

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BELIZE

TRADE AND INVESTMENT FACILITATION PROGRAM FOR BELIZE

(BL-L1040)

COMPLEMENTARITY STRATEGY FOR 2022 PIPELINE BELIZE

(BL-L1039, BL-L1040, BL-L1041, AND BL-L1042)

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Introduction

- 1.1 The objective of this document is to outline the complementarities between four proposed operations in the pipeline for Belize for 2022 and currently in preparation:
 - (i) **“Digital Innovation to Boost Economic Development in Belize” (BL-L1039)** whose objective is to boost the economic productivity and growth of Belizean MSMEs. The specific objectives are to: (i) increase use of digital solutions by MSMEs to promote firm growth; and (ii) improve the supply and access to digital services for MSMEs. The project budget is US\$10,000,000, distributed in two components
 - (ii) **“Trade and Investment Facilitation Programme” (BL-L1040)** whose objective is to promote Belize’s foreign direct investment and trade performance. The specific objectives are to: (i) improve investment facilitation through simplification, standardization and automation of key investment procedures; (ii) improve the investment promotion tools and SMEs internationalization through the strengthening of the trade and investment institutional apparatus; and (iii) improve trade facilitation through simplifying, standardizing and automating key trade processes.
 - (iii) **“Sustainable and Inclusive Belize” (BL-L1041)** whose objective is to improve incomes and promote sustainable livelihoods in the agriculture and tourism sectors;
 - (iv) **“Promoting Sustainable Growth in the Blue Economy Program” (BL-L1042)** which proposes to: (i) build a pipeline of innovative blue economy firms and clusters that contribute to the Belizean economy and increase their competitiveness; (ii) identifying and develop feasibility studies for potential infrastructure solutions for small touristic destinations to enhance their competitiveness; (iii) strengthen the institutional capacity to develop blue economy projects for innovative sources of funding such as blue bonds; and (iv) strengthen the institutional capacity to monitor and measure blue economy impact in the Ministry of Finance and Economic Development.
- 1.2 This document will be periodically updated throughout the preparation and execution of the programs.
- 1.3 The IDB operation (BL-L1040) has a project budget of US\$8,000,000, distributed in three components.
- 1.4 **Component 1. Facilitate investments in Belize through the implementation of a SIW (US\$2.5M).** This component will contribute to simplifying and automating key investment procedures through the implementation of the Single Investment Window and will finance: (i) Business processes reengineering and Normative Layer, including a Business Process Model and Notation mapping, simplification proposals, and drafting of decrees and/or laws; (ii) development of an operational layer including a proposal of an operational framework and governance (job manuals, work plan, and KPIs) of the SIW, capacity building and shadowing in execution, change management strategy and dissemination; (iii) technological development and implementation of key FDI processes on the SIW, integrating

different platforms and ensuring sustainability considering Agile methodologies whenever possible (technological architecture, hardware and software, capacity building for maintenance and sustainability of the system) and including gender disaggregated data requests to provide data intelligence; and (iv) strengthening BELTRAIDE's operational management capacities for the deployment of the SIW, including additional support in business development and IT management. It will include recommendations for medium and long-term financial sustainability, in terms of both operational costs and capital investments.

1.5 Component 2. Investment Promotion and Export Development (US\$3.5M).

This component seeks to increase the positive spillovers of FDI in the local economy through the improvement of investment promotion programs and the development of a new suppliers' program to accelerate SMEs internationalization, which will promote the growth of indirect exports of the local firms in Belize. This component will finance: (i) FDI promotion programs (including lead generation, facilitation, and aftercare services) through the adoption of new digital tools, and institutional strengthening. It will include methodologies and mechanisms to ensure monitoring of results and adequate customer relationship management. The optimization of BELTRAIDE's processes will include the generation of gender-disaggregated data and its analysis; and (ii) Export development through the creation and implementation of a suppliers' development program¹. Activities will include: a capacity building strategy and action plan for BELTRAIDE to ensure sustainability of the intervention, development of an interactive online tool that contains information on suppliers, dissemination and activities to foster firms' participation, an individual gap analysis, the design and implementation of support interventions to strengthen firms' capacities² (mentoring vouchers, workshops, match-making events, and matching grants to upgrade capacities to supply tractor firms)³. The firm's selection criteria will incorporate additional points for women-led or owned businesses.

