

BELIZE
PROJECT PROFILE (PP)

I. BASIC DATA

Project Name:	Agricultural Services Program		
Project Number:	BL-L1009		
Project Team:	John Horton (INE/RND) and Juan de Díos Mattos (RND/CGU), Co-Team Leaders; Juliana Almeida (INT/INT); Juan-Carlos Perez-Segnini (LEG/SGO); Vanessa Lynch (CID/CBL); Willy Bendix (PDP/CCR); Mario Castañeda (PDP/CES) and Lisa Sofia Restrepo (INE/RND)		
Borrower:	Belize		
Executing Agency:	Ministry of Agriculture and Fisheries (MAF) and the Belize Agricultural Health Authority (BAHA)		
Financing Plan:	IDB: Ordinary Capital (OC)	US\$5.0 million	
	Local:	<u>US\$0.5 million</u>	
	Total:	US\$5.5 million	
Safeguards:	Policy identified:	OP-703 (B.5, 6,10, 11) OP-704	
	Category:	B	

II. GENERAL JUSTIFICATION AND OBJECTIVES

A. Background and justification

- 2.1 The Belizean agricultural and fisheries economy has long generated the preponderance of national merchandise exports, accounting for an average of 78% of total exported value over the past two decades. The sector provides an important source of employment, particularly for the 52% of the population living in rural areas. Traditionally the sector has however rested disproportionately on three export commodities: sugar; citrus; and bananas, all of which have depended to varying degrees on preferential trade agreements notably with Europe. As access of these commodities to European markets has been threatened in the short to medium term by preference erosion, public and private agricultural investment within the sector has focused on bolstering competitive alternatives.
- 2.2 A number of high value non-traditional agricultural and fishery exports have filled much of the breach left by declining commodities. Papayas, shrimp, lobster tails and tilapia now account for between 20% and 25% of sector exports. Meanwhile some segments of the traditional three commodities have demonstrated competitive potential for value-added food or bio-energy products. Still newer non-traditional exports have demonstrated market competitiveness but need to expand production to achieve significant volumes whether for export or for sale to the burgeoning tourist trade. The most notable expansion in recent years has been traditional food staples to trans-border markets in Guatemala and Mexico and in nearby CARICOM countries.

- 2.3 Currently Belize's agricultural productivity levels are comparable to the average level of the Central American and Caribbean region in food crops, though slightly below average for basic grains. For root and tuber crops, Belize surpasses the regional average but yields in nearby Guatemala, El Salvador or Mexico exceed them by margins from 40% to over 100%. The one food crop in which Belize has excelled is edible beans where in 2005 they surpassed the regional average by 55%, but have shown they do not have the applied research and multiplication capacity to grow substantial quantities of the variety of beans for which they have standing orders in Guatemala.
- 2.4 The situation in livestock is still more dramatic where they have strong commercial incentives to export meat to their buyers across the border and in CARICOM countries, yet their cattle herd is 3% the size of the average CAFTA country. The Belize Livestock Association reports having fewer than a dozen improved breeding bulls in country of the genetic quality required, estimating a need for about 200. The applied research and sanitary clearance capacity for small ruminants is far worse, despite energetic attempts by Mexican and CARICOM buyers to source from Belize.
- 2.5 Belize faces many challenges to comply with sanitary and phyto-sanitary (SPS) international standards. This reflects a combination of limitations of the capacities of the Belize Agricultural Health Authority (BAHA) and the unusually broad array of risks. The World Organization for Animal Health (OIE) lists Belize as having to gain clearance from diseases ranging from Brucellosis, African Swine Fever, Foot and Mouth Disease, to Tuberculosis. Similarly Belize must show it is free of Medfly and many other pests to gain admissibility for many fruit and other horticultural crops.
- 2.6 Since taking office in 2008, the Barrow government has expressed its intent to assist the agricultural sector to build its competitive base as a boost to the economic growth of Belize.¹ However, the country's small population and economic size poses a central challenge to devising an investment strategy in basic public goods to support sector competitiveness. In this context, the Government has prioritized two key agricultural services to improve productivity levels and facilitate access to new markets: (i) agricultural innovation; and (ii) plant, animal and food safety risk. In the case of agricultural innovation services, the research and development (R&D) service faces the same challenge of diseconomies of scale. In 2004, the International Service for National Agricultural Research (ISNAR) completed a significant analysis of the challenges and best practices for agricultural research in the Caribbean, including Belize. The ISNAR analysis makes it clear that national R&D services must leverage existing external resources including alliances with private sector efforts and with external national and regional programs.

