in NRM/climate work in neighboring countries in the Caribbean and Central America.

12. **Results Matrix.** The CPS results matrix had both positive features and weaknesses. On the positive side, the matrix was well designed in that there were clear links between the national development challenges and goals, the CPS results areas and outcomes, and the specific CPS instruments that were expected to contribute to these outcomes. In addition, the matrix covered both ongoing activities initiated under the ISN but implemented during the CPS as well as CPS activities that could reasonably be expected to have an impact by the CPS end-date.

13. The results matrix could have been stronger if all baseline indicators had been identified from the on-set. For example, in the area of Livelihoods (Outcome 10) there were no clear targets set either for the number of households to be involved in the sub-projects or for the proportion of women to be included in the training on sustainable livelihoods. Similarly, while a goal of enhancing the climate resilience of schools, shelters, and other facilities was included, there was no baseline provided, nor any specific targets set for FY15. The results framework was well aligned with the outcomes achieved, noting that some works supported by the MDP project were meant to be identified during implementation through consultations with stakeholders. In other instances, clear quantitative indicators were specified, as in the case of drainage and road rehabilitation. The absence of adequate data and data collection systems in Belize contributed to the lack of quantitative indicators in many instances. The CPS could have been more explicit

about how data gaps would be addressed during the implementation, and included support for appropriate actions to address the data gaps.

Finally, several of the above challenges could have been minimized by reducing the number of indicators, focusing on those with a more solid knowledge base to identify baselines and targets, also allowing for a more focused allocation of resources. In the end this more selective approach could have yielded stronger results.

14. **Coordination with Other External Partners.** Perhaps the strongest area of Bank performance with respect to the design and implementation of the FY12-15 CPS was the systematic emphasis on coordination and collaboration with other external partners. Key partners in this regard were the European Union (EU) and UNDP as well as a number of bilateral donors such as Japan, the United Kingdom (UK), and others. Although the Bank had no presence on the ground in Belize, Bank project teams were able to maintain close links with donors active in the same or related areas through regular contacts during missions to Belize. In addition, the Bank successfully participated in periodic donor roundtables through video-conferencing in the later years of the CPS, as a means of maintaining links at the country-program level. The Bank is also supporting the government and UNDP in a development partner activity mapping exercise (ongoing) that should further facilitate coordination as well as minimize duplication of effort. Finally, an intensive and successful effort was made to access global trust funds for climate adaptation and environment in support of each of the results areas. Grant-funded activities were specifically selected to support the core goals of the CPS.

15. **Bank-GoB Relations.** Bank-GoB relations were cooperative and positive throughout the CPS period, with the Bank adding value to the national development effort through both resource mobilization and knowledge generation/dissemination. The collaborative relationship between the GoB and the Bank enabled both sides to partner successfully in mobilizing resources from other external partners to complement IBRD funds and thereby increase the impact of CPS activities. Regular consultations with the Bank and its main government counterpart, the Ministry of Economic Development, fostered implementation of a focused strategy and facilitated productive outreach to most regions of the country, notably several remote rural communities. GoB maintained a solid ownership of the CPS, enabling the identification of areas where the Bank could play a strategic role in helping to further Government priorities and address the country's main developmental challenges. The Bank now has close relations with several line ministries corresponding to currently active projects. Finally, in this past year Bank-GoB relations were further strengthened when the GoB invited the Bank to present the Belize SCD at the launch of the new Belize National Development Strategy (April 2016). Furthermore, Belize hosted the 2016 Caribbean Growth Forum event.

16. **Program Risks.** The CPS document identified a number of risks that could potentially affect implementation of the CPS program and laid out strategies to mitigate them to the extent feasible. Some risks – including political risks related to parliamentary elections in 2012 and 2015,⁵⁴ general governance issues, the potential for natural catastrophes, and macro risks associated with Belize's high levels of public debt (nearly 85 percent of GDP) and weaknesses in the financial sector – while relevant, were not directly amenable to influence by the Bank (given its narrow role in Belize) and fortunately did not materialize during the CPS period. The principal

⁵⁴ Both were “snap” elections. Their subsequent realignment of ministries affected the preparation of projects in the pipeline at the time.

risk that did affect the CPS program was Belize’s limited experience with Bank operations and weak implementation capacity in areas such as procurement and financial management. The proposed strategy for mitigation of this risk – namely, intensive implementation support, TA, training of project staff, and support for a strengthened public financial management (PFM) framework – was put into practice during the CPS period and helped to avoid major program delays or fiduciary issues. However, the dearth of skilled staff in the area of procurement remained a problem, causing slower-than-anticipated project progress, especially in instances of staff turnover. These issues were probably unavoidable given the small size of the Belizean population and the consequent skill shortages in a number of areas across the economy.

17. **Program and Portfolio Implementation.** The Belize portfolio of IBRD operations was very small, comprising a single operation (the Municipal Development Project for US\$15 million) for most of the period. An additional operation, Climate Resilient Infrastructure (US\$30 million) was approved by the Bank’s Board in August 2014 (FY15), a little more than a year later than originally planned in the CPS. In addition, the Bank managed, or facilitated, approval of several large grant-funded operations for Belize during the CPS period. The principal grant activities approved between FY12-15 were (a) Promoting Sustainable Natural Resource-Based Livelihood (JSDF, TF012901) for \$2.8 million; (b) Marine Conservation and Climate Adaptation (Climate Adaptation Fund, TF018449), for \$5.5 million; (c) Management and Protection of Key Biodiversity Areas (GEF), for US\$6.1 million (TF016773); and (d) REDD Readiness, for US\$3.8 million (TF018492). A number of smaller grants/trust funds were also approved during the period and are listed in Annex 2 of this document. All projects were compliant with safeguard policies, and there were no major fiduciary issues during the CPS period.

18. Table 2 below displays the IBRD portfolio during the CPS period. The World Bank-supported portfolio (both IBRD and grant-funded operations) performed satisfactorily during the CPS period, with an overall project rating of satisfactory toward achieving Development Objectives (DOs) and Implementation Progress (IP). All projects were assessed as likely to achieve their DOs in a reasonably timely fashion, despite a period of slow disbursement occasioned by capacity constraints.