1.6 Component 3. Trade Facilitation (US\$1.2M). This component will contribute to reducing delays associated with administrative trade procedures by strengthening trade facilitation. As part of the first phase of implementation of a Foreign Trade Single Window, this component will finance: (i) business process re-engineering to ensure that trade processes are optimized and aligned with international best practices, (ii) deployment of a Licenses, Certificates, and Permits (LCP) module⁴ that will serve as the single-entry point and management system for all import and export LCPs issued by participating agencies, which will include the generation of gender disaggregated reports. The consultancy for this activity will elaborate recommendations for medium and long-term financial sustainability of the ESW both for operational costs and capital investments in accordance with the technical

¹ EL#14. See description of the program coordination with the private sector

² The selection criteria will include, among others: sector, size, number of employees, sales volume, and exports/imports volume. The project is benefiting from ATN/OC-18958-BL as it is gathering data from Customs and Tax Administration that will allow the application of machine learning technology to predict which domestic firms are more likely to become suppliers of foreign affiliates. This information will be used to set the specific criteria for the selection of firms

³ The structure within BELTRAIDE that manages the Gender Inclusive [Belize Enterprise Revolving Fund](#) will be used

⁴ The BELAPS system will be assessed to determine viability for full implementation as the LCP module. Technical work from the Caribbean Development Bank will be used as input for the design of the ESW

work developed by the Caribbean Development Bank (see footnote 4); and (iii) enhancement of IT equipment to facilitate the migration to a paperless environment and use of the system.

Identification of Complementarities and Sequencing.

2.1 Executing Agency. The Executing Agency (EA) for the four proposed operations will be the Ministry of Finance, Economic Development and Investment (MFEDI). The MFEDI will create an Executing Unit (EU) with the overall responsibility for the implementation of the project including: i) coordination with technical ministries, departments, and agencies; ii) management of the procurement and financial functions; and iii) planning, monitoring and reporting on the project results. The EU will be staffed with the following personnel: i) a portfolio director; ii) a full-time project manager; iii) a financial specialist, iv) a procurement specialist, v) a monitoring and evaluation specialist; vi) a social and environmental safeguard, and vii) an administrative officer. The Executing Agency could seek to create synergies with other Bank projects in relation to its staff.

2.2 Beneficiaries. MSMEs supported by BL-L1039 and BL-L1041 will improve maturity and may integrate the BL-L1040 segment in the future

- a. **BL-L1039.** Formal (registered) MSMEs and large firms with digitalization needs.
- b. **BL-L1040.** Mature SMEs, ready to link with international markets and exporting/anchor firms.
- c. **BL-L1041.** Vulnerable populations and informal MSMEs from the agriculture and tourism sectors only.
- d. **BL-L1042.** To be determined.
- e. **Complementarities.** MSMEs supported by BL-L1039 and BL-L1041 will improve maturity and may integrate the BL-L1040 segment in the future.

2.3 Firm level technical assistance and skills.

- a. **BL-L1039.** This program focuses on capacity building specific to building digital skills to meet the demands for digital skills by both the private and public sector. For instance, the cluster initiative provides Digital Service Providers (DSPs) with capacity enhancement plans to improve their service offerings to local MSMEs.
- b. **BL-L1040.** Firms will receive support through the Suppliers' Development Program by reducing information asymmetries and technical assistance to upgrade certificates, skills, technology, among others. The program aims to foster linkages and the internationalization of Belizean firms. The technical assistance will be tailored to cover the gaps identified in Belize's Regional and Global supply chain participation.

- c. **BL-L1041.** Technical assistance will be provided to develop the following types of skills: technical, business, short certification courses, vocational training (engaging youth), and linkages with Academia (linking sectors with science)
- d. **BL-L1042.** To be determined.
- e. **Complementarities.** Each program proposes interventions to target specific beneficiaries with support to address identified gaps. For instance, BL-L1039 supports firms with digital skills whilst BL-L1041 may support more vulnerable groups and informal firms with basics in accounting (as one example).

