

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BELIZE

PROMOTING SUSTAINABLE GROWTH IN THE BLUE ECONOMY PROGRAM

(BL-L1042)

PROJECT PROFILE

This document was prepared by the project team consisting of: Yuri Chakalall (RND/CJA), Team Leader; Hori Tsuneki (CSD/RND) Alternate-Team Leader. Team Members: Germán Sturzenegger (INE/WSA); Santiago Bucaram Villacis (RND/CPE); Gines Suarez Vazquez (RND/CES), Denise Urias Levy, Roberto Guerrero, Marion Le Pommellec, and Elizabeth Chavez (CSD/RND); Gerard Alleng (CSD/CCS); Janelle Leslie (CID/CBL); Alvaro Sanmartin Baez (LEG/SGO); Christian Lunstedt Tapia, and Brodrick Watson (VPC/FMP); Henry Wade (DIS/CBL), and Omar Samayoa (RND/CBL).

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PROJECT PROFILE

BELIZE

I. BASIC DATA

Project Name:	Promoting Sustainable Growth in the Blue Economy Program		
Project Number:	BL-L1042		
Project Team:	Yuri Chakalall (RND/CJA), Team Leader; Hori Tsuneki (CSD/RND) Alternate-Team Leader. Team Members: Germán Sturzenegger (INE/WSA); Santiago Bucaram Villacis (RND/CPE); Gines Suarez Vazquez (RND/CES), Denise Urias Levy, Roberto Guerrero, Marion Le Pommellec, and Elizabeth Chavez (CSD/RND); Gerard Alleng (CSD/CCS); Janelle Leslie (CID/CBL); Alvaro Sanmartin Baez (LEG/SGO); Christian Lunstedt Tapia, and Brodrick Watson (VPC/FMP); Henry Wade (DIS/CBL), and Omar Samayoa (RND/CBL)		
Borrower:	Belize		
Executing Agency:	Ministry of Finance, Economic Development, and Investment		
Financial Plan:	IDB (ORC):	US\$7,000,000	
	Total:	US\$7,000,000	
Safeguards:	Policies triggered:	ESPS1; ESPS 2; ESPS 3, ESPS 9; ESPS 10	
	Classification:	C	

II. GENERAL JUSTIFICATION AND OBJECTIVES

- 2.1 The Government of Belize (GoB) requested the Bank's support through a Specific Investment Loan to promote sustainable growth-enabling-investments that would enhance the competitiveness of productive sectors and sub-sectors in the blue economy, with an initial focus on offshore marine fisheries. Ultimately, this strategy seeks to diversify the country's economy, beyond its traditional sectors. The term "blue economy", as used in this project, is defined as "a concept that promotes economic growth, social inclusion, and the maintenance and improvement of livelihoods, while at the same time ensuring the sustainability of the marine and coastal environment".¹
- 2.2 Pre-pandemic, Belize witnessed years of slow economic growth, stagnant per capita income, with rising poverty rates and limited progress in social development indicators.² Belize's economy is highly concentrated in two sectors, tourism, and agriculture, which considerably heightens the country's vulnerability to domestic and international shocks, such as natural-hazard-driven disasters and the COVID-19 pandemic. In 2020, tourism arrivals plummeted by 72%, which

¹ World Bank (The). 2017. [The Potential of the Blue Economy](#).

² IDB Group Country Strategy with Belize 2022-2025 (2021).

significantly impacted the rest of the economy as tourism comprises around 60% of all foreign exchange earnings and 40% of GDP.³ A sharp decline in fiscal revenues, coupled with increased expenditures related to the health and economic crises, also exacerbated an already fragile fiscal situation. GDP fell by 13.1%⁴ in 2020, with employment rising to 13.7% and the labor force shrinking to 55%. Nevertheless, Belize's economy rebounded strongly in 2021, with steps taken towards improving the deteriorated fiscal position and unsustainable debt dynamics. The GoB implemented a fiscal consolidation plan aligned with IMF recommendations⁵ which improved the primary and overall balances from -8.5% and -10.3% of GDP in 2020 to 1.7% and -0.7% of GDP in 2021, respectively. The government also successfully finalized a novel debt-for-nature⁶ swap financed with a Blue Loan, which reduced public debt by 22 percentage points from 133% of GDP in 2020 to 111% of GDP in 2021. With this new instrument, Belize has committed to accelerating its marine conservation commitments and protect about 30% of its ocean by 2026. As of the first quarter of 2022, the public debt to GDP ratio stood at 74%.