Table 2. Belize Portfolio Performance during CPS FY12-15

Fiscal year	2012	2013	2014	2015
# Proj	1	1	1	2
IBRD Net Comm Amt (\$ million)	15.0	15.0	15.0	45.0
# Prob Proj	0	0	0	0
# Proj At Risk	0	0	0	0
Proact Proj	NA	NA	NA	NA
IBRD Undisb Bal (\$ million)	13.2	8.7	7.5	34.1
Disb in FY (US\$ million)	0.7	4.5	1.2	3.3

19. As previously noted (Risks section), one challenge that affected the Belize portfolio was limited institutional capacity with respect to procurement, reflecting the shortage of appropriately qualified personnel within the government and in the labor market at large. While training of project implementation personnel, provision of TA, and production of manuals helped ease this

problem during the CPS period, the process had a stop-go character arising from frequent staff turnover and the difficulty associated with finding suitable replacements in some instances. By contrast, financial management was handled relatively well across the projects, in part because accounting functions were mainly handled by established entities, such as the Social Investment Fund (SIF), the Protected Areas Conservation Trust (PACT), and the Belize Enterprise for Sustainable Technology (BEST). However, project budgets and expenditures were not always fully captured in the government's accounts, with repercussions for budget management.

Portfolio Implementation beyond the CPS period – FY16-FY17

20. During January 2016-January 2017, the IBRD portfolio decreased from US\$45 million to US\$30 million, reflecting the closing of the Municipal Development project. Currently the IBRD portfolio consists of one operation, namely, the Climate Resilient Infrastructure Project. Due to implementation delays (arising mainly from limited coordination between implementing agencies and line ministries, and procurement issues) in this project, the project rating is now moderately unsatisfactory. Project grant funded activities increased from three to four projects with the Energy Resilience for Climate Adaptation project (ERCAP), with total approved grant amounts of US\$13.53 million. The three earlier projects ratings are at least moderately satisfactory (KBA, MCCAP, Natural Based Livelihoods). Despite a lower IBRD exposure, progress has been achieved against several target indicators defined during the CPS period.

21. The Municipal Development Project closed with a satisfactory rating reaching the targets of 69,177 direct beneficiaries – including 35,280 female beneficiaries, and 88,056 indirect beneficiaries (exceeding the original target). The Project financed 33.7 km of drainage, 14.85 km of road rehabilitation, 140 road intersections improvements, 214 traffic signs. The project further supported nine town councils, building their administrative capacity, and training 220 staff.

IV. ALIGNMENT WITH CORPORATE GOALS

22. **Although the CPS was prepared before the adoption of the WBG twin goals, the program contributed to furthering poverty reduction and shared prosperity, as borne out by the analysis of the Belize SCD.** As the SCD notes, helping Belize embark on a path to greater growth that could unlock faster poverty reduction and greater inclusion will require attention to a few critical areas. Apart from continuing efforts to reduce macroeconomic imbalances, the SCD points to three key areas as vital to achievement of the twin goals. One of these is increased resilience to climate change and natural disasters – the main thrust of the FY12-15 Belize CPS. As the SCD notes, Belize is one of the most affected countries in the world with respect to weather-related events and other natural hazards. Belize incurs average annual losses from natural disasters of almost 4 percent of GDP, adding to fiscal pressures and constraining wealth accumulation. The frequency and intensity of weather-related events have been intensifying as a result of global warming and climate change. Poor communities are disproportionately vulnerable to economic shocks and reduced mobility – particularly the minority groups in the south and north of the country. The vulnerability of the road networks, arising from the lack of resiliency, often precludes agricultural communities from being able to access the larger markets in Belize City and Belmopan, or students attend school, or goods to reach rural communities. In this context, CPS investments in disaster risk management likely helped to protect the limited assets of poor communities from natural

disasters and climate change-related events, thus strengthening the economic livelihoods of poor and vulnerable communities.

V. MAIN LESSONS

23. **Experience demonstrates that the WBG is well-positioned to support Belize's development objectives.** The WBG's value added stemmed from its ability to mobilize global knowledge and integrate solutions that are tailored to the local needs. Moreover, the Bank had a clear comparative advantage in supporting Belize's efforts to better manage natural resources and climate change adaptation by virtue of (a) its experience in countries with similar conditions (e.g., Caribbean island states, Guyana), and (b) the in-depth analytical work specific to Belize undertaken in the ISN period (i.e., prior to the FY12-15 CPS), including a comprehensive Policy Note on Natural Resources for Climate Resilient Growth (June 2011).

24. **The CPS areas of engagement – NRM and climate change adaptation – remain relevant for the new CPF.** Even in a difficult and challenging macroeconomic environment, the Bank was able to add value with a selective and focused approach. Results can be achieved if the Bank's program centers on an area in which the Bank has a comparative advantage and which supports a central program objective of the government.

25. **Interventions to support Belize resilience to climate change and natural hazards require strong coordination across ministries, government agencies, donor partners, and other stakeholders.** Given the importance of the resilience agenda in Belize, the Bank can leverage significant resources from partners to maximize the impact of its limited resource envelope. The ability to leverage resources is also enhanced by careful attention to different stakeholder constituencies and analytical work to build consensus on reform directions. This has been demonstrated during the past CPS period in the significant funding mobilized for Belize from the GEF, Climate Adaptation Fund, UNDP, EU, and Japan Social Development Fund.

26. **Policy dialogue on enhancing a country's resilience to climate change and natural hazards requires a multidimensional approach that cuts across ministries and agency boundaries.** A significant amount of time and resources have to be invested in collaboration and consultation with key stakeholders, including government agencies, local governments, NGOs, donor partners, and community members. Such consultation is critically important at both the project preparation and implementation stages in order to identify/leverage synergies and reduce potential duplication of effort. Consultation with stakeholders can also help avoid bottlenecks and delays in decision-making.

27. **Projects that support municipalities or community-based activities require a long gestation period, and realistic estimates of the pace of implementation in the early years.** Time is needed to mobilize, sensitize, and build basic skills of municipalities and communities. Communities are often in need of basic support in facilitation of discussions, development of fundamental skills in business management, and registration as a business owner in order to develop sub-project proposals of adequate quality.

28. **In a weak capacity context, project management, especially procurement, is a significant bottleneck for project implementation.** This challenge can be addressed through training of project implementation personnel (procurement, safeguards, and monitoring and evaluation) and intensive implementation support. Another effective way to address weak capacity in procurement is through simplification of procurement processes, especially for smaller-scale community-based projects.

