

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**BELIZE**

**TRADE AND INVESTMENT FACILITATION PROGRAM FOR BELIZE**

**(BL-L1040)**

**LOAN PROPOSAL**

This document was prepared by the project team made up of: Mario A. Umana (INT/TIN) Team Leader; Queila Delgado (INT/TIN); Christian John Marquez (INT/TIN); Christian Volpe (INT/TIN); Matthew Shearer (INT/TIN); Yasmin Esteves (INT/INT); Angela Dorantes (INT/TIN); Samantha Perez Davila (INT/TIN); William Inafuku (INT/TIN); Juan Labraga (INT/TIN); Enrique Ignacio Barragan Crespo (LEG/SGO); Hero Ranjit Balani (CID/CBL); Leslie, Janelle Judith (CID/CBL); Brodrick Raylando Watson (VPC/FMP); Christian Lunstedt Tapia (VPC/FMP).

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ABBREVIATIONS	
ASYCUDA	Automated System for Customs Data
BELTRAIDE	Belize Trade and Investment Development Service
BPR	Business Processes Reengineering
CC	Climate Change
CEPAL	United Nations Economic Commission for Latin America and the Caribbean (ECLAC)
CRM	Customer Relationship Management
DPA	Designated Processing Areas
EA	Executing Agency
EI	Economic Integration
ES	Environmental Sustainability
ESW	Trade Single Window
FDI	Foreign Direct Investment
FFF	Flexible Financing Facility
FY	Financial Year
GDP	Gross Domestic Product
GE	Gender Equality
GVCs	Global Value Chains
IC	Institutional Capacity
ICAP	Institutional Capacity Assessment Platform
IDB	The Inter-American Development Bank
IFD	World Trade Organization's Joint Initiative on Investment Facilitation for Development
IMF	International Monetary Fund
IPA	Investment Promotion Agency
LAC	Latin America and the Caribbean
LCP	Licenses, Certificates, and Permits
MEP	Multiyear Execution Plan
MNEs	Multinational Enterprises
MOU	Memorandum of Understanding
MSMEs	Micro, Small and Medium Enterprises
NTMs	Non-Tariff Measures
OECD	Organization for Economic Co-operation and Development
OGAs	Trade Regulatory Agencies
OM	Operations Manual
PI	Productivity and Innovation
PM	Project Manager
RVCs	Regional Value Chains
SBDC	Small Business Development Center
SDG	Sustainable Development Goal
SI	Social Inclusion and Equity
SIW	Single Investment Window
SMEs	Small and Medium Enterprises
TAB	Trading Across Borders
TFA	Trade Facilitation Agreement
TFI	Trade Facilitation Indicators
TUs	Technical Units
UNCTAD	United Nations Conference on Trade and Development
WAL	Weighted Average Life
WB	World Bank
WTO	World Trade Organization

**PROJECT SUMMARY**  
**BELIZE**  
**TRADE AND INVESTMENT FACILITATION PROGRAM FOR BELIZE**  
**(BL-L1040)**

Financial Terms and Conditions				
<b>Borrower:</b> Belize			<b>Flexible Financing Facility</b> <sup>(a)</sup>	
<b>Executing Agency:</b> Ministry of Finance, Economic Development, and Investment (MFEDI)			<b>Amortization period:</b>	25 Years
			<b>Disbursement period:</b>	5 Years
<b>Loan Modality:</b> Investment			<b>Grace period:</b>	5.5 Years <sup>(b)</sup>
			<b>Interest rate:</b>	Based on SOFR
<b>Source</b>	<b>Amount (US\$)</b>	<b>%</b>	<b>Credit Commission:</b>	0.5% <sup>(c)</sup>
<b>BID (Ordinary Capital):</b>	8,000,000	100	<b>Inspection and Surveillance Commission:</b>	0 <sup>(c)</sup>
<b>Total:</b>	8,000,000	100	<b>Weighted Average Life (VPP):</b>	15.25 Years
			<b>Approval Currency:</b>	Dollars of United States of America
Project at a Glance				
<b>Objective/Project description:</b> The general objective of the project is to promote Belize's foreign direct investment (FDI) 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 Small and Medium Enterprises (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.				
<b>Special contractual conditions prior to the first disbursement:</b> Special contractual clauses prior to the first disbursement: The Borrower, directly or through the Executing Unit (EU) will provide evidence to the satisfaction of the Bank of: i) the establishment of the EU, including the assignment or hiring of key personnel responsible for managing the program, including a Project Manager (PM), a financial specialist and a procurement specialist; and ii) approval of the draft Operations Manual (OM) of the program, in accordance with the terms previously agreed upon between the Bank and the Borrower (¶3.5).				
<b>Special contractual conditions of execution:</b> Special contractual clauses for execution of components. Prior to awarding contracts for bidding processes under Component 1, Memorandum of Understanding (MOUs) between the E-Governance and Digitalization Unit and the beneficiary agencies (owners of the services that will be digitalized) must be established.				
<b>Other Execution-related Special obligations:</b> Once the Contract is signed and entered into effect, the Bank may disburse to the Borrower up to the amount of US\$50,000 from the resources of the loan to hire the Project Manager, and the Project Procurement and Financial officers within the EU (¶3.5).				
<b>Exceptions to the Bank policies:</b> None.				
Strategic Alignment				
<b>Challenges</b> <sup>(d)</sup> :	SI <input type="checkbox"/>	PI <input checked="" type="checkbox"/>	EI <input checked="" type="checkbox"/>	
<b>Cross-cutting issues</b> <sup>(e)</sup> :	GE <input checked="" type="checkbox"/> y DI <input type="checkbox"/>	CC <input type="checkbox"/> y ES <input type="checkbox"/>	IC <input checked="" type="checkbox"/>	
<b>Sustainable Development Goals</b> <sup>(f)</sup> :	SDG1 <input type="checkbox"/> SDG2 <input type="checkbox"/> SDG3 <input type="checkbox"/> SDG4 <input type="checkbox"/> SDG5 <input type="checkbox"/> SDG6 <input type="checkbox"/> SDG7 <input type="checkbox"/> SDG8 <input checked="" type="checkbox"/> SDG9 <input checked="" type="checkbox"/> SDG10 <input checked="" type="checkbox"/> SDG11 <input type="checkbox"/> SDG12 <input type="checkbox"/> SDG13 <input type="checkbox"/> SDG14 <input type="checkbox"/> SDG15 <input type="checkbox"/> SDG16 <input type="checkbox"/> SDG17 <input checked="" type="checkbox"/>			

<sup>(a)</sup> Under the Flexible Financing Facility (document FN-655-1) the Borrower has the option to request modifications to the amortization schedule, as well as currency, interest rate and commodity conversions and catastrophe protection conversions. In considering such requests, the Bank will take into account operational and risk managements considerations.

<sup>(b)</sup> Under the flexible repayment options of The Flexible Financing Facility (FFF), changes in the grace of period are possible as long as the Original Weighted Average Life (WAL) and the last payment date, as documented in the loan agreement, are not exceed.

<sup>(c)</sup> The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors during its review of the Banks's lending charges, in accordance with the relevant policies.

<sup>(d)</sup> SI (Social Inclusion and Equality); PI (Productivity and Innovation); y EI (Economic Integration).

<sup>(e)</sup> GE (Gender Equality) y DI (Diversity); CC (Climate Change) y ES (Environmental Sustainability); y IC (Institutional Capacity and Rule of Law).

<sup>(f)</sup> SDG (Sustainable Development Goal). For more information on the SDGs, go to [this link](#) and consult to the IDB Group Methodology for Project Classification according to the SDGs go to [this link](#).

## I. PROJECT DESCRIPTION AND RESULTS

### A. Background, issues, and justification

- 1.1 Belize's pace of economic growth exceeded that of Latin American and Caribbean (LAC) economies in the 1980s, 1990s, and the early 2000s. However, Belize's real GDP average growth slowed from 4.7% between 2000 and 2009 to only 2.3% between 2010 and 2019.<sup>1</sup> This sluggish growth is reflected in the external sector in comparison to other countries in the region.<sup>2</sup> Excluding 2018, Foreign Direct Investment (FDI) has decreased annually since 2014. In 2019, FDI declined 18.0% and a further 18.9% in 2020.<sup>3</sup> The total FDI in 2020 was US\$76 million compared to US\$182 million in Nicaragua or US\$201 million in El Salvador. Similar economies (with less than 1 million population and high relevance of the tourism sector in their GDP) such as Barbados and The Bahamas performed even better with US\$897 million and US\$263 million, respectively.<sup>4</sup> Belize also has modest trade flows, with an average Exports to GDP ratio of 53% for the period 2016-2019 and a sharp decline in 2020 to 36%.<sup>5</sup> In 2019, trade growth was -22.50% compared to Guatemala 3.08%, El Salvador 15.00%, Honduras 3.86%, Nicaragua 5.75%, Jamaica -1.60%, and world growth of -1.13%.<sup>6</sup> Belize's merchandise exports were US\$421 million in 2021, below the levels of 2017 (US\$457 million), 2018 (US\$451 million), and 2019 (US\$425 million).<sup>7</sup>
- 1.2 **Stagnation and COVID-19.** The pandemic has exacerbated the fragility and volatility of the Belizean external sector. There was a 72% decrease in tourist arrivals<sup>8</sup> in 2020 and a decline in contact-intensive sectors activity, contributing to a 42% fall in net exports of services year-over-year<sup>9</sup> and a contraction of real GDP of 16.7%.<sup>10</sup> The economy rebounded partially in 2021, growing 9.8%, with unemployment nearly returning to pre-pandemic figures. The International Monetary Fund (IMF) estimates for 2022 a modest growth of real GDP of 5.7%, with unemployment figures to continue decreasing to 8.2%.<sup>11</sup> Fiscal accounts and debt dynamics improved significantly in FY 2021 relative to FY 2020, with the primary balance improving from -8.5% to 1.7% of GDP, while debt fell from 133% to 111% of GDP. These improvements are attributed to important fiscal consolidation efforts and the successful debt-for-nature swap that occurred in 2021, which reduced public debt by 12% of GDP. Nevertheless, the primary balance is projected to decline to -0.1% in FY 2022, mainly due to the reversal of a previously implemented salary for the public sector and fuel price relief measures

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<sup>1</sup> Martin, L., Leslie, J., Ruiz-Arranz, M., López-Ghio, R. & Vasquez, G. (2021, February) [BIDEconomics, Belize: Developing a Sustainable, Resilient and Inclusive Belize 2021](#).