2.4 Firm level grants.

- a. **BL-L1039.** This program will provide the following types of grant support: (i) digital vouchers to competitively selected MSMEs and large firms with digital innovation and digital transformation efforts; and (ii) it will also provide seed capital to startups and firms.
- b. **BL-L1040.** This program will strengthen firms' capacities through: (i) mentoring vouchers, (ii) workshops, (iii) match-making events, and (iv) matching grants; which will incorporate additional points in the selection criteria for firms led or owned by women. The matching grants will be used to overcome the identified individual gaps of selected firms to become qualified suppliers of MNEs or large exporters.
- c. **BL-L1041.** Grants will be provided to firms in the following sectors: (i) agriculture grants for climate resilient production; reducing post-harvest losses, upgrading quality and adding value; and (ii) grants in tourism to improve solid waste and sewage management and gaining green certifications.
- d. **BL-L1042.** To be determined.
- e. **Complementarities.** The grants/vouchers are coordinated to target specific beneficiaries. For instance, BL-L1039 is specific to digital technological uptake, BL-L1041 is focused on sector specific approach, whilst BL-L1040 targets SMEs with potential to become suppliers of MNEs and large exporters. BL-L1040 is a private demand driven program to support Belize's integration in Regional and Global Value Chains. Duplication of grants to a single firm can be avoided through the use of a single online grant platform or an Application Programming Interface (API) to share data between platforms.

2.5 Grant Management, Monitoring and Evaluation.

- a. **BL-L1039.** This program will be assessing and building on top of BELTRAIDE's existing tools such as its MSME grant platform and its Neoserra data system for monitoring support provided to firms. The program is also promoting a Digital check up tool - which is an auto-diagnostic tool for assessing digital maturity and level of readiness of firms. The program also makes use of the Compete Caribbean financed firm level survey which, in addition to Belize's national enterprise survey, adds rich data that is being used for analysis.

- b. **BL-L1040.** This program will be assessing and building on top of BELTRAIDE's new program Gender Inclusive [Belize Enterprise Revolving Fund](#), which is being used for providing funds to MSMEs.
- c. **BL-L1041.** To be determined.
- d. **BL-L1042.** To be determined.
- e. **Complementarities.** It is proposed that the programs can repurpose BELTRAIDE's grant management platform. The data collected from each program can be aggregated to support monitoring efforts. As such, it is very important to invest in a common M&E specialist to assess the data collection methodologies and frequency of data collection for indicators in the results matrices of each program.

2.6 Access to markets.

- a. **BL-L1039.** Increased competitiveness through the uptake of digital tools may support access to markets of the firms supported through the digital voucher, cluster initiative, and digital incubator program.
- b. **BL-L1040.** The Suppliers' Development program will support firms with technical assistance to become exporters (either directly or indirectly).
- c. **BL-L1041.** The program will support to BMDC to promote market intelligence and market linkages
- d. **BL-L1042.** To be determined.
- e. **Complementarities.** Beneficiaries of BL-L1041 (groups in agriculture; all segments in tourism) as well as firms supported under BL-L1040 can benefit from support in digital marketing services to be provided to selected firms under BL-L1039. These firms may in turn, depending on their size, tap into support from the BL-L1040 suppliers' development program.

2.7 Enabling Business Environment.

- a. **BL-L1039.** The program will finance the digitalization of government services important to improving the enabling environment for MSMEs that operate in Belize.
- b. **BL-L1040.** This program will be designing single windows for investment and trade.
- c. **BL-L1041.** To be determined.
- d. **BL-L1042.** To be determined.
- e. **Complementarities.** BL-L1040's single windows for investment and trade complement the digitalization of public services under Component 2 of BL-L1039. Both teams will coordinate closely through the Unit of E-Governance and Digitalization to identify which processes will be handled by each program.

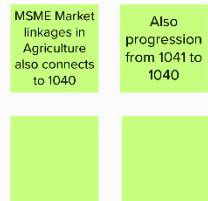
2022 BL Pipeline Operations Linkages

Digital Innovation



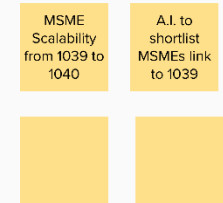
Need for BELTRAIDE to have singular database of MSMEs

Need for a singular Grant management system for GOB



Sustainable and Inclusive Belize

Trade and Investment

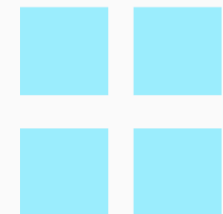


Draft Report of PACI by March 4, 2022

4 Modules covered, 1 Pending (Environment and Social Module) needing an ESG Specialist to lead. Then Team Leaders to support the module on Quality Management.

BL-L1039 and 1040 are Category C (no need for ESG)

BL-L1041 and 1042 are Category B (need for ESG)



Blue Economy