29. **Although weak financial management capacity can be addressed effectively through established entities outside government ministries, it then becomes a challenge to capture project budgets and expenditures in government accounts.** Using established entities (SIF, PACT, and BEST) to handle financial management across projects typically leads to a satisfactory performance of the IBRD portfolio. Looking forward, reporting lines must be strengthened between these entities and the government for adequate budget reporting.

30. **In a small country context with diverse development challenges, a focused CPS/CPF, with less outcome indicators allows for a deeper engagement in intervention areas, thereby yielding stronger results.** The previous CPS had three results areas and ten outcome indicators, of which only five were achieved or mostly achieved and three were partially achieved. The constraints and challenges identified in the lessons above, highlighting severe capacity limitations, combined with numerous outcome indicators, may have gone against an optimal use of resources available, leading to a difficult implementation trajectory.

CPS CLR - Annex I – Results Frameworks

<i>Inclusive and Sustainable Natural Resource-Based Growth and Enhanced Climate Resilience</i>			
Results Area 1. Policies and Strategies for Mainstreaming of Natural Resources and Climate Resilience			
Outcomes	Milestones, Outputs of CPS Program	Status and Evaluation Summary	Lending and Non-Lending Activities that Contributed to the Outcome
<p>Outcome 1 Principles of environmental sustainability/climate resilience are incorporated into development planning</p>	<p>Climate change adaptation policy and strategy adopted by parliament</p> <p>Indicator. Published Act/approved bills</p> <p>Specific climate resilience measures incorporated into sectoral development plans and investment programs.</p>	<p><u>Mostly Achieved</u></p> <p>Achieved National Climate Change Policy, Strategy and Action Plan (NCCPSAP) 2015-2025 was approved by the Cabinet in March 2015 Baseline 2012: 0 Target 2015: 1 Actual 2015: 1</p> <p>Achieved National Protected Areas Act and Protected Areas Conservation Trust Act – approved in November 2015 Baseline 2012: 0 Target 2015: 1 Actual 2015: 1</p> <p>Achieved Climate resilience measures were incorporated in the National Climate Resilience Investment Plan – NCRIP (August 2014), and in the Growth and Sustainable Development Strategy – GSDS (2016-2019) Baseline 2012: 0 Target 2015: 1 Actual 2015: 1</p>	<p>Natural Resources for Climate Resilient Growth NLTA (IBRD)</p> <p>Global Facility for Disaster Reduction and Recovery (GFDDR) – European Union supported together with the IBRD Marine Conservation and Climate Adaptation Project (MCCAP)</p>

	<p>Indicator. Natural resources wealth valuation/accounting undertaken for consideration within the national development agenda</p>	<p>Partially Achieved</p> <p>NCRIP and GSDS are to include natural capital accounting during their implementation. But, additional steps are needed before natural capital accounting is fully integrated into Belize’s planning process</p> <p>Baseline 2012: 0 Target 2015: 1 Actual 2015: partial</p>	
<p>Outcome 2 Improved coordination on climate change across sectors</p>	<p>Framework of climate change coordination and planning of project activities adopted by key ministries</p> <p>Empowered and efficient climate change coordination mechanism established</p> <p>Indicator. Functioning inter-ministerial Steering Committee as demonstrated by regular meetings and follow-up actions</p>	<p><u>Achieved</u></p> <p>The Belize National Climate Change Committee (BNCCC), chaired by the Ministry of Agriculture, Fisheries, Forestry, the Environment and Sustainable Development, has been established with a cross-section of members from all related government ministries and agencies, private sector, civil society, and academia. The BNCCC also has the direct participation of the Office of the Prime Minister and is able to advise the government through the Cabinet. Meetings of the BNCCC are held quarterly.</p> <p>The Steering Committees have been established and is operational for the JSDF Livelihoods, GEF KBAs, and MCCAP. Each of them functions as multi-sectoral coordination body for project implementation.</p>	<p>Natural Resources for Climate Resilient Growth NLTA (IBRD)</p> <p>Together with UNDP under the EU-funded Global Climate Change Alliance grant</p> <p>Forest Carbon Partnership Facility (FCPF) REDD+ Readiness grant – Bank is the delivery partner.</p>

		Baseline 2012: 0 Target 2015: 1 Actual 2015: 1	
Results Area 2. Institutional Capacity Strengthening for Natural Resource Management and Climate Change			
Outcome 3 Enhanced effectiveness of the Environmental Impact Assessment (EIA) System	EIA certification program established for enhanced environmental compliance Indicators. Number of people certified; number of investment projects with EIAs	<u>Partially Achieved</u> Partially achieved Environmental Impact Assessment (EIA) Process, and a Protocol for enhanced environmental screening and scoping is still underway Baseline 2012: 0 Target 2015: 1 Actual 2015: partial Partially Achieved Trained/Certified staff: Baseline - August 2014: 0 Target – September 2019: 50 Actual - December 2015: 9 Actual – December 2016: 49 Achieved Vehicles have been procured and the mobility of the Department of the Environment, Forest Department, and the National Environmental Assessment Committee have significantly improved to conduct monitoring and compliance activities and consultations with local communities in remote forested areas and to appraise environmental impact assessments (EIAs) necessary for obtaining licenses and permits. . Baseline 2012: 0 Target 2015: 1 Actual 2015: 1	Natural Resources for Climate Resilient Growth (NRCRG) NLTA Management and Protection of Key Biodiversity Areas Project (KBAs) - P130474 – GEF grant
Outcome 4 Enhanced human resilience and capital for a natural	Policies and programs supporting skills development that improve inclusiveness and human resilience and build	<u>Not Achieved</u>	