- 2.3 The demonstrated vulnerability of the country's main productive sectors necessitates a diversification strategy to increase resilience and enhance sustainable and inclusive economic growth. In addition to promoting more competitive and sustainable models within established key economic sectors, Belize must also enhance the business environment for the development of promising and upcoming sectors⁷. In 2020, the Government established a new Ministry of Blue Economy and Civil Aviation (MBECA) with the mission to "increase the gross domestic product through a thriving Blue Economy (BE) development pathway that is harmonized, innovative, and socially just, supported by a robust, science-based management region of our aquatic resources and spaces to improve the livelihood of all Belizeans⁸." MBECA is presently finalizing its policy instruments including a Maritime Economy Plan (MEP)⁹ and Belize Blue Economy Development Policy, Strategy and Implementation Plan (BBEDPSIP) 2022-2027. for this purpose. Eight pillars underpin the MEP plan focusing on aquaculture, blue-carbon, renewable energy, fisheries, marine protection/management, maritime transport, shipping, ocean and coastal tourism, and marine research and development.
- 2.4 Amongst these pillars, the fisheries industry, particularly offshore marine finfish fisheries development, its diversification, and selective value chain optimization have been identified as a priority for investment as it is considered a "bedrock" sector in the MEP. Additionally, and consistent with the National Fisheries Policy, Strategy, and Action Plan (2020-2024) the BBEDPSIP prioritizes the development of a fisheries value chain as being critical for the country's economic development, and in the context of sustainable food security, nutrition, and livelihoods.

³ IMF Article IV 2021.

⁴ [Statistical Institute of Belize \(2021\)](#).

⁵ [IMF Staff Country Report \(2021\)](#).

⁶ The successful completion of the debt exchange has been praised by the international community and recognized as the largest volume of debt to date to be subject to a Debt for Nature Swap (DNS) transaction.

⁷ IDB (2020): [Developing a Sustainable and Resilient Belize](#).

⁸ Government of Belize [Press Release #333](#) June 15, 2021.

⁹ Draft Maritime Economy Plan – Belize (2021) jointly developed between the Government of Belize and the Commonwealth Marine Economies Program supported by UK AID.

Recognizably however, each of the MEP pillars are at different maturities in respect to their potentials to contribute to increased sustainable economic growth, and as such, any public investment planning and development will be commensurately contingent on the availability of reliable, continuous, detailed, scale-specific-information, research, and governance capacity to select/focus, scope, dimension, design, coordinate, implement and monitor relevant investments. To establish a national pipeline of feasible, sustainable, resilient public investments in the identified pillar areas e.g., offshore fisheries, therefore requires simultaneously attending to the dual challenge of: (i) defining and overcoming the knowledge deficits in each to allow for scoping and appropriate design; as well as (ii) through the implementation of investment development, building MBECA's over-arching intersectoral governance, coordination systems and requisite institutional capacity to manage and monitor the national MEP investment cycle. Complimentarily, this latter investment would also serve to generate systemic capacity and human capital adequacy which could be leverageable to more optimally program and implement maritime economy investments envisaged with the national endowment savings gained from the "debt for nature conversion" identified in (§2.2).

2.5 Indeed, Belize's extensive marine space is considered as having significant transformative economic development potential. Belize has a coastline of 280 kms; the largest barrier reef in the northern hemisphere¹⁰ and an Exclusive Economic Zone (EEZ) of 170,000km², constituting a marine area that is more than seven times larger than its territorial lands (22,967 km²). Its coastal and nearshore zones host mangrove, river delta, estuary, sea grass, lagoon, and reef ecosystems. By supporting fisheries, tourism, and shoreline protection, in 2007 Belize's coral reef and mangroves provided goods and services of around US\$559 million¹¹, representing 30 to 43% of its economy. Available information on the contribution of the Maritime Economy (ME), especially fisheries, suggests that achieving this economic development potential will require acknowledging and addressing salient trends related to:

- a. **Sector structure and decreasing incomes:** Belize's fishery sector supports about 2,500 licensed fishers directly and over 15,000 citizens indirectly¹². The gender gap is significant, since marine fisheries engage only 1 woman to 44 men¹³, with women tending to work in supporting-onshore-services, such as fish-processing, food-preparation, and other service sector roles. Artisanal fisher household income typically ranges between US\$1,000 to US\$15,000 per annum¹⁴ with 47% derived from non-fishing sources¹⁵. However, artisanal fisher per-capita-income is reportedly falling and is expected to continue to fall¹⁶, albeit and despite observations that levels of their primary target species

¹⁰ UNESCO World Heritage List: [Belize Barrier Reef Reserve System](#).