<sup>2</sup> [World Integrated Trade Solutions \(WITS\)](#).

<sup>3</sup> [World Bank, Data](#).

<sup>4</sup> [CEPAL \(2021\) La inversión Extranjera Directa en Latinoamérica y el Caribe](#).

<sup>5</sup> [World Bank, Data](#).

<sup>6</sup> WITS supra footnote 2.

<sup>7</sup> [Central Bank of Belize](#).

<sup>8</sup> Tourism sector accounts for 40% of exports.

<sup>9</sup> [Central Bank of Belize](#).

<sup>10</sup> [IMF Country Data](#).

<sup>11</sup> Idem.

being taken to counter inflationary pressure. Public debt is also estimated to remain elevated in FY 2022 at 102.5% of GDP.<sup>12</sup>

- 1.3 **Belize's trade and investment performance has not reached the necessary levels to promote economic growth.** Small economies usually rely on their external sector for growth. Investment performance responds to a variety of factors such as market access, taxation, regulations, and infrastructure. Belize has made progress in some of these areas including substantial market access with major markets (US, EU, CARICOM and Central America), and a fiscal exemptions regime for FDI. However, there are other factors that explain more robustly the current pattern of low FDI flows<sup>13</sup> and limited international trade competitiveness in Belize. The country faces long and cumbersome processes that increase investment and international trade costs. In addition, there are insufficient resources and technical capacity to promote investment in Belize, and its export basket<sup>14</sup> comprises goods typically exported by countries with lower levels of income.<sup>15</sup> Furthermore, FDI spillovers are not maximized, which explains the low linkages with local small and medium-sized enterprises (SMEs),<sup>16</sup> resulting in their limited level of internationalization. Additional challenges exist, including information asymmetries and adoption of international standards by local firms. Finally, information on trade and investment is scarce, including data on investors and exporters and monitoring of results.
- 1.4 **Investors face cumbersome manual procedures, dispersed among different institutions, resulting in long approval times for permits.** One of the main factors that undermine private investments in Belize, according to the [IMF 2021 Article IV Consultation](#), are the procedures and delays for starting a business.<sup>17</sup> The Government of Belize, aware of its 135th position out of 190 economies in the 2020 World Bank (WB) Doing Business Ranking, requested an internal report on how to improve the investment climate and fast-tracking investments, which reveals current performance and recommends improvements.<sup>18</sup> Some of the top bottlenecks identified by The Belize Trade and Investment Development Service (BELTRAIDE)<sup>19</sup> from the enquires to investors were: i) slow and bureaucratic public processes; and ii) low responsiveness of the public sector towards the private sector.<sup>20</sup> The initial diagnosis identified about 55 investment processes that

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<sup>12</sup> [IMF Article IV Belize 2022](#) and [IMF Data Mapper](#).

<sup>13</sup> The average FDI flows for the period 2010-2020 was US\$105 million. [CEPAL \(2021\) La inversión Extranjera Directa en Latinoamérica y el Caribe](#).

<sup>14</sup> [CEPAL Statistics](#). 91.4% primary and 8.2% of manufactured export goods in Belize. Average in LAC for primary and manufactured goods exports are 50.6% and 49.4%.

<sup>15</sup> It is considered unsophisticated even when compared to other small states in the region with dominating service industries.

<sup>16</sup> 73.9% of firms, increasing to 75% of direct exporters firms, use material inputs and-or supplies of foreign origin. Data from interviewing 150 firms in 2010 [WB Enterprise Survey](#).

<sup>17</sup> The Authorities agreed with the structural reform priorities and highlighted the work with the IDB to be able to operationalize a one-stop window for foreign and domestic investments. [IMF 2022 Article IV Consultation](#).

<sup>18</sup> Investment Policy and Compliance Unit, MFEDI, Nov 2021 Report on improving the investment climate and fast-tracking investment through improved public awareness and defined turnaround time of procedures. [EL#10](#).

<sup>19</sup> Statutory body of the Government of Belize to promote exports, investment, and entrepreneurship.

<sup>20</sup> Information provided by BELTRAIDE to design the project. [EL#11](#).

are currently manual. As a result, investors require long times to obtain permits and concessions, disincentivizing their participation in the country.<sup>21</sup>

- 1.5 **These inefficiencies and delays also exist in trade processes.** According to the World Bank's 2020 Doing Business Report<sup>22</sup>, Belize ranked 114th out of 190 economies in the trading across borders (TAB) indicator with 38 hours for export documentary compliance and 36 hours for imports. Additionally, prior to 2020, Belize's TAB score was 68.13 without any change since 2015, an indication that there have not been major improvements in Belize's general performance in the area of cross border trade. Furthermore, according to The Organization for Economic Co-operation and Development (OECD) Trade Facilitation Indicators (TFI), Belize's performance in all TFI areas in 2019 was below the average performance of both the upper middle-income countries to which it belonged and lower middle-income countries to which it has moved.<sup>23</sup> The suggested areas for improvement in terms of document formalities included expansion of the acceptance of copies of documents, reduction in the number of documents required for import and export and the time necessary to prepare such documents. Notably, in a May 2019 survey conducted by The United Nations Conference on Trade and Development (UNCTAD) for the preparation of the Trade Facilitation Roadmap, respondents indicated that the factors affecting time and cost for border and documentary compliances include: i) too many documents; ii) repetitive and unproductive processes; iii) delays in the procedures of agencies; and iv) a lack of interconnectivity between customs and other agencies.<sup>24</sup>
- 1.6 **Weak FDI promotion institutional framework.** Belize suffers of information asymmetries that limit the interest of foreign investors.<sup>25</sup> BELTRAIDE has limited tools and resources when compared to its regional counterparts.<sup>26</sup> One of the bottlenecks identified by BELTRAIDE from the enquires to investors, is the poor national branding and external image of the country.<sup>27</sup> Belize ranks 131 in the world in country brand for trade location<sup>28</sup> and the economic and promotion information about Belize as an investment location is outdated on official portals.<sup>29</sup> Another important challenge in FDI promotion is providing facilitation support once the firm has decided to invest. The investment promotion division (Belize Invest) has only seven staff,<sup>30</sup> and among its functions are the promotion and administration of the Fiscal Incentive (FI) and the Designated Processing Areas (DPA) concessions,

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<sup>21</sup> The diagnosis did not include information about the average time to obtain the fiscal incentives concessions managed by BELTRAIDE. However, the project aims to collect this information as part of the support technical cooperation ATN/OC-18958-BL. [EL#10](#).

<sup>22</sup> [Doing Business Belize 2020](#)

<sup>23</sup> [OECD Trade Facilitation Indicators](#) accessed in June 2022.

<sup>24</sup> Despite these issues, Belize has been working on efforts to improve trade facilitation as evidenced in paragraph 1.14.

<sup>25</sup> An important challenge for FDI attraction is reducing the information asymmetries to position a country or region on the radar of Multinational Enterprises (MNEs). [Volpe Martincus, C., & Sztajerowska, M. \(2019, July\) How to solve the investment promotion puzzle.](#)

<sup>26</sup> Idem. The median IPA in LAC has a total budget of US\$5 million and 20 staff focused on investment promotion.

<sup>27</sup> Investors Survey undertaken by BELTRAIDE for their internal use and shared with the project team to assist the project's design. [EL#11](#).

<sup>28</sup> [Bloom Consulting Country Brand Ranking](#) (data provider of the World Economic Forum).

<sup>29</sup> [BELTRAIDE webpage](#) (the most recent information regarding Belize's attractiveness as an investment location is from 2014 and 2015).

<sup>30</sup> [EL#13](#) Organizational Chart BELTRAIDE.



with a current total of 78 concessions holders. This mandate consumes a significant part of its available resources. Belize Invest does not have a Customer Relationship Management (CRM) which would assist with monitoring and evaluating the results and impact of their activities. Information regarding rates of leads conversion to establish investment is lacking.

- 1.7 **Low sophistication of local firms.** Belize has a small export basket of primary goods (such as sugar and bananas, which respectively represented 34% and 19% of goods exports between 2017-2019).<sup>31</sup> Firms lack the information and the capacities to participate in regional and Global Value Chains (GVC). In BELTRAIDE's analysis of export-readiness bottlenecks,<sup>32</sup> the following issues were identified: i) cost of certifications and other market access requirements; ii) high cost of engaging in processing and value-added production; and iii) accessing expertise and technical support. Also, in the analysis of investment barriers in Belize, the small size of local firms and the low sophistication of products and processes were identified as barriers.<sup>33</sup> Several institutions<sup>34</sup> have identified that there is a lack of market intelligence (preferences and technical needs like food traceability or quality certifications) to support and promote exports in Belize. Export Belize, which is the division within BELTRAIDE that promotes exports, has only five officers.
- 1.8 **Gender gaps in internationalization.** The lack of information about gender gaps prevents the implementation of good practices. Belize has a general lack of data disaggregated by gender. For example, there is no available data regarding the number of days to clear imports and exports through customs.<sup>35</sup> Regarding shareholding composition and executive level staff of export companies and foreign-owned firms, the most recent data found is from 2010.<sup>36</sup> This lack of gender-disaggregated data has been identified globally as one of the trade barriers for women, as it hinders the ability of policy makers to identify the differential impacts trade policy may have on women and men. Another trade barrier identified is that Non-Tariff Measures (NTMs)<sup>37</sup> are more burdensome for women-owned exporting businesses.<sup>38</sup> In Belize, according to the [WB Business Enterprise survey \(2010\)](#), only 2.6% of companies with a female top manager exported directly at least 10% of their sales, while 22.3% of the companies with a male top manager did so. The average in Central America was 3.6% for companies with female top managers and 7.7% with males. Another interesting factor is that the Belizean companies led by women are small (26%) and medium (26%), without any leadership in large firms (0%) while in the region the average in large firms is 8.2%.<sup>39</sup>

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<sup>31</sup> Martin, L., Leslie, J., Ruiz-Arranz, M., López-Ghio, R. & Vasquez, G. Supra footnote 1.

<sup>32</sup> Exporters Survey undertaken by BELTRAIDE for their internal use and shared with the project's team to assist the project's design. [EL#11](#).

<sup>33</sup> [EL#11](#).

<sup>34</sup> During the analysis mission the need to strengthen market intelligence was raised by the Ministry of Agriculture, the Ministry of Foreign Affairs, BELTRAIDE, IPCU and EDC.

