




MEMORANDUM

Date: April 20, 2022

To: Juan Pablo Bonilla
Sector Manager, CSD/CSD

Ramiro Lopez Ghio
Country Representative, CID/CBL

Pedro Martel
Division Chief, CSD/RND

From: Fernando Quevedo
General Manager, CID/CID 

Subject: **BELIZE.** Sustainable and Inclusive Belize (BL-L1041; BL-J0003). Approval of Project Profile (PP).

The Eligibility Review Meeting (ERM) that revised the Project Profile was carried out in person on March 17, 2022.

The ERM recommendations have been incorporated into the attached Project Profile and actions to be taken are documented in the ERM minutes.

The documents properly reflect the critical issues of the operation and establish a feasible plan for future actions and outcomes in the project cycle. Consequently, the Project Profile and annexes have been granted eligibility and are attached for your information.

Documents included:

- Project Profile (PP)
- Annex I: Development Effectiveness Matrix (DEM) - Summary
- Annex II: Safeguard Policy Filter (SPF) and Safeguard Screening Form (SSF)
- Annex III: Environmental and Social Safeguard Strategy
- Annex IV: Index of Sector Studies
- Annex V: Resources and Timeline Preparation
- ERM Minutes

PROJECT PROFILE

BELIZE

I. BASIC DATA

Project Name:	Sustainable and Inclusive Belize		
Project Number:	BL-L1041; BL-J0003		
Project Team:	Marion Le Pommellec (CSD/RND), Project Team Leader; Lina Salazar, Gines Suarez (CSD/RND), Alejandro Carrión (SCL/MIG), Alternate Team Leaders; Denise Levy, Lisa Restrepo, Santiago Bucaram (CSD/RND); Maria Ines Vasquez (IFD/ICS); Hugo Us (SCL/GDI); Omar Samayoa (CSD/CCS); Lucien Chung (INE/TSP); Adela Dávalos (SCL/MIG); Astrid Salazar, Hero Balani, Alexis Bryant (CID/CBL); Alvaro Luis Sanmartin Baez (LEG/SGO); Ute Reisinger, Jessica Arango Laws (VPS/ESG); Christian Lunstedt Tapia, Brodrick Watson (VPC/FMP); Henry Wade (DIS/CBL); Manuel Enrique Urquidi Zijderveld, Liliana Serrate, Guillaume Antoine Durand (SCL/LMK)		
Borrower:	Belize		
Executing Agency:	Ministry of Finance, Economic Development and Investment (MFEDI)		
Financial Plan:	IDB – Loan (Ordinary Capital):	US\$	15,000,000
	IDB – Grant Facility (Ordinary Capital):	US\$	800,000
	Total:	US\$	15,800,000
Safeguards:	Policies triggered:	ESPS 1; ESPS 2; ESPS 3; ESPS 4; ESPS 6; ESPS 7; ESPS 8; ESPS 9; ESPS 10	
	Classification:	ESIC: B; ESRR: moderate; DCCRC: moderate	

II. GENERAL JUSTIFICATION AND OBJECTIVES

- 2.1 The Government of Belize (GoB) requested the Bank's support, through a Specific Investment Loan (ESP), to increase opportunities for vulnerable populations, promoting natural resource-based economic activities in the post COVID-19 context. The GoB also expressed its interest in the non-reimbursable resources from the IDB Grant Facility (GRF), which aims to support countries with large and sudden intraregional migration inflows in operations that are under preparation and could be complemented or scaled up to address the effects of this phenomenon in host communities.
- 2.2 During the last decade, Belize's economy grew slowly, with GDP increasing by 2.2% annually, and average per capita income declining by 0.4% per year. Also, social indicators deteriorated. Poverty rate rose from 41% in 2009 to 52% in 2018, and the Gini coefficient increased from 0.38 in 2009 to 0.49 in 2018. Further, the country was one of the most highly impacted economies by COVID-19 in the world. The GDP contracted by 16.7% in 2020, as unemployment and labor force

participation deteriorated from 7.7% to 13.7% and 70.1% to 55.1% in 2020 and 2021, respectively (IDB, 2020¹; IMF, 2021; [SIB, 2021a](#); [SIB, 2021b](#)). The recovery has been strong since the start of the pandemic, with GDP growth for 2021 estimated at 12.5% and forecasted at 6.5% for 2022 (IMF, 2022). Unemployment and labor force participation also showed improvements to 9.2% and 62.4%, respectively, largely owing to the gradual recovery of the tourism industry. During the pandemic, the drop in revenues coupled with an increase in emergency expenditures led to a GDP deficit of -10.2% and debt level of 133% of GDP in 2020, but fiscal consolidation efforts and other expenditure cuts contributed to a deficit reduction in 2021 to -0.7% of GDP. A significant reduction in external debt was also achieved following Belize's Debt for Nature¹ Swap, reducing overall public debt to 108% of GDP. Nevertheless, uncertainties and risks remain, including the ongoing health crisis, which can affect tourism flows, as well as the occurrence of natural disasters and heightened inflationary pressures.

- 2.3 Belize's economy is highly concentrated on two sectors, tourism and agriculture, which represent about 50% of the GDP. In 2019, tourism represented 39% of GDP, 40% of total employment - primarily generated by MSMEs² - and 42% of total exports. As for agriculture, the sector accounted for more than 10% of GDP, 16.8% of employment, and 93% of goods exports in 2019. Agricultural exports (70% driven by SMEs) are poorly diversified and limited to a set of commodities with low value-added content (sugar, banana, citrus and sea products). This agro-export sector is increasingly vulnerable to prices reduction -associated with the abolition of trade preferences- and crop diseases (Foster et al, 2017; IDB, 2020).
- 2.4 The declining trends in socio-economic indicators along with the unprecedented shock of COVID-19 to the tourism industry have positioned the country at a crossroads. A new and transformative approach is needed. One includes a diversification strategy to increase the country's resilience and enhance a sustainable and inclusive economic growth. This strategy is two-pronged: first, to promote intra-sector diversification within the established key economic sectors of tourism and agriculture; and second, to enhance the business environment for the development of promising and upcoming sectors (i.e., ICT and blue economy/fisheries) (IDB, 2020). The present operation will support the government with implementing the first prong, while two other operations currently under design would support the second prong³.
- 2.5 **Tourism.** The tourism sector faces several structural challenges which are fundamental for the sector's long-term competitiveness and sustainability. First, limited tourist expenditure: Even though the tourism sector showed a positive growth rate before the pandemic, most of it was associated with cruise ship, instead of overnight visitors, which generates more expenditure per capita

¹ See the complete list of [Bibliographic References](#).

² According to Beltraide and the Statistical Institute of Belize, MSMEs are approximately 17,000 firms (98% of total enterprises), that contribute to 45% of GDP and 32% of total employment (70% of private-sector employment). The Beltraide Act No50 of 2017 establishes ranges to define Small and Medium Enterprises.

³ Namely, Digital Innovation to Boost Economic Development (BL-L1039) and Promoting Growth in Sustainable Blue Economy Program (BL-L1042).

(IDB, 2020). Second, a lack of skilled labor force (Chow, 2019). Third, the vulnerability of the country's valuable natural resources. It is estimated that Belize's coral reef and mangroves provide goods and services of around US\$559 million annually (Cooper et al., 2009), supporting activities such as diving, snorkeling and sport fishing, with 60% of Belize's yearly tourists visiting Belize Barrier Reef and offshore islands (Cherrington, 2014; and providing shoreline protection against erosion and coastal flooding. However, the concentration of the tourism footprint in a limited number of hot-spots destinations in the coastal area has contributed to the degradation of natural resources, which is aggravated by the lack of appropriate sanitation and solid waste disposal systems in some areas (Chow, 2019; IDB, 2020). To seize the opportunity generated by the pandemic to "build back better," tourism development in Belize should: (i) integrate crisis response strategies into tourism policies, particularly with a view to increase risk governance of tourism destinations; (ii) harness the potential to develop regional or domestic tourism to increase resilience in times of global obstacles;⁴ (iii) strengthen the local entrepreneurial capacity to enhance and upgrade the tourism value chain, increasing competitiveness and livelihood alternatives; and (iv) protect, all at the same time, its natural resources, which form the base of its attractiveness.

- 2.6 **Agriculture.** Agriculture is a major source of income for Belizeans, especially low-income households (Hersh et al, 2019). This sector could play an important role in fighting rural poverty, which is significantly higher than urban poverty (59% vs 43% – SIB, 2018), and in improving the country's food security and nutrition, in a context where 6% of the population are undernourished and 13% of children under five (5) years of age are stunted (FAOSTAT, 2020; IDB, 2020). Most Belizean farmers are small to medium size landholders: 25% are working on farms with less than 2 Ha, and 57% with less than 8 Ha. They face challenges related to low productivity and competitiveness, including: (i) low yields per hectare compared to LAC average for most of agricultural products (Table 1); (ii) low value added per worker (US\$4,769 compared to US\$7,104 in LAC); (iii) high production costs due to, among others factors, high consumption of synthetic inputs⁵; and (iv) difficulties to access high value markets and to meet more sophisticated international demand, including from tourists visiting Belize and demand for certified products (organic, fair-trade, social and environmental seals, among others). Underlying structural challenges in the sector include low technical and managerial knowledge, lack of access to technologies and financial resources, and low associativity, among others (CIAT & WB, 2018; BCCI & ILO, 2018 and 2019; IDB, 2020).

Table 1* - Yields of main crops (kg/ha)

	Sugarcane	Corn	Citrus	Bean	Rice	Banana	Cacao	Coconut
Belize	42,830	3,381	12,031	881	4,627	33,128	178	2,408
LAC	61,632	3,757	13,399	1,114	4,564	22,166	499	6,756

* Source: CIAT & WB, 2018.

⁴ The tourism industry is currently dependent on a few international markets, with arrivals mainly comprised of visitors from the US.

⁵ The fertilizer consumption in Belize is of 238.68 kilograms per hectare of arable land, while LAC average is of 181.23 – World Bank Indicators, 2018. Fertilizer prices tripled during 2021.

- 2.7 Moreover, the agricultural sector faces important climate and environmental sustainability challenges. In 2019, drought resulted in agricultural losses of US\$38.5 million (World Bank, 2022), while in 2020, economic damages of Hurricane Nana caused significant damages to the sector to banana farmers were estimated in the range of US\$6-10 million, while hurricanes Eta and Iota also caused flooding damage which particularly affected cattle (IDB, 2020). Models developed by IFPRI suggest that the area and the yields of beans, corn and vegetables will decrease due to Climate Change (CC); and will slow down the rate of growth of yields for sugarcane, tropical fruits, rice, and cacao. Furthermore, due to negative CC impacts on agriculture, it is estimated that Belize will be the most affected of all LAC countries in terms of poverty (+1.28%), crop imports (+13.5%) and decrease in GDP (-1.8%) (Banerjee et al, 2021). According to the [Yale Environment Performance Index 2020](#), that measures efforts to support healthy populations while minimizing the threats of agriculture to the environment, Belize ranks 155 of 180 countries, with a low 19.9/100 score, losing 10.1 points since 2010 and far below the 32.7/100 regional average.
- 2.8 **Gender, youth and diversity gaps.** Belizean women have a significantly higher unemployment rate than men (14-18% and 5-6%, respectively, depending on the education level), and they are paid less for the same work – gender gap can reach 28% for lower education levels (Näslund-Hadley et al, 2020). In agriculture, only 8% of the agricultural landholders are women (CIAT & WB, 2018). In 2018, Belize's youth unemployment rate (20.6%) was 3.5 times the unemployment rate for Belizean workers 25 and older. Regarding diversity gaps, the Maya and Garifuna are more affected by poverty (rates at 77% and 52%, respectively) than other ethnic groups ([SIB, 2018](#)), and Mayan workers with higher education receive lower wages than Creole workers with the same education. Access to skill development opportunities witnesses inequalities, with low-skilled workers overrepresented among certain ethnic groups (Näslund-Hadley et al, 2020).
- 2.9 **Migration.** Large and sudden migration inflows from Central American countries represent an additional development challenge to Belize. From 2015 to 2018, migration to Belize increased its population by 1.4%, turning the country into a host nation for its displaced neighbors. Over 90% of the immigrants in Belize come from Guatemala, El Salvador, and Honduras, representing approximately 14% of its population. The rapid influx of immigrant population has translated into integration challenges of the migrant population to the labor market. Migrants have access to the labor market through the Temporary Employment Permit, but it is exclusively linked to an employer. A 2021 report from the International Labor Organization (ILO) notes that Belize is heavily dependent on migrant labor for its agriculture, tourism and fruit production sectors, which require seasonal labor migration. Recent data from the Labor Force Survey (SIB, 2021) showed that the labor participation rate in September 2019 was 73.9% Guatemalan and 78.9% Honduran. As for unemployment rates, Guatemala and Honduran migrants account for 6.1% and 2.6% respectively (SIB, 2021). Upon arrival, the biggest challenges migrants face is linked to the language barrier and legal status. Moreover, it is important to consider that the GoB does not currently collect information on migrants with irregular status accessing the labor markets.
- 2.10 **Strategic focus.** The proposed operation will contribute to the intra-sector diversification strategy of Belize (¶2.4) by addressing pressing needs in the tourism

and agriculture sectors, particularly those affecting their long-term sustainability while at the same time promoting the inclusion of marginalized populations and non-formalized entrepreneurs. In that sense, the proposed operation will finance interventions that will enhance the productivity of the sectors' MSMEs, with a central focus on forging a more sustainable use and management of natural capital which for both, tourism and agriculture, is the main medium- and long-term challenge in Belize. This approach will, therefore, help improve MSME's incomes in the short-term, which in turn will generate the necessary incentives to instill sustainable business models that will support the sectors' long-term competitiveness.