¹ The "agriculture sector" is construed in its broadest sense here to include agriculture, livestock, fisheries and forestry supply chains. It also includes processed food and agriculture-based manufactured goods.

- 2.7 In the case of agricultural health and food safety services, close collaboration with regional and other national agricultural health programs is required to assist in the establishment of benchmarks. In this regard, the evaluation of the country's veterinary services by the OIE that identified the challenges, can provide some measurable targets. In addition, BAHA service fees may not necessarily reflect the economic value of services to users, undermining their financial sustainability.
- 2.8 The latest IDB Country Strategy places sustainable development of agriculture as part of its core. It explicitly aims to expand production and international market positioning through priority public and private investments in agriculture.

B. Objective, description and expected results

- 2.9 The specific objective of the investment program is to strengthen the core public agricultural services that provide access to applied production technology corresponding to market opportunities, while reducing the risks derived from threats to plant and animal health and food safety. This in turn will contribute to the broader goal to enhance the competitive productive base upon which Belizeans can increase their income. The Program will be national in scope, expanding the basic public services to support enhanced competitiveness in agricultural production and quality control across a range of rural supply chains with demonstrated market potential. The Program will consist of two components: (i) Applied Production Innovation; and (ii) Plant, Animal and Food Safety Risk Management.
- 2.10 **Component I.** Will enhance the services of the Ministry of Agriculture and Fisheries (MAF) and BAHA to support private producers in sourcing improved plant and animal foundation breeding stock available for commercial multiplication, corresponding to expanded demand from established market opportunities. The investments will finance improvements to infrastructure and equipment for laboratory work, field trials and propagation, notably at MAF's Central Farm. At the same time the Program will enhance the technical capacity of the MAF to finance the same function performed through out-sourcing and alliances with private plant, animal, and aquaculture breeders.
- 2.11 **Component II.** Will strengthen the services of BAHA to support the expanded and diversified demands for agricultural and food production from Belize. The anticipated investments will target improvements or expansion to existing equipment and facilities to fulfill their mandate across a broader range and higher volume of products both for export markets and for consumption by the tourist trade and local population. Technical assistance will also be required to strengthen BAHA's capacity to evaluate changing sanitary risks continuously in order to adjust the delivery of services accordingly and to expand their normative and oversight role in quality certification and traceability programs.
- 2.12 The Program will be implemented by two co-executing agencies: MAF and BAHA. To implement Component I, the Program will rely upon a team dedicated to technology identification and dissemination drawing principally upon existing

MAF staff and established research program partners. To implement Component II, the Executing Agency will form a separate team drawn from BAHA's staff.

- 2.13 The Program is proposed as a loan for specific projects to be disbursed over a five year period. Its total cost of US\$5.5 million will be financed with a US\$5 million loan from the Ordinary Capital account. The counterpart contribution from the Government of Belize is estimated at US\$500,000.
- 2.14 Expected results include increased productivity and competitiveness to be measured in selected supply chains and the expansion of higher value chains such as organic products. Other significant expected results will be strengthening effective sanitary controls measured by the increase of areas recognized as "zones free of" various pests or diseases by the corresponding authority and improvement in the perceived quality of agricultural health and food safety services.

III. SECTOR KNOWLEDGE AND TECHNICAL DESIGN ISSUES

- 3.1 A US\$3.6 million loan approved by the Bank in 1999 supported the Modernization of Agricultural Health Program (1189/OC-BL). Completed in 2005, the objective of the operation was to strengthen the country's agricultural health system and provide a satisfactory surveillance system for animal and plant diseases and food safety. The main outcome of the operation was the establishment of the BAHA in 2003, which according to the final evaluation and Project Completion Report is considered by the private sector inside and outside Belize as an institution that has contributed substantially to improving agricultural health and compliance of international norms. The execution of the operation provided lessons that will be taken into consideration in Program design. BL-T1015 will provide inputs to manage natural disaster risks in the agricultural sector.
- 3.2 **Market Identification and Linkage Services.** As the binding constraints to production and fulfillment of SPS standards are addressed, additional investments in information technology and training may prove justified to optimize the outcomes of the operation as a whole. As such, during the design process, the team should consider the option of developing a parallel TC focused on market identification and positioning to complement the loan.
- 3.3 **Semi-Autonomous Nature of BAHA.** The public-private nature of BAHA's Board, composed of public sector members appointed by MAF plus representatives of private sector associations, and its semi-autonomous legal status may present implementation challenges. The team will explore with the Government whether this presents a fundamental obstacle and whether a Coordinating Committee under the aegis of the Ministry of Economic Development (MED) will have to be created overseeing the implementation of the respective MAF and BAHA activities under the Program.