<sup>35</sup> Belize Customs and Excise Department confirmed there is no disaggregated data available.

<sup>36</sup> [WB Business Enterprise survey \(2010\)](#). Latest edition.

<sup>37</sup> Product standards and certification procedures, burdensome customs, and bureaucratic procedures, and obtaining import licenses are examples of NTMs that make it costly for firms to export and import.

<sup>38</sup> [Women and Trade. The role of trade promoting gender equality](#). WB & WTO 2020.

<sup>39</sup> [Oportunidades y retos para potenciar el liderazgo femenino en la región CID](#), A. Martínez, Marzo 2021, BID.

- 1.9 **The project's strategy** is to promote Belize's FDI and trade performance by: i) reducing (investment and trade) permits' approval time through automatized, simplified, and standardized processes; ii) attracting FDI projects through strong institutional apparatus; and iii) increasing SMEs' exports through the development of an export-ready base of local SMEs and the support of internationalization efforts. A demand analysis was carried out (EL#6) to identify the volume of potential beneficiaries within the three components. The main targets for this analysis are SMEs with export potential, and firms interested in investing in Belize's productive sectors.
- 1.10 **Improve and digitalize business procedures to facilitate investments.** The simplification and speed up of investment-related administrative procedures, is one out of the four main topics of the World Trade Organization (WTO) Joint Initiative on Investment Facilitation for Development (IFD).<sup>40</sup> The simplification and transparency of procedures directly impact the effectiveness of investment facilitation measures to promote location decisions.<sup>41</sup> Belize is one of 112 countries participating in the IFD. Digital information portals and digital single windows are becoming indispensable tools for promoting FDI, while tracking data on investments and enabling more informed policy decisions. From 2016 to 2021, the number of countries with digital information portals increased 34% (from 130 to 169) and with digital single investment windows (SIW) the increase was 38% (from 29 to 75).<sup>42</sup> Estonia is a recognized international case for digital government. It achieved a reduction in time for setting up a business from 35 days in 2007 to 3.5 days in 2020, according to the Doing Business. In Costa Rica, under the [SIW](#) implementation, the time for service companies to access the Free Trade Zone regime was reduced from 405 to 45 days. This project will support the streamlining of administrative procedures for investors and their digitalization. The objective is to contribute to increasing FDI flows by facilitating investment and reducing permits' approval times.
- 1.11 **Strengthen institutional capabilities and the IPA's capacity to promote FDI.** FDI contributes to job creation and economic growth. There is evidence that from every US\$1 invested in FDI promotion, an additional US\$56 of FDI can be generated.<sup>43</sup> In this regard, an important challenge of attracting FDI is to reduce the information asymmetries to position a country or region on the radar of Multinational Enterprises (MNEs). There is also evidence showing a correlation among Investment Promotion Agencies (IPAs) with focused strategy and specialization, and a higher lead generation volume.<sup>44</sup> The program will focus on institutional capacity building for key stakeholders in strategic sectors;<sup>45</sup> and the implementation of strategies on international promotion and country branding. It will also implement digital tools and investor service programs to increase Belize's

<sup>40</sup> The [Investment Facilitation for Development \(IFD\)](#) was launched in 2017 and currently participate 112 WTO member countries. One of the core objectives is to facilitate a greater participation of developing countries in global investment flows.

<sup>41</sup> [WB Global Investment Competitiveness Report 2019/2020](#). The survey showed that 45% of surveyed investors considered transparency and predictability in the conduct of public agencies as an important factor for choosing an investment location.

<sup>42</sup> [Investment Policy Monitor, January 2022, Special Issue 6, UNCTAD/Ger.co](#).

<sup>43</sup> Volpe Martincus, C., Carballo, J., Marra de Artiñano, I., & Blyde, J. (2020, January). [How Effective is Investment Promotion?: Firm-Level Evidence](#). IDB.

<sup>44</sup> Volpe Martincus, C., & Sztajerowska, M. Supra footnote 25.

<sup>45</sup> Sectors selected by the Government of Belize in the National Investment Policy and Strategy.

competitiveness in attracting and expanding investments overall. Finally, it will include methodologies and mechanisms to ensure monitoring of results and adequate customer relationship management.

- 1.12 **Develop an export-ready base of local SMEs and support internationalization efforts.** This operation aims to broaden the positive spillovers of FDI by implementing a local suppliers' program. Local SMEs will be assisted by strengthening their capacities to become suppliers of anchor companies. Evidence shows that SMEs that become providers of MNEs of larger exporters (indirect exports) are more likely to export directly. Although there is no evidence for similar economies, there is empirical evidence for Costa Rica and Uruguay within LAC (as indicated in the cited literature), which have comparable levels of FDI inflows as a percentage of GDP. This is the best available evidence internationally.<sup>46</sup> The project will support Belizean SMEs to become exporters (direct and indirect). Therefore, the activities proposed will finance the implementation of a supplier development program aiming to: i) support the insertion of Belizean firms into Regional and Global Value Chains (RVCs and GVCs); ii) generate market-intelligence; and iii) increase the capabilities (including monitoring) and synergies among the public stakeholders involved in trade promotion.
- 1.13 **Contribute to gender equality and green exports through trade policies and strategies:** The project has identified in Belize: i) a need to gather gender disaggregated data and keep it current to inform strategies to enhance women's benefits from trade; and ii) a higher proportion of female top managers in firms with foreign ownership and firms with indirect exports. There is international evidence that shows that firms that export or import and those with foreign ownership have higher female labor shares on average than those that do not.<sup>47</sup> The relationship is even stronger for GVC participants.<sup>48</sup> Therefore, the project proposes the following actions: i) include in the SIW and the Trade Single Window (ESW) gender disaggregated data requests to provide data intelligence;<sup>49</sup> ii) promote FDI; and iii) allocate additional points to female-owned or led enterprises that apply for the suppliers' development program and enhance access to trade-related information through BELTRAIDE and ConnectAmericas for Women.<sup>50</sup> **Contribute to greener exports.** Belize's country brand is increasingly associated to the Blue Economy and sustainability efforts. The supplier development program indicated under Component 3, ii) will allocate additional points to projects from SMEs that include green and sustainable exports.

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<sup>46</sup> Carballo, J.; Marra de Artiñano, I.; Ottaviano, G.; and Volpe Martincus, C., 2022. [Linkages with Multinationals: What is the Effect on Domestic Firms' Exports?](#) IDB Working Paper.

<sup>47</sup> [Trade and Female Labor Participation: Stylized facts using a global dataset](#), Rocha and Winkler, 2019, using data from WB Enterprise Surveys.

<sup>48</sup> Shepherd, B., & Stone, S.F. (2013). [Global Production Networks and Employment: A Developing Country Perspective](#).

<sup>49</sup> Disaggregated data will provide intelligence for public sector strategies, but it can also contribute to private investors' location decisions. 94% of investors agreed that their respective companies had developed a strategy to achieve their ESG commitments. [The 2022 Kearney Foreign Direct Investment Confidence Index](#).

<sup>50</sup> Connectamericas is the first social network for businesses in the Americas, dedicated to promoting foreign trade and international investment. It seeks to help SMEs strengthen their businesses, by providing them access to communities of clients, suppliers, and investors. [ConnectAmericas for Women](#) program is a part of ConnectAmericas platform with services focused on female owned firms.

- 1.14 **Enhance trade facilitation through the reengineering and digitalization of trade administrative procedures.** Belize has been working on various activities to improve trade facilitation.<sup>51</sup> Nonetheless, the implementation of many commitments under the WTO Trade Facilitation Agreement (TFA) is delayed, despite Belize having been the third LAC country to ratify the TFA. To date, Belize has implemented 34% of Category A, 0.4% of Category B, and 3.4% of Category C WTO TFA commitments.<sup>52</sup> A comprehensive Trade Policy (2019-2030) has been crafted to guide reforms and action plans to develop a competitive economy by utilizing trade as a significant driver for inclusive and sustainable socio-economic development.<sup>53</sup> Belize has been making efforts to modernize its trade regime and customs procedures, including digitalization. Belize's Customs utilizes UNCTAD's Automated System for Customs Data (ASYCUDA) World and is currently updating to the latest version. Successful integration projects have been executed that provide further efficiencies and additional services, including piloting a virtual license application system (BELAPS).<sup>54</sup> However, more work can be done to reduce transaction costs for trade and increase Belize's competitiveness. The proposed operation will further advance Belize's trade-related automation efforts by adopting a digital ESW, that will interoperate with the main trade regulatory agencies (OGAs). ESWs modernize trade, optimize revenue collection, and improve security at the borders. The single window concept creates a single-entry point for all information related to the clearance of goods. Single windows can result in a significant reduction in the time spent on preparing trade documents. Existing evidence indicates that the number of days required to prepare these documents is 40 percent lower (8 versus 14 days) in countries with trade single window schemes.<sup>55</sup> The implementation of an ESW will drastically simplify and streamline import and export regulations by enhancing inter-agency collaboration, simplifying procedures, and harmonizing data requirements and documents, while tracking hard trade data and informing public policies. Furthermore, the ESW would align Belize with international best practices and commitments under the WTO TFA and facilitate their participation.
- 1.15 The Bank is engaged in conversations with the European Union to explore co-financing scenarios by mobilizing a grant for this operation. A final decision by the European Committee in Brussels is expected by mid-2023.
- 1.16 **Bank Experience in the sector:** The Bank has generated important knowledge through the design and implementation of FDI promotion programs, ESWs and

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<sup>51</sup> A comprehensive Trade Policy (2019-2030) has been crafted to guide reforms and action plans to develop a competitive economy by utilizing trade as a significant driver for inclusive and sustainable socio-economic development. The [National Trade Policy \(2019-2030\)](#).

<sup>52</sup> The TFA includes three categories for the country commitments, depending on if they are easy to comply with (Cat A) or need additional time (Cat B); or need additional time and capacity building support (Cat C). To date, Belize has implemented 34% of Category A, 0.4% of Category B, and 3.4% of Category C The WTO Trade Facilitation Agreement (TFA) commitments. [WTO TFA Database](#).

<sup>53</sup> [The National Trade Policy \(2019-2030\)](#).

<sup>54</sup> The Belize Electronic Licenses and Permits System (BELAPS) is an online platform designed to facilitate applications for permits or licenses for the import or export of goods. The applications can be routed to various government agencies (BAHA, Forest Department, Fisheries Department, and the Supplies Control Unit) for processing and subsequent approvals. However, the Supplies Control Unit is currently the only participating agency on the platform.