- 2.11 **Strategic alignment.** The operation is consistent with the Institutional Strategy 2020-2023 (AB-3190-2) and is expected to contribute to the Corporate Results Framework 2020-2023 (Level 2 indicators: 3.Beneficiaries of targeted anti-poverty programs; 6.Beneficiaries of initiatives that support migrants and their host communities; 7.Beneficiaries of employment support initiatives; 9.Micro, small, medium enterprises financed; 10.Enterprises provided with technical assistance; 11.Farmers with improved access to agricultural services and investments; 16.Women beneficiaries of economic empowerment initiatives; 20.Beneficiaries of enhanced disaster and climate change resilience; 21.Habitat that is sustainably managed using ecosystem-based approaches) through the development challenges of: (i) Social inclusion and equality, since the beneficiaries will be vulnerable populations; (ii) Productivity and innovation, as the operation will support the development of MSMEs, promoting production and market innovation; and (iii) Economic integration, since the Project will promote linkages with markets, including exports ones. The operation is aligned with the cross-cutting themes of: (i) Gender equality and diversity, since the Project will include specific objectives, indicators, methods and activities aiming at ensuring the empowerment and full participation of women, indigenous and Afro descendant populations; (ii) Climate change and environmental sustainability, as it will support climate smart and environmentally sustainable businesses, practices and policies; and (iii) Institutional capacity and rule of law, through the interventions envisioned in Component 2. It is aligned with the Bank's "Vision 2025" (AB-3266) opportunities of regional integration, support to SMEs, gender and diversity, and CC action. It is aligned with Pillar 2 "Private sector productivity and sustainable growth, with a focus on MSMEs" of the Country Strategy with Belize 2022-2025 (GN-3086) and consistent with the Sector Framework Documents of: (i) Agriculture (GN-2709-10), in its lines of action "Promote investments that contribute to increasing the productivity of Agriculture, in line with a sustainable management of natural resources"; (ii) Environment and Biodiversity (GN -2827-8), in its dimension of success "Progress is being made towards sustainable management of natural capital and its contribution to economic growth is expanded"; (iii) Sustainable Tourism (GN-2779-7), in its dimensions of success "The share of economic benefits from tourism that is captured by the local population and vulnerable groups rises over time" and "The region's natural and cultural heritage assets are exploited in a sustainable manner by the tourism sector and the impacts of climate change on the sector are managed; and (iv) Climate Change (GN-2835-8) in its dimension of success "Countries make progress on mainstreaming climate considerations across sectors".

- 2.12 **Alignment with national and international priorities.** The project is aligned with the 2015-2030 National Agriculture and Food Policy; the 2019-2023 National Agro-Processing and Food Production Strategy; the 2014-2024 National Environmental Policy and Strategy; the National CC Strategy and Action Plan; and the National Determined Contribution, among others. It is expected that the Project contribute to Sustainable Development Goals 1 “No poverty”, 2 “Zero hunger”, 5 “Gender Equality”; 8 “Decent work and economic growth”, 12 “Responsible consumption and production”; 13 “Climate action”, 14 “Life below water” and 15 “Life on land”.
- 2.13 **Complementarities and synergies.** To maximize synergies and avoid duplications, a strong coordination will be established with other IDB operations that are currently under preparation, including: Digital Innovation to Boost Economic Development (BL-L1039, US\$10,000,000), Trade and Investment Facilitation Program (BL-L1040, US\$8,000,000)⁶ and the Promoting Growth in Sustainable Blue Economy Program (BL-L1042, US\$7,000,000). Also, technical assistance to MSMEs in areas such as preparation of business plans and financial audited statements, may improve their access to credit, complementing Bank’s effort in this field (Global Credit Program for Safeguarding the Productive Sectors and Employment - 5318/OC-BL – US\$15,000,000). The operation will also aim to reach complementarity with projects from other institutions, including the “Resilient Rural Belize Project” (US\$8M IFAD loan and US\$8M GCF loan) and the “Climate Resilient and Sustainable Agriculture Project,” (US\$25M loan from IBRD/IDA). Furthermore, the project will complement IDB Lab operational activities under: (i) Improving Livestock Sector Productivity and Climate Resilience in Belize (ATN/ME-16402-BL, US\$550,500); (ii) Enhancing Conservation in Belize’s Protected Areas through Disruptive Technologies (ATN/ME-17536-BL, US\$574,000), that seeks to improve economic livelihoods in rural communities; and (iii) Belize Tourism Innovation Lab (ATN/ME-18578-BL, US\$400,000), that seeks to positively impact workforce development within the local tourism industry.
- 2.14 The general objectives of this operation will be to improve incomes and promote sustainable livelihoods in the agriculture and tourism sectors. The specific objectives will be to improve MSMEs competitiveness, climate resilience, and environmental sustainability. Possible result indicators include (i) value of agricultural sales; (ii) post-harvest losses; (iii) production costs; (iv) organic waste composted; and (v) chemical fertilizers used; among others.
- 2.15 The beneficiaries will be vulnerable populations who are individual entrepreneurs (including farmers), members in associative arrangements, and/or owners of MSMEs of the selected sectors. The operation will pay particular attention to women, youth, indigenous people, afro descendants and migrants.⁷
- 2.16 The operation will be composed of two components:
- 2.17 **Component 1. Direct support to individual entrepreneurs, MSMEs and Associations for sustainable and inclusive development (Estimated IDB: US\$11,800,000).** It will promote the increase in quantity and quality of goods and

⁶ The objective is to improve the country's connectivity with regional and global markets.

⁷ Specific gap assessments will be conducted, and corresponding action plans prepared, during design.

services provided in the agriculture and tourism sectors, the creation of added value and the reduction of losses and production costs. Support, that may be provided under an individual or group basis, will include: (i) training and technical assistance in topics such as formalization/ registration of enterprises; general management, linkages with financial institutions and markets; technical, environmental and CC matters; and preparation of farm, business and investment plans; and (ii) non-reimbursable financial support to finance or co-finance the implementation of the farm, business and investment plans. Eligibility criteria will consider economic profitability, gender, youth and diversity aspects, migrants' integration, climate resilience, decarbonization and environmental sustainability, among others.

- 2.18 **Component 2. Enabling environment for sustainable and inclusive development (Estimated IDB US\$3,000,000).** To complement Component 1, it will support the delivery of public services to: (i) improve market intelligence and linkages; (ii) improve skill development opportunities; and (iii) mainstream climate change resilience, environmental sustainability, and risk governance; and in the selected sectors. Envisioned activities include the preparation of studies and strategies, participation in international events and fairs, technical assistance and training, as well as development of vocational and professional training and linkages between MSMEs with Academia.
- 2.19 **Other (Estimated IDB: US\$1,000,000).** Other costs include administration, monitoring, evaluation, and auditing.
- 2.20 The total cost of the Project is US\$15,800,000 to be disbursed in a five (5) year period, to be financed by the Bank Ordinary Capital (US\$15,000,000) and the Bank Grant Facility (US\$800,000). To increase the impact of the Project, additional resources (non-reimbursable resources and concessional loans) may be identified during preparation.

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 **Sector knowledge.** Project preparation will benefit from the substantial body of knowledge generated during the past 4 years by the World Bank, FAO and CIAT, in the context of the preparation of the "Climate Resilient and Sustainable Agriculture Project"; and of the analytical work prepared to design the matching grant program financed by the Sustainable Tourism Program II (3566/OC-BL). 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 learned from similar operations in Belize and the Region, based in particular on: (i) [impact evaluations](#) of IDB-financed projects; (ii) the recent Bank-financed systematization of operational lessons learned from incentive initiatives for capacity building and agricultural innovation in LAC; (iii) an analysis of other projects in execution in Belize, including the Sustainable Tourism Program II (3566/OC-BL); and the "Skills to Access the Green Economy through TVET in Belize and the Caribbean" pilot operation (ATN/TV-18294-BL).

- 3.3 **Gender, youth and diversity.** Specific pro-gender and pro-youth actions will be identified, as well as interventions with cultural relevance that ensure the participation of indigenous populations.
- 3.4 **Sustainability.** Support provided to MSMEs under Component 1 will be granted based on the evidence of the profitability of the planned investments. Also, matching schemes may be considered to stimulate ownership. Component 2 will give priority to interventions with low fiscal impact and may explore complementary strategies such as cost recovery for services, and partnership with non-governmental sectors.
- 3.5 **Priority areas of intervention.** The relevance and need to prioritize some intervention areas will be discussed during the orientation mission.

IV. ENVIRONMENTAL SAFEGUARDS AND FIDUCIARY SCREENING

- 4.1 The operation has been classified as Category B for its likely moderate Environmental and Social (E&S) impacts of small-scale interventions across Belize in the agriculture and tourism sectors. Impacts resulting from these activities are expected to be temporary, localized and for which mitigation measures are available. The operation has been classified moderate for climate change and disaster risk and received a preliminary Environmental and Social Risk Rating (ESRR) of Moderate driven by contribution risks regarding potential indirect and cumulative impacts on natural habitats and protected marine areas and on indigenous peoples and Afro-descendants. A Strategic E&S assessment including a Socio-Cultural Assessment for Indigenous Peoples and Afro-descendants with an Environmental and Social Framework (ESMF) as well as an Indigenous Peoples Plan (IPP) will be prepared. The operation will realize one round of meaningful, culturally appropriate and gender sensitive public consultations prior to approval and disclose E&S assessments and plans accordingly.
- 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. Sectoral public institutions (Ministry of Agriculture, Food Security and Enterprises and Ministry of Tourism & Diaspora Relations) as well as some statutory bodies (Belize Market Development Corporation, Belize Tourism Board and Beltraide) may also play a role in execution. The responsibilities of each stakeholder, and the coordination arrangements, will be detailed in the POD. In such a multi-stakeholder context, identifying an operationally efficient executing scheme will be one of the main challenges of the project design. Operational lessons learned from the implementation of public investment projects in Belize and similar operations in other countries, will be key to identify cost efficient and effective execution mechanisms.

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. In addition to the attention given to identifying the optimum executing scheme (¶4.3), preliminary mitigation measures include the provision of technical support to the Central Executing Unit, to be financed in a first stage by Technical Cooperation: Design and support to the kick-off of the Sustainable and Inclusive Belize Project (BL-T1148). Conditions prior to first disbursement and special conditions of execution will also be considered as part as 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.

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 June 15, 2022. The submission of the Draft Loan Proposal (DLP) to the Operations Policy Committee (OPC) is expected on August 5, 2022; and final consideration by the Board of Executive Directors is expected on September 14, 2022.
- 6.2 To support the preparation of this operation, the Project Team estimates the need for US\$95,000 from the Bank's administrative budget; and US\$150,000 from Technical Cooperation BL-T1148. The latter will finance (i) The technical design of component 1; (ii) The gender, youth, indigenous people and Afro descendants gap assessment and action plan. In addition to this, RG-T3479 and RG-T3572 will finance a gap analysis, survey, and study for migrant labor force.

Development Effectiveness Matrix		
Summary		
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	<div>-Social Inclusion and Equality</div> <div>-Productivity and Innovation</div> <div>-Economic Integration</div> <div>-Gender Equality and Diversity</div> <div>-Climate Change</div> <div>-Institutional Capacity and the Rule of Law</div>	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	<div>-Beneficiaries of targeted anti-poverty programs (#)</div> <div>-Beneficiaries of employment support initiatives (#)</div> <div>-Micro / small / medium enterprises financed (#)</div> <div>-Enterprises provided with technical assistance (#)</div> <div>-Farmers with improved access to agricultural services and investments (#)</div> <div>-Women beneficiaries of economic empowerment initiatives (#)</div> <div>-Beneficiaries of enhanced disaster and climate change resilience (#)</div> <div>-Habitat that is sustainably managed applying ecosystem-based approaches (ha)</div> <div>-Agencies with strengthened digital technology and managerial capacity (#)</div>	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-3086	Pillar 2 “Private sector productivity and sustainable growth, with a focus on MSMEs”
Country Program Results Matrix	BL-O0007	The intervention is included in the 2022 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		
		Not Evaluable
3. Evidence-based Assessment & Solution		
	2.0	
3.1 Program Diagnosis	2.0	
3.2 Proposed Interventions or Solutions	0.0	
3.3 Results Matrix Quality	0.0	
4. Ex ante Economic Analysis		
	0.0	
4.1 Program has an ERR/NPV, or key outcomes identified for CEA	0.0	
4.2 Identified and Quantified Benefits and Costs	0.0	
4.3 Reasonable Assumptions	0.0	
4.4 Sensitivity Analysis	0.0	
4.5 Consistency with results matrix	0.0	
5. Monitoring and Evaluation		
	0.0	
5.1 Monitoring Mechanisms	0.0	
5.2 Evaluation Plan	0.0	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	Medium High	
Environmental & social risk classification	B	
IV. IDB’s Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)		
Non-Fiduciary		
The IDB’s involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
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		

Evaluability Assessment Note: The purpose of this note is to provide an overall assessment of the project's evaluability based on the standards described in the Evaluability Guidelines, as well as to ensure that the Board understands why scores were or were not given to the project. The following information should be developed in order to achieve this purpose. Assess and summarize the diagnosis and the level of empirical evidence to support it. Assess and summarize the level of empirical evidence (or cost-effectiveness) of the solution proposed. Assess and comment on the Results Matrix Quality. Assess and describe the evaluation methodology ex ante and ex post to be used by the project to demonstrate its results. Describe the main type of risk the operation is subject to and its intensity. Describe whether mitigation measures are in place and whether they can be monitored during the life of the project.