IV. SAFEGUARD SCREENING

- 4.1 The direct environmental impacts of the Program will be limited to those associated with the modification or existing facilities. Those impacts can be readily mitigated with well-established techniques practiced in Belize. The indirect impacts include those arising from the intensification of agriculture, livestock or aquaculture farms. The Operations Regulations will include guidance on the procedures for environmental and social impact analysis and formulation of any mitigation measures required. The Program will contribute directly to positive environmental outcomes by upgrading the capacity for sanitary controls, food safety and traceability, thus strengthening monitoring capabilities and the capture of commercial benefits derived from certification.
- 4.2 Following the guidance provided by the Bank's Safeguard and Environmental Policy (OP-703 and OP-765), applying the Safeguard Policy Filter, the team classified the operation as a Category "B"². Consistent with Policy (B.11), any construction proposed under the Program will require a specific environmental impact assessment and mitigation plan. Under Policy (B.10), the Program will provide guidance regarding the handling of agricultural chemicals or hazardous biological substances related to laboratory work or field trials. The Environmental and Social Management Plan (ESMP) will provide the framework for this oversight. OP-704 will provide guidance to review natural disasters risk management.

V. PREPARATION RESOURCES AND SCHEDULE

- 5.1 The Bank is currently undertaking an analysis to prioritize public investment in Belize's Agriculture Sector (BL-P1043) jointly financed by Belize C&D funds (ATN/SF-5538-BL) and administrative funds. The findings of this analysis will provide orientation and technical inputs to guide the work of the individual consultants and the MAF to advance the design of the Program. Additional technical resources will be financed through a TC for the design of the loan (BL-T1043) to allow the completion of baseline analysis of current levels of support to the sector, projections of BL-L1009 outputs and enhanced supply chain competitiveness outcomes, the design of the monitoring and evaluation system, the environmental analysis, as well as overall Program institutional design. The administrative budget will finance a senior agricultural R&D expert and a senior SPS and food safety specialist. These assignments will include the initial phase to be completed by July and the project appraisal phase to be completed in August.
- 5.2 The POD is expected to be approved within 180 days following the approval of the present Project Profile. The Loan Proposal is scheduled to be presented to the Bank's Board for its consideration in October 2009.

² Minutes from ESG are included as an annex. These minutes reflect the changes made in the classification of the project.

SAFEGUARD POLICY FILTER REPORT

This Report provides guidance for project teams on safeguard policy triggers and should be attached as an annex to the Project Concept Document (or equivalent) together with the Safeguard Screening Form, and sent to ESR.

1. Save as a Word document. 2. Enter additional information in the spaces provided, where applicable. 3. Save new changes.

PROJECT DETAILS	IDB Sector	Agriculture and Rural Development
	Project Type	Investment Loan
	Additional Operation Details	
	Country	Belize
	Project Status	New Operation
	Investment Checklist	Generic Checklist
	Team Leader	John s. Horton
	Project Title	Agricultural Services Program
	Project Number	BL-L1009
	Safeguard Specialist(s)	Ernani Pilla
	Assessment Date	2009-05-06
	Assessment Number	2009-05063858-2
	Additional Comments	

SAFEGUARD POLICY FILTER RESULTS	Project Type	Investment Loan	
	Safeguard Policy Items Identified (Yes)	An Environmental Assessment is going to be performed.	(B.05)
		Consultations will be performed.	(B.06)
		Potential to impact the health of workers or local communities through the use of hazardous materials.	(B.10)
		Potential to cause air, soil or water contamination (also see B.10).	(B.11)
	Potential Safeguard Policy Items (?)	No potential issues identified	

	Recommended Action	Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s). Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PCD (or equivalent) and Safeguard Screening Form to ESR. <i>Policy Directives can be accessed from the Resources tab on the Toolkit home page.</i>
	Additional Comments	

ASSESSOR DETAILS	Name of person who completed screening:	
	Title	
	Date	2009-05-06

SAFEGUARD SCREENING FORM

This Report provides a summary of the project classification process and is consistent with Safeguard Screening Form requirements. The printed Report should be attached as an annex to the Project Concept Document (or equivalent) (together with the Safeguard Policy Filter Report) and sent to ESR.