<sup>55</sup> Volpe, C. (2016) [Out of the Border Labyrinth: An Assessment of Trade Facilitation Initiatives in Latin America and the Caribbean](#). IDB.

SIWs in LAC. Most recent operations include: ATN/OC-17357-CO, Support implementation of Exports of Services Policies and Trade Facilitation; 4754/OC-EC, National System of Facilitation and Attraction of Investments; 2756/OC-BH, Trade Sector Support Program; 3575/OC-TT, Strengthening of the Single Electronic Window for Trade and Business Facilitation; 4659/BL-GY, Establishing an Electronic Single Window for Trade.

- 1.17 **Lessons learned.** This program will benefit from the lessons learned for Belize in ATN/CF-12160-RG: i) it is essential to keep close work and coordination with government counterparts that are willing and committed to take action and absorb knowledge; ii) the design of the operation should also incorporate the perspective of the private sector; and iii) the design of the project should be flexible enough to allow adjustments to changing conditions. These lessons are similar to those learned in previous (see paragraph 1.6) ESW, SIW and Export and FDI suppliers' operations implemented in the region: i) to develop a smart asymmetric deployment of the ESW technological tools, assess the degree of readiness of the agencies involved in its implementation; ii) to be more strategic and efficient, focus the action on a few sectors, instead of pursuing a broad scope of investment procedures; iii) to multiply the benefits of the program, seek the alignment of selected sectors with broader national investment strategies; iv) to bring consensus more effectively, select a "champion" sector that is ready and willing to lead the process and; v) to facilitate the engagement of foreign investors with local firms and talent, local industry and workers should move to the standards and specific skills that foreign investors require; and vi) the development of a ESW should be done in close coordination with Customs and its current digital system, while observing the level of readiness of other agencies involved.
- 1.18 **Belize government's national strategies** are based on their Horizon 2030 National Development Framework. In the trade and investment sector, the alignment is specifically with Pillar 3 Economic Resilience, activity 2 "Develop the Domestic Market as a Springboard for Exports, Produce Quality Goods and Services and Expand Exports."<sup>56</sup> The new National Investment Policy,<sup>57</sup> still in draft, has identified 9 pillars to foster investment in the country. Several Pillars aligned to this project's intervention: Pillar 1 recognizes the need to implement a formal streamlined collaboration among the different stakeholders involved in the processes of investment promotion and facilitation in order to improve the investment climate; Pillar 2 identifies e-government services as a priority; Pillar 5 signals the revision of the existing regulatory framework to make it more investment-friendly; and Pillar 9 aims to foster Economic Diplomacy through country branding, market intelligence, and international promotion. Furthermore, the Prime Minister believes in fostering the external sector to promote Belize's growth, as revealed by the 2021 [Investment Summit](#), which counted with IDB support. This project's intervention is also aligned with the Trade Facilitation Pillar of Belize's National Trade Policy (2019-2030).
- 1.19 **IDB Group Country Strategy** with Belize 2022-2025 (GN-3086) identifies as a priority area "Private sector productivity and sustainable growth, with a focus on MSMEs," more specifically "improving Belize's connectivity with regional and

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<sup>56</sup> [Belize Horizon 2030.](#)

<sup>57</sup> [EL#12.](#)

global markets, including export promotion, investment attraction, trade facilitation, through a Single Window for key FDI sectors, trade agreements, and support services for exporting firms.” This operation was included in the 2022 Operational Program Report (GN-3087).

- 1.20 **Synergies and complementarities** have been identified with: i) IDB Invest, which could consider working with foreign investors looking for complementary financing for their projects. The concept can be further expanded to incorporate the local commercial banks in potential syndicated positions to establish financing opportunities; ii) IDB Lab: Improving Livestock Sector Productivity and Climate Resilience in Belize (ATN/ME-16402-BL) (Belize Livestock Producers Association) which aims at improving productivity of firms in this sector and trade alliances with buyers; iii) technical cooperation projects recently approved, which support the institutional strengthening of investment promotion institutions (ATN/CO-19236-RG); and provide assistance for investment readiness assessments, identification of linkages gaps, and mapping investment processes (ATN/OC-18958-BL). The program is also closely coordinating and identifying synergies with other loan operations currently in preparation in Belize. These programs include interventions for SMEs in different stages of development, supporting distinctive segments -from micro to export ready firms- in key sectors of the economy.

## **B. Objective, components, and cost**

- 1.21 **Objective and scope of the program.** The general objective of the project is to promote Belize’s FDI 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.
- 1.22 **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 SIW 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.



- 1.23 **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 direct and 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 program<sup>58</sup>. 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; individual gap analysis; and design and implementation of support interventions to strengthen firms' capacities<sup>59</sup> (mentoring vouchers, workshops, match-making events, and matching grants to upgrade capacities to supply tractor firms).<sup>60</sup> The firm's selection criteria will incorporate additional points for women-led or owned businesses and to projects from SMEs that include green and sustainable exports.
- 1.24 **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) module<sup>61</sup> 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 these activities 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 work developed by the Caribbean Development Bank (see note 61 infra); and iii) enhancement of IT equipment to facilitate the migration to a paperless environment and use of the system.
- 1.25 **Project administration and management (US\$0.8M):** The operation will fund program management costs such as auditing, monitoring, supervision, intermediate and final evaluation, and impact evaluation of the program.
- 1.26 **Main Results (outcomes) Indicators, Benefits and Beneficiaries.** The results indicators associated with the first specific development objective of improving

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<sup>58</sup> [EL#14](#). See description of the program coordination with the private sector.

<sup>59</sup> 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 the domestic firms that are more likely to become suppliers to foreign affiliates. This information will be used to set the specific criteria for the selection of firms.

<sup>60</sup> These activities may be implemented using [The Belize Enterprise Revolving Fund](#).

<sup>61</sup> 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.

investment facilitation through simplification, standardization and automation of key investment procedures will be measured through the change in: i) average time (number of days) to obtain an investment concession, ii) number of investment processes simplified through the SIW, and iii) number of institutions to be involved in the SIW during the duration of the project. The second specific objective of improving the investment promotion tools and SMEs internationalization through the strengthening of the trade and investment institutional apparatus will be measured via: i) percentage of international investors/companies assisted by BELTRAIDE that establish a company in Belize during the duration of the project, ii) number of leads handled by BELTRAIDE during the duration of the project, iii) number of companies supported by BELTRAIDE that report exports (direct or indirect) for the first time during the duration of the project, iv) number of companies supported by BELTRAIDE that report exports (direct or indirect) for the first time and that are led by women during the duration of the project; and v) number of companies supported by BELTRAIDE during the duration of the project, and vi) number of companies supported by BELTRAIDE that are led by women. Lastly, the specific objective of improving trade facilitation through simplifying, standardizing, and automating key trade processes will be measured by the average time (number of hours) for export documentary compliance. The beneficiary population for Component 1 are: i) investors that will require administrative processes, including the current 75 concessions holders; and ii) stakeholder agencies including: (a) Belize Companies & Corporate Affairs Registry and Corporate Affairs, (b) San Pedro Town Council, (c) The Ministry of Foreign Affairs, Foreign Trade, and Immigration; and (d) MFEDI. These agencies have been selected due to their legal and regulatory responsibilities regarding key investment processes in Belize as reflected in the Results Matrix. Component 2, beneficiaries include: i) current and potential investors based on the 770 leads that will point to investments; ii) local SMEs that seek to export based on a potential universe of 1,035 medium and large firms in the country<sup>62</sup> with a special focus on women-led companies<sup>63</sup>; and iii) BELTRAIDE. Lastly, Component 3 will benefit: i) 200 companies that seek to export; ii) importers; and iii) public institutions including Belize Customs and Excise Department, the Ministry of Foreign Affairs, Foreign Trade and Immigration, and other regulatory agencies that are responsible for issuing permits, licenses, and certificates (OGAs such as the Ministry of Agriculture, Food Security and Enterprises, the Belize Police Department, Ministry of Health, and Wellness). These agencies are the main participants in international trade processes. Additionally, for the purpose of this project, SMEs are defined according to [Belize Trade and Investment Development Service \(Amendment\) Act, 2017](#). In this act, SMEs are defined under the following categories: small (5-19 employees, less than BZ\$500k in annual sales, less than 150k in investment, and manufacturing space less than 4004 sq ft), and medium (20-50 employees, less than BZ\$1.5 million in annual sales, less than BZ\$500k in investment, and less than 5995 sq ft of manufacturing space). The kickoff workshop of the project will be held once the

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<sup>62</sup> According to the 2016 Business Establishment Survey, there are approximately 7,975 enterprises in Belize from which 5,374 are micro; 1,565 are small; 477 are medium; and 558 are large companies (Statistical Institute of Belize).

<sup>63</sup> According to data from the Small Business Development Corporation from BELTRAIDE, there are approximately 652 women led MSMEs. There is no data disaggregated regarding medium and large women led companies. It is expected that 20% of the beneficiary companies will be women-led.



consultancies to determine the baseline information (for some of the outcome indicators) are completed and the CRM is fully functional, within the first semester of execution.

### C. Strategic Alignment

- 1.27 The program is consistent with the Second Update to the Institutional Strategy (AB-3190-2) by aligning itself with the development challenges and cross-cutting issues of: i) Economic Integration by supporting the digital capacities of the countries in fostering FDI, and increasing their participation in RVCs and GVCs; ii) Institutional Capacity and Rule of Law by assisting the simplification and digitalization of processes, reducing the red tape for exports and investments; iii) Productivity and Innovation by assisting local firms to increase their competitiveness to become suppliers of MNEs and large exporters; and iv) Gender Equality by giving support to companies with female board members or shareholders. It is also aligned with Vision 2025 (AB-3266) regarding the strength of regional integration through the promotion of investment and participation in the RVCs and GVCs. This program also aligns with the priorities, trade facilitation, and investment promotion defined in the Integration and Trade Sector Framework Document (GN-2715-11) by considering actions conducive to improved trade and investment processes and integration of SMEs to RVCs and GVCs. Further alignments can be found with IDB Group Country Strategy with Belize 2022-2025 (GN-3086) by supporting actions related to SMEs sustainable growth, gender equality, and digital transformation; and with Belize's National Strategies, described in paragraph 1.18.<sup>64</sup>

### D. Feasibility Analysis

- 1.28 **Socio-economic Feasibility.** Cost Benefit Analysis. A cost-benefit evaluation was carried out with a time horizon of eight years at the aggregate level by components. This evaluation shows that the project has a positive Net Present Value of US\$1.80 million and an Economic Rate of Return of 24.92%, higher than the discount rate used by the Bank of 12% per year. The results are robust to a sensitivity analysis for the main project parameters; it is therefore concluded that the project has a high probability of being profitable.
- 1.29 **Institutional and Financial Feasibility.** The Institutional Capacity Assessment Platform (ICAP) tool confirms the institutional and financial viability of the operation to be managed by an Executing Unit (EU) in the MFEDI, who will be responsible for strategic decisions and dialogue with the Bank, with the technical leadership of each component by BELTRAIDE, Customs and Excise Department, and Directorate General for Foreign Trade. Although certain risks are recognized<sup>65</sup>, they are being mitigated in the design of the execution scheme.