¹¹ World Resources Institute (2008) [Coastal Capital Belize](#).

¹² Belize Fisheries Department (2019) cited in [UNCTAD Ocean Economy and Trade Strategy: Belize marine fisheries and seafood processing sectors](#).

¹³ UNCTAD (2020): [Oceans Economy and Trade Strategy \(2020\)](#) - Belize Marine Fisheries and Seafood Processing.

¹⁴ [Turneffe Atoll Trust & Yellow Dog Community & Conservation Foundation: Net Loss or Gain – Gillnet Use in Belizean Waters](#) (2019).

¹⁵ Caricom Regional Fisheries Mechanism (2012): [Diagnostic Study to Determine Poverty Levels in CARICOM Fishing Communities](#). CRMF Technical & Advisory Document No. 2012/3, Volume II.

¹⁶ Vivid Economics & MRAG (2014): [Towards investments in Sustainable Fisheries](#). Report for ISU-EDF.

(lobsters and conch caught within the barrier reef) remain steady. Individual earning declines could be due to factors ranging from increased total fishing effort (including illegal effort) on all fish stocks by an increasing number of fishers; variability in individual fisher effort success; natural reductions in adult stock abundance and/or diminishing opportunity for sale because of a decline in commercial buyers due to market conditions, particularly for finfish, that complement lobsters and conch catches. However, lack of data in the sector impedes testing those assumptions to confirm the sources of the problem as well as identifying relevant solutions for each and all of them.

- b. **Variability of fisheries' stocks:** Between 2008 to 2014, Belize's wild-capture-fisheries and aquaculture cumulative sector contribution stood at between 4 to 5% of GDP; subsequently plummeting to just around 1% of GDP in 2016 and 2017. Between 2010-2018, wild-capture fisheries (mainly lobster, conch, and finfish) reached 399,928 Metric Tons (MT) in 2010, dropping steeply to a low of 34,723MT by 2013 with a recovery to 216,107MT by 2018¹⁷, although among all wild-marine-species, export quantities of lobster and conch (the commercially most important ones) showed relative stability (around 2M pounds per annum, \$18.6M dollars in value), suggesting that finfish production and exports play a role in this observed variability¹⁸. The lack of data impedes the identification and dimensioning of the underlying causes¹⁹ of this high variability, and consequently, the development of a robust strategy to achieve the potential of marine fisheries in general and of finfish in particular.
- c. **Sustainable, small-scale sector wide enhancement investments.** In the general absence of pre-developed feasibility studies, and detailed technical designs to drive and materialize large-scale capital-public-investments for sector improvements, several distributed opportunities for small-scale, low cost, low environmental impact investments exist. These could provide optimizing and transformative sector wide operational improvements, in addition to stimulating increased and prospective private-sector-investment interest. Such investments could include inter alia the provision of: ice supply, refrigeration and cooler boxes; minor water supply & market drainage improvements; computer hardware and digital information systems; tablets for fisheries data management and MBECA institutional strengthening; fish finders, navigation aids, emergency communication equipment, deep slope fishing transitional kits (including rigs); Hand-held Hazard Analysis and Critical Control (HACCP) safety devices; fisheries surveillance and monitoring technologies e.g. vessels, electronic monitoring systems, Unmanned Aerial Vehicles (UAVs); and other assorted tools, gear and equipment required by the Fisheries Department and MBECA.
- d. **Climate vulnerability.** In general, fisheries industries are vulnerable to hurricanes and other climate risks because coastal areas, serving as the base of the sector, are highly exposed to storms and flood events. Belize has

¹⁷ World Bank Data (2021): [Capture Fisheries Production \(metric tons\) – Belize](#).

¹⁸ Oceans Economy and Trade Strategy (2019): [Report review and validation. Second National Stakeholder Workshop, 4-5, December](#).

¹⁹ Except the collapse of terrestrial "farmed" shrimp production in 2015, attributed to an outbreak of the Early Mortality Syndrome (EMS) disease, that can explain the decline in GDP through the aquaculture component.

endured 12 major disasters between 2000 and 2020 (10 of which were hurricane induced). The total economic damage, mainly loss of coastal infrastructure, amounted to US\$850M. Climate Change (CC) impacts are expected to be different across reef-associated shallow-shelf; deep-slope-demersal; shrimp and ground-fish; and oceanic-pelagic-species, fisheries, but probabilistic climate-risk-economic-loss-analysis of existing maritime economy-related asset classes is presently underdeveloped. This type of analysis is fundamental for both planning future resilient ME investments and identification of risk-informed ME policies.