<p>resource-based economy</p>	<p>human capital for a natural resource-based economy</p> <p>Indicator. Education strategy that improves the system's capacity to produce skills relevant for a natural resource-based economy is adopted</p>	<p>Project objectives were modified</p>	<p>Municipal Development Project (FY11) - P111928</p>
<p>Outcome 5 Strengthened capacity for compliance monitoring and enforcement by key agencies responsible for environment in Belize</p>	<p>Targeted training programs and collaboration arrangements with communities, private sector, NGOs to enhance capacity to access funds and manage climate change impacts</p> <p>Indicator. Functional national entity(ies) with technical and fiduciary capacity to access climate funds and implement measures</p>	<p><u>Achieved</u></p> <p>For terrestrial areas, the KBAs Project provided vehicles that have greatly enhanced the mobility of the key environment agencies to conduct monitoring and compliance activities and consultation with local communities in remote forested areas, and to appraise environmental impact assessments (EIAs)</p> <p>For the marine environment, the MCCAP has contributed by (i) strengthening surveillance, monitoring, and enforcement in the three targeted Marine Protected Areas, (ii) undertaking biological and water quality monitoring of strategic and control sites, including a Water Quality Monitoring (WQM) protocol, and (iii) conducting aerial survey of seascape and landscape for Ambergris Caye, Central, and Caye Caulker in tandem with the implementation of the Belize Integrated Coastal Zone Management (ICZM) Plan</p> <p>Belize was selected into FCPF as a qualified eligible REDD+ countries.</p> <p>PACT was accredited as the national implementing entity by the Adaptation Fund in September 2011, including fiduciary responsibilities</p>	<p>Management and Protection of Key Biodiversity Areas Project - P130474 – GEF grant</p> <p>Marine Conservation and Climate Adaptation Project (FY15) - P131408 – Adaptation Fund</p>

		<p>for KBAs and MCCAP, and FCPF REDD+ Readiness Grant.</p> <p>Baseline 2012: 0 Target 2015: 1 Actual 2015: 1</p>	
<p>Outcome 6 Strengthened institutions for implementing climate resilience measures</p>		<p><u>Achieved</u></p> <p>PACT was accredited as the national implementing entity by the Adaptation Fund in September 2011, including fiduciary responsibilities for KBAs and MCCAP, and FCPF REDD+ Readiness Grant. Baseline 2012: 0 Target 2015: 1 Actual 2015: 1</p> <p>Caribbean Community Climate Change Centre was accredited as a regional implementing entity by the Green Climate Fund in July 2015</p> <p>Engineers within the Ministry of Works, Transport and NEMO and planners from the Ministry of Natural Resources and Immigration have been trained on topics relating to disaster risk management and integrating climate resilience into infrastructure projects</p> <p>Capacity within the Social Investment Fund (SIF) to design, manage and implement urban development, climate resilient and disaster risk management projects has been developed through implementation of Municipal Development Project (MDP-P111928)/Climate Resilient Infrastructure Project (CRIP-P127338)</p>	<p>Key Biodiversity Areas - GEF</p> <p>Municipal Development Project</p> <p>REDD+ Readiness Preparation</p> <p>NRCRG NLTA</p> <p>Caribbean Risk Information Program, NLTA (P153766)</p> <p>Caribbean Disaster Risk Financing TA Program, NLTA P153768</p> <p>Climate Resilient Infrastructure Project (FY15) -P127338</p>

	<p>Indicator. Number of staff in key agencies trained and equipped with better assessment and compliance monitoring tools and capacities</p>	<p>Achieved Staff/Agencies training and equipped Baseline – August 2014: 0 Target – December 2015: 1 Actual - December 2015: 1</p> <p>Includes people trained and equipped with forest fire incidence rapid response</p> <p>25 people trained in conflict resolution in sustainable forest and protected area management</p>	
	<p>Indicator. Number of communities organized as part of national emergency response organization</p>	<p>Achieved Baseline – August 2014: 0 Target – September 2019: 25 Actual - December 2015: 25 Actual – December 2016: 25 .</p>	KBAs
<p>Outcome 7 Better preparedness through improved disaster risk management institutions</p>	<p>Improved early warning systems for hurricane and coastal flooding</p> <p>Indicator. Number of functioning communication nodes forming part of the national system</p>	<p><u>Partially Achieved</u></p> <p>Although emergency funds are operational, including appropriate protocols, the creation of a network of communication nodes has not been completed</p>	Climate Resilient Infrastructure Project (CRIP-P127338)
<p>Results Area 3. Investments to Strengthen Climate Resilience</p>			
<p>Outcome 8 Enhanced climate resilience of key infrastructure</p>	<p>Select bridges, schools, hospitals, shelters, ministries retrofitted to improve their climate resistance and functionality during natural hazard emergencies</p>	<p><u>Partially Achieved</u></p>	

Strengthened legal and administrative framework for PAs	Indicator. Number of people (local labor) employed in ecosystem restoration activities	Number of people employed: Baseline – August 2014: 0 Target – September 2019: 1,000 Actual - December 2015: 0 Actual – December 2016: 0	KBAs - GEF
Outcome 10 Increased human resilience to climate change impacts	Alternative local livelihoods program, including vulnerable groups and women Indicator. Number of households facilitated to engage in sustainable livelihood activities	<u>Achieved</u> Communities: Baseline – August 2014: 0 Target – September 2019: 25 Actual - December 2015: 25 Actual – December 2016: 25 JSDF Livelihoods: Approximately 600 members (appx.153 households) of beneficiary groups have been engaged in sustainable livelihoods sub-projects, and 928 people (appx. 237 households) benefitted from training necessary for developing and managing sustainable livelihood activities	Marine Conservation and Climate Adaptation Initiative (<i>Adaptation Fund</i>) Protection and Management of Key Biodiversity Areas Project JSDF Sustainable Natural Resource-based Livelihoods