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<sup>64</sup> See paragraphs 1.18 and 1.19.

<sup>65</sup> See paragraph 2.3.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing Instruments

- 2.1 **Modality and financial structure.** The operation is structured under the modality of a specific investment loan for an amount of US\$8,000,000 from the Bank's Ordinary Capital (OC) resources. The lending modality is justified based on the design of the intervention logic to assist the country with promoting foreign direct investment and trade integration in Belize. The budget for each component is presented below in Table I and can be found in the MEP/AOP.

**Table I. Estimated Program Costs (US\$)**

<b>Components</b>	<b>IDB</b>	<b>%</b>
<b>Component 1.</b> Facilitate investments in Belize through the implementation of a SIW	<b>2,500,000.00</b>	<b>31</b>
1.1 Business Processes and Normative Layer and Operational layer	1,050,000.00	
1.2 Technological development and implementation of key FDI processes on the SIW	1,100,000.00	
1.3 Strengthening BELTRAIDE's capacity in business development and IT management	350,000.00	
<b>Component 2.</b> Investment Promotion and Export Development	<b>3,500,000.00</b>	<b>44</b>
2.1 FDI Promotion Programs	1,450,000.00	
2.2 Client Relationship Management (CRM)	50,000.00	
2.3 Export development	2,000,000.00	
<b>Component 3.</b> Trade Facilitation	<b>1,200,000.00</b>	<b>15</b>
3.1 Gap analysis of the current platform, and identification of barriers from a triple perspective: technology, usability, and integration with existing systems and business process re-engineering to ensure that the trade processes are optimized and aligned with international best practices	250,000.00	
3.2 Licenses, certificates, and permits (LCP) module	750,000.00	
3.3 Enhancement of IT infrastructure through the acquisition of equipment to facilitate the migration to a paperless environment and the use of the system	200,000.00	
<b>Other costs:</b> Project Implementation Unit (PIU), audits, mid-term, and final evaluation	<b>800,000.00</b>	<b>10</b>
4.1 Project Implementation Unit	620,000.00	
4.2 Mid Term Evaluation	30,000.00	
4.3 Final Evaluation	50,000.00	
4.4 Audits	100,000.00	
<b>Total</b>	<b>8,000,000.00</b>	<b>100</b>

**Table II. Disbursement Schedule (US\$)**

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB (Ordinary Capital)	820,250.00	2,035,500.00	2,466,250.00	1,792,500.00	885,500.00	8,000,000.00
%	10	25	31	22	12	100

**B. Environmental and social risks**

- 2.2 In accordance with the Environmental and Social Policy Framework (ESPF) (GN-2965-23), the operation was classified as Category "C", as it is expected to cause minimal or no negative environmental or social impacts. The ESRR was determined as low as the operation will mainly support promotion and facilitation of investment and trade, as well as institutional capacity building. The EA will prepare and maintain an Environmental and Social Management System (ESMS) for the operation with specific elements related to Labor and Working Conditions under ESPS requirements. The Borrower will operate a Grievance Redress Mechanism at the Project level (direct and contracted).

**C. Fiduciary risks**

- 2.3 Based on the institutional capacity assessment and risk analysis that was conducted during project preparation, the fiduciary risk is considered medium-high. The EA has extensive experience implementing public sector investment projects; however, it currently has limited staff to undertake the implementation of this project and will require reinforcement of its staffing capacity and systems to effectively execute the fiduciary activities of the project. The main fiduciary risk identified relates to the fact that if the fiduciary staff to be hired do not have the relevant qualification and experience, it could lead to inadequate fiduciary management and delays in implementation. This risk will be mitigated by: i) the hiring of a procurement specialist and financial specialist with previous experience managing Bank or externally financed projects; and ii) the Bank providing ongoing training and coaching to the staff on the Bank's fiduciary and other procedures.

**D. Other risks and key issues**

- 2.4 The preliminary evaluation identified a medium risk of coordination. It is related to the need for participation and interaction of multiple agencies in the development and implementation of both single windows (trade and investment), as each is responsible for different procedures on the back end, whereas there will be a unique entry point for the user. It is mitigated through: i) a Memorandum of Understanding (MOUs) between the E-Governance and Digitalization Unit and the beneficiary agencies (owners of the services that will be digitalized) that must be established; ii) the incorporation of an adequate mechanism of inter-institutional governance; iii) identification and communication of advantages for each stakeholder; and vi) legislative mandate of project leadership and governance. Other risks identified during the project design are included in the Risk Matrix. In addition, the project team identified a medium risk of financial sustainability for the SIW and the Foreign ESW. This will be mitigated by specific studies with recommendations specified in paragraphs 1.22 (iv) and 1.24 (ii), as well as by

strengthening the coordination with the private sector through the Economic Development Council (a public private advisory board hosted at the office of the Prime Minister) to ensure permanence across the political cycles. These Single Windows are a national priority with substantial benefits to the private sector, and the ESW is part of the obligations under the WTO agreements.

### **III. EXECUTION AND MONITORING ARRANGEMENTS FOR EVALUATION OF RESULTS**

#### **A. Execution Arrangements**

- 3.1 The Borrower will be Belize and the Executing Agency (EA) will be the MFEDI.<sup>66</sup> The program is aligned with the mandate of the MFEDI given that the MFEDI is responsible for: i) coordinating and implementing the government's economic and fiscal policies and programs including the generation and allocation of financial resources to provide appropriate public services and to contribute to the overall development of Belize; and ii) providing efficient and timely advice on and coordinating development initiatives in order to improve the general well-being of all Belizeans which includes the formulation and inputs on national development policies, strategies and programs to promote macroeconomic stability, sustainable socioeconomic development and the reduction of poverty. 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, such as BELTRAIDE, the Directorate General for Foreign Trade, the Belize Customs and Excise Department, and the Supplies Control Unit; 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 specialist, and vii) an administrative officer. The EA could seek to create synergies with other Bank projects in relation to its staff.
- 3.2 The MFEDI will be responsible for the project management, fiduciary, procurement, monitoring, and evaluation functions as well as institutional coordination with the Technical Units (TUs) of government which include BELTRAIDE, the Directorate General for Foreign Trade, the Belize Customs and Excise Department, and the Supplies Control Unit. The execution will be managed at the level of the MFEDI. The MFEDI has experience as an EA for several public sector investment projects including those funded by other development partners. The part of the MFEDI with responsibility for this project, that is, Ministry of Economic Development (MED), has appropriate legislation in financial aspects, regulations for public servants, code of ethics and national budget; national integrated financial management system (Smart Stream); experience in managing

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<sup>66</sup> Based on the ICAP the MFEDI has implemented public investment projects and will be responsible for the administrative management, results monitoring and fiduciary reporting for four IDB loan operations in the pipeline for 2022 (including this program). The MFEDI will coordinate the Technical Units (TU) responsible for the implementation of project activities through the proposed organizational structure found in the OM.

resources from different sources of financing: national and external financing; experience and partial availability of personnel for financial management and human resources for the project; and stability of staff in the financial areas of the institution.

- 3.3 **Interinstitutional coordination mechanism.** Through the establishment of a Program Steering Committee (see draft [OM](#)), the MFEDI and the TUs shall coordinate towards the successful implementation of the program. The TUs shall provide technical input to the procurement processes that will be managed by the MFEDI and shall report to the MFEDI on monitoring and implementation of the proposed interventions. BELTRAIDE has the technical capacity to implement Component 1 and Component 2 activities through its experience in implementing programs that provide technical support and grants to MSMEs. BELTRAIDE consists of four main departments: i) BelizeINVEST which focuses on investment promotion for Belize; ii) the Belize Training and Employment Centre (BTEC) which provides industry specific job trainings and capacity building in Belize; iii) EXPORTBelize which focuses on providing export services to Belizean firms; and iv) Small Business Development Center (SBDC) Belize which is a SBDC that provides customized needs-based services to MSMEs. These four main departments will coordinate as required for the implementation of the program. Across all four departments of BELTRAIDE there is also a Specific Projects Unit and an Administration and Communication Officer (AOC) team which supports donor-financed projects with administration and communications. As such, the team has experience in designing successfully targeted campaigns to beneficiaries to be supported under the program. The Belize Customs and Excise Department and the Directorate General for Foreign Trade have the technical capacity to implement Component 3, as there are well established units that have initiated work in the area of ESW and have previous experience implementing similar projects such as ASYCUDA World. The TUs that will be implementing digital solutions will coordinate with the Unit of Digitalization and E-Governance, as it has the mandate and charge to implement the country's National Digital Agenda. The program will finance the hiring of the following key roles to support the TUs in their responsibilities for the technical management and implementation of the program: i) one Business Development Consultant and one I.T. Consultant at BelizeInvest for Component 1; ii) two persons at BelizeExport for the Supplier Program support under Component 2. More details on the governance structure, interinstitutional coordination, roles, responsibilities, and procedures can be found in the draft [OM](#).

- 3.4 **Operations Manual.** The program operating regulations will establish the program's guidelines, regulations, procedures, and execution mechanism of the loan program. The draft [OM](#) includes the following key chapters: i) the institutional framework for execution of the components including reference to governance structure, institutional roles and responsibilities, coordination arrangements, reporting, communication and visibility strategy and document management; ii) a detailed description of the program activities of Components 1, 2 and 3; iii) the guidelines for financial supervision and management including reference to internal controls, external audits and reporting; iv) procurement policies for the procurement of works, goods, and services; and v) general reporting, monitoring and evaluation.