E&S Screening Filter

Operation Information

Operation Name	
Sustainable and Inclusive Belize	
Operation Number	BL-L1041

Operation Details

Organizational Unit	IDB Sector/Subsector
CSD/RND	SUSTAINABLE AGRICULTURAL DEVELOPMENT
Type of Operation & Modality	Original IDB Amount
LON / ESP	\$15,000,000.00
Environmental and Social Impact Categorization (ESIC)	Disaster and Climate Change Risk Classification (DCCRC)
B	Moderate
Environmental and Social Risk Rating (ESRR)	
Substantial	
Executing Agency	Borrower
BL-MNR, BL-MDE	MINISTRY OF FINANCE
ESG Primary Team Member	Team Leader
Ute Reisinger	Marion Le Pommellec
Toolkit Completion Date	Author
02/02/2022	Reisinger, Ute
Applicable ESPs	
ESPS 1; ESPS 2; ESPS 3; ESPS 4; ESPS 6; ESPS 7; ESPS 8; ESPS 9; ESPS 10	

Operation Classification Summary

Overriden ESIC	Overriden ESIC Justification
B	Reduce: other (enter details in comments)
Comments	
small scale agricultural intervention of USD 15mio	

Overriden DCCRC	Overriden DCCRC Justification



E&S Screening Filter

Comments

Summary of Impacts / Risks and Potential Solutions

The Executing Agency or other relevant entity (in relation to the operation) has limited proven track record to respect and protect the fundamental principles and rights of workers (including fair treatment, commitment to non-discrimination, equal opportunity, protection of workers including workers in vulnerable situations, work accommodations, migrant workers' rights, collective bargaining and rights of association) and compliance with national employment and labor laws.

The operation will not result in the direct loss of employment (i.e. retrenchment).

The operation will not result in the indirect and/or cumulative loss of employment (i.e. retrenchment).

The Borrower will prepare and operate a partial Grievance Redress Mechanism for all workers (direct and contracted).

The operation will promote a sustainable use of resources including energy, water and raw materials.

The operation will not have direct negative impacts to the environment and human health and safety due to the production, procurement, use, and disposal of hazardous materials such as PCBs, Radiological Waste, Mercury, CFCs, etc.

The operation will not have indirect and/or cumulative negative impacts to the environment and human health and safety due to the production, procurement, use, and disposal of hazardous materials such as PCBs, Radiological Waste, Mercury, CFCs, etc.

The operation is not expected to or currently produce indirectly-cumulatively GHG emissions.

The operation is considering alternatives to implement technically and financially feasible and cost-effective options to avoid or minimize project-related GHG emissions during the design and operation of the project.

There are no direct health and safety risks associated with the design of structural elements or components of the operation (e.g. existing or new buildings, earthworks, bridges, drainage, roadways, power stations, transmission and distribution poles, underground utilities, and dams), and/or road transport activities (e.g. transport of heavy or over-sized equipment) which could result in health and safety impacts to third parties and project-affected people.

There are no indirect and/or cumulative health and safety risks associated with the design of structural elements or components of the operation (e.g. existing or new buildings, earthworks, bridges, drainage, roadways, power stations, transmission and distribution poles, underground utilities, and dams), and/or road transport activities (e.g. transport of heavy or over-sized equipment) which could result in health and safety impacts to third parties and project-affected people.

The project will not directly affect the public (including workers and their families) by exposing them to hazardous materials released by the project, particularly those that may be life threatening.

The project will not indirectly-cumulatively affect the public (including workers and their families) by exposing them to hazardous materials released by the project, particularly those that may be life



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threatening.

There is no potential for the project or project-related activities (e.g. the influx of temporary or permanent project labor, among others) to directly result in or exacerbate community exposure to water-related (i.e., waterborne, water-based, and vector-borne diseases) and/or communicable diseases (e.g. COVID).

There is no potential for the project or project-related activities (e.g. the influx of temporary or permanent project labor, among others) to indirectly-cumulatively result in or exacerbate community exposure to water-related (i.e., waterborne, water-based, and vector-borne diseases) and/or communicable diseases (e.g. COVID).

There is no potential direct impacts to workers and project-affected people related to the use or arrangement of security services to safeguard personnel and/or property.

There is no potential indirect and/or cumulative impacts to workers and project-affected people related to the use or arrangement of security services to safeguard personnel and/or property.

The project will not lead to direct impacts related to land acquisition - Impacts include, and are not limited to, relocation; loss of shelter; loss of land; loss of assets; restrictions on land and natural resources; loss of income; loss of livelihoods; loss of social safety net.

The project will not lead to indirect and/or cumulative impacts related to land acquisition - Impacts include, and are not limited to, relocation; loss of shelter; loss of land; loss of assets; restrictions on land and natural resources; loss of income; loss of livelihoods; loss of social safety net.

Vulnerable people will not be disproportionately affected by direct impacts related to land acquisition - people may be considered vulnerable by virtue of disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, language, political or other opinion, national or social origin, property, birth, economic disadvantage, or social condition. Other vulnerable people include the elderly, children, single-headed households, refugees, internally displaced persons, natural resource dependent communities.

Vulnerable people will not be disproportionately affected by indirect and/or cumulative impacts related to land acquisition - people may be considered vulnerable by virtue of disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, language, political or other opinion, national or social origin, property, birth, economic disadvantage, or social condition. Other vulnerable people include the elderly, children, single-headed households, refugees, internally displaced persons, natural resource dependent communities.

The project will not directly introduce (intentionally or accidentally) alien, or non-native, species of flora and fauna that have the potential for invasive behavior in areas where they are not normally found.

The project will not indirectly-cumulatively introduce (intentionally or accidentally) alien, or non-native, species of flora and fauna that have the potential for invasive behavior in areas where they are not normally found.

Indigenous Peoples are not expected to be adversely impacted by direct project related land-acquisition or access restrictions. Note that all impacts on lands and natural resources subject to traditional ownership or under customary law requires FPIC.

Indigenous Peoples are not expected to be adversely impacted by indirect/cumulative project related land-acquisition or access restrictions. Note that all impacts on lands and natural resources subject to traditional ownership or under customary law requires FPIC.



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The project doesn't have the potential to cause adverse direct impacts on Indigenous Peoples who live in isolation and initial contact.

The project doesn't have the potential to cause adverse indirect and/or cumulative impacts on Indigenous Peoples who live in isolation and initial contact.

The project is not expected to directly damage or negatively impact cultural heritage.

The project is not expected to directly damage or negatively impact critical cultural heritage.

The project is not expected to indirectly-cumulatively damage or negatively impact critical cultural heritage.

The project will not negatively directly affect people due to their gender, sexual orientation or gender identity.

The project is not expected to lead to direct risks and impacts associated with Sexual and Gender-based Violence.

The project will not potentially face direct barriers to equitable gender-based participation.

The project will not potentially face indirect and/or cumulative barriers to equitable gender-based participation.

The project will not deal with a subject matter and/or be implemented in an area where the manipulation, interference, coercion, discrimination, and intimidation of stakeholders has been documented.

ESPS 1 - Assessment and Management of Environmental and Social Risks and Impacts

The Executing Agency will conduct an Environmental and Social Assessment (ESA) or Environmental and Social Impact Assessment (ESIA) process for the project during preparation.

The Executing Agency will prepare and maintain an Environmental and Social Management System (ESMS) for the operation as defined under ESPS 1.

The Borrower/Executing Agency's has moderate organizational capacity and competency for managing environmental and social issues.

There are moderate levels of contextual risks associated with the project (e.g. political instability, oppression of communities, armed forces in the project area).

ESPS 2 - Labor and Working Conditions

The operation has the potential to have moderate direct impacts associated with child labor or forced labor in the workforce.

The operation has the potential to have moderate indirect and/or cumulative impacts associated with child labor or forced labor in the workforce.

The operation has the potential to cause minor direct impacts associated with accidents, injury, and attraction disease arising from, associated with, or occurring in the course of work.



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The operation has the potential to cause minor indirect and/or cumulative impacts associated with accidents, injury, and attraction disease arising from, associated with, or occurring in the course of work.

The Executing Agency 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 2.

ESPS 3 - Resource Efficiency and Pollution Prevention

The operation will have minor direct adverse impacts on human health and the environment due to pollution from project activities.

The operation will have minor indirect and/or cumulative adverse impacts on human health and the environment due to pollution from project activities.

The operation will generate minor direct impacts generated by solid waste (hazardous and/or non-hazardous).

The operation will generate minor indirect and/or cumulative impacts generated by solid waste (hazardous and/or non-hazardous).

The operation will have minor direct negative impacts to the environment and human health and safety due to the production, procurement, use, and disposal of pesticides.

The operation will have minor indirect and/or cumulative negative impacts to the environment and human health and safety due to the production, procurement, use, and disposal of pesticides.

The operation is expected to or currently produce directly GHG emissions (less than 25,000 tons of CO₂ equivalent per year).

The operation has low exposure to climate transition risks related with a loss of value of a project driven by the transition to a lower-carbon economy, result from extensive policy, legal, technology, and/or market changes to address climate change.

ESPS 4 - Community Health, Safety, and Security

The project's direct impacts on priority ecosystem services may result in minor adverse health and safety risks and impacts to the project-affected people.

The project's indirect and/or cumulative impacts on priority ecosystem services may result in moderate adverse health and safety risks and impacts to the project-affected people.

There is moderate potential for an emergency or unanticipated event to occur in the project area of influence that demands immediate action to prevent or reduce harm to people, property, and/or the environment.

Natural hazards, such as earthquakes, droughts, landslides, floods, wildfires, or others, including those caused or exacerbated by climate change, are likely to occur in the project area, and these may moderately impact the project, and/or the project may moderately exacerbate the risk from natural hazards to human life, property, and/or the environment.

ESPS 6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources



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The operation has the potential to minorly directly impact modified habitat that include significant biodiversity value.

The operation has the potential to moderately indirectly-cumulatively impact modified habitat that include significant biodiversity value.

The operation has the potential to minorly directly convert or degrade natural habitat.

The operation has the potential to moderately indirectly-cumulatively convert or degrade natural habitat.

The operation has the minor direct potential to implement project activities in critical natural habitat.

The operation has the moderate indirect and/or cumulative potential to implement project activities in critical natural habitat.

The operation has the potential to minorly directly impact a legally protected area or an internationally recognized area.

The operation has the potential to moderately indirectly-cumulatively impact a legally protected area or an internationally recognized area.

The project is likely to adversely directly minorly impact ecosystem services.

The project is likely to adversely indirectly-cumulatively moderately impact ecosystem services.

ESPS 7 - Indigenous Peoples

The project has the potential to cause minor adverse direct impact on Indigenous Peoples. FPIC is required when there will be (i) impacts on lands and natural resources subject to traditional ownership or under customary use; (ii) Relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or under customary use; or (iii) significant impact on Cultural Heritage.

The project has the potential to cause minor adverse indirect/cumulative impact on Indigenous Peoples. FPIC is required when there will be (i) impacts on lands and natural resources subject to traditional ownership or under customary use; (ii) Relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or under customary use; or (iii) significant impact on Cultural Heritage.

ESPS 8 - Cultural Heritage

The project has the potential to minorly indirectly-cumulatively damage or negatively impact cultural heritage.

ESPS 9 - Gender Equality

The project will negatively minorly indirectly-cumulatively affect people due to their gender, sexual orientation or gender identity.

The project will potentially lead to minor indirect and/or cumulative risks and impacts associated with Sexual and Gender-based Violence.

ESPS 10 - Stakeholder Engagement and Information Disclosure



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The Borrower will prepare a stakeholder engagement framework/plan for the lifetime of the program (including the equal participation of women and men and also take into account Indigenous Peoples, vulnerable groups when relevant).

The Borrower will engage in meaningful consultations and engagement with stakeholders which is free of manipulation, interference, coercion, discrimination, and intimidation.

The Borrower will operate a Grievance Redress Mechanism at the Project level (direct and contracted).

Initial Environmental and Social Review Summary	
Operation Data	
Operation Number	BL-L1041; BL-J0003
IDB Sector/Subsector	AGRICULTURE AND RURAL DEVELOPMENT / SUSTAINABLE AGRICULTURAL DEVELOPMENT (CSD/RND)
Type of Operation & Modality	Specific Investment Operation (LON/ESP)
Initial E&S Impact Classification (ESIC)	B
Initial E&S Risk Rating (ESRR)	Moderate
Initial Disaster and Climate Change Risk Classification (DCCRC)	Moderate
Borrower	Ministry of Finance, Economic Development, and Investment (MFEDI)
Executing Agency	MFEDI
IDB Loan Amount (and total project cost)	\$15,000,000.00 (\$15,800,000.00)
Applicable ESPS's with requirements	ESPS 1; ESPS 2; ESPS 3; ESPS 4; ESPS 6; ESPS 7; ESPS 8; ESPS 9; ESPS 10
Executive Summary	
<p>The operation has been classified as Category B for its likely moderate Environmental and Social (E&S) impacts of small-scale interventions across Belize in the agriculture and tourism sectors providing non-reimbursable direct financing of cooperatives or individual Micro Small and Medium Sized Enterprises (MSMEs) as well as training and technical assistance for the beneficiaries. Impacts resulting from these activities are expected to be temporary, localized and for which mitigation measures are available. The operation has been classified moderate for climate change and disaster risk and received a preliminary Environmental and Social Risk Rating (ESRR) of Moderate driven by contribution risks regarding potential indirect and cumulative impacts on natural habitats and protected marine areas and on Indigenous peoples, afrodescendants and migrants as well as contextual risks such as social and territorial conflicts, illegal logging and deforestation and child and forced labor in the sectors.</p> <p>The interventions to be financed have the potential to generate pollution of water and marine resources, soil and air as well as solid and liquid waste. The operation will not finance the use of non-organic fertilizers or pesticides, however small quantities of hazardous waste may have to be disposed of adequately. The operation will not finance any resettlement, physical or economic displacement or land acquisitions as such. Some interventions may take place in indigenous and afrodescendants territories and/or will be tailored to benefit migrant communities, for which potential negative impacts and risks of exclusion and/or discrimination will have to be addressed. Working conditions in the selected sectors may pose risks of exploitation, to health and safety of workers and communities as well as allow for discrimination and exclusion of vulnerable groups. The operation will not finance any negative impacts on cultural heritage.</p>	