CPS CLR Annex II. Trust Fund Activities during CPS

Project Number	Project Name	Loan/TF Number	Amount (US\$ million)	Approval Date	Closing Date
P115046	Building Institutional Capacity of the Auditor General and Improving Quality of Public Procurement	TF94490	0.351	Jan-2008	Oct-2011
P117604	Influenza Detection and Response	TF95644	0.502	Jan-2010	Oct-2011
P120349	Improving Children's Health	TF99168	0.489	Jun-2011	Jan-2016
P130474	Management and Protection of Key Biodiversity Areas	TF013004	0.117	Nov-2012	Dec-2013
P132098	Round 34: Belize: Promoting Sustainable Natural Resource-Based Livelihoods	TF012901	2.800	Nov-2012	Nov-2016
P132098	Round 34: Belize: Promoting Sustainable Natural Resource-Based Livelihoods	TF014984	0.200	Nov-2012	Nov-2016
P145821	Belize: Capacity Building: Twinning Phase 2 Between The Belize Water Services (BWS) and the Contra Costa Water District (CCWD)	TF014988	0.038	Jun-2013	Apr-2015
P144638	Belize P4P EPA	TF016460	0.330	Jan-2014	Dec-2015
P130474	Belize Management and Protection of Key Biodiversity Areas Project	TF016773	6.086	Nov-2014	Sep-2019
P149522	BZ Energy Resilience for Climate Adaptation	TF018049	0.137	Sep-2014	Jan-2016
P131408	BZ Adaptation Fund - Agency Fee	TF018448	0.470	Oct-2014	Jun-2018
P131408	BZ Marine Conservation and Climate Adaptation	TF018449	5.530	Jun-2015	Mar-2020
P152415	Belize FCPF REDD Readiness Preparation - Implementation support	TF018489	0.049	Oct-2014	Oct-2017
P152415	Belize FCPF REDD Readiness Preparation	TF018492	3.800	Nov-2014	Sep-2017
P149522	BETF for project support costs - BZ Energy Resilience for Climate Adaptation Project (ERCAP)	TF019409	0.625	Mar-2015	Dec-2021
	TOTAL		21.524		

CPS CLR Annex III - Planned vs Delivered Lending Operations

CPS PLANS						
Planned Loans		US\$ (M)		Status and Latest Ratings	US\$ (M)	
FY		IBRD	TF		IBRD	TF
Operations Approved prior to this CAS period (i.e., before FY12) and implemented during CPS period						
2008	P115046 – Building Institutional Capacity of the Auditor General and Improving Quality of Public Procurement – Approved January 2008, IDF Grant TF94490		0.351	Cancelled October 2011		0.0
2010	P117604 – Influenza Detection and Response – Approved January 2010 – Avian and Human Influenza Facility , TF95644		0.502	Closed October 31, 2011 ICR N/A		0.489
2011	P111928 – Municipal Development Project – Approved in September 2010	15.0		Ongoing – Closing Date November 30, 2016 PDO: S IP: S	15.0	
	P120349 – Improving Children’s Health – Approved in June 2011 – Japan Social Development Fund TF99168		2.996	Closed January 15, 2016 PDO: MS IP: MS		2.996
	Subtotal	15.0	3.849	Subtotal	15.0	3.485
CPS period – FY12-FY15						
2012						
		Subtotal		Subtotal		
2013	Natural Resources for Climate Resilient Growth	TBD		P132098 – Promoting Sustainable Natural Resource-Based Livelihood, Approved in FY13 – Ongoing - JSDF TF012901 November 15, 2012– Closing Date November 15, 2016 PDO: S IP: MS		2.800 0.200
				P130474 – Preparation of Management and Protection of Key Biodiversity Areas in Belize		0.117

				Approved in FY13 (November 1, 2012) TF013004 Closed FY13 PDO: S IP: S		
				P145821 – Belize Water Services Twinning Program – Approved June 21, 2013 Closed April 30, 2015 T014988		0.038
	Subtotal			Subtotal		3.155
2014	GEF Mesoamerican Barrier Reef System II		TBD	Dropped		
				P144638 – Belize P4P Assessment, approved January 13, 2014 Closed April 30, 2016 TF016460		0.330
	Subtotal			Subtotal		0.330
2015	Marine Conservation and Climate Adaptation Initiative		TBD	P131408 – Marine Conservation and Climate Adaptation Approved March 2015 (Climate Adaptation Fund) PDO: S IP: S		5.500
				P130474 – Management and Protection of Key Biodiversity Areas Approved September 2014 (GEF) TF016773 PDO: MS IP: MS		6.100
				P127338 – Climate Resilient Infrastructure Approved August 2014 PDO: MS IP: MU	30.0	

				P149522 – Energy Resilience for Climate Adaptation Approved September 5, 2014 Closed May 31, 2016		0.137
				P152415 – FCPF REDD Readiness Approved November 3, 2014 TF018492 Rating: N/A		3.800
	<i>Subtotal</i>					15.537
Additional CPS Lending Deliveries – FY16						
2016						
	<i>Subtotal</i>			<i>Subtotal</i>		
TOTAL CPS Plans		TBD	TBD	ACTUAL CPS	45.0	22.507

ANNEX 3. Summary of Feedback from Stakeholder Consultations

Background

The formulation of the proposed Belize Country Partnership Framework benefited from extensive consultations across a broad spectrum of stakeholders. The consultations, which started during the SCD preparation, were held between June 2015 and December 2016, and the objectives were to elicit stakeholders' feedback on key development challenges in Belize, on what should be the focus of the WBG's support to the government over the coming five years, and whether the proposed CPF focus was relevant. The face-to-face events, both large public meetings and smaller gatherings with targeted invitees, drew participation from representatives of the government; the private sector (from micro, small, and medium-sized enterprises (MSMEs) to large companies); civil society organizations (from think tanks to women's groups); academia; and development partners.

Throughout the consultations, there was a broad consensus on the diagnosis of the challenges faced by Belize and the priorities identified in the SCD. Above all, there was overwhelming recognition of the need to improve the quality of education and skills in the country given its spillover effects on competitiveness, growth, and crime and violence. The participants uniformly supported the priority areas identified in the CPF. The key issues raised or opinions shared by participants are summarized below, organized under the relevant pillars of the CPF.

Focus Area 1 - Fostering Climate Resilience and Environmental Sustainability

During the consultations, there was a general understanding that Belize's developmental prospects are intricately linked to its natural resource base, which faces a variety of pressures from the impacts of climate change, natural hazards and economic development.

Objective 1a. Strengthen resilience of select road and energy infrastructure

The vulnerability to the impact of climate change was one of the main topic of discussions, especially in relation to infrastructure deficiencies, which were highlighted as major obstacles to the growth and competitiveness of enterprises and of the economy. Several participants stated the lack of resilience of transport infrastructure vis-a-vis rains, storms, and floods. They illustrated how weather events severely hampers the transport of goods and people, notably disconnecting remote communities from markets and basic services. The vulnerability of the power grid was also mentioned, as rain storms and hurricanes lead to widespread electricity outages.

Discussions with the private sector and with government officials confirmed that the poor quality of the transport infrastructure in Belize increases costs and causes delay in the transport of goods within the country and internationally to neighboring states. With only one port operating in the country, weather related damages to the main road to the port can severely impact exporters. Agriculture sector representatives highlighted that infrastructure deficiencies constrain investments in output growth and hamper the competitiveness of exports due to higher

freight costs. Consultations with tour operators and tourism industry representatives indicated that the road infrastructure also impacts the growth of the industry.