1. Save as a Word document. 2. Enter additional information in the spaces provided, where applicable. 3. Save new changes.

PROJECT DETAILS	IDB Sector	Agriculture and Rural Development
	Project Type	Investment Loan
	Additional Operation Details	
	Country	Belize
	Project Status	New Operation
	Investment Checklist	Generic Checklist
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	Project Title	Agricultural Services Program
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	Assessment Date	2009-05-06
	Assessment Number	2009-05060843-2
	Additional Comments	

PROJECT CLASSIFICATION SUMMARY	Project Category: B	Override Rating:	Override Justification:
			Comments:
	Conditions/Recommendations	<ul style="list-style-type: none"> • Category "B" operations normally require an environmental impact analysis (see Environment Policy Guideline: Directive B.5 for Environmental Analysis requirements). • However, these operations should also establish safeguard, or monitoring requirements to address environmental and other risks (social, disaster, cultural, health and safety etc.) where necessary. • The Project Team must send to ESR the PP or PCD (or similar) containing the E&S Strategy (the requirements for an ESS are described in the Environment Policy Guideline: Directive B.3) plus the Safeguard Policy Filter and Screening Form Reports. • These operations will normally require an environmental and/or social impact analysis, according to, and focusing on, the specific issues identified in the screening process, and an environmental and social management plan (ESMP). 	

		Policy Directives can be accessed from the Resources tab on the Toolkit home page.
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SUMMARY OF IMPACTS/RISKS AND POTENTIAL SOLUTIONS	Identified Impacts/Risks	Potential Solutions
	<p>The impacts from production, procurement and disposal of hazardous materials are minor and will comply with relevant national legislation, IDB requirements on hazardous material and all applicable International Standards.</p> <p>Generation of solid waste is moderate in volume and does not include hazardous materials.</p>	<ul style="list-style-type: none"> • Monitor hazardous materials use: The client should document risks relating to use of hazardous materials and prepare a hazardous material management plan that indicates how hazardous materials will be managed (and community risks mitigated). This plan could be part of the ESMP. • Solid Waste Management: The client should monitor and report on waste reduction, management and disposal and may also need to develop a Waste Management Plan (which could be included in the ESMP). Effort should be placed on reducing and re-cycling solid wastes. Specifically (if applicable) in the case that national legislations have no provisions for the disposal and destruction of hazardous materials, the applicable procedures established within the Rotterdam Convention, the Stockholm Convention, the Basel Convention, the WHO List on Banned Pesticides, and the Pollution Prevention and Abatement Handbook (PPAH), should be taken into consideration.

ASSESSOR DETAILS	Name of person who completed screening:	Date:
	Comments:	

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Agricultural Services Program (LO-L1009) ANNEX III – Environmental and Social Strategy

- 1.1 The Program's environmental and social strategy focuses on contributing to agricultural and food sector quality and safety while mitigating any negative direct impacts from construction or increased use of agro-chemicals. The Program will contribute directly to positive environmental outcomes by upgrading the capacity for sanitary controls, food safety and traceability, thus strengthening monitoring capabilities and the capture of commercial benefits derived from certification. The only direct negative environmental impacts anticipated will be limited to those associated with the modification or existing research or sanitary control facilities, or possible increased use of agro-chemicals in the field or biological or chemical agents in the laboratory.
- 1.2 Those impacts can be readily mitigated with well-established techniques practiced in Belize. The indirect impacts include those arising from the expansion or intensification of private agriculture, livestock or aquaculture farms. In this context the Operations Regulations will include specific guidance on the procedures for environmental and social impact analysis and formulation of any mitigation measures required.
- 1.3 No direct or indirect negative social impacts are anticipated. While Belize is a multi-ethnic society, including indigenous peoples and Garifuna communities, no resettlement or other impacts are foreseeable that might require safeguard measures as outlined in OP-765.
- 1.4 Following the guidance provided by the Bank's Safeguard and Environmental Policy (OP-703 and OP-765), applying the Safeguard Policy Filter, the team ultimately classified the operation as a Category "B".¹ Consistent with the Pollution Prevention and Abatement Policy (B.11) any construction proposed under the Program will require a specific environmental impact assessment and mitigation plan. Under the Hazardous Materials Policy (B.10), the Program will provide guidance regarding the handling of agricultural chemicals or hazardous biological substances related to laboratory work or field trials. The Environmental and Social Management Plan (ESMP) will provide the framework for this oversight. OP-704 will provide guidance to review natural disasters risk management.