<p>During E&S due diligence the program will identify prioritized areas of intervention and conduct a Strategic E&S Assessment including a Socio-Cultural Assessment for indigenous peoples and afrodescendents. The impacts and risks of the operation will be managed through an Environmental and Management System, that will among other components include an Environmental and Social Framework (ESMF) as well as an Indigenous Peoples Plan (IPP) in compliance with the requirements set out in the Bank's Environmental and Social Policy Framework (ESPF). The operation will realize one round of meaningful, culturally appropriate and gender sensitive public consultations prior to approval and disclose the E&S documentation and plans accordingly.</p>	
<p>Operation Description</p>	
<p>The Sustainable and Inclusive Belize operation's main objective is to maintain and create adequate jobs, as well as to improve incomes in the Agriculture and Tourism sectors prioritizing vulnerable populations such as indigenous peoples, afrodescendents, migrants, women and youth. The operation seeks to improve MSMEs profitability, climate resilience/decarbonization, environmental sustainability and access to markets by providing non-reimbursable financial support as well as technical assistance and training:</p> <p><u>Component 1 (US\$11.8 million)</u> will finance direct support to individual entrepreneurs, MSMEs and Associations to increase quantity and quality (meeting higher technical, social, climate and environmental standards) of goods produced and services provided in the selected sectors; the creation of added value; and reduction of losses and of costs of production. Support, that may be provided to groups (associations, cooperatives) or individual MSMEs, will include: (i) training and technical assistance in topics such as formalization/registration of enterprises, general management, preparation of business plans, linkages with financial institutions and markets, and technical production aspects; and (ii) non-reimbursable financial support to finance or co-finance investments. The component will also consider the design and implementation of a digital information and process management system to ensure transparency, equity, and accountability of public resources.</p> <p><u>Component 2 (US\$3 million)</u> Policy and Institutional Strengthening will support the delivery of public services to: (i) Improve market intelligence and linkages; (ii) Improve access to information; (iii) Mainstream Climate Change Resilience & Mitigation and Environmental Sustainability in the selected priority sectors.</p> <p><u>Other (US\$1 million)</u> Other costs include administration, monitoring, evaluation, and auditing.</p>	
<p>Rationale for Classifications/Rating</p>	
<p><i>E&S Impact Classification</i></p>	<p>The operation has been classified as Category "B" due to potential E&S indirect impacts to natural habitats and indigenous territories by MSMEs financed by the operation in the agriculture and tourism sectors. E&S impacts are likely to be moderate, temporary, localized for which mitigation measures are easily available.</p>
<p><i>E&S Risk Rating</i></p>	<p>The operation has been preliminarily classified as Moderate E&S Risk driven by the contribution risk factor regarding potential indirect and cumulative impacts in natural habitats and on indigenous peoples, afrodescendants and migrants as well as contextual risks such as social and territorial conflicts, illegal deforestation and child and forced labor prevalent in the agriculture and tourism sectors.</p>

<i>DCC Risk Classification</i>	The operation has been classified as Moderate risk due to Belize's vulnerability to drought and water scarcity, as well as sea level rise because of climate change, and exposure to earthquake and tsunami hazards.	
Is the use of Borrower E&S Framework being considered?		<i>No</i>
The operation does not consider the use of the Borrower's E&S Framework.		
Environmental and Social Performance Standards (ESPSs) that apply to the proposed project		
ESPS-1. Assessment and Management of E&S Risks and Impacts		<i>Yes</i>
<p>The operation will be executed by the Ministry of Finance, Economic, Development and Investment (MFEDI) through a Central Executing Unit (CEU) yet to be established, hence no Environmental and Social Management System (ESMS) is currently being implemented. This CEU will perform project administration including project management, fiduciary and monitoring & evaluation tasks, while technical leadership and expertise would remain within Ministry of Agriculture and Tourism. Statutory bodies such as the Belize trade & investment development service (Beltraide), Belize Tourism Board and Belize Market Development Corporation, may contribute to project execution. E&S Due Diligence will assess institutional capacity of each actor and propose the CEU's E&S management structure.</p> <p>The E&S assessment process will define an ESMS for the operation that will establish the project specific E&S framework and include:</p> <p>Identification of E&S impacts and risks: Strategic Environmental and Social Assessment (SESA) and Sociocultural Assessment (SCA) for Indigenous Peoples and afrodescendents.</p> <p>Management Programs: Environmental and Social Management Framework (ESMF) and Indigenous Peoples Plan (IPP) with specific programs.</p> <p>Institutional Capacity: Proposed CEU E&S management structure, procedures, resources, and training.</p> <p>Emergency Preparedness and Response: Specific program to be prepared as part of the ESMF.</p> <p>Stakeholder Engagement: A general and Indigenous Peoples Stakeholder Engagement Plan will be developed as part of the ESMF and IPP that will include among other activities (i) the design and implementation of one round of meaningful, culturally adequate and gender inclusive public consultation prior to approval of the operation, (ii) the design and implementation of a community and workforce grievance mechanism.</p> <p>Monitoring and Review: The ESMF and IPP will include monitoring and supervision requirements for the CEU.</p>		
ESPS-2. Labor and Working Conditions		<i>Yes</i>
<p>The operation will not employ a large project workforce or finance any public works. However, family farming as well as informal economic activity may include inadequate working conditions proposing a risk to health and security of workers. There are risks of child and forced labor and human trafficking in the agricultural and tourism sectors to which migrant workers are highly vulnerable.</p> <p>The ESMF and IPP will define Labor Management Procedures (LMP) for the operation that will include among other aspects procedures (i) to identify and manage the risk of child and forced labor and human trafficking, (ii) for occupational health and safety of the project workforce and its beneficiaries</p>		

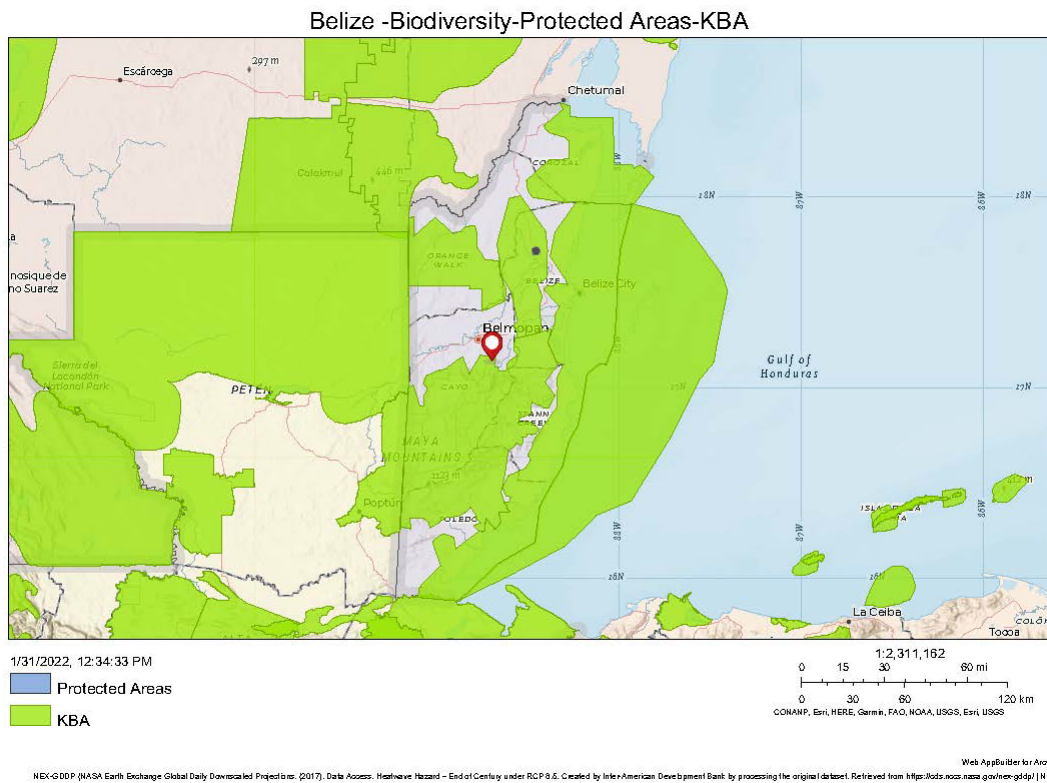
participating in activities, (iii) for a workforce grievance mechanism, and (iv) to avoid discrimination, exclusion and retaliation at the workplace.	
ESPS-3. Resource Efficiency and Pollution Prevention	<i>Yes</i>
<p>The operation may cause moderate impacts and risks related to small scale interventions directly financing MSMEs in the agriculture and tourism sectors. These are expected to be related to water and natural resources consumption, pollution of water, air and soil and generation of solid, liquid and organic waste as well as minor quantities of hazardous waste, noise and vibration, emission for stationary/mobile sources. The SESA and ESMF will determinate methodology and actions to manage the risk and mitigate the impacts applying the ESPF's mitigation hierarchy including specific programs for land and water use, management of natural resources, seed development, management of hazardous and solid waste, use of organic pesticides and fertilizers, etc. to be implemented by cooperatives and MSMEs. The measures are expected to align with the operation's objectives and strategic alignments and be incorporated in program activities.</p>	
ESPS-4. Community Health, Safety, and Security	<i>Yes</i>
<p>Activities of MSMEs and cooperatives in the agriculture and tourism may pose moderate risks related to community health, safety and security resulting from waterborne or transmissible diseases. The use of security personal is not foreseen. The SESA and SCA as well as the ESMF and IPP will determine measures aligned with ESPS 4.</p> <p>The operation is classified moderated for climate change and risk disaster. Belize is exposed to moderate earthquake and tsunamis risks, and risks related to climate change such as drought, precipitation change and water scarcity as well as sea level rise and extreme weather events. Some areas have a high risk to flooding and hurricane wind hazards. Belize has a National Climate Change Strategy and Action Plan that update Belize's Nationally Determined Contribution (NDC) and includes actions aligned with the operation such as activities to building adaptation and resilience to climate change and reduce disaster risk and promote based nature sustainable activities supporting vulnerable groups and reduce poverty, promotes stakeholder engagement and develops the tourism and agricultural sector among others. The operation includes a component to strengthening the resilience of MSME's to manage climate changes and some initiatives have been executing to identify financial opportunities for climate smart project through other financial institutions and the Ministry of Agriculture. The operation's ESMS will include an Emergency and Disaster Preparedness Plan and the ESMF will include specific measures for MSMEs and cooperatives for climate change and natural disaster risks. During E&S due diligence the above-mentioned plans and activities will be assessed for their alignment with the IDB's Disaster and Climate Change Risk Assessment Methodology.</p>	
ESPS-5. Land Acquisition and Involuntary Resettlement	<i>No</i>
<p>The operation will not finance any activities that require land acquisitions, involuntary resettlement, physical or economic displacement.</p>	
ESPS-6. Biodiversity Conservation and Sustainable Management of Living Natural Resources	<i>Yes</i>
<p>Priority areas of intervention have not yet been determined; however, it is likely that the operation will finance activities that affect protected areas and critical habitats and ecosystem services on both land and sea. Although direct impacts of cooperatives and MSME financing will likely be minor to moderate, the SESA and ESMF will assess the potential indirect and cumulative risks and impacts regarding legal and illegal deforestation and the degradation of natural habitats including coral reefs, and identify</p>	

<p>mitigation measures in line with ESPS 6 requirements. The use of exotic and invasive species will not be permitted. Belize includes a strategy to develop the agriculture and tourism sector considering natural capital, climate smart and environmental sustainability activities. Belize has the following management instrument regarding biodiversity conservation and sustainability management of living natural resources: National Environmental Strategy and Action Plan National Protected Area Management Plans, National Biodiversity Strategy and Action Plan Land use and planning development framework and Coastal and Marine zones management plans. Annex A includes maps of the Belize protected areas and key biodiversity areas.</p>	
ESPS-7. Indigenous Peoples	Yes
<p>Indigenous peoples and afrodescendants as well as migrants have been identified as vulnerable groups in the project area of intervention and program activities will be designed in a culturally appropriate manner to ensure sustainable delivery of program benefits. Priority areas of intervention have not yet been determined; however, it is likely that activities will take place in indigenous territories. The program will not finance land acquisition or any significant negative impacts on indigenous peoples or afrodescendants. Belize implements a National Development Plans for Indigenous Peoples / Toledo Maya Land Rights Commission Strategic Plan, which is broadly accepted, however local land or social conflicts may be prevalent especially regarding the use of natural resources and the interaction with migrant populations. The SCA and IPP will assess the dynamics of potentially overlapping indigenous territories and protected areas as well as potential territorial conflicts bordering Guatemala. The SCA and IPP will identify regional and local indigenous governance structures to ensure culturally adequate participation and develop mitigation measures to prevent negative impacts. A documented process to obtain Free, Prior and Informed Consents will not be required. Annex A includes maps of the Belize afrodescendants and indigenous people).</p>	
ESPS-8. Cultural Heritage	Yes
<p>Although the priority areas of intervention have not yet been determined, it is likely that investments in the tourism sector include the use of cultural heritage sites or resources. Any activities by cooperatives or MSMEs that may cause negative impacts on cultural heritage sites will not be eligible for financing. The SESA will assess risks to cultural heritage and the ESMF will identify exclusion criteria and mitigation measures accordingly. The ESMF will also include Chance Finding Procedures.</p>	
ESPS-9. Gender Equality	Yes
<p>The SESA and SCA 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. The ESMF and IPP will identify corresponding mitigation measures to be incorporated in the program design and E&S management activities considering social dimensions of migrant populations.</p>	
ESPS-10. Stakeholder Engagement and Information Disclosure	Yes
<p>The operation will realize one round of meaningful, culturally appropriate and gender sensitive public consultations prior to approval that will inform the project design and E&S mitigation measures. Although no significant negative impacts on indigenous peoples are expected that would require a process of obtaining Free Prior Informed Consent, the consultation strategy will comply with local requirements and practices of indigenous peoples' authorities.</p>	

