

# BELIZE

**Table 1** **2023**

Population, million	0.4
GDP, current US\$ billion	3.3
GDP per capita, current US\$	7988.0
School enrollment, primary (% gross) <sup>a</sup>	99.9
Life expectancy at birth, years <sup>a</sup>	70.5
Total GHG emissions (mtCO <sub>2</sub> e)	7.0

Source: WDI, Macro Poverty Outlook, and official data.  
a/ WDI for School enrollment (2022); Life expectancy (2021).

*Belize's economy is recovering from the COVID-19 pandemic with robust growth, lower debt, a primary surplus, and an improved current account. In 2023, GDP grew by 4.5 percent, inflation slowed, and unemployment remained low at 4 percent (albeit labor force participation is low too). The country still faces persistent poverty and inequality, dependence on tourism and energy imports, and exposure to climate shocks. The government has taken steps to strengthen fiscal management, but reforms to improve the business environment are critical to boost jobs, investment, and growth over the medium term.*

## Key conditions and challenges

Belize, an upper middle-income country, is heavily dependent on tourism, its primary source of foreign exchange, along with agriculture and remittances. The country's economic performance is closely tied to the US, the main source of tourists and remittances, the principal export destination, and a key provider of FDI. With its exchange rate pegged to the dollar and its status as a net importer of oil and gas, Belize is strongly affected by fluctuations in energy prices. The country is also highly exposed to climate-related shocks, such as flooding, wind damage, and coastal erosion.

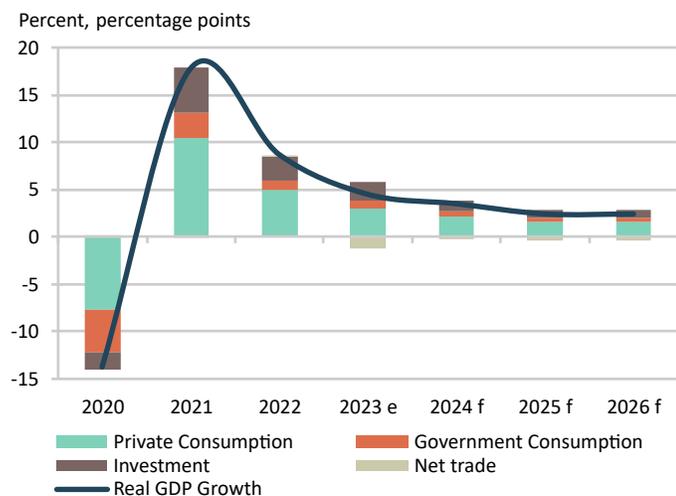
Belize is gradually emerging from a challenging period of economic instability and large fiscal imbalances, which were intensified by the COVID-19 pandemic. It has made notable progress in reducing its public debt through debt restructuring and a blue bond issuance, although debt servicing costs remain high. It has also made progress in strengthening fiscal management by building fiscal buffers that could help maintain a counter-cyclical fiscal stance and enhance fiscal discipline. Despite these advancements, the business environment faces significant challenges, such as restricted credit to the private sector, important infrastructure barriers, skills shortages, and elevated levels of crime and violence, all of which impede job creation, growth, and efforts to alleviate poverty.

Data on monetary poverty indicate that in 2018, 9 percent of the population could not afford a minimum food basket, and 52 percent were unable to afford a minimum food and non-food basket. Income inequality, as measured by the Gini coefficient, stood high at 0.49. Based on labor force survey data, the Statistical Institute of Belize estimated that 35.7 percent of the population was multi-dimensionally poor in 2021. There are notable geographic and demographic differences in poverty rates. In 2021, the southern district of Toledo reported the highest rate of multi-dimensional poverty at 60 percent and the rate for Belize's Maya population reached 61 percent.

## Recent developments

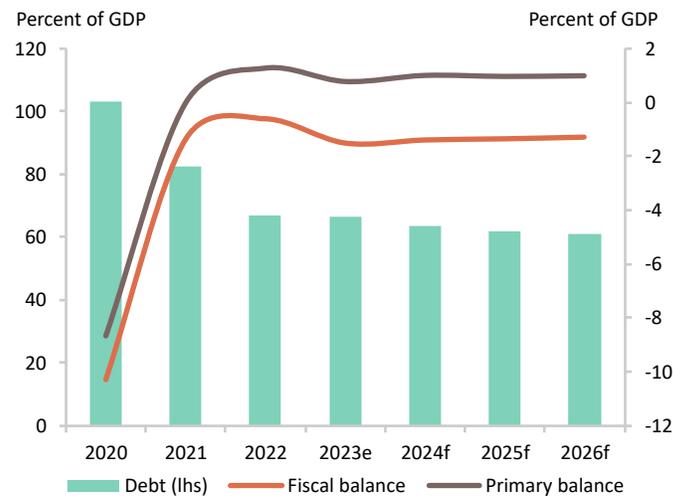
In 2023, Belize's economy experienced robust growth, with real GDP increasing by 4.5 percent, driven in large part by tourism, construction, and various services. Favorable weather conditions in 2023, coupled with increases in livestock production, animal feed production, and domestic agricultural processing, alongside high global sugar prices, contributed to the accelerated growth of the agriculture sector. As a result, real GDP was 16 percent higher than pre-pandemic levels, and the unemployment rate decreased significantly from 10.4 percent before the pandemic to 4 percent in 2023. However, labor force participation, which had declined rapidly during the pandemic, remained depressed. It is particularly low for women (44.5 percent) compared to men (71.4 percent for men) and for those who are less educated.