- 3.5 **Special contractual clauses prior to the first disbursement.** The Borrower, directly or through the EU, will provide evidence to the satisfaction of the Bank of: i) the establishment of the EU, including the assignment or hiring of key personnel responsible for managing the program, including a Project Manager (PM), a financial specialist and a procurement specialist; and ii) its approval of the draft [OM](#) of the program, in accordance with the terms previously agreed upon between the Bank and the Borrower. The justification for each condition is as follows: i) the program must have dedicated staff in place to achieve the proposed development objectives; and ii) the approval of the program's operating regulations will provide strategic guidance to the internal organization and outlining of key processes for the EA to ensure successful implementation of the operation. Once the Contract is signed and entered into effect, the Bank may disburse to the Borrower up to the amount of US\$50,000 from the resources of the loan to hire the Project Manager, and the Project Procurement and Financial officers within the Executing Unit (EU).
- 3.6 **Special contractual clauses for execution of components.** Prior to awarding contracts for bidding processes under Component 1, a MOU between the E-Governance and Digitalization Unit and the beneficiary agencies (owners of the services that will be digitalized) must be established. The justification for this condition is to mitigate against institutional risk by increasing the probability for high quality solutions and adequate impact on investment facilitation.
- 3.7 **Procurement of works, goods, and services.** Procurements will be conducted in accordance with the Policies for the Procurement of Goods and Works financed by the Inter-American Development Bank (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants financed by the Inter-American Development Bank (document GN-2350-15). Annex III presents the general framework for procurement management. Procurement supervision by the Bank will be as established in the Multiyear Execution Plan ([EL#1](#)).
- 3.8 **Audits.** Throughout the loan disbursement period, the EA will submit to the Bank annual audited financial statements within 120 days after the close of the fiscal year, March 31<sup>st</sup>. The audit will be conducted by a Bank-eligible independent audit firm. The audit's scope and related considerations will be governed by the Financial Management Guidelines (document OP-273-12) and the Guide for Financial Reports and Management of External Audit. Audit costs will be financed with project resources.

## **B. Monitoring Plan and evaluation of results**

- 3.9 **Monitoring.** The program will be monitored by the EA which will file semiannual reports with the Bank within sixty (60) days after each semester on the progress made on outputs indicators and outcomes defined in the Results Matrix (RM) and in the Monitoring and Evaluation Plan ([M&E](#)). The MEP shall include comprehensive planning of the project. The MEP shall be updated as necessary, but especially whenever significant changes are made that delay—or may delay—the execution of the Project, or changes are made to output targets for intermediate periods. Annual Operating Plans (AOP) that shall be presented at least thirty (30) days prior to the beginning of each calendar year and prepared on the basis of the MEP shall contain detailed work plans for each year.

- 3.10 **Evaluation.** Program evaluation will be coordinated by the EA, following the M&E. An intermediate evaluation will be carried out and presented to the IDB within six months, at the end of two years from the date of the Contract or after 50% commitment of the resources, whichever occurs first. The final evaluation will be presented to the IDB within 90 calendar days following the end of the original disbursement period or any extensions thereof, or once 90% of the loan amount has been committed, whichever occurs first and will have the following objectives: i) verify the degree to which the indicators specified for the program's general objectives have been attained; ii) evaluate the implementation of the different components and instruments relative to the targets specified in the RM; and iii) identify lessons learned for application in future projects. The final evaluation will analyze the program using a before and after evaluation methodology, as detailed in the M&E, which will contribute to the Program Completion Report (PCR). In addition to this review, the evaluation proposes a qualitative review based on interviews with key actors from the government and beneficiaries. These include BELTRAIDE and the E-Governance and Digitalization Unit, the Directorate General for Foreign Trade, and the Belize Customs and Excise Department.

Development Effectiveness Matrix		
Summary		BL-L1040
<b>I. Corporate and Country Priorities</b>		
<b>Section 1. IDB Group Strategic Priorities and CRF Indicators</b>		
1. The Strategic Alignment tab in convergence shows alignment on IDB Group Strategic Priorities. The Results Matrix tab lists flagged CRF indicators		
2. The Strategic Alignment tab in convergence shows information on alignment to Country Development Objectives		
<b>II. Development Outcomes - Evaluability</b>		<b>Evaluable</b>
<b>3. Evidence-based Assessment &amp; Solution</b>		<b>7,0</b>
3.1 Program Diagnosis		1,9
3.2 Proposed Interventions or Solutions		1,6
3.3 Results Matrix Quality		3,5
<b>4. Ex ante Economic Analysis</b>		<b>7,5</b>
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1,5
4.2 Identified and Quantified Benefits and Costs		3,0
4.3 Reasonable Assumptions		0,0
4.4 Sensitivity Analysis		2,0
4.5 Consistency with results matrix		1,0
<b>5. Monitoring and Evaluation</b>		<b>7,5</b>
5.1 Monitoring Mechanisms		4,0
5.2 Evaluation Plan		3,5
<b>III. Risks &amp; Mitigation Monitoring Matrix</b>		
<b>6. Overall risks rate = magnitude of risks*likelihood</b>		<b>Medium Low</b>
The Environmental and Social Data tab in convergence shows the environmental and social risk classification of the project		
<b>IV. IDB's Role - Additionality</b>		
<b>Annex III Fiduciary Arrangements</b> describes project reliance on the use of country systems (VPC/FMP Criteria)		
7. Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	ATN/ME-16402-BL aims at improving productivity of firms in the livestock sector and trade alliances with buyers. Paragraph 1.20

BL-L1040

**Evaluability Assessment Note:** The Trade and Investment Facilitation Program for Belize (BL-L1040) aims at promoting Belize's FDI and trade integration. 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 SME exports/internationalization through the strengthening of the trade and investment institutional apparatus; and (iii) improve trade facilitation through simplifying, standardizing, and automating key trade processes. The diagnosis identifies lackluster trade and investment performance as the general problem, and inefficiencies around lengthy procedures for permit approvals, trade, and investment processes. However, problem quantification is weak, there are issues around internal and external validity, and the project does not propose an impact evaluation to address this. The results matrix has some weaknesses, as baselines are unavailable. Since data gathering depends to a large extent on the availability of a system supported by the project and an ongoing technical cooperation, to mitigate this measurement risks the team is committed to conducting the start up workshop only after said system is functioning, and supporting consultancies have been completed. The economic analysis has improved and yields an ERR of 18.9%. The evaluation plan proposes a before-and-after comparison.



## RESULTS MATRIX

<b>Project Objective:</b>	The general objective of the project is to promote Belize's FDI 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.
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## EXPECTED IMPACT

Indicators	Unit of measure	Baseline (BL)		Goal		Means of verification	Observations
		Value	Year	Value	Year		
IMPACT #1 – Promote Foreign Direct Investment							
1. FDI inflows	US\$ millions	80.82	2021	82.17	2027	IMF	<b>Definition:</b> US\$ amount of FDI inflows. <b>Baseline:</b> IMF. <b>Goal:</b> Increase of 7.6% of FDI inflows to Belize based on Harding and Javorcik (2011). Refer to the Demand Analysis ( <a href="#">link</a> ). <b>M&amp;E:</b> Measured at the beginning and end of the project and evaluated using a Before and After non-experimental methodology.
2. FDI transactions	Number of transactions	38	2022	46	2027	CRM System implemented by BELTRAIDE	<b>Definition:</b> Number of transactions. A project is considered as a transaction when the firm: (i) publicly announces the project in the country; (ii) has started the process to register the firm in the country; (iii) has signed a lease; or (iv) has started recruiting people. Cumulative. <b>Baseline:</b> Based on BELTRAIDE. <b>Goal:</b> Number of transactions estimated based on the projected leads and the FDI

Indicators	Unit of measure	Baseline (BL)		Goal		Means of verification	Observations
		Value	Year	Value	Year		
							cycle' success ratio. <sup>1</sup> See <a href="#">Demand Analysis</a> for more information. <b>M&amp;E:</b> This indicator ator will be monitored permanently through BELTRAIDE CRM System. Currently, BELTRAIDE registers only the firms that request the investment incentive, however, they do not register the number of companies conducting an investment transaction.
<b>IMPACT #2 Promote trade performance</b>							
3. Amount of exports	US\$ millions	421.8	2021	428.8	2027	IMF	<b>Definition:</b> Total goods and services exports in US\$. <b>Baseline:</b> IMF. <b>Goal:</b> Increase of Belize's exports in based on Volpe Martincus and Carballo (2010) and Cruz (2014). Refer to the Demand Analysis ( <a href="#">EL#6</a> ). <b>M&amp;E:</b> Measured at the beginning and end of the project and evaluated using a Before and After non-experimental methodology.

<sup>1</sup> The FDI cycle for an IPA/TIPO consists of several phases: phase 1: prospect leads→ phase 2: qualified prospects→ phase 3: active projects→ phase 4: project transactions. It is estimated that 650 prospect leads can turn into 125 qualified prospects and into 25 active projects that can become in 5 project transactions. 24 months is the average length of time from first contact with lead to when a company has a project and has selected a location; and additional 12 months in average until project is operational. There can be additional time for developing countries, WAVTEQ, 2016. See further detail in the [M&E](#).

## EXPECTED RESULTS

Indicators	Unit of measure	Baseline (BL)		Goal		Means of verification	Observations
		Value	Year	Value	Year		
<b>RESULT # 1:</b> Investment facilitation improved through simplification, standardization, and automation of key investment procedures							
1. Average number of days to obtain investment concession	# Days	To be determined	2022	14	2027	SIW	<p><b>Definition:</b> Average number of days from the submission of request of permit or license up to obtaining the fiscal incentive concession, which is a tax exemption up to a maximum of 15 years and a review for 10-25 years, depending on the sector, to incentive investors to complete their transaction.<sup>2</sup></p> <p><b>Indicative baseline:</b> According to BELTRAIDE, on average the concession is granted in 3 to 6 months.</p> <p><b>Baseline:</b> The exact calculation will be determined as part of a consultancy under the operation ATN/OC-18958-BL and presented during the kickoff workshop.</p> <p><b>Goal:</b> In Costa Rica, similar processes take 7 days through their window. As Costa Rica has higher experience with simplifying processes and based on Belize’s window’s stage of maturity, we expect this process to take at least twice as long (14).</p> <p><b>M&amp;E:</b> This indicator will be monitored through the SIW as part of the project.</p>
2. Number of investment processes simplified through the SIW during the duration of the project	# processes	0	2022	4	2027	SIW	<p><b>Baseline:</b> Initial diagnosis from the Investment Policy and Compliance Unit identified about 55 processes related to the business environment. However, none of them are currently digitalized. ATN/OC-18958-BL will finance a mapping to determine which processes pertain to the SIW. “Simplified” means reduction in number of steps.</p> <p><b>Goal:</b> As part of the pilot, the project expects to at least integrate the following processes into the SIW: (i) register the company, (ii) Trade License application and approval</p>

<sup>2</sup> For more information refer to: <https://www.BELTRAIDE.bz/investment-incentives.html>.