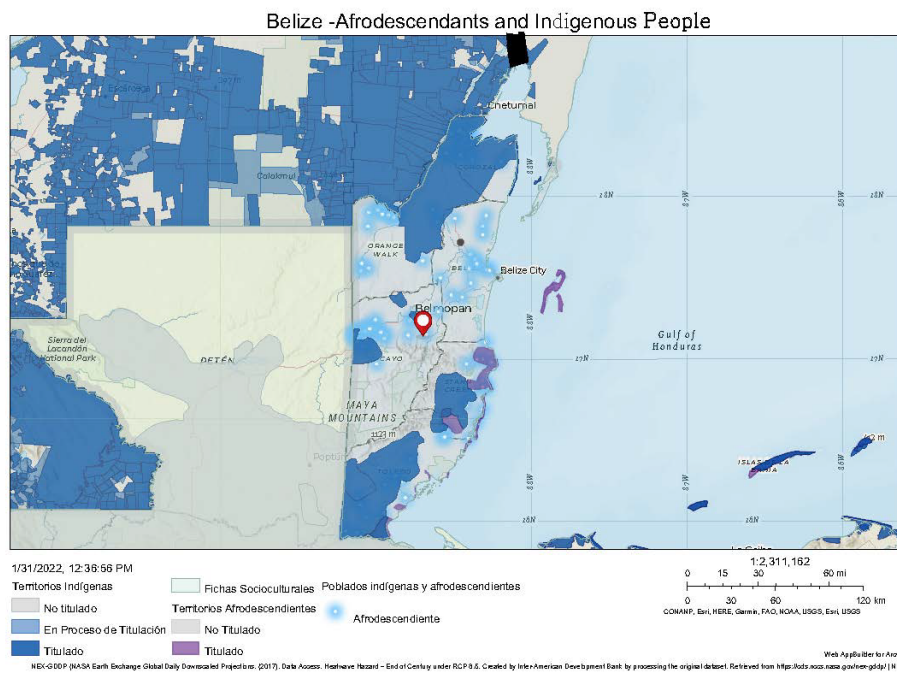
<p>The ESMF and IPP will include a Stakeholder Engagement Plan ensuring culturally adequate and continuous participation of project beneficiaries and affected people. The program will establish a culturally adequate and gender sensitive project grievance mechanism.</p> <p>In compliance with the ESPF, a fit for disclosure version of the E&S documents will be disclosed prior to analysis mission and their final versions, including a report on the public consultation process will be disclosed prior to approval of the operation.</p>			
IDB Environmental and Social Due Diligence			
For co-financed operations, is a common approach with other lenders being considered?			<i>Unknown</i>
<p>Additional resources, in the form of non-reimbursable resources (grants) and/or concessional loans, will be sought, to increase the scope (number of beneficiaries) of the Project. This information will be verified during the due diligence.</p>			
Strategy for Due Diligence			
<p>The operation will prepare an Environmental and Social Management System (ESMS) to manage the impacts and risks of the operation identified in the Strategic Environmental and Social Assessment (SESA) and Sociocultural Assessment (SCA). The ESMS will include an Environmental and Social Management Framework (ESMF) and an Indigenous Peoples Plan (IPP) to comply with the ESPF and its ESPS 1 to 10. The studies will be financed through a technical cooperation (BL-T1148) and the fit-for-disclosure documentation will be disclosed prior to approval of the operation.</p>			
<i>E&S Assessment requirement</i>	<i>Status of development</i>	<i>Estimated resources to finalize (specify Bank or Borrower cost)</i>	<i>Estimated timeline to finalize (inc. consultation)</i>
Strategic Environmental and Social Assessment (SESA) setting out the Environmental and Social Management System (ESMS) including (but not limited to) an Environmental and Social Management Framework (ESMF)	Not yet prepared	Source: IDB Technical Cooperation (TC) BL-T1148 "Support to the preparation of the Sustainable and Inclusive Belize Project" (US\$30k).	Execution: 4 months Intended start: March 2022 Consultation: April/ May 2022
Socio-Cultural Analysis (SCA) and Indigenous Peoples Plan (IPP) including afrodescendents and migration	Not yet prepared	Source: IDB TC BL-T-1148 (US\$20k)	Execution: 4 months Intended start: March 2022 Consultation: April/May 2022
Annexes			
Annex A.	E&S Maps		

Annex A: E&S Maps

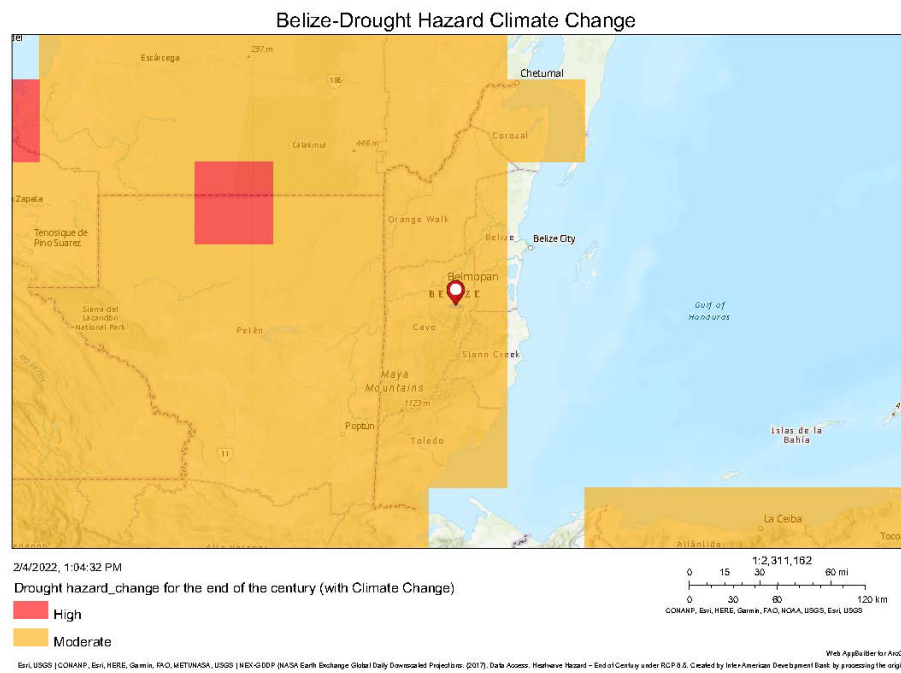
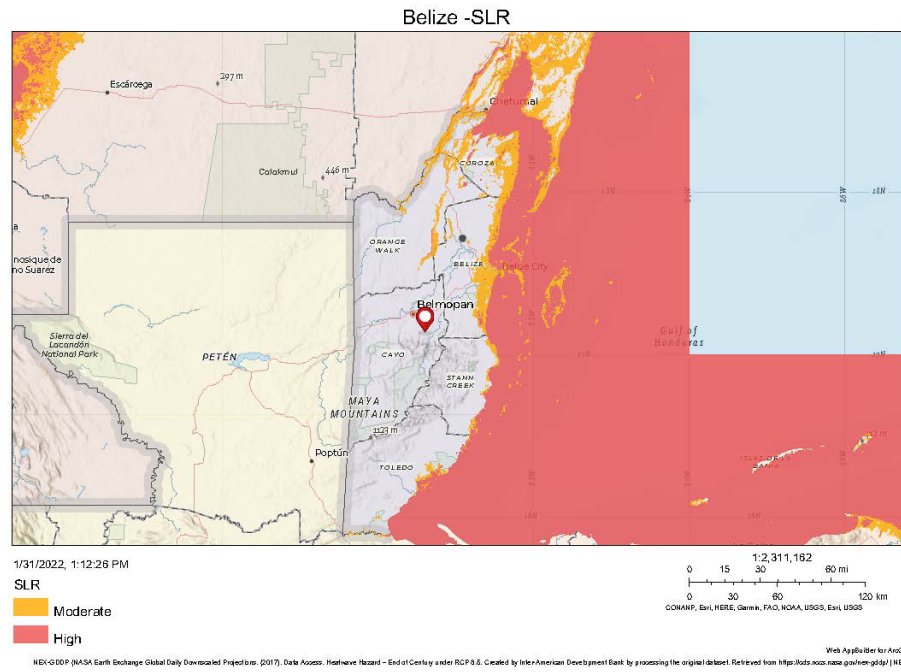
Belize-Protected Areas and Key Biodiversity Areas (KBA) Map

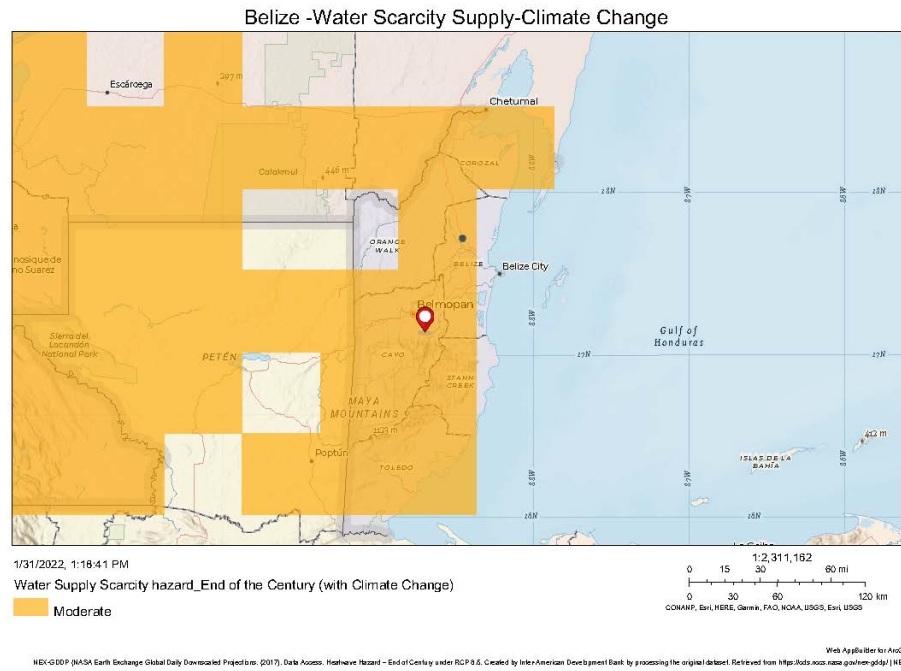
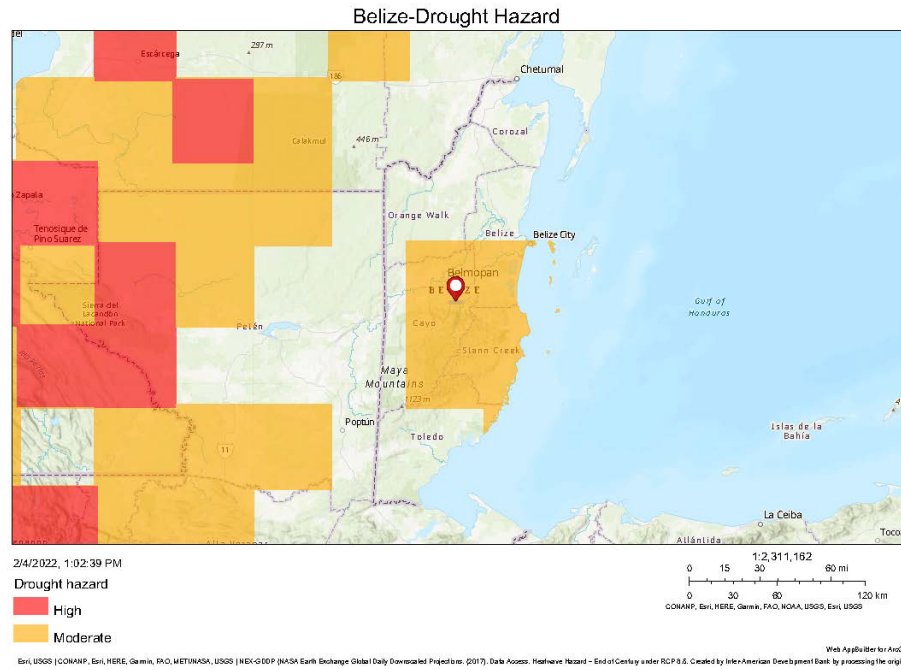