- e. **Marine pollution²⁰.** Inadequate solid waste and wastewater management in coastal areas can impact the sustainability of nearshore and coastal offshore fisheries. Healthy water and habitat quality at the river-sea interface is also an important factor that impacts fisheries health. Negative ecological-health and mortality-inducing impacts in the latter interface can impact commercially important marine fishery populations, as it often plays an important nursery role in the life cycle of species.
- f. **Intersectoral coordination and inter-institutional governance capacity.** Belize's current institutional capabilities to develop, manage and coordinate, innovative, science-based, inclusive, and livelihood-based "growth-enabling" MEP pillar investments and interventions are incipient and limited. Weaknesses and limitations in intersectoral coordination, facilitation, and inter-institutional governance capacity, in addition to public-private collaboration, can negatively impact design-performance outcomes and sustainability of proposed public investments in fisheries and their associated value chains, as well as other future envisaged MEP pillar investments, significantly. Resolution of this challenge can be achieved by strengthening project-cycle management skills and integrated planning and decision-making skills through the piloting and implementation of investment development projects.

2.6 Given the foregoing context, the challenges to implement a sustainable and inclusive development strategy specifically for offshore fisheries and other maritime economy investments are primarily related to:

- a. **Knowledge gaps.** Information deficit (§2.5) currently impedes the development of a viable and sustainable public investment program. Belize lacks detailed information about: (i) the state its finfish fisheries ²¹ ; (ii) economically efficient and sustainable capture methods and gear as well as ideal vessel designs and configurations for deep sea fishing forays; (iii) socio--behavioral preferences and interests of artisanal fishers for offshore deep-water fishing; (iv) domestic, regional, and international finfish value chain, market demand and logistics for Belizean fish; among others.
- b. **Institutional capacities.** Belize's current institutional capabilities to develop, manage, intersectorally and inter-institutionally coordinate interventions and

²⁰ Although hereto identified in the spirit of comprehensiveness as an important contributory factor impacting fisheries and the maritime economy, for logistical and operational purposes, this will be treated to in a separate future water and sanitation operation, by the Government.

²¹ OCEANA (2020): [State of Belize Fisheries Report](#).

investments prioritized under the MEP are limited. The practical experience of the MBECA investment project cycle is still developing. In this regard, the construct of an operational institutional capacity for this purpose will require active participation of MBECA, private sector agents, as well as that of knowledge generation institutions.

- c. **Distributed sector wide enhancements.** Belize's capacity to monitor and manage, improve basic human and food safety, and improve artisanal and governmental roles in the fisheries value chain, as well as to enhance overall sector performance is constrained by fisher and fishery manager resource and access limitations to basic equipment, tools, technology, and gear. Selective distributed small-scale gear and technology enhancements have the potential to increase quality, efficiency, and increase current sector operational performance.
- 2.7 **Strategic approach.** Given the sector situational analysis outlined in paragraphs ¶2.5 to ¶2.6, foundational efforts must be dedicated to filling fundamental knowledge gaps and addressing institutional weaknesses as a precursor to finalizing investments in diversification and value addition.
- 2.8 **Strategic Alignment.** The operation is consistent with the Update to the Institutional Strategy 2020-2023 (AB-3190-2) and is expected to contribute to the Corporate Results Framework 2020-2023 (GN-2727-12), through the development challenges of: Beneficiaries of enhanced disaster and CC resilience; and Agencies with strengthened digital technology and managerial capacity) through the development challenges of: (i) Productivity and Innovation; and (ii) Economic integration, since the project will promote an export-oriented market sector. Additionally, the operation is aligned with the cross-cutting themes of: (i) Gender equality and diversity, since the project will include specific gender-sensitive approaches; (ii) Climate Change and environmental sustainability, since it will promote sustainable management of natural resources; and (iii) Institutional Capacity and rule of law, since it will support institutional strengthening for sector management. The operation is consistent with the "Vision 2025" (AB-3266) opportunities of regional integration, support to SMEs, gender and diversity, and CC action. It is aligned with the IDB's subregional strategy initiative for the Caribbean - Build Forward, and the "Sustainable Infrastructure for Competitiveness and Inclusive Growth, IDB Infrastructure Strategy" (GN-2710-5), specifically with the priority area of action "Support the construction and maintenance of socially and environmentally sustainable infrastructure, thus enhancing the quality of life". It is aligned with Pillar 2 "Private sector productivity and sustainable growth, with a focus on MSMEs" of the IDB Group Country Strategy with Belize 2022-2025 (GN-3086) and included in the 2022 Operational Program Report (GN-3087). It is aligned with the Sectoral Framework Documents on Environment and Biodiversity (GN-2827-8); and Climate Change (GN-2835-8); and Water and Sanitation Sector Framework's (GN-2781-13) objectives of fostering sustainable water resource management.
- 2.9 **Alignment with national and international priorities.** The project is aligned with Horizon 2030, the National Development Framework for Belize and its Growth and Sustainable Development Strategy, the Government's five-year strategic management plan for BE, its National Climate Resilience Investment Plan, the