Indicators	Unit of measure	Baseline (BL)		Goal		Means of verification	Observations
		Value	Year	Value	Year		
							process, (iii) simplify immigration documentation, and (iv) obtain fiscal incentives. <b>M&amp;E:</b> This indicator will be monitored through the SIW as part of the project.
3. Number of institutions that conducts at least one investment related procedure through the SIW during the duration of the project	# institutions	0	2022	4	2027	SIW	<b>Baseline:</b> Initial diagnosis from the Investment Policy and Compliance Unit identified about 15 institutions related to the business environment. However, none of them are currently digitalized. ATN/OC-18958-BL will finance a mapping to determine which processes pertain to the SIW. # of institutions that conduct at least one investment-related procedure through the SIW during the duration of the project. <b>Goal:</b> As part of the pilot, the project expects to at least integrate the following prioritized institutions <sup>3</sup> into the SIW: (i) Belize Companies & Corporate Affairs Registry and Corporate Affairs (ii) San Pedro Town Council (iii) The Ministry of Foreign Affairs, Foreign Trade, and Immigration; (iv) MEDFI. <b>M&amp;E:</b> This indicator will be monitored through the SIW as part of the project.

<sup>3</sup> Please see [OM](#) for more information about the prioritization criteria.

Indicators	Unit of measure	Baseline (BL)		Goal		Means of verification	Observations
		Value	Year	Value	Year		
RESULT # 2: Investment promotion and SMEs internationalization improved through the strengthening of the trade and investment institutional apparatus.							
1. Percentage of international investors/companies assisted by BELTRAIDE that establish a company in Belize yearly	Percentage (%)	To be determined	2023	14	2027	CRM System implemented by BELTRAIDE	<p><b>Formula:</b> (Number of international investors/companies assisted by BELTRAIDE that establish a company in Belize. Total number of international investors/companies assisted by BELTRAIDE) *100.</p> <p><b>Definition:</b> A firm will be considered as established in the country if it performs one of the following activities: (i) has started the process to be registered in the country; (ii) has signed a lease; or (iii) has started recruiting personnel.</p> <p><b>Baseline:</b> Currently, BELTRAIDE registers only the firms that request the investment incentive; however, they do not register the number of companies conducting an investment transaction. BELTRAIDE reported having supported 38 active FI Concession Holders and 40 active DPA Concession Holders. For the baseline, ATN/OC-18958-BL will finance a consultant to work with BELTRAIDE to develop a list of clients over the last 5 years and compare it with the National Registry at the Chamber of Commerce to identify those that established a firm in Belize.</p> <p><b>Goal:</b> Based on Costa Rica’s results (Volpe, Carballo &amp; Blyde, Forthcoming). The goal was included also for 4801/OC-SU which will allow comparability of results.</p> <p><b>M&amp;E:</b> As part of the project, the CRM will allow to register the require information to track progress of the indicator. To be evaluated using a before &amp; after non-experimental methodology.</p>
2. Number of leads handled by BELTRAIDE yearly	# leads	120	<2021	770	2027	CRM System implemented by BELTRAIDE	<p><b>Definition:</b> Number of inquiries and requests responded by BELTRAIDE during the project. Accumulative.</p> <p><b>Baseline:</b> Number of leads handled by BELTRAIDE by email and registered in the CRM before as of the 2021.</p> <p><b>Goal:</b> We can expect to increase the number of leads by 650 following WAVTEQ’s cycle and taking into account that</p>

Indicators	Unit of measure	Baseline (BL)		Goal		Means of verification	Observations
		Value	Year	Value	Year		
							developing countries require more time to concrete. See <a href="#">Demand Analysis</a> . <b>M&amp;E:</b> This indicator will be monitored permanently through BELTRAIDE CRM System as part of the project.
3. Number of SMEs supported by BELTRAIDE that report exports (direct or indirect) for the first time yearly	# companies	0	2022	20	2027	BELTRAIDE's biannual report	<b>Definition:</b> Number of companies that received support by BELTRAIDE and that register having exported by the first time. <b>Baseline:</b> 0 as the program has not yet been implemented. <b>Goal:</b> Based on other experiences, we expect for at least 50% of companies supported by BELTRAIDE to achieve this outcome, and 10% of them to be led by women. <b>M&amp;E:</b> This indicator will be monitored by BELTRAIDE.
3.a Number of SMEs supported by BELTRAIDE that report exports (direct or indirect) for the first time and that are led by women yearly	# companies	0	2022	5	2027	BELTRAIDE's biannual report	<b>Definition:</b> Number of companies that received support by BELTRAIDE and that register having exported by the first time and that are led by women. This is a tracking indicator. <b>Baseline:</b> 0 as the program has not yet been implemented. <b>Goal:</b> The program expects for at least a quarter of the beneficiaries to be firms led by women. The program will incentivize this firm's participation by offering a higher score in the admission process. <b>M&amp;E:</b> This indicator will be monitored by BELTRAIDE.
4. Number of SMEs supported by BELTRAIDE yearly	# companies	0	2022	40	2027	BELTRAIDE's biannual report	<b>Definition:</b> Number of companies that received support by BELTRAIDE. <b>Baseline:</b> 0 as the program has not yet been implemented. <b>Goal:</b> UNDP supported the BERF program that supported 35 SMEs to facilitate supply chain and market access. This program will have a more specific objective for exporting so we estimated 40 companies participating, and 10% of them to be led by women. <b>M&amp;E:</b> This indicator will be monitored by BELTRAIDE.
4.a Number of SMEs supported by	# companies	0	2022	10	2027	BELTRAIDE's biannual report	<b>Definition:</b> Number of companies that received support by BELTRAIDE and that are led by women. This is a tracking indicator.

Indicators	Unit of measure	Baseline (BL)		Goal		Means of verification	Observations
		Value	Year	Value	Year		
BELTRAIDE that are led by women yearly							<b>Baseline:</b> 0 as the program has not yet been implemented. <b>Goal:</b> The program expects at least half of the beneficiaries to be firms led by women. The program will incentivize their participation by offering a higher score in the admission process. <b>M&amp;E:</b> This indicator will be monitored by BELTRAIDE.
<b>RESULT #3:</b> Trade facilitation improved through simplifying, standardizing, and automating key trade processes.							
1. Average number of hours for export documentary compliance	# Hours	To be determined	2019	LB-40%	2027	ESW	<b>Formula:</b> Average number of hours required to obtain, prepare, and submit documents during transport, clearance, inspections and port or border handling in origin economy. <b>Indicative Baseline:</b> According to the Doing Business – Trading across borders, Indicator Time to export: Documentary compliance Belize took 38 hours for this process in 2019. This is also confirmed by the OECD trade facilitation indicator. <b>Baseline:</b> Initial measurements will be conducted by Customs through the preparation of the Time Release Study conducted by the OAS and financed by a technical cooperation of the Caribbean Development Bank. The study will be ready prior to the beginning of the project to validate this information. <b>Goal:</b> Based on evidence cited in Volpe Martincus, C. (2016) <sup>4</sup> , which indicates that the number of days required to prepare these documents is 40 percent lower in countries with trade single window schemes. <b>M&amp;E:</b> This indicator will be monitored through the ESW as part of the project.

<sup>4</sup> Volpe Martincus, C. (2016). Out of the Border Labyrinth: An Assessment of Trade Facilitation Initiatives in Latin America and the Caribbean. IDB.

## PRODUCTS

Indicator	Estimated Cost (US\$)	Unit	Baseline	Y1	Y2	Y3	Y4	Y5	Goal	Frequency of Measurement	Source of Verification
<b>Component 1: Facilitate investments in Belize through the implementation of a SIW</b>											
1.1 Business Processes Reengineering (BPR) manual approved	450,000.00	Number of manuals	0	-	1	-	-	-	1	Annual	Process Manuals approved by regulations
1.2 BPR processes and regulations implemented	600,000.00	# processes	0	-	-	1	-	-	1	Annual	BPR implementation report approved by regulations
1.3 SIW developed and implemented, containing gender-disaggregated data gathering	1,100,000.00	# windows	1	-	-	-	4	-	4	Annual	Acceptance Certificate by BELTRAIDE
1.4 Training of BELTRAIDE in business development and IT management	350,000.00	# training session	0	1	1	1	1	1	5	Annual	Reports on Training and capacitation activities
<b>Component 2 - Export Development and Investment Promotion</b>											
2.1 FDI Promotion Programs implemented yearly	1,450,000.00	Number of programs	0	-	1	1	1	1	4	Annual	Program plan monitoring report
2.2 CRM System active	50,000.00	Number of systems	0	1	-	-	-	-	1	Annual	Certification by BELTRAIDE
2.3 Export Development Programs implemented yearly	2,000,000.00	Number of programs	0	-	1	1	1	1	4	Annual	Program plan monitoring report
<b>Component 3 - Trade Facilitation</b>											
3.1 Report recommending Business processes re-engineered to ensure that the trade processes are optimized and aligned with international best practices completed	250,000.00	Number of reports	0	-	-	1	-	-	1	One time	Approved Report
3.2 LCP module implemented	750,000.00	Number of modules	0	-	-	1	-	-	1	One time	Modules implementation plan monitoring report



Indicator	Estimated Cost (US\$)	Unit	Baseline	Y1	Y2	Y3	Y4	Y5	Goal	Frequency of Measurement	Source of Verification
3.3 IT equipment enhanced through the acquisition of equipment to facilitate the migration to a paperless environment and the use of the system	200,000.00	Number of IT equipment	0	-	-	1	-	-	1	One time	Equipment acceptance certificate

**Country:** Belize**Division:** TIN**Operation No.:** BL-L1040**Year:** 2022**Fiduciary Agreements and Requirements****Executing Agency (EA):** Ministry of Finance, Economic Development and Investment (MFEDI)**Operation Name:** Trade and Investment Facilitation Program for Belize**I. Fiduciary Context of Executing Agency****1. Use of country system in the operation**