Objective 1b. Enhance sustainable natural resource management

Stakeholders raised the importance of protecting natural resources such as coral reefs and mangroves, critical defenses against natural disasters (hurricanes and rising sea levels), as well as important assets for the tourism industry and the basic livelihoods of coastal communities. Natural resources including forests and other natural ecosystems were also deemed essential for many rural communities, given the impact of environmental and natural resource degradation on the resilience and productivity of cultivated land. Government emphasized the importance of natural resource management, especially concerning water resources, particularly in agriculture areas in the North of the country.

Focus Area 2 - Promoting Financial and Social Inclusion

Some of the members of the civil society expressed concerns about the ability of GoB and donor partners to reach out to the most vulnerable populations.

Objective 2a. Enhance financial infrastructure capacity

Most stakeholders in Belize noted difficulties associated not only with the high cost of financing, but also challenges faced by banks in establishing the creditworthiness of prospective borrowers and the profitability of their projects. Insufficient access to finance was cited as one of the main concerns of the private sector. MSMEs have the most difficulty in accessing finance, both due to lack of real estate to pledge as collateral and substandard financial knowledge and management capacity.

Bankers cited as common the behavior of loan applicants not willing to disclose their information or loan applications without a clear cost-benefit analysis. For financial institutions, one of the challenges they face when considering lending to entrepreneurs is the lack of business skills among Belizean entrepreneurs, e.g. substandard quality of balance sheets and audited financial statements, or the inability to prepare a business plan. There is a big need for entrepreneurship training. Bankers justified high lending spreads are in part due to the lack of information and of audited accounts. They valued the CPF objective in this regard, and expressed strong support to the creation of a collateral registry and credit bureau.

The loss of correspondent banking relationships between Belizean Banks and international banks emerged as a significant concern. The recent considerations by the U.S. Treasury concerning de-risking measures surrounding AML/CFT concerns have resulted in some US banks closing their correspondent banking relationship with Belizean banks. This issue has raised high concerns for the Government, the domestic commercial banks and international banks operating in Belize, as well as to private sector representatives (particularly to tourism companies which rely heavily on credit card transactions).

Objective 2b. Improve youth employment opportunities

There were questions about how the CPF planned to address youth and employment notably with respect to education and skills. The need to improve the quality and relevance of the education system was echoed in all consultations. The education system is seen as disconnected from the job market and industry needs. There is a lack of “soft skills” - information and communications technologies which limit the young graduates from accessing private-sector jobs. Encouragement of and training in entrepreneurship were recommended for all levels of education. One suggestion was that a more effective way to reach out to the youth may actually be via a better support to colleges/high schools. TVET program used to be part of the curriculum of those schools. Now as separate program, TVET have a negative connotation, i.e. being associated with problem youth. In this context, idleness among youth was referenced to as a contributor to youth engagement in crime and violence.

One highlighted issue was the direct costs of attending school. The need to pay fees, buy uniforms and supplies, and pay for transport (particularly at the secondary level where many do not have access to a nearby school) were frequently cited in consultations as significant deterrents to staying in school.

Other Inter-linked issues discussed

A few other areas that emerged during the stakeholder consultations included the taxation system (which is deemed inefficient and unfair), trade policy (which is believed to be biased against exports), the efficiency of public spending (which is perceived to be high and not translating delivery of good quality public services), and the ethics and performance of public servants (where many thought there was margin for improvement), among others.

Some of the private sector representatives placed corruption as the top constraint to doing business in Belize and noted that weak governance has an adverse impact on the overall competitiveness of the private sector and ability to attract foreign investments. The issue of “brain drain” was also highlighted, where highly educated Belizean leave the country for job opportunities.

Civil society discussed entrepreneurship and women entrepreneurs. They expressed appreciation for the Entrepreneurship Program for Innovation in the Caribbean (EPIC program) and would like to see more of it. EPIC is contributing toward building an “entrepreneurial ecosystem” in Belize. Representatives of the fishery sector raised the issue of safety at sea. In the southern coast of the country, crime at sea is a serious concern.

ANNEX 4. Development Partners

The WBG’s comparative advantage to support the CPF program also determined based on the role of other development partners. The role of other development partners was taken into account in view of: (a) limited absorptive capacity and institutional constraints within small states which hinder their ability to manage donor resources; and (b) opportunities to create synergies and avoid duplications between development partners, and thus maximize our collective contributions to Belize’s development efforts. For example, many partners, including the CDB, European Union (EU), and IDB, are involved in social sectors, including education quality and access, health, and social protection. Similarly for crime and violence prevention, CDB, IDB, and the United Nations Development Program (UNDP) are providing a combination of financing and technical assistance support. Various development partners are also providing financing in agriculture sector competitiveness (e.g., EU, the UN Food & Agriculture Organization, and IDB) and financing for SMEs (the Central American Bank for Economic Integration, and CDB). In infrastructure sectors, the WBG along with IDB, CDB, IDB and the OPEC Fund for International Development (OFIC), have supported Belize in improving key road infrastructure, among other cross-sectorial infrastructure improvements. On the macro-fiscal front, the IMF has an ongoing dialogue as part of its Article IV consultations and the WBG will seek opportunities to support fiscal sustainability. Finally, on the data front, the CDB and IDB are supporting Belize in conducting a national poverty assessment. The WBG will coordinate closely with other development partners as needed. See table below with some examples of support provided by development partners/donors.