Belize- Afro descendants and Indigenous People Map

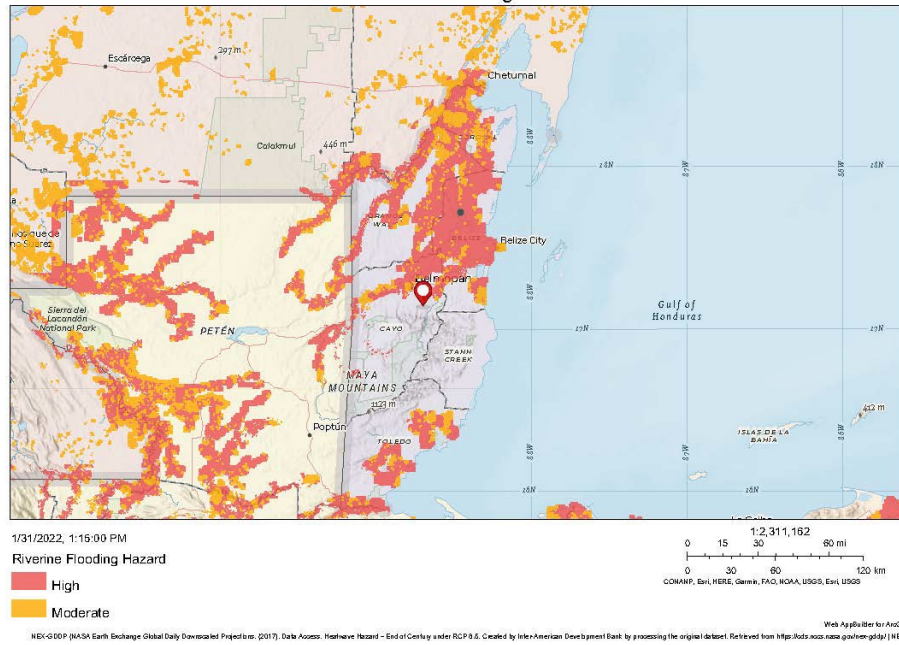


Belize- Natural Disaster and Climate Change Hazards Maps

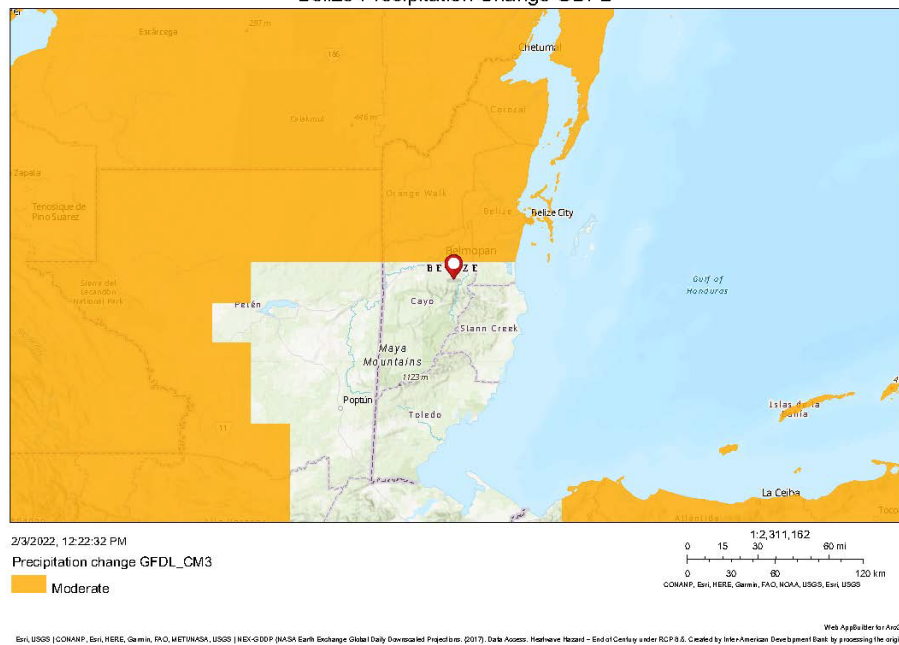




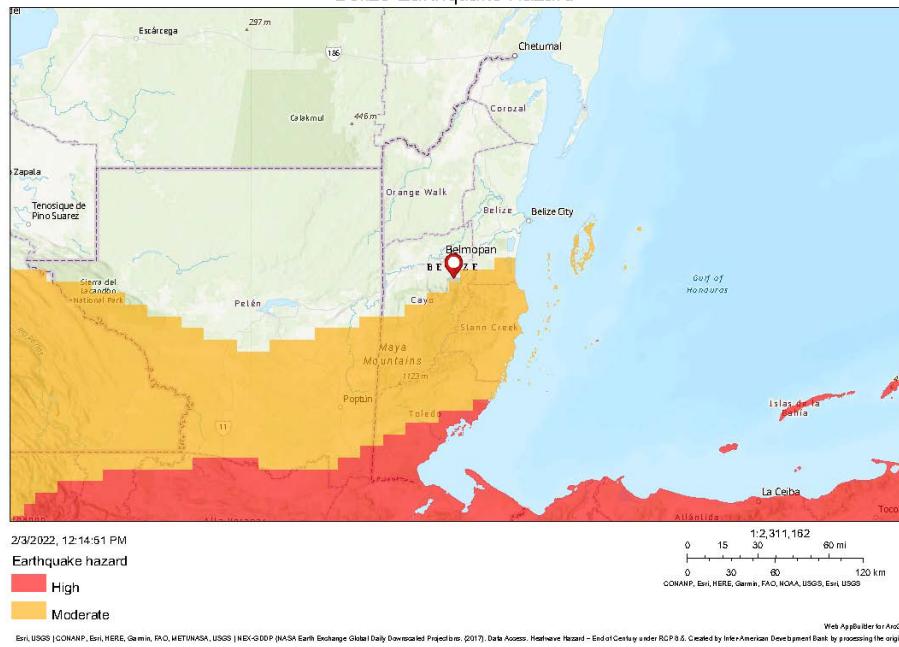
Belize -River Flooding Hazards



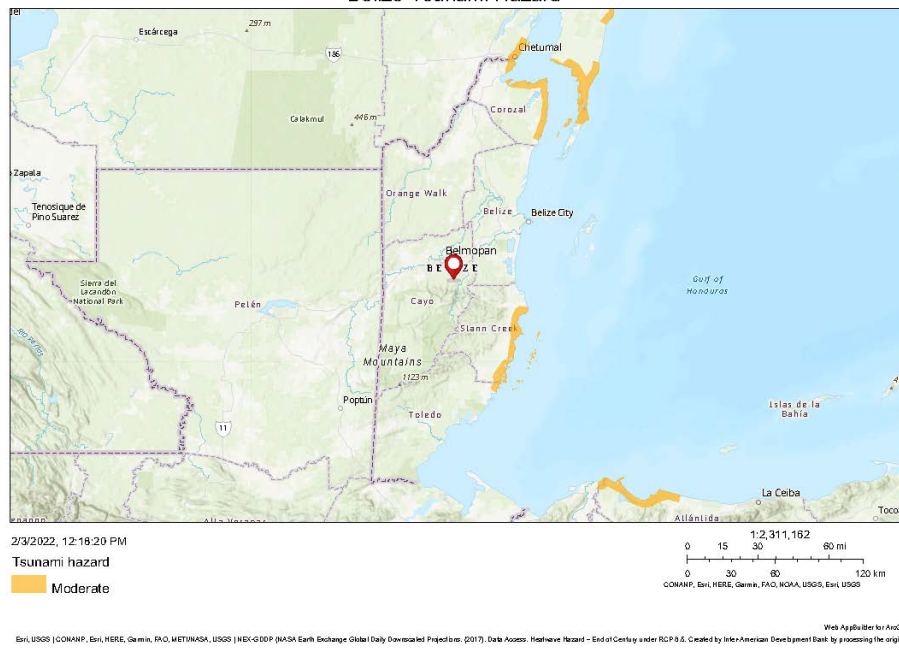
Belize-Precipitation Change GDFL



Belize-Earthquake Hazard



Belize-Tsunami Hazard



INDEX FOR COMPLETED AND PROPOSED SECTOR WORK

Description	Estimated Dates	References / Electronic Links
TECHNICAL		
Belize Climate-Smart Agriculture Profile + Recommended practices	2018	Completed
Climate-Smart Agriculture in Belize: Identifying Investment Priorities	2018	Completed
Sustainable agriculture development resilient to climate change through irrigation and drainage planning	2021	Completed though not public (prepared for World Bank loan)
Technical studies for the Climate Resilient and Sustainable Agriculture Project	2021	Completed though not public (prepared for World Bank loan)
Design of the Matching Grant Program to increase the resilience of the Tourism Micro-, Small- and Medium-Sized Enterprises - Identification and Analysis of Market Failures (3566/OC-BL) (US\$15.5M) (May 2020)	2021	Completed
Baseline study in the agricultural sector / Orange Walk, Belize, Cayo, Stann Creek and Toledo Districts	2021	Completed though not public (prepared for IFAD loan)
Technical assessment and design of Components 1 and 2	June 2022	
GENERAL		
Environmental and Social Assessments	June 2022	
Country technical note on indigenous peoples' issues – Belize	2017	Completed
Gender, Youth and Diversity gap assessment and management plan	June 2022	
Monitoring and Impact Evaluation Plan	June 2022	
Institutional analysis PACI	Abril 2022	
Support Consultancy to Evaluate and Propose Improvements in the Execution of Projects in Belize	2021	Completed
Management tools	June 2022	
Ex ante economic assessment	June 2022	
Project management tools (PEP-AOP, Procurement Plan, Budget per Output, Risks Matrix and Mitigation Plan, Program Operating Manual)	June 2022	
Consultoría de sistematización de lecciones aprendidas operativas de iniciativas de incentivos al fortalecimiento de capacidades y a la innovación agropecuaria en Latino América y el Caribe	2021	Completed though not public (final draft, under final review)

TIMETABLE AND RESOURCES FOR PROJECT PREPARATION

	2022						
	March	April	May	June	July	August	Sept
ERM	X						
Orientation Mission	X						
Studies	X	X	X	X	X		
PP approval		X					
Analysis mission			X				
QRR				X			
POD approval					X		
Public consultation				X	X		
OPC						X	
Negotiations						X	
Board approval							X

ESTIMATED PROJECTS PREPARATION RESOURCES (US\$)

Consultancies / Studies	BL-T1148	Transactional	Expected date for deliverables
Technical assessment and design of components 1 & 2	130,000	0	June 2022
Gender, youth, indigenous people and afrodescendants gap assessment	20,000	0	June 2022
Environmental and Social Management Framework	0	25,000	June 2022
Indigenous Peoples Plan (IPP)	0	10,000	
Institutional Capacity Study (PACI)	0	10,000	April 2022
PEP-AOP, Procurement Plan, Budget, Risk assessment and mitigation plan, POM	0	15,000	June 2022
Ex-ante economic analysis	0	15,000	June 2022
Monitoring and evaluation plan	0	15,000	June 2022
Sub-Total Consultants	150,000	90,000	
Public consultations	0	5,000	July 2022
TOTAL	150,000	95,000	

STAFF TIME

Staff	# days	FTE
Team Leader (CSD/RND)	60	0.30
Alternate Team Leader (CSD/RND)	60	0.30
Alternate Team Leader (MIG)		
Tourism Specialist (CSD/RND)	20	0.10
Natural Resources Specialist (CSD/RND) x 2	15	0.075
Digital Government Specialist (IFD/ICS)	10	0.05
Gender and Diversity Specialist (SCL/GDI)	15	0.075
Climate Change Specialist (CSD/CCS)	15	0.075
Environmental and Social Specialists (VPS/ESG) x 2	40	0.20
IDB Lab Specialist (DIS/CBL)	10	0.05
Migration Specialist (SCL/MIG)	10	0.05
Fiduciary Specialists – Finance and Procurement (VPC/FMP) x 2	10	0.05
Labor Market Specialists (SCL/LMK) x 3	15	0.075
Attorney (LEG/SGO)	10	0.05
Operation analysts (CID/CBL) x 2	15	0.075
Project Assistant (CSD/RND)	10	0.05
TOTAL	315	1.575

PROJECT TEAM MISSIONS

MISSION	Pax	Hotel + M&E (US\$)	Ticket (US\$)	Cost (US\$)
Orientation / Virtual		0	0	0
Analysis / Virtual		0	0	0
Board / Virtual		0	0	0
Sub-total missions				0
TOTAL				0

MINUTES – ELIGIBILITY REVIEW MEETING

Date: March 17, 2022

I. Basic Information

PROJECT NUMBER:	BL-L1041
PROJECT NAME:	Sustainable and Inclusive Belize
PIPELINE YEAR:	2022 A
TEAM LEADER(S):	Marion Le Pommellec (CSD/RND)
COMMITTEE CHAIR:	Laura Alonso (CID/CID) on behalf of Fernando Quevedo, General Manager (CID/CID)

II. Committee decisions

ELIGIBILITY	Yes	
IDB FINANCING & SOURCE OF FUNDING	IDB (OC): US\$15 million	
SOCIAL AND SAFEGUARDS CATEGORY:	Category: B	
	Next Steps	A detailed Environmental and Social Analysis (ESA) on the potential impacts and risks (DRA) will be prepared and will include mitigation measures as part of the Environmental and Social Management Plan (ESMP).
POD DISTRIBUTION TO QRR:	June 15, 2022	
TOTAL RESOURCES REQUIREMENTS	Administrative Budget	US\$95,000
DISTRIBUTION BY DIVISION	CSD/RND	165
	VPS/ESG	40
	SCL/GDI	15
	CSD/CCS	15
	IFD/ICS	10
	CID/CBL	15
	DIS/CBL	10
	LEG/SGO	10
	VPC/FMP	10
	SCL/MIG	10
	Total (days)	300
TECHNICAL COOPERATION (TC) IN SUPPORT FOR APPROVAL		BL-T1148

III. Recommendations

Issues	RECOMENDATIONS
1. Execution arrangement	As this will be one of the first projects to be executed by the new Central Executing Unit under implementation, it has been agreed that the PP would mention that the execution would be managed at the level of the Ministry of Finance, Economic Development and Investment. At the POD level, the responsibilities of this unit will be delineated in detail, as well as a description of the coordination arrangements with line ministries.
2. Estimated demand	Members of the ERM expressed concern about ensuring that the grant component is commensurate with the estimated demand. It was agreed that the estimated demand and the number of enterprises that could be eligible would be assessed and presented in the POD.
3. Skills gap	The committee recommended institutionalizing the training activities and providing more focus on formal training to be delivered to beneficiaries. This would allow to further strengthen their skills and moreover, contribute to the sustainability of the intervention.
4. Vertical logic	The ERM requested that in the PP the team include a clearer explanation of the link between the strategy of diversification (described in paragraph 2.4), and the objective of improving incomes (introduced in paragraph 2.12). It is expected that further details be included in the POD.
5. Gap analysis cross-cutting themes	It has been agreed that a comprehensive gap analysis would be convened by the project team, providing relevant data for the following targeted sub-groups: women, afro-descendants; indigenous people; youth and migrants. The data collection and gap analysis should allow for indicators and dedicated activities to be included in the POD and Results Matrix. The team indicated that a GDI specialist is also part of the team and so, specific efforts will be dedicated in that sense.
6. Co-financing operations	<p>a. <u>MIG</u>. MIG will begin the preparation and design of a US\$ 800,000 Investment Grant with resources from the Bank's Grant Facility that will support the inclusion of migrants in this project. Following GN-2947-1 (4.8, note 34) this Investment Grant will be processed along with this loan according to the standard procedure noted in the Procedures for Processing Sovereign Guaranteed Operations (PR-200 Annex 1). Considering that different procedures could apply to the LON and IGR during execution, RND noted that different a delegation of authority could result in potential complications. MIG consulted with LEG to confirm whether OA-420 would apply to both the LON and the IGR or if OA-421 would apply specifically to the IGR. It is understood that OA-420 would apply to the LON and OA-421 to the IGR. This risk of complications will be further evaluated in coordination with LEG and the Country Office.</p> <p>b. <u>GEF</u>. A potential GEF operation is being considered but not confirmed yet.</p>
7. Approval timeline	It was agreed that the team will keep good coordination with CID and CBL, raising potential risks, such as issues for contracting consultants on time, in reaching the consideration by the Board of Directors on September 14 th , 2022.