¹ The original safeguards filter classified the Project as "C". However, after comments from ESG the project was reclassified as "B". Minutes from ESG are included as an annex.

- 1.5 Furthermore, the Program will pro-actively seek to encourage the development and extension of agricultural technology “packages” that offer producers not only reduced negative environmental impacts, but facilitate their benefitting commercially by capturing a quality premium in the market. The development of certification programs with private sector producer associations is central to this aspect of the strategy. Examples include the establishment of livestock that are certified free from tuberculosis or brucellosis and production of organic fruits and vegetables particularly. The development of traceability programs in various supply chains through public-private collaboration will open new opportunities to producers. Effective traceability will provide an additional incentive to produce the highest quality sustainable products for consumers with a demonstrated demand for various environmental and social characteristics, whether they be tourists or others who want to consume locally grown products or socially responsible consumers abroad looking to reward and encourage to positive practices of various sorts.

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AGRICULTURAL SERVICES PROGRAM (BL-L1009) ANNEX V – Critical Path: Timetable and Estimated Resources

Item	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Public Investment Prioritization Strategy for Agricultural Sector	x x	x x	x						
PP Distribution to ERM	x								
PP Approval	x								
Contracting Consultants	x	x x							
Analysis & Recommendations: Agri R&D	x	x x	x x						
Animal & Plant Health Food Safety Analysis		x	x x	x x					
Agricultural Support Analysis		x	x x	x x	x				
Supply Chain Competitiveness Analysis		x	x x	x x	x				
Operating Regulations			x	x x	x	x			
Financial and Economic Analysis			x	x	x	x			
Economic and Social Management Plan		x	x x	x x		x			
Institutional Analysis			x x	x x		x			
Baseline and Results Matrix	x	x		x x		x x			
Monitoring & Evaluation System Design		x	x	x	x x	x			
Analysis Mission				x					
Stakeholder Workshop			x						
Procurement Plan			x	x	x x				
Preparation of draft POD				x x					
Preparation of final version POD				x	x				
Distribution to POD QRR					x				
POD – VPS-VPC Approval					x				
OPC Approval						x			
Negotiation						x			
Presentation to Board							X		

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AGRICULTURAL SERVICES PROGRAM (BL-L1009)
ANNEX V – (Continued) Estimated Resources

Consultants Financed by Technical Cooperations (BL-T1043 & ATN/SF-5538-BL)			
Activity	Cost (US\$)		Expected Completion
“Design of a Public Investment Program in Support of Enhanced Agricultural Competitiveness” (BL-T1043)	\$135,000		August 2009
C&D Support to Strategy to Prioritize Public Sector Investment to Agriculture Sector (ATN/SF-5538-BL)	\$12,500		June 2009
TOTAL	\$147,500		

Administrative Budget for BL-L1009			
Tiempo del Equipo de Proyecto (Staff time)	0.005 FTE/day	# days	FTE
Co-Team Leader (INE/RND)		50	0,250
Co-Team Leader (CGU/RND)		30	0,150
Sector Specialist (INT/INT)		15	0,075
Procurement Specialist (VPC/PDP)		8	0,040
Operations Analyst (CID/CBL)		15	0,075
Financial Specialist (CID/CBL)		8	0,040
ESG Safeguard Specialist		4	0,020
Attorney (LEG/SGO)		15	0,075
Project Assistant (INE/RND)		10	0,050
Other		8	0,040
Subtotal		163	0,815
Project Team Missions	Per diem	ticket	Cost US\$
Orientación (2 staff x 10 días)	2 x 5 x US\$200	2xUS\$750	\$3,500
Analysis (2 staff x 10 días)	3 x 10 x US\$200	3xUS\$7500	\$8,250
Transport & Overtime CBL charged to project & other			\$6,350
Subtotal			\$18,100
Consultants	US\$/day	# days	Total US\$
Agricultural Economist – Strategy for Prioritization of Public Investment in Agricultural Sector (Co-finance with C&D funds)	-	-	\$10,200
Agri R&D Specialist – perdiem (19 days), ticket (2)	-	-	\$ 27,000
Plant & Animal Health / Food Safety Specialist – perdiem (10 days), ticket (1)	-	-	\$ 18,000
Other direct expenses supporting consultants			\$2,000
Subtotal			\$55,200
TOTAL ADMINISTRATIVE BUDGET			\$76,300