WB	EU/AMS	CDB	OFID	IDB	CABEI
Infrastructure Resilience					
<ul style="list-style-type: none"> - Belize Municipal Development Project to improve access to basic municipal infrastructure and enhance municipal management in selected town and city councils. - Climate Resilient Infrastructure Project (CRIP) to enhance the 		<ul style="list-style-type: none"> - Construction of San Ignacio/ Santa Elena Bypass road and new all-weather bridge across the Macal River to increase the efficiency of road transportation, and determine the extent of vehicle overloading and the accompanying economic and financial impacts. 	<ul style="list-style-type: none"> - Upgrade of 20 miles of the Southern Highway from Dump (Ml. 14) to the Belize/Guatemala a Border. (KFAED & CABEI are also contributing \$9 million each.) - Belize City Southside Poverty Alleviation 		

<p>resilience of road infrastructure against flood risk and impacts of climate change; and to improve the Borrower's capacity to respond promptly and effectively in an eligible crisis or emergency.</p> <p>- Energy Resilience and Climate Adaptation project (ERCAP) will provide support to building resilience of electricity transmission networks to adverse climate events.</p>		<p>- Upgrade of the Phillip Goldson Highway between the Airport Junction and the Chetumal Street Roundabout, including the Haulover Bridge. (CDF also contributing 4.5 million.)</p> <p>- Belize Road Safety Project to support infrastructural improvements, education and awareness campaigns, enhancement of road accident emergency services, road safety management capacity building and enforcement activities focused along the George Price Highway from Belize City to Belmopan and thoroughfares, including the Ring Road in Belmopan, targeting a reduction in deaths and serious injuries associated with road traffic accidents.</p>	<p>project to support land reclamation; improvement of housing units; education, training, social development and institutional support, audit, and supervision.</p>		
Natural Resource Management and Environment					
<p>Natural resource management and livelihoods grant-funded</p>					

projects (JSDF, KBA, Marine Conservation, REDD+).					
Agriculture					
This envisaged project in the CPF (Objective 1b) will support agriculture productivity and climate resilience through natural resource management capacity as well as small-scale irrigation and drainage infrastructures in key risk areas in northern Belize.	<ul style="list-style-type: none"> - Sugar cane replanting scheme for establishment of a credit revolving fund. - Belize National Sanitary Cattle Plan (Cattle Sweep) Project to support testing of all cattle in the country for Brucellosis, Tuberculosis; implementation of a surveillance plan for BSE ("Mad Cow" or "Foot and Mouth") Disease; and the development of a National Livestock Registry for the exportation of cattle. (OIRSA is contributing 359, 713 and 	Water management project will be implemented as part of the new CBD Country Strategy for Belize. Objectives and scope will be prepared in coordination with WBG as per objective 1b of the CPF.		- Technological Innovation Strategy to improve Productivity and Competitiveness of Product Chains in Central America and the Dominican Republic to support the development of value chain agricultural food products	

	<p>BLPA 2 million.)</p> <p>- Support to Banana Growers targeting improved technical and agronomic practices, reduced environmental impacts of the industry, and improved labor and social conditions of workers and their households.</p>				
--	---	--	--	--	--

Private and Financial Sector

<p>Competitiveness project (pipeline), which corresponds to Objectives 3 and 4, will support business environment, trade facilitation, entrepreneurship, and access to finance with a focus on small and medium-size enterprises.</p>		<p>- Line of credit funds provided to Development Finance Corporation (DFC) for on lending in priority areas - student loans, SMEs, low-income housing, agriculture and industrial credit, and microfinance.</p> <p>- Seventh consolidated line of credit to the DFC to facilitate productive private sector/MSME development; support for energy efficiency/renewable energy financing; promote</p>			
---	--	--	--	--	--

		home ownership for low- and middle income citizens; develop Belize's human capital by providing student loans for vocational, technical, and academic professionals.			
Education					
Youth employability project (pipeline - Objective 4 of CPF) will include training and capacity building for youth.		TVET support.		- Education Quality Improvement Program to support the Government of Belize in improving the quality of primary education, and the governance of the Belize education system.	
Youth/Crime					
At-risk Youth inclusion (Objective 4 of CPF) will include support to youth violence prevention.		- Youth and Community Transformation Project Southside Belize City to reduce the vulnerability of children and youth to crime and gang membership in the Collet, Lake Independence, Pickstock, and Port Loyola divisions of Belize City; and provide services to		- Community Action for strengthening of national public safety governance and community action in crime prevention.	- Belize Integral Security Program to support Investments in infrastructure and equipment for Belizean national security institutions, including the rehabilitatio

		enhance literacy and adaptive life skills, support conflict mediation, and improve inter-linkages and the sharing of best practices among participating agencies working in these communities.			n of existing buildings, new civil works, and the provision of equipment for the Belize Police Dept, Belize Defense Force, Belize Coast Guard, and National Forensic Science Services.
Data					
Collaboration with CDB/IDB in poverty assessment envisaged.		A new poverty assessment is expected to be launched in 2017 by the CDB and IDB and new poverty and inequality estimates are expected to be produced by 2018-2018.		A new poverty assessment is expected to be launched in 2017 by the CDB and IDB and new poverty and inequality estimates are expected to be produced by 2018-2018.	

ANNEX 5. World Bank Support to Vulnerable Groups in Belize

The Belize Promoting Sustainable Natural Resource-based Livelihoods project (P132098) provides good examples of support to vulnerable groups.

The project supports 25 underprivileged rural communities, including one community primarily composed of the Garinagu people, one composed of the Maya people, and some are a mixture of multiple ethnic groups. The project has provided 10 community mobilization workshops for all of these communities, in which 386 people participated. The project has also provided 63 training sessions on various subjects from business skills to sub-project specific techniques, in which 915 people participated.

The project has successfully identified and been supporting 17 natural resource-based livelihoods sub-projects, of which 4 groups composed of or include Maya people, 2 groups include Garinagu people, 5 groups composed exclusively of women, and 1 group composed of agricultural immigrants. The total number of beneficiaries from these sub-projects are 582 people, of which 268 people (46%) are women, and 112 people are youth.

Sub-projects including Mayan people⁵⁵:

- Junajil K'anjel Pig rearing in Mayan San Miguel community: Supporting the construction of pig pens and biodigesters for 10 households to raise pig, as well as supporting corn cultivation for feeds for pigs. (US\$82K)
- Kah Lohil Tepal Women's Group in Cristo Rey: Supporting training and equipment for bakery, sewing and craft production. (US\$20K)
- Groups from Cayo District including Yax'ha Green Growers Farmer's Group: Supporting a production of vegetables and the covered structure for the production. (US\$178K)
- Sarteneja TZA-TEN-A-HA Sew Souv Sewing Group: Supporting training and equipment for a production of bed linens, bag, and curtains. (US\$33K)

Sub-project including Garinagu people:

- Toledo Dried Fruits Production: Supporting training and equipment for the production of solar dried fruits. (US\$151K)
- Toledo Tourism Development Group: Supporting water taxi, renovation of cultural museum, and development of cultural tourism. (US\$111K)

Sub-projects by exclusively women:

- Seven Miles Women's Group: Supporting Agro-processing, plan nursery, and sewing. (US\$63K)
- Kah Lohil Tepal Women's Group in Crito Rey. (See above)
- Ladies Involving Nature and Knowledge (LINK) Women's Group in Belize River Valley: Supporting small ruminant rearing. (US\$56K)

⁵⁵ The Maya people are not only beneficiaries of programs but are also partners in their capacity as champions for conservation of natural resources.