Agreements

ISSUES	AGREEMENTS
1. Adjustments in the PP and considerations for the POD	The Project team will incorporate in the PP the recommendations and agreements reached during the ERM as well as those specific comments sent in writing by participating departments (Annex II). In addition, the team will consider the comments provided for the POD.
2. Execution arrangement	The PP will clearly state that the execution would be managed at the level of the Ministry of Finance, Economic Development and Investments. At the POD level,

	the responsibilities will be delineated in detail as well as a description of the coordination arrangements with line ministries.
3. Estimated demand	It was agreed that the estimated demand and the number of enterprises that could be eligible would be assessed and presented in the POD.
4. Gap analysis	The team will undertake a comprehensive gap analysis, providing relevant data for the following targeted sub-groups: women, afro-descendants; indigenous people; youth and migrants.
5. Schedule	POD distribution and Board presentation are expected by June 15, 2022, and September 14, 2022, respectively.

Date: March 22nd, 2022



Fernando Quevedo
CID General Manager

ANNEXES

1. List of participants

Attendees	DEPARTMENT / DIVISION
Laura Alonso	CID/CID
Ramiro Lopez Ghio	CID/CBL
Pedro Martel	CSD/RND
Annette Killmer	CSD/CSD
Julian Belgrave	CID/CBL
Marion Le Pommellec	CSD/RND
Aur�lie Gilles	CID/CID
Felipe Mu�oz Gomez	SCL/MIG
Alejandro Carrion	SCL/MIG
Maria Ines Vasquez Rossi	IFD/ICS
Judith Morrison	SCL/GDI
Hugo Amador Us Alvarez	SCL/GDI
Ute Reisinger	VPS/ESG
Jessica Arango Laws	VPS/ESG
Alvaro Luis Sanmartin Baez	LEG/SGO
Janelle Leslie	CID/CBL
Brodrick Watson	FMP/CBL
Hero Balani	CID/CBL
Christian Lunstedt	FMP/CBL
Maria Carina Ugarte	VPS/VPS
Lina Salazar	CSD/RND
Gin�s Suarez	CSD/RND
Jorge Omar Samayoa	CSD/CCS
Henry Wade	DIS/CBL
Joaquin Tres	SCL/MIG
Lisa Restrepo	CSD/RND

Written Comments Received from
LEG/SGO
SPD/SDV
VPS/VPS
SCL/GDI
CSD/CCS
ESRNET
CID/CID

**BELIZE - SUSTAINABLE AND INCLUSIVE BELIZE BL-L1041
PROJECT PROFILE (PP)**

**Eligibility Review Meeting (ERM) – Results and Procedures Report
Thursday, March 17, 2022 @ 5:00pm EST
(Deadline for comments: Wednesday, March 16, 2022, COB)**

Name/Division	Topic	Comment	Answers
VPS	PP - Beneficiaries	Beneficiaries. We recommend including more details on the beneficiaries of the program, such as, number of entrepreneurs, farmers and MSMEs that would benefit from the program and their eligibility criteria (sector, region, etc), and therefore the percentage of estimated women, youth, indigenous people, and ethnic groups benefited. For the <u>POD</u> , please give information on how the program will reach the intended beneficiaries, especially those most vulnerable.	<p>No es posible atender positivamente a la solicitud de incluir más detalles a incluir en el PP, dado que requiere de un trabajo analítico que se realizará durante los próximos meses hasta la preparación del POD, y en particular: gender, youth and diversity gap assessment; análisis y posterior focalización regional; mapeo de otras iniciativas (complementariedad y consistencia); análisis de demanda e identificación de los rangos de montos de incentivos.</p> <p>En el POD, y en particular el borrador detallado de Manual Operativo que será presentado como enlace, se incluirá todos los detalles respecto a criterios y procesos de selección, e implementación de los apoyos.</p>
VPS	PP – Dimensioning the support	Dimensioning the support. Please provide information, if available, regarding the limit amounts for the financing of eligible beneficiaries (MSMEs and individuals). At the <u>POD</u> level, please provide a sound technical justification for the proposed limits, supported by the respective demand analysis. Additionally, please provide information on the structure/vehicle whereby the non-reimbursable financial support resources to finance the implementation of the farm, business and investment plans will be disbursed to the beneficiaries.	<p>El límite de monto de los incentivos se definirá durante el proceso de análisis y se detallará en el POD.</p> <p>Se realizará un análisis de demanda cuyos resultados se presentarán en el POD.</p> <p>El mecanismo de otorgamiento y gestión de los incentivos, se detallarán en el borrador detallado de Manual Operativo, que será presentado como enlace en el POD.</p>
VPS	PP – Project team composition	Project team composition. Considering the experience in designing and executing programs that support MSMEs through technical assistance and non-reimbursable finance, that IFD/CTI is leading a complementary operation (BL-L1039) and given the weight of Component 1 in the project total cost, please evaluate including CTI as part of the project team.	<p>Se ha tomado la decisión de establecer (i) coordinación formal entre BL-L1039 y BL-L1041 a través de ICS (Maria Ines Vasquez, co-team leader de BL-L1039 y miembro de equipo de BL-L1041 para apoyar el establecimiento del sistema digital de gestión de incentivos – con base en similar experiencia de colaboración con PN-L1166) y (ii) coordinación informal con la TL (CTI) de BL-L1039 a través de intercambio sostenido de información (Ayudas-Memorias</p>

Name/Division	Topic	Comment	Answers
			y borradores de PP) y reuniones frecuentes.
VPS	PP – Additional resources	Additional resources. Please, provide information related to possible cofinancing and efforts under way to identify and commit additional resources for the operation.	De acuerdo.
VPS	PP – Executing agency	Executing Agency. In paragraph 4.3 in the PP, please briefly mention the previous experience of the Ministry of Finance, Economic Development, and Investment, and its Central Executing Unit as executing agencies of the Bank or other multilateral's projects.	Aclarar lo que se pueda, consistentemente con el comentario de CID sobre el mismo tema.
VPS	PP – Strategic alignment	Strategic Alignment. Please indicate which CRF indicator(s) might the operation align to. (paragraph 2.9).	De acuerdo.
VPS	PP – Program Operating Manual	Program Operating Manual. Given its relevance for institutional coordination (given the challenge of a multi-stakeholder scheme) and the project design and implementation (paragraph 4.3), please include a draft Program Operating Manual in the following review instances.	De acuerdo, dado que disponer de un ROP muy avanzado es un factor clave de éxito (y de arranque ágil) de este tipo de proyecto en general, aún más cuando se anticipa la participación de varias instituciones.
VPS	PP – Risks and mitigation measures	Risks and mitigation measures. Bearing in mind the identification of the project execution environment as a high risk and the HR challenges, in coordination with LEG, please consider having as a condition prior to first disbursement: (i) the signature and entering into force of the Program Operating Manual, and (ii) the appointment/hiring of the core personnel of the execution unit team. Additionally, please consider having as special condition of execution the signature and entering into force of certain inter-institutional or coordination agreements.	De acuerdo. Aclarar en el PP que la estrategia de mitigación de riesgos incluirá la incorporación de condiciones contractuales (previas al primer desembolso y/o de ejecución) que se hayan considerado relevantes. Incorporar detalladamente las mismas en el POD.
VPS	PP – General	<ul style="list-style-type: none"> • Basic Data – Borrower. Please revise and adjust reference to Borrower, which should be Belize. • Paragraph 2.11. Please include IDB proposed financing amount of operations BL-L1039, BL-L1040 and BL-L1042 and of TCs ATN/ME-16402-BL, ATN/ME-17536-BL and ATN/ME-18578-BL 	De acuerdo. De acuerdo. De acuerdo.

Name/Division	Topic	Comment	Answers
		<ul style="list-style-type: none"> • Annex I. Please complete project number and overall risk rate. • Annex IV. Please include approval year, number and amount of each operation listed. 	De acuerdo.
VPS	POD – Complementarity with other IDB operations	Complementarity with other IDB Operations. For the <u>POD</u> , please highlight the sequencing and complementarity of the program with the other IDB financed operations mentioned in paragraph 2.11.	De acuerdo.
VPS	POD – Strategic Alignment	<ul style="list-style-type: none"> • Strategic alignment: <ul style="list-style-type: none"> ○ UIS – Gender Equality. Considering the proposed alignment with the cross-cutting theme of Gender Equality, please coordinate with SCL/GDI to ensure that the proposal includes the necessary elements (gap diagnostic, activity, and indicator) to establish a solid alignment to each theme. (paragraph 2.9) ○ UIS – Climate finance. When preparing the POD, please, coordinate with CSD/CCS the calculation of the climate finance percentage according to the standard methodology of the MDBs with views to the established corporate annual goal. (paragraph 2.9) ○ Sector Framework Documents. Please include the corresponding justification regarding the consistency of the program with the Sector Framework Documents of Support to SMEs and Financial Access/Supervision (GN-2768-7) and Gender and Diversity (GN-2800-8). (paragraph 2.9) ○ Sustainable Development Goals. When preparing the POD, please include the corresponding justification regarding the operation's contribution to the referred SDGs. (paragraph 2.10) 	De acuerdo.
VPS	POD – Disaggregation of indicators	Disaggregation of Indicators. Consistent with the Corporate Results Framework (2020-2023) and if baseline information is available, we recommend disaggregating the beneficiary indicators by gender and diversity group, as the case may be, in the Results Matrix that will be prepared. If this is not	De acuerdo.

Name/Division	Topic	Comment	Answers
		feasible, we suggest including a clarification in the comment's column of the Matrix.	
VPS	POD – Lessons learned	Lessons learned. In the POD, please provide information on which and how lessons learned were considered in the design and/or execution of the program.	De acuerdo.
VPS	POD – Coordination mechanisms	Coordination mechanisms. Please ensure that the execution and coordination mechanisms are designed and summarized in the <u>POD</u> . Additionally, please highlight the coordination with the private sector.	De acuerdo.
VPS	POD – Social-environmental aspects	Social-environmental aspects. Considering the “B” social-environmental classification, please bear in mind the current requirements established in the Bank's policies applicable to this operation. Please keep a close coordination with ESG when planning activities referring to stakeholders' consultations, including the timely disclosure of the social-environmental documents. When preparing the POD, please present more details on how the program with ensure compliance with applicable requirements, as well as management and mitigation or corresponding risks.	De acuerdo.
VPS	POD - IAMC	IAMC – Please note that the IAMC is valid until July 3, 2022, and the approval of the Draft Loan Proposal (DLP) by the Operations Policy Committee (OPC) is expected on August 8, 2022. According to the Operational Guidelines for the Implementation of the Macroeconomic Safeguards (GN-2753-11), in case an IAMC is not in force, restrictions to the speed of disbursements shall be applicable.	Dar seguimiento con country economist.
CCS	Climate finance tracking	We congratulate the team for the incorporation of climate change throughout the document, and we suggest continuing to strengthen its mainstreaming during the preparation of the POD.	De acuerdo.
LEG	Sección I	En la sección I. “Datos Básicos” del Perfil de Proyecto (PP) y en el Anexo II, agradecemos identificar como “Prestatario” a Belize	De acuerdo.

Name/Division	Topic	Comment	Answers
LEG	Abogado Alterno	Agradecemos eliminar el nombre del Abogado Alterno (Ignacio Barragan) del Equipo de Proyecto y ajustar la tabla del Anexo V según corresponda.	De acuerdo.
LEG	POD	Recomendamos para el desarrollo del POD, incluir la descripción de la naturaleza jurídica del Organismo Ejecutor (Ministerio de Finanzas y Desarrollo Económico e Inversión) y su rol con relación a las actividades de Turismo y Agricultura, tomando en cuenta las posibles delegaciones de facultades que pudieran ser necesarias para la ejecución del proyecto.	De acuerdo.
LEG	Par. 2.18	Por último, recomendamos ajustar el párrafo 2.18 para indicar que los recursos serán desembolsados (en lugar de ejecutados) en un período de 5 años.	De acuerdo.
ESRNet	-	ESR has no comments on the content on the PP and ESS. If during preparation of the operation between ERM and QRR there are changes in the scope of the operation which could lead to a change of E&S impacts and/or E&S impact categorization, please contact the Environmental and Social Solution Unit (ESG).	De acuerdo.
GDI	POD Recommendations	<p>We believe that this project has the potential to achieve Gender and Diversity (indigenous people and afro descendants) Strategic Alignment.</p> <p>To ensure the gender and diversity alignment, that will be determined in the QRR by GDI, we suggest the team includes the three necessary elements (gap analysis/diagnosis, specific actions, and specific indicators) in the POD.</p> <p>We specifically have the following comments to consider in the POD:</p> <ul style="list-style-type: none"> We suggest expanding the information on the gender and diversity gaps and including data when possible. Specifically, information related to the proposed activities: gaps in entrepreneurship, in women and diverse MSMEs, in access to 	De acuerdo.