2014-2024 National Environmental Policy & Strategy, and its Updated Nationally Determined Contribution 2021. Importantly also, it is consistent with and seeks to implement interventions and investments identified and prioritized under the action plan of Belize's Ocean Economy and Trade Strategy (2020) for the country's marine fisheries and seafood processing sector, as developed by the United Nations Conference on Trade and Development (UNCTAD). It is expected that the project will contribute to Sustainable Development Goals: 1 "No poverty", 5 "Gender Equality"; 12 "Responsible consumption and production"; 13 "Climate action", 14 "Life below water".

- 2.10 **Objectives.** The general objective is to contribute to sustainably growth of the country's blue economy through improved fisher incomes and export earnings within the framework of the country's MEP. The specific objective is to develop the enabling environment and to implement select small scale investments (hard and soft) across the fisheries value chain, for an export-strengthened and improved finfish-oriented fisheries sector and maritime economy investment. To accomplish this objective in a strategic manner, the project will be composed of two components:
- 2.11 **Component I. Fisheries' sustainable diversification research agenda (IDB Estimated US\$2,500,000).** To fill the information and knowledge gaps that currently impede the development of duly-informed-policies and preparation of investment programs with proven feasibility, this component will finance: applied-in-field participatory research in integrated fishery development and resource management to generate and assess socio-economic, technical, and financial data. Priority areas of research required to deliver the MEP include, among others: (i) determining stock status; (ii) promoting alternate non-extractive resource livelihoods; (iii) investments for overcoming skills gaps, training needs and behavioral drivers; (iv) analysis of domestic and international market demand, including specialized market niches; (v) primary supply chain constraints; (vi) barriers to trade; (vii) probabilistic climate-risk-economic-loss-analysis of existing maritime economy-related assets and (viii) selective design studies for broader ME investment portfolio development will also be financed. Gender sensitive issues will be addressed in an integral manner in all areas of research with optimal gender-responsive and gender-inclusive entry point opportunities being identified. This will include the characterization of the financial, technical, and human resource requirements to fulfill such opportunities.
- 2.12 **Component II. Institutional strengthening for MBECA, fisheries' sustainable development and sector wide investments. (IDB Estimated US\$4,000,000)** This component will finance: (i) institutional strengthening of MBECA, in terms of the delivery of policies, partnership models, tools, systems, processes and training that need to be established to implement the MEP; (ii) institutional strengthening of the Fisheries Department in terms of capabilities for fisheries management, monitoring and enforcement and (iii) sustainable low-risk, low-cost, high-impact, small-scale, sector-wide wide and value chain enhancement investments working with/through Public-Private and civil society stakeholder governance arrangements. The latter interventions will include but not be limited to: (i) strengthening fisheries surveillance/monitoring, data acquisition and management gear and equipment; (ii) improving fishery sector hazard resilience (such as emergency communication systems, navigation aids); (iii) enhancing

refrigeration and cold chain measures; (iv) minor water supply and sanitary improvements at markets; (v) activities that contribute to optimized production, marketing, investment promotion, sales, logistics, and business development arrangements; (vii) HACCP safety equipment; and (viii) digitally innovative measures, along with soft interventions (promotion campaigns, business development seminars, etc.). Through a continuous feedback process, the knowledge generated in Component 1 will inform and help adjust the interventions financed in Component 2, and in turn the lessons learned through the implementation of the latter will loop back into the research agenda, financed through Component 1.

- 2.13 **Additional costs (IDB Estimated US\$500,000)** for program administration, monitoring, and evaluation.
- 2.14 **Expected Results.** As a result of the project, Belize will have developed sustainable fishery management measures for marine finfish, increased its export earnings from marine finfish, increased and diversified livelihoods (income generating opportunities), and increased its planned pipeline of feasible maritime economy investments. This improvement would be a result of the country having enhanced its enabling-environment and its governance to generate the data and information systems and management capability to support the MEP investment project cycle, and to optimize the performance of the marine finfish value chain. Given the nature of the investments, all 2,500 artisanal fishers and 15,000 indirect sector employees will benefit.
- 2.15 The total cost of the project is US\$7,000,000 to be disbursed in a five (5) year period, to be financed by the Bank's Ordinary Capital.

