

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BELIZE/CID - Isthmus & DR
▪ TC Name:	Support to the execution of the financial management portfolio in Belize
▪ TC Number:	BL-T1157
▪ Team Leader/Members:	CALIJURI, MONICA (IFD/FMM) Team Leader; ASTUDILLO, KAREN (IFD/FMM); KEVISH, MARIA LORENA (IFD/FMM); ORCHEL USHER (CID/CBL); WATSON, BRODRICK RAYLANDO (VPC/FMP); LUNSTEDT TAPIA, CHRISTIAN (VPC/FMP); GILLES, AURELIE FLAVY (CID/CID); SANMARTIN BAEZ, ALVARO LUIS (LEG/SGO)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Strengthening of Tax Administration - BL-L1031
▪ Date of TC Abstract:	27 Mar 2023
▪ Beneficiary:	Ministry of Finance, Economic Development and Investment (MFEDI)
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$130,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals
▪ Prepared by Unit:	IFD/FMM - Fiscal Management Division
▪ Unit of Disbursement Responsibility:	CID/CBL - Country Office Belize
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation ; Institutional capacity and rule of law

II. Objective and Justification

- 2.1 The general objective of the TC is to support the financial management capacities of the Ministry of Finance, Economic Development and Investment (MFEDI). This TC will support the implementation of the financial management portfolio in Belize.
- 2.2 The program BL-L1038 was approved on September 29, 2021 and aims to promote Belize's fiscal sustainability. The specific objective of the program is to increase the efficiency of public resources by strengthening public financial management. The program has a single component, "Strengthening Financial Management", and four subcomponents: (i) financial management; (ii) procurement; (iii) technological infrastructure; and (iv) capacity building strengthening. Its objectives will be achieved by building on ongoing Public Financial Management (PFM) modernization efforts oriented towards identifying and mitigating expenditure inefficiencies (waste), which can generate savings in the short and medium-term, allowing for faster recovery from the pandemic. The main component is the public procurement reform program, which includes a new Procurement Act. The government will need extensive technical assistance in order to successfully implement this act, particularly with regards to the institutional arrangements, legal and regulatory environment and tools for the procurement agencies that are needed for a modern procurement system in line with best practices.

The program BL-L1031, approved on July 30, 2019, aims to contribute to strengthening TA aimed at increasing revenue collection. The specific objectives are the following: (i) increasing the government's effectiveness in tax collection; and (ii) increasing the efficiency of TA. These objectives will be achieved by improving TA governance and operational processes and modernizing the technological infrastructure. The program has three components: Component 1- Strengthening Tax Administration Governance; Component 2- Improvement of Operational Processes; and Component 3- Modernization of Technological Infrastructure. This current Technical Cooperation (TC) will complement the country's efforts by contributing to the reinforcement of the capacities of the Ministry of Finance, Economic Development and Investment (MFEDI), supporting the implementation of the financial portfolio in Belize. The main challenges that need to be addressed include the need to improve financial management and tax administration processes, establish modern procurement systems, and leverage digital technologies to improve performance indicators, knowledge sharing, and capacity building. These challenges are critical for promoting fiscal sustainability and supporting the fiscal recovery, as well as enhancing the overall efficiency and effectiveness of public resources in Belize.

This TC will support the execution of digital topics that were identified as essential to these operations, such as the design and development of performance indicators and dashboards to facilitate the management and promote the interchange of knowledge and best practices between countries to improve and accelerate the execution of the components and provide support with technical assistance for the integration of different components.

Overall, the TC aims to reinforce the capacities of the Ministry of Finance, Economic Development and Investment (MFEDI) in Belize and contribute to the successful implementation of the financial portfolio. By modernizing public financial management, improving tax administration governance and operational processes, and enhancing technological infrastructure, the TC will help increase the efficiency of public resources, generate savings in the short and medium-term, and enable faster recovery from the pandemic.

III. Description of Activities and Outputs

- 3.1 **Component I: Institutional digital strengthening.** Will develop digital capacity-building activities to enable the Procurement Office and other units involved in operation BL-L1038 to effectively manage the changes associated with the operation. It includes interoperability among the PFM areas. Additionally, support will be provided to the BTS in developing a comprehensive set of management indicators and improving the design of its website.
- 3.2 **Component II: Technical Assistance support.** Will provide technical assistance to facilitate interactions among different areas and components of the projects and promote knowledge sharing with other countries to adopt best practices. The products include a project coordination plan, project indicators elaborated, a best practices and lessons learned repository.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Institutional digital strengthening	US\$65,000.00	US\$0.00	US\$65,000.00
Technical Assistance support	US\$65,000.00	US\$0.00	US\$65,000.00
Total	US\$130,000.00	US\$0.00	US\$130,000.00

V. Executing Agency and Execution Structure

- 5.1 At the request of participating countries, the Inter-American Development Bank (IDB), through the Fiscal Management Division (IFD/FMM), will be the Executing Agency (EA) of the project. In accordance with the criteria established in Annex II of the Procedures for Processing CT Operations (OP-619-4), the Bank's execution is justified by: (i) its technical capacity and experience in systematization, exchange of experiences, and facilitation of regional policy dialogue on fiscal management and policy issues; (ii) its experience in the development of events and knowledge dissemination activities; (iii) the regional nature of the project, which requires a specialized technical entity to carry out regional coordination tasks, facilitate dialogue among beneficiary countries, and monitor and report on the results and products achieved under the project; (v) its relationship and experience with relevant regional networks for the dissemination of this CT (such as the results-based budgeting and public investment networks of LAC).
- 5.2 This Technical Cooperation (TC) will complement the country's efforts by contributing to the reinforcement of the capacities of the Ministry of Finance, Economic Development and Investment (MFEDI), supporting the implementation of the financial portfolio in Belize.

VI. Project Risks and Issues

- 6.1 The principal risk associated with this project relates to the capacity of Belize to implement the project's activities in a timely and effective manner. This will be mitigated by Bank execution of the program, which will be accompanied by close and ongoing technical support.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".