<input checked="" type="checkbox"/> Budget	<input type="checkbox"/> Reports	<input type="checkbox"/> Information System	<input type="checkbox"/> National Competitive Bidding (NCB)
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> Internal audit	<input type="checkbox"/> Shopping	<input type="checkbox"/> Others
<input type="checkbox"/> Accounting	<input type="checkbox"/> External Control	<input type="checkbox"/> Individual Consultants	<input type="checkbox"/> Others

**2. Fiduciary execution mechanism**

<input checked="" type="checkbox"/>	Particularities of the fiduciary execution	The EA will be the MFEDI, through an executing unit to be established, will be responsible for fiduciary management of the project.
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**3. Fiduciary Capacity**

Fiduciary Capacity of the EA	<p>The results of the institutional capacity assessment and risk analysis conducted during the project preparation determined that that fiduciary risk is medium-high. The MFEDI has experience as EA for several public sector investment projects including those funded by other development partners; however, the part of MFEDI with responsibility for this project, that is, Ministry of Economic Development, has not executed an IDB-financed loan within the last decade. Additionally, the MFEDI's staff is currently limited and will require reinforcement of its capacity and systems to effectively execute the fiduciary activities planned for the project.</p> <p>Additionally, the results of the assessment of public financial management systems in Belize conducted over the period March to May 2021 using the Bank's Guide-FMS (IDB's tool to determine the level of development and use of public financial management systems) indicates a low level of development the national fiduciary systems. Considering that the internal control systems and documentation of procedures within Government are generally weak, the fiduciary procedures and internal controls necessary to reasonably ensure proper fiduciary management of the project resources will be documented in the POM.</p>
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**4. Fiduciary risks and risk response**

Risk Taxonomy	Risk	Risk level	Risk response
Human Resources	If the new fiduciary staff to be hired under the executing unit does not have the relevant qualification and experience to effectively carry-out fiduciary tasks (i.e., procurement, payments, financial reporting, etc.), it could lead to inadequate fiduciary management of the project and project delays.	Medium-High	This risk will be mitigated by strengthening the institutional capacity of the executing agency through (i) the hiring of a procurement specialist and a financial specialist with experience of managing projects financed by the Bank or other multi-lateral institution; (ii) providing training to the EA in the Bank's processes; and (iii) providing continuous guidance on the Bank's fiduciary procedures.

**5. Policies and Guides applicable to operation:** The procurement processes financed in full or in part by Bank resources will be conducted in accordance with the Policies for the Procurement of Goods and Works Financed by the IDB (GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (GN-2350-15), or those in effect at the time of project execution.

**6. Exceptions to Policies and Rules:** none.

**II. Aspects to be considered in the Special Conditions of the Loan Agreement**

Pre-first disbursement conditions:
Exchange rate applicable to the documentation and rendering of expenditure in the Borrower's local currency is Option (b) (ii) of Article 4.10 of the General Conditions of the loan contract, i.e., exchange rate on the effective date of payment of each expenditure in local currency.
Type of Audit: Throughout the loan disbursement period, the EA will submit to the Bank annual audited financial statements within 120 days after the close of the fiscal year, March 31st. The audit will be conducted by a Bank-eligible independent audit firm. The audit's scope and related considerations will be governed by the Financial Management Guidelines (document OP-273-12) and the Guide for Financial Reports and Management of External Audit. Audit costs will be financed with project resources.
Other financial reports: Within 60 days after the end of each semester, an audited financial execution report for the period will be submitted as part of the semi-annual progress report.

**III. Agreements and Requirements for Procurement Execution**

<input checked="" type="checkbox"/>	Bidding Documents	For procurement of Works, Goods and Services Different of Consulting executed in accordance with the Procurement Policies (document GN-2349-15), subject to ICB, the Bank's Standard Bidding Documents (SBDs) or those agreed between EA and the Bank will be used for the particular procurement. Likewise, the selection and contracting of Consulting Services will be carried out in accordance with the Policies for the Selection and Contracting of Consultants (document GN-2350-15) and the Standard Request for Proposals (SRP) issued by the Bank or agreed between the EA and the Bank will be used for the particular selection. The
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		revision of the technical specifications, as well as the terms of reference of the procurements during the preparation of selection processes, is the responsibility of the sectorial specialist of the project. This technical review can be ex-ante and is independent of the procurement review method.
<input checked="" type="checkbox"/>	Recurrent Expenses	The recurrent expenses required to put the project into operation approved by the Project Team Leader, which are financed, will be made following the executing agency's administrative procedures. Such procedures will be reviewed and accepted by the Bank, provided that they do not violate the principles of value for money, economy, efficiency, equality, transparency and integrity.
<input checked="" type="checkbox"/>	Procurement Supervision	The method of supervision for the procurement processes executed by the EA shall be ex ante. If during project execution, it is identified that the EA has developed sufficient capacity, the possibility of supervising procurement processes on an ex post basis will be evaluated.
<input checked="" type="checkbox"/>	Records and Archives	The MFEDI will be responsible for maintaining proper records and supporting documentation of all procurement processes financed with the project resources along with the relevant payment supporting documents in accordance with the terms of the loan contract.

### Main Acquisitions

Description of the procurement	Selection Method	New Procedures/Tools	Estimated Date	Estimated Amount
Goods				
Acquisition of equipment to enhance the IT infrastructure to implement the Single Investment Window	International Competitive Bidding (ICB)		08/17/2025	245,000
Acquisition of equipment to enhance the IT infrastructure to facilitate the migration to paperless environment and use of the system	International Competitive Bidding (ICB)		11/01/2025	192,500
Digital tools licenses to promote and retain FDI	International Competitive Bidding (ICB)		01/25/2023	430,000
Works				
Non-consulting services				
Consulting Firms				
Consulting services to Strengthening firms' capacities	Quality- and Cost-Based		12/23/2024	1,500,000

program design and implementation	Selection (QCBS)			
Business Process and Normative Layer and Operational layer	Quality- and Cost-Based Selection (QCBS)		10/26/2023	1,040,000
Consulting services for a Single Investment Window implementation	Quality- and Cost-Based Selection (QCBS)		01/08/2025	850,000
Develop a Certificates, and Permits (LCP) module	Quality- and Cost-Based Selection (QCBS)		11/21/2024	727,500
Consulting services to design a Country Brand to promote FDI	Quality- and Cost-Based Selection (QCBS)		02/22/2024	165,000
Consulting services for Institutional strengthening for the attraction of strategic FDI, Optimization of business model and processes to generate FDI and to prepare the Go-to-market strategy and plan	Quality- and Cost-Based Selection (QCBS)		11/12/2023	150,000
Consulting services to develop Digital tools to promote and retain FDI	Quality- and Cost-Based Selection (QCBS)		01/06/2024	570,000
Gap analysis of the current platform and business process re-engineering	Quality- and Cost-Based Selection (QCBS)		10/29/2023	240,000
Individuals				
Consulting services to strength BELTRAIDE's capacity in business development (Business Manager)	Selection of individual consultant (by open invitation)		03/22/2023	175,000
Consulting services to strength BELTRAIDE's capacity in IT management (IT Manager)	Selection of individual consultant (by		03/22/2023	175,000

	open invitation)			
Consulting service to Strengthening BELTRAIDE's capacity in supplier development program	Selection of individual consultant (by open invitation)		07/13/2024	175,000
Implementation Unit	Individual Consultant Selection (3CV)		10/12/2022	620,000

#### IV. Agreements and Requirements for Financial Management

<input checked="" type="checkbox"/>	Programming and Budget	The budget preparation process begins each year with the budget call whereby the MFEDI distributes a circular outlining the procedures, timelines, and forms to be completed by each ministry, department, and agency of the government. This process is applicable to external financing, including IDB resources and the resources of this project. The government has committed to allocate for each fiscal year of the project, adequate fiscal space to guarantee the timely execution of the project. As such, no bottlenecks regarding fiscal space and the budget process are anticipated for the project.
<input checked="" type="checkbox"/>	Treasury and Disbursement Management	<p>In accordance with the norms of Government of Belize, a bank account within the Central Bank of Belize will be designated for the project to receive disbursements of project resources. Payments of project expenses in local currency will be made from the Consolidated Revenue Fund account which will then be reimbursed with resources from the designated account at the Central Bank of Belize for those local payments. For foreign currency payments, the EA will request to the Central Bank of Belize to make those payments directly from the designated project bank account.</p> <p>In accordance with the disbursing norms for loan operations and the anticipated commitments and obligations of the project, it is expected that the Advance of Funds methodology will be mainly used for the project. The advance of funds, when used, will be based on the true liquidity needs of the project for a period not exceeding six months. Subsequent advances may be disbursed once 80% of the total accumulated balance pending justification has been submitted and accepted by the Bank. The other disbursement methods that may be used includes the Reimbursement of payments made and Direct Payments to Supplier.</p>
<input checked="" type="checkbox"/>	Accounting, information systems and reporting	Accounting for the project will be facilitated through SmartStream which is the Government's national financial management system, in accordance with cash-basis international public-sector accounting standards (cash-IPSAS). Additionally, QuickBooks accounting software will be used to complement SmartStream for financial reporting purposes.
<input checked="" type="checkbox"/>	Internal Control and Internal Audit	The Internal control system of Government of Belize is weak and though an Internal Audit Unit was established at the MOF in September 2020, no internal audits have been conducted so far. To ensure the internal control

		systems applicable to the project is adequate, there will be a <a href="#">MEP</a> outlining the required systems of internal controls to ensure the effective fiduciary management of the project.
<input checked="" type="checkbox"/>	External control: external financial audit and project reports	Considering that the capacity constraints of the Office of the Auditor General, the independent external audit of the program will be contracted and financed through the Program. A private audit firm considered eligible by the Bank will be procured to conduct the annual and final financial statement audits of the project. The EA will select and contract the services of an eligible auditor, in accordance with the Terms of Reference agreed with the Bank.
<input checked="" type="checkbox"/>	Project Financial Supervision	The financial supervision plan of the project will focus on: (i) activities related to the implementation and follow-up of arrangements and systems being implemented for the fiduciary management of the project; (ii) follow-up on the implementation status of risk mitigating measures; and (iii) capacity building of EA personnel in the Bank's procedures and requirements. Disbursements will be reviewed on an ex-post basis.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/22

Belize. Loan \_\_\_\_/OC-BL to Belize  
Trade and Investment Facilitation Program for Belize

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with Belize, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Trade and Investment Facilitation Program for Belize. Such financing will be for the amount of up to US\$8,000,000 from the resources of the Bank's Ordinary Capital and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on \_\_\_\_ 2022)