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 **Sector knowledge.** Project preparation will benefit from knowledge initiatives generated in the past four years including but not limited to Ocean Economy and Trade strategy development undertaken by UNCTAD and DOALAS; state of Belize's fisheries assessments by OCEANA; Belize MEP as developed under the Commonwealth Marine Economies Program and supported by UKAID; the GCF financed and FAO advised "Enhancing adaptation planning and increasing climate resilience in the coastal zone and fisheries sector of Belize" project; and Belize Marine Conservation & Climate Adaptation Project (MCCAP). Additional analytic work will be conducted to fill some remaining knowledge gap and to prepare feasibility studies that meet the Bank's standards (Annex IV).
- 3.2 **Lessons Learned.** The operation will incorporate lessons from similar operations in Belize and regionally, based on: (i) impact evaluations of IDB-financed projects; (ii) recent Bank-financed systematization of operational lessons learned from incentive initiatives for capacity building and agricultural innovation in LAC; and (iii) FAO documented international best practices in artisanal fisheries improvement, involving securing small scale fisheries by improving environmental sustainability of seafood production using market based approaches.

- 3.3 **Coordination.** To maximize synergies and avoid duplications, coordination will be established with other operations that are currently under execution, like technical cooperation: “Development of the Blue Economy of Belize” (ATN/CO-19166-BL) and (ATN/JF-17360-BL); “Innovation in the Solid Waste Management Sector in Belize” (ATN/JF-19179-BL); and operations in preparation: BL-L1039 “Digital Innovation to Boost Economic Development”, BL-L1040 “Trade and Investment Facilitation Program”, and BL-L1041 “Sustainable and Inclusive Belize Program”. Coordination will also be established with the IDB Lab’s Digital Transformation of Marine Protected Areas project for Belize. The operation will also aim to reach complementarity with projects from other institutions including the GCF “Enhancing adaptation planning and increasing climate resilience in the coastal zone and fisheries sector of Belize” project. Potential synergies from any private sector interest potentially catalyzed by and emerging from the public investments made under Component 2 will also be coordinated directly with IDB Invest.

IV. ENVIRONMENTAL SAFEGUARDS AND FIDUCIARY SCREENING

- 4.1 In accordance with the Environmental and Social Policy Framework (ESPF), the operation was classified as Category “C” as it is expected to cause minimal or no negative environmental or social impacts. The operation will comply with the ESPF and will prepare an Environmental and Social Management System (ESMS) that will include measures to address labor conditions, prevent pollution, and procedures to enable Stakeholder Engagement and grievance mechanisms with gender and human right approaches, accordingly with the level of risk and impacts identified; aligned with the ESPS 1, ESPS2, ESPS3, ASPS9 and ESPS10 and national regulations.
- 4.2 Procurement financed by the operation will follow policies GN-2349-15 and GN-2350-15, and financial management will be guided by policy OP-273-12. So far, no exceptions to these policies are anticipated. The level of fiduciary risk will be assessed using the ICAP methodology and will be elaborated in the POD.
- 4.3 The executing agency will be the Ministry of Finance, Economic Development, and Investment (MFEDI). MBECA, the Belize Fisheries Department and Belize Water Services will also play a technical role in execution. The responsibilities of each stakeholder, and the coordination arrangements, will be detailed in the POD.

V. OTHER ISSUES

- 5.1 According to the preliminary risk assessment, the project execution environment is identified as a high risk. The IDB Group Country Strategy with Belize 2022-2025 highlights the issues of project management capacities, inter agency coordination, and attracting and retaining technical and project management talent. Preliminary mitigation measures include the provision of technical support to the Executing Unit, to be financed in a first stage by Technical Cooperation (TC): Design and support to the kick-off of the Sustainable and Inclusive Belize Project (ATN/OC-19183-BL). Amongst others, and with the support of this TC the Government is already taking reform measures to reduce execution and coordination risk. Conditions prior to first disbursement and special conditions of execution will also be considered as part of the risk mitigation strategy. Other

potential risks will be analyzed during the design of the project and their corresponding mitigation measures will be identified and budgeted.

- 5.2 Exploratory dialogue between the Bank and the European Union about the prospect of this operation receiving the benefit of non-reimbursable co-financing is ongoing. The European Union is currently *en route* and developing its action fiche, or proposal for the approval of financial resources by its Headquarters and a decision is estimated by quarter 1 of 2023.