- Sarteneja TZA-TEN-A-HA Sew Souv Sewing Group. (See above)
- Belize Lionfish Jewelry Group: Supporting training and marketing of jewelry made of discarded parts of Lionfish. (US\$25K)

Sub-project by agricultural immigrants:

- Los Buenos Amigos in Trio Village: Supporting an improved pineapple production with new variety. (US\$86K) – A small group of those people worked at banana farms since 1996 remained in Trio Village and turned into subsistence farmers growing plantains, pineapple, and oranges. Many of them speak only Spanish and do not know how to write.

Of these 17 sub-projects, the earlier ones are generating revenues:

- Trio Pineapple Production has earned revenues of US\$33,557 so far, which translates to US\$1,864/household and a 339% increase in household income from the baseline (US\$550).
- Junajil K’anjel San Miguel Pig Rearing Group has sold 8 pigs and made US\$3,278 (\$2,086 for meat and \$596 for live mass), which translates to US\$328/household and a 60% increase in household income.
- Both San Felipe and Sarteneja Honey producers have harvested 50-55 gallons of honey each. Sarteneja has earned US\$1,848 for 28 cases, which translates to US\$184/household and a 33% increase in household income.
- Belize Lionfish Jewelry Group has made sales worth US\$3,000 at the special one-day sale and seminar event at the World Bank Headquarters.

Under the Management and Protection of Key Biodiversity Areas (KBA) Project (P130474), similar support for livelihoods sub-projects in communities adjacent to the targeted six protected areas (KPAs) are planned. These KPAs are Freshwater Creek Forest Reserve, Spanish Creek Wildlife Sanctuary, Vaca Forest Reserve, Maya Mountain Forest Reserve, and Columbia River Forest Reserve. The project is currently conducting an assessment of these communities for potential livelihoods activities.

ANNEX 6. World Bank Portfolio

Projects Under Supervision from FY12-FY15				
Fiscal year	2012	2013	2014	2015
# Proj	1	1	1	2
Comm Amt	15.0	15.0	15.0	45.0
Comm At Risk	0.0	0.0	0.0	0.0
Comm IP/DOE/Prob	0.0	0.0	0.0	0.0
Undisb Bal at FY	13.9	13.2	8.7	7.5
Tot Undisb Bal	13.2	8.7	7.5	34.1
Tot Disb	1.8	6.3	7.5	10.9
Disb in FY	0.7	4.5	1.2	3.3
Tot Canc	0.0	0.0	0.0	0.0
Canc in FY	0.0	0.0	0.0	0.0

Belize: FY16 Projects under Supervision										
Proj ID	Project Name	Date, Board App *	Rev Closing	Proj Age in Yrs	Lst DO	Lst IP	Net Comm Amt (\$m)	Tot Disb (\$m)	Tot Undisb Bal (\$m)	% Disb
P130474	BZ Mgmt and Protection of KBAs	09/29/2014	09/30/2019	1.9	MS	MS	6.09	1.00	5.08	16.5%
P131408	Marine Conservation & Climate Adaptation	03/03/2015	03/31/2020	1.5	S	S	5.53	0.95	4.58	17.3%
P111928	BZ Municipal Development	09/16/2010	11/30/2016	6.0	S	S	15.00	14.40	0.60	96.0%
P127338	BZ (MST) Climate Resilient Infrast.	08/27/2014	08/31/2019	2.0	MS	MU	30.00	0.89	29.11	3.0%
							56.62	17.24	39.38	30.4%

List of Trust Funds Supporting Activities in Belize									
TF#	Project Name	TF Type	Program	Grant Closing	Fund Status	Grant Amt. (\$K)	Undisb. Amt. (\$K)	Percentage Disbursed	
TF0A2887	Energy Resilience for Climate Adaptation (GEF/SCCF)	RE	SCCFIA	07/31/2020	PENDING	5,620	0	0%	
TF0A2888	Energy Resilience for Climate Adaptation (GEF/SCCF)	RE	SCCFIA	07/31/2020	PENDING	2,380	0	0%	
TF0A2517	Climate Resilient Infrastructure	BE	GFDRR	08/31/2017	ACTIVE	170	153	90%	
TF018049	Energy Resilience for Climate Adaptation (GEF/SCCF)	BE	ESMAP	10/31/2016	ACTIVE	187	30	16%	
TF019409	Energy Resilience for Climate Adaptation (GEF/SCCF)	BE	SCCFIA	12/31/2021	ACTIVE	625	7	1%	
TF018448	BZ Marine Conservation and Climate Adaptation	BE	ADPTIA	06/30/2018	ACTIVE	470	9	2%	
TF018449	BZ Marine Conservation and Climate Adaptation	RE	ADPTIA	03/31/2020	ACTIVE	5,530	1,974	36%	
TF018489	Belize FCPF REDD Readiness Preparation	BE	FCPFR	10/24/2017	ACTIVE	199	50	25%	
TF018492	Belize FCPF REDD Readiness Preparation	RE	FCPFR	09/30/2017	PENDING	3,800	0	0%	
TF016773	Management and Protection of Key Biodiversity Areas in Belize	RE	GEFIA	09/30/2019	ACTIVE	6,086	1,285	21%	
TF012901	JSDF BZ Promoting Sustainable Natural Resource-based Livelihoods	RE	JSDF	11/15/2016	ACTIVE	2,800	1,512	54%	
TF014984	JSDF BZ Promoting Sustainable Natural Resource-based Livelihoods	BE	JSDF	11/15/2016	ACTIVE	200	10	5%	
TF012584	Climate Resilient Infrastructure	BE	GFDRR	06/30/2016	ACTIVE	1,150	6	0%	
						29,217	5,035		

MAP

IBRD 33371



SEPTEMBER 2004