**FIGURE 1 Belize / Real GDP growth and contributions to real GDP growth**



Sources: Government of Belize, IMF and World Bank staff calculations.

**FIGURE 2 Belize / Fiscal balances and public debt**



Sources: Government of Belize, IMF and World Bank staff calculations.

Average consumer price inflation slowed from 6.3 percent in 2022 to 4.4 percent in 2023. The fiscal position has improved over recent years, with public debt decreasing from 103 percent of GDP in 2020 to 66.3 percent in 2023, due to high growth, fiscal consolidation, and debt restructuring. However, the primary fiscal surplus slightly deteriorated in 2023, from 1.3 percent of GDP in 2022 to 0.8 percent of GDP. Revenues and grants as a share of GDP saw a slight decrease from 24 percent of GDP in 2022 to 23.2 percent in 2023. Non-interest expenditures as a share of GDP decreased slightly from 22.7 percent in 2022 to 22.4 percent in 2023. The overall budget deficit amounted to 1.5 percent of GDP.

Belize has made significant efforts to enhance resilience to climate change and natural disasters by investing in climate-resilient crops and infrastructure. The government is also working on implementing a Disaster Resilience Strategy that focuses on improving structural, financial, and post-disaster resilience.

The current account showed a notable improvement in 2023, narrowing from 8.3 percent of GDP in the previous year to 3.6 percent, reflecting more favorable terms of

trade for the country resulting from the dynamics of global commodity prices and the recovery in tourism.

The Central Bank of Belize focused its monetary policy on supporting overall economic stability and growth, including maintaining an adequate level of international reserves to strengthen the currency peg, which is essential for promoting confidence in the local currency. Gross international reserves amounted to 3.4 months of imports at the end of 2023.

Financial soundness indicators improved in 2023, with domestic banks' regulatory capital increasing, non-performing loans decreasing, and returns on assets rising. However, there are still concerns about high non-performing loans, low capital buffers, and tight liquidity in some banks compared to the pre-pandemic period, which could limit investment and real GDP growth in the future.

## Outlook

Belize's economy is projected to perform reasonably well over the medium term,

with an expected real GDP growth of 3.5 percent in 2024 and 2.5 percent from 2025 onwards. Inflation is expected to further decline to 3.1 percent in 2024 and 2 percent over the medium term. This positive outlook, coupled with new policy initiatives to enhance the formalization of small and medium enterprises and improve social assistance, could contribute to poverty reduction. The fiscal position is expected to remain robust but public debt is projected to decline more slowly going forward, remaining above 50 percent of GDP over the next decade.

There are important external risks, including higher global commodity prices, vulnerability to climate-related disasters, higher-than-expected global interest rates, and persistent vulnerabilities in the banking sector.

Belize's key policy priorities for 2024-2026 include reducing public debt, increasing government revenues to finance priority spending on infrastructure, targeted social programs, crime prevention, implementing structural reforms to improve the business environment, and remaining vigilant to financial stability risks.

**TABLE 2 Belize /** Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
<b>Real GDP growth, at constant market prices</b>	17.9	8.7	4.5	3.5	2.5	2.5
Private consumption	16.9	8.0	4.9	3.5	2.5	2.5
Government consumption	16.7	6.6	5.3	3.7	2.6	2.6
Gross fixed capital investment	26.0	12.8	9.5	5.2	4.4	4.3
Exports, goods and services	36.4	11.5	8.1	7.6	7.0	6.7
Imports, goods and services	32.1	10.2	9.7	7.4	7.0	6.8
<b>Real GDP growth, at constant factor prices</b>	17.2	6.3	4.5	3.5	2.5	2.5
Agriculture	24.2	-0.8	8.6	6.0	4.5	4.3
Industry	15.1	-1.9	3.3	3.2	3.0	3.0
Services	16.6	9.8	4.1	3.2	2.0	2.0
<b>Inflation (consumer price index)</b>	3.2	6.3	4.4	3.1	2.3	2.0
<b>Current account balance (% of GDP)</b>	-6.5	-8.3	-3.6	-1.9	-2.0	-2.0
<b>Net foreign direct investment inflow (% of GDP)</b>	5.1	4.7	4.2	2.5	2.4	2.3
<b>Fiscal balance (% of GDP)<sup>a</sup></b>	-1.4	-0.6	-1.5	-1.4	-1.3	-1.3
<b>Revenues (% of GDP)</b>	23.4	24.0	23.2	23.2	23.2	23.2
<b>Debt (% of GDP)<sup>a</sup></b>	82.3	67.1	66.3	63.6	61.9	61.0
<b>Primary balance (% of GDP)<sup>a</sup></b>	0.0	1.3	0.8	1.0	1.0	1.0
<b>GHG emissions growth (mtCO<sub>2</sub>e)</b>	0.0	0.0	-0.1	-0.1	-0.1	0.0
<b>Energy related GHG emissions (% of total)</b>	10.3	11.3	12.1	12.8	13.5	14.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Fiscal balances are reported in fiscal years (April 1st -March 31st).