Name/Division	Topic	Comment	Answers
		<p>financing and in support on early stages.</p> <ul style="list-style-type: none"> • In component 1 it is described that aspects of gender and diversity, among others, will be considered. To achieve G&D strategic alignment, it is necessary to have specific activities for gender and diversity. We suggest including additional information and set specific goals according to the diagnosis for gender and for each population group. • We also suggest the team include a specific gender results indicator and diversity results indicator for each population group in the results matrix. 	
SPD	Specific objectives & potential result indicators	The PP establishes that the objectives of this operation will be to improve incomes and promote sustainable livelihoods in the agriculture and tourism sectors. To reach those objectives, the project will seek to improve MSMEs competitiveness, climate resilience, and environmental sustainability. Given that the success of the project will be assessed on the basis of the achievement of its Specific Objectives and related result indicators, it is recommended that the PP clearly declare what the Specific Objectives of this operation will be, as well as give some indication of potential result indicators under consideration.	Aclarar objetivos específicos como solicitado y mencionar algunos posibles indicadores.
SPD	Strengthen diagnosis	The PP presents an initial diagnostic of the evolution and challenges facing the agriculture and tourism sector. It is recommended that this diagnosis be strengthened with supportive evidence that can help draw a clear line between the challenges and opportunities identified and the proposed solutions. In particular, it would be advantageous to understand what has been the impact of Covid on these sectors, and how this offers an opportunity to “build back better”. Also, it would be good to define what this means, exactly.	De acuerdo.
SPD	Supportive evidence	Other themes that require evidence support include, for the tourism sector: current risk governance of tourism destinations; potential to develop regional or domestic tourism to increase resilience in times of global obstacles; local entrepreneurial capacity to	De acuerdo.

Name/Division	Topic	Comment	Answers
		enhance and upgrade the tourism value chain; current competitiveness and livelihood alternatives; and concentration of the tourism footprint and aggravation by lack of appropriate sanitation and solid waste disposal systems. In the agriculture sector: difficulties to access high value markets and to meet more sophisticated international demand, including from tourists visiting Belize and demand for certified products (organic, fair-trade, social and environmental seals, among others); underlying structural challenges in the sector including low technical and managerial knowledge, lack of access to technologies and financial resources, and low associativity.	
SPD	Vertical logic	Finally, with the exception of “difficulties” to meet more sophisticated ag product demand from visiting tourists, it’s unclear what the benefits and synergies of including two complex sectors in the same operation yields. This might pose problems for the vertical logic of the program. It is recommended that these synergies/benefits be flushed out.	De acuerdo.
CID	Execution arrangement	This will be one of the first projects to be executed by the new central execution unit that is being created within the Ministry of Economic Development. Once the unit is formalized, and at the POD level, the responsibilities of this unit should be delineated in detail, as well as a description of the coordination arrangements with line ministries.	<p>De acuerdo.</p> <p>Para mitigar riesgos, el equipo propone la siguiente estrategia:</p> <ul style="list-style-type: none"> - Avanzar con la idea de que el MED es el OE, pero también con la idea de tener potencialmente un PEU, PEU que luego, se iría transformado en CEU, y ganando paulatinamente en capacidad operativa si fuese necesario; - Analizar todos los esquemas y mecanismos complementarios que permitan esperar una ejecución eficiente <p>→ Lecciones aprendidas</p> <p>*del proyecto financiado por FIDA / en el sector agrícola (= lo que no funciona y entonces no se debe hacer)</p> <p>*del proyecto financiado por el BM / aprobado el 14/03 → mecanismo inspirado de los éxitos del proyecto de emergencia que financiaron el año pasado (con el Belize</p>

Name/Division	Topic	Comment	Answers
			<p>Social Investment Fund)</p> <p>*del programa de matching grants de STP II con BTB</p> <p>→ Explorar esquemas que minimicen la carga de gestión del PEU/CEU y los riesgos = en particular, esquemas de ejecución tercerizada (mediante firmas).</p>
CID	Vertical logic of the intervention	We kindly ask that the team explain and further detail the link between the strategy of intra sector diversification described in paragraph 2.4, and the objective of improving incomes.	De acuerdo. Se aclarará en el PP y detallará en el POD.
CID	Estimated demand	Component 1 of the operation seems to be considering a matching-grant option: “(ii) <i>non-reimbursable financial support to finance or co-finance the implementation of the farm, business and investment plans.</i> ” We would like to ensure that the grant component is commensurate with the estimated demand and the number of enterprises that could be eligible. We kindly ask that the team further details that key aspect and provides an estimated demand in the POD. Additionally, we strongly recommend integrating lessons-learned from the implementation of the matching-grant component of program STP II (beyond the analytical work mentioned in paragraph 3.1) also providing more details on how the implementation of this activity is envisioned in this case.	De acuerdo. Incluir en el POD, resultados de análisis de demanda y demostrará cómo lecciones aprendidas se han tomado en cuenta para orientar el diseño tanto técnico como operativo.
CID	Technical Training	Considering the skills gap in Belize, particularly in the sectors with growth potential, training activities become particularly relevant. We recommend highlighting this key activity by integrating it in the second component. Indeed, we recommend providing more focus on formal training to be delivered to beneficiaries to further strengthen their skills and moreover, contribute to the sustainability of the intervention.	<p>Aclarar durante ERM que el equipo ya estableció contactos con EDU para explorar colaboraciones, y que se podría considerar incluir en el proyecto (componente 2) intervenciones como:</p> <ul style="list-style-type: none"> - Vocational training en agricultura sostenible y turismo sostenible, inspirándonos del piloto “Skills to Access the Green Economy through TVET in Belize and the Caribbean” (BL-T1131) que estás co-liderando con ENE; - Vinculación entre Academia y PYMES, inspirándonos de iniciativas pilotos de la Universidad de Belize (cursos online) y Galen University (Estudiantes puestos a disposición de PYMES para apoyar en temas de business management). <p>Incorporar un resumen de lo anterior en el PP e incluir EDU en el equipo.</p>

Name/Division	Topic	Comment	Answers
CID	Sustainability	Please indicate in the PP and further detail in the POD how economic and financial sustainability of the intervention is envisioned in time given Belize's economic and fiscal stance.	Aclarar en el PP, y detallar en el POD, que (i) en el componente 1, se financiarán apoyos con base en evidencia de la rentabilidad de las prácticas/inversiones planificadas (ii) en el componente 2, se incluirán intervenciones de bajo impacto fiscal (con, posiblemente, estrategias complementarias como recuperación de costo y partnership con sectores no gubernamentales).
CID	Cross-cutting themes	We kindly ask that the team reinforce and further detail how the cross-cutting themes will be incorporated in the project. In paragraph 2.13, it is stated that: " <i>The operation will specifically target women, youth, indigenous people and afro descendants</i> "; we suggest elaborating on how this targeting is envisioned and work closely with GDI to ensure collection of the necessary data and suitable monitoring of the related indicators during project implementation.	Aclarar en el PP que se realizará un estudio enfocado a determinar qué brechas en materia de asistencia técnica, financiamiento y acceso a mercados enfrentan las mujeres, pueblos indígenas, afrodescendientes y jóvenes. Este estudio será un insumo fundamental para determinar las actividades específicas a incluir en el componente 1 así como tener un dimensionamiento adecuado para incluir indicadores realistas en la matriz de resultados. Este estudio será supervisado por el especialista asignado de GDI y se complementará con el estudio sociocultural que llevará a cabo ESG enfocado a potenciales impactos. Proporcionar detalles en POD y anexos.
CID	Migration and other co-financing	The country has showed interest to have access to non-reimbursable financing benefitting migrants, among others. As such, we understand that the team has been in discussions with MIG. We kindly ask that an update be provided on how the collaboration is envisioned, its timeline and potential impact on project preparation. The same inquiries would apply to the other co-financing opportunities being explored. Furthermore, in that line, we kindly ask that in the POD, the team present the envisioned sequencing and related activities of the different established co-financing avenues.	MIG has identified US\$ 800,000 from the GRF that will be assigned to this project. The procedure applicable will follow the Bank's Procedures for Processing Sovereign Guaranteed Operations (PR-200, Annex I). The procedure of approval by the BOD, as established in document GN-2947-1 (paragraph 4.8, footnote 34), will be the standard procedure, regardless of the amount of the corresponding IG. Additionally, the E&S studies and management plan will include an assessment of migration dimensions / aspects. MIG and RND are currently reviewing the ToRs for a specialized consultancy that will allow us to obtain the necessary information on migrant workers and MSME related to migrant employment that will allow the project team to fully integrate the migration dimension into the vertical logic of the operation. We expect to have all this information ready on time for the POD to include it along with the corresponding annexes following the current timeline that has been proposed by the team and submitted to CID and CBL.

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			<p>Furthermore, to ensure that the migration grant follows a common vertical logic with respect to the loan, and to facilitate the <i>pari passu</i> disbursement, a single results matrix will be used for the loan and the associated grant. For both, the loan and the GRF grant, the Progress Monitoring Report (PMR) will use the performance methodology applicable to the corresponding lending instrument and modality of the loan, as stated in GN-1072-3</p> <p>Si, por cualquier motivo, no tengamos todo listo para el POD, procederemos con una modificación (en el marco de la PR-200) cómo se hizo con el proyecto de Educación.</p>
CID	Approval timeline	Currently the project is expected to be presented to the Board on Sep-14, 2022, that is, in Q3. Please confirm that activities and consultations required by the social and environmental safeguards are consistent with this timeline. Does the team foresee any possible delays in this timetable?	<p>Debido a los retos que enfrenta el Banco en general con los procesos de contratación de consultores, que duran mucho tiempo, existen riesgos de retraso, que lamentablemente están fuera del control del equipo (el equipo anticipó todo lo que pudo).</p> <p>Additionally, The IDB will disclose a fit for disclosure version of the E&S documents prepared for this operation prior to the Analysis Mission.</p> <p>The final version of the E&S documents including a report of public consultations will be disclosed prior to approval</p>
CID	Specific comments	<ol style="list-style-type: none"> <u>TC support.</u> We would like to thank the team for the preparation of the support TC to this operation: BL-T1148 and acknowledge its timely approval on March 10th. We kindly ask that related supporting activities to the present operation be stated in the document. <u>Economic situation.</u> We suggest providing an updated economic situation in 2021. The country economist can support in that sense. <u>Tourism background.</u> (Paragraph 2.5) Given the following recommendation stated: "<i>harness the potential to develop regional or domestic tourism to increase resilience in times of global obstacles</i>". It might be useful to mention that the tourism industry is also dependent on a few international markets, with arrivals mainly 	<p>De acuerdo.</p> <p>De acuerdo. Hablar con Janelle.</p> <p>De acuerdo.</p>

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		<p>comprised of visitors from the US.</p> <p>4. <u>Hurricanes Eta and Iota</u>. (Paragraph 2.7). Hurricanes Eta and Iota also caused significant flooding damage (which particularly affected cattle) in 2020 and may also be worth mentioning.</p> <p>5. <u>Drought</u>. (Paragraph 2.7). It is mentioned that: <i>"In 2019, drought resulted in agricultural losses of US\$38.5 million"</i>. We suggest mentioning the source of that data in a footnote.</p> <p>6. <u>Diversification of agricultural exports</u>. We recommend explaining in greater detail in the POD what Belize's diversification strategy has been, and the challenges it has faced. In the section on experience, it would also be good to mention Bid Lab value chain projects, and which one could potentially be scaled up.</p> <p>7. <u>Food security</u>. The agriculture section mentions the impact of the operation on food insecurity. Are there comparative information/indicators about food security?</p> <p>8. <u>Impact of indigenous lands on agriculture</u>. A large portion of Belize's arable land is owned by Mayan communities which is constitutionally protected. How will the program take this into account?</p> <p>9. <u>Complementarities and synergies</u>. Paragraph 2.11. Notwithstanding the coordination in the sector with the other actors as the IFAD and the WB, we kindly ask that the team present how they are complementary and what would the Bank's added value be and the envisioned dynamic between the different entities presented. Are there any synergies or complementarities identified with project STP II (BL-L1020)?</p> <p>10. <u>Private sector linkages</u>. Please indicate if there are linkages with private sector/financial institutions offering services to the program's</p>	<p>Incorporar en PP.</p> <p>Además el tema de riesgos de desastres naturales se analizará en el marco de los estudios de ESG y, con base en resultados de los mismos, se incluirá acciones que correspondan en el PGASE.</p> <p>De acuerdo.</p> <p>De acuerdo.</p> <p>De acuerdo.</p> <p>Este tema se analizará en el marco de los estudios de ESG y, con base en resultados de los mismos, se incluirá acciones que correspondan en el PAPI.</p> <p>Aclarar en ERM que el trabajo analítico justamente identificará los espacios de complementariedad. Ejemplos ya identificados:</p> <ul style="list-style-type: none"> - Proyecto BM focalizado en producción, no post-producción; - Proyecto BM focalizado en norte del país, no en sur - STP II: criterios de elegibilidad diferentes (BL-L1041: mitigación huella ambiental +++)

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		target group.	Aclarar en PP que papel/linkage con Beltraide/DFC serán analizados.