VI. RESOURCES AND TIMETABLE

- 6.1 The distribution of the Proposal for Operation Development (POD) to the Quality and Risk Review (QRR) is expected on October 12, 2022. The approval of the Draft Loan Proposal (DLP) by the Operations Policy Committee (OPC) is expected on November 16, 2022; and final approval by the Board of Executive Directors is expected on December 14, 2022.
- 6.2 To support the preparation of this operation, it will be needed US\$45,000 from the Bank's administrative budget; US\$300,000 from TC "Development of the Blue Economy of Belize" (ATN/CO-19166-BL); and US\$20,000 from TC "Innovation in the Solid Waste Management Sector in Belize"(ATN/JF-17360-BL; ATN/JF-19179-BL).

CONFIDENTIAL

¹ The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.



ESRR Report

Operation Information

Operation		
BL-L1042 Promoting Sustainable Growth in the Blue Economy Program		
Environmental and Social Impact Category	ESRR	
C	Moderate	
Country	Executing Agency	
Belize	BL-MDE	
Organizational Unit	IDB Sector/Subsector	
CSD/RND	COASTAL ZONE MANAGEMENT	
Team Leader	ESG Primary Team Member	
YURI CHAKALALL		
Type of Operation	Original IDB Amount	% Disbursed
LON	\$7,000,000.00	
Assessment Date	Author	
2022-08-23	Hurwitz, Zachary Daniel	
Operation Cycle Stage	Completion Date	
ERM	2022-08-11	
QRR	2022-10-12	
Board Approval	2022-12-14	
Current Last Disbursement Expiration	No Date	
Safeguard Performance Rating		
Rationale		



ESRR Report

Risk Assessment

Cause	Value
Largely related to direct impacts of project footprint, and inherent sector risk including contribution to cumulative risks	Low
Comments: The operation will not finance any infrastructure or interventions that generate direct negative impact. The studies financed by the operation are meant to support scale-appropriate knowledge for sustainable livelihood management associated with fisheries, thus it will positively impact the existing pressure in nearshore livestock .	
Contribution	Value
Largely related to indirect and induced impacts, third party actions, associated facilities, supply chain aspects, and indirect contribution to cumulative impacts	Moderate
Comments: Though the program will finance studies, it is expected to cause minor indirect impacts related to waste management. The operation will contribute to optimizing the performance of the marine finfish value chain.	
Context	Value
Largely related to influence and impacts from external operating environment on project setting, including legal framework and practice, vulnerability risk, political and social conflict, cultural context, legacy issues, etc	Low
Comments: The operation is not expected to be impacted or exacerbated by, nor will increase exposure to, climate change and disaster risk. Contextual legal risk is low, as local frameworks permit general use of fisheries near marine reserves and require management measures including specific protections, gear restrictions, and policies determining allowable catch or maximum sustainable yield.	
Performance	Value
Directly related to borrower capacity and organizations, commitments, resources and overall performance during project	Low
Comments: Performance risk is low, as the Executing Agency demonstrates sufficient capacity and competency for managing environmental and social issues related to the scope of the studies financed by the operation.	
Overall Environmental and Social Risk Rating	Value
Please indicate the overall ESRR of the project according to your professional judgement at this point in time	Moderate
Comments: Overall risk is moderate, as while no direct impacts are to be generated by the studies financed by the operation and contextual and performance risk are low, there may be minor indirect impacts related waste management as the fishery value chain is improved.	

SUMMARY OF THE INITIAL ENVIRONMENTAL AND SOCIAL REVIEW

In accordance with the Environmental and Social Policy Framework (ESPF), the operation was classified as Category “C” as it is expected to have minimal or no significant environmental and social impacts. For category C operations that generate minimal impacts, specific requirements of ESPS 1, 2 and 10 apply. In addition, ESPS 3 and ESPS 9 apply.

For ESPS 1 – Environmental and Social Management System (ESMS). The Executing Agency in coordination with other Government agencies will conduct a process of environmental and social assessment and maintain an ESMS appropriate to the nature and scale of the project and commensurate with the level of its environmental and social risk impacts. The Program will include eligibility criteria for excluding activities that could be identified as Category A or B according to the ESPF. Risks associated with overfishing and fishing of species of conservation interest will be mitigated by Belize’s national regulatory framework, which includes the National Protected Areas System Act, 2015 (No.17 of 2015) and the Fishery Act-2020, which prohibit midwater and/or bottom trawl fishing. The demersal finfish is identified as commercially valuable, and demersal red snapper is the primary target species. The current fishery sector is dominated by lobster and conch fishing in Belize’s internal waters. These fisheries have annual stock assessments, closed seasons and other well-regulated fishery management measures. The regulation requires the use of artisanal harvesting measures. e.g without use of scuba equipment. Belize’s fishing regulatory framework also allows for exploratory fishing and licensing of commercial research activities.

In addition, Belize has fisheries management/conservation measures that include an extensive system of marine protected areas (MPAs) some of which are co-managed by Community-Based Organizations (CBOs) and Non-Governmental Organizations (NGOs) with oversight from the Government. This includes the establishment of 9 marine reserves, the protection of 13 spawning aggregation sites, 2 marine wildlife sanctuaries, and a territorial user rights regime for artisanal fishers. Under its recent Blue Bond debt restructuring the Government is committing to expanding some additional spatial areas for protection/conservation. No special permitting or environmental assessment is required from UNESCO (to be confirmed with Belize High Seas Fishery Unit).

The ESMS will identify corresponding mitigation measures to be incorporated in the program design. Regarding ESPS 2 on Labor and Working Conditions, the Executing Agency shall prepare and maintain an Environmental and Social Management System (ESMS) for the operation with specific elements related to Labor and Working Conditions. The Borrower will adopt and implement labor management policy and procedures appropriate to the nature and size of the project and its workforce that will include Labor Management Procedures to address labor and working conditions; health and safety measures in an Environmental Health and Safety (EHS) Plan; and a Labor Human Rights Plan for fishery activities in compliance with national regulations and the ESPF. The operation labor and working conditions risks are related to fishery experiment studies and the small-scale value chain improvement activities.

For ESPS 3 on Resource Efficiency and Pollution Prevention, Belize's National Legal Framework and Fishery Act include requirements to issue fishery licenses to vessels. The fishery research experiments are expected to generate minor impacts related to pollution of water, soil, and air due the operation of small research vessels from inland to the open sea. The Executing Agency will include as part of the ESMS the measures to mitigate and manage the impacts and risk related the operation.

Regarding ESPF 9 on Gender Equality, the operation includes specific pro-gender and pro-youth actions to optimize the participation of women in fishery value supply chains. The ESMS will assess potential risks based on gender, sexual orientation and/or gender identity, including but not limited to risks of gender-based violence and potential exclusion and/or discrimination to participate in program activities.

For ESPS 10 on Stakeholder Engagement and Disclosure of Information, the Borrower will operate a Grievance Redress Mechanism at the Project level (direct and contracted) and a Stakeholder Engagement Plan will be prepared (if necessary) if any infrastructure interventions are confirmed during program execution. The Stakeholder Engagement Plan forms part of the ESMS that includes among other activities (i) stakeholder mapping, (ii) meeting procedures; (iii) announcements and communication; (iv) queries processes; (v) the reports of one round of meaningful, culturally adequate and gender-inclusive public consultation (vi) and the design and implementation of a community and workforce grievance mechanism.

INDEX FOR COMPLETED AND PROPOSED SECTOR WORK

Description	Estimated Dates	References / Electronic Links
TECHNICAL		
Climate-Resilient Integrated Coastal Zone Management Performance Indicators: Application in Belize	Completed (2020)	Link
Index of Governance and Public Policy in Disaster Risk Management (iGOPP): National Report Belize	Completed (2020)	Link
Review of Blue Economy of Bahamas, Barbados, Belize, Guyana, Jamaica, Trinidad and Tobago and Suriname	Completed (2020)	Not public
Rapid diagnostic fishery sector baseline assessment	August (2022)	Not public (prepared to inform POD development)
Gender-sensitive characterization and appraisal of the Belizean domestic marine finfish market and value chain	August (2022)	Not public (prepared to inform POD development)
Market dynamics, price trends & logistics for Belizean finfish	August (2022)	Not public
Independent program technical quality review	September (2022)	Not public
Technical assessment and design of components 1 and 2	September (2022)	Not public
Training assessment and training development studies	August (2022)	Not public
Wastewater, waste management & ecological assessment studies	September (2022)	Not public
GENERAL		
Country technical note on indigenous peoples' issues – Belize	Completed (2017)	Link
Monitoring and Impact Evaluation Plan	August 2022	
Institutional analysis PACI	April 2022	Not public
Support Consultancy to Evaluate and Propose Improvements in the Execution of Projects in Belize	Completed (2021)	Link
Ex-ante economic assessment	August 2022	
Project management tools (PEP-AOP, Procurement Plan, Budget per Output, Risks Matrix and Mitigation Plan, Program Operating Manual)	August 2022	
Local coordination support	August 2022	

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¹ The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.