GEORGE PRICE HIGHWAY REHABILITATION PROGRAM

Technical Annex BL-L1019

Regional Integration

The regional integration initiative for Mesoamerica, The Mesoamerican Project (PM), includes the George Price Highway (GPH) between Belmopan and Santa Elena as a segment of the International Network of Mesoamerican Highways (RICAM). The GPH provides vital access to Belize’s major inland tourism area, one of two land border crossings, the country’s entire petroleum industry, and a significant agricultural area. Investment in the rehabilitation of this GPH section will improve Belize’s connection with Guatemala and, thus, Central America and ensure a reliable link for years to come for Belize’s three primary export industries: tourism, agriculture, and petroleum, and will greatly support Belize’s increased participation on the global stage.

* The project *George Price Highway Rehabilitation Project* (BL-L1019) (the Project) has been evaluated using the Bank’s *Sector Strategy to Support Competitive Global and Regional Integration* (GN-2565-4) framework, to analyze and validate the project’s contribution to the regional cooperation and integration financing goal.
* This annex aims to demonstrate in a quantitative and logical way that the Project will contribute to maintain and expand Belize´s connectivity with the region and the rest of the world as the project will:
  + Improve access to important tourist, agricultural, and petroleum industrial areas by rehabilitating the George Price Highway (GPH) between Belmopan and Santa Elena.
* This annex is structured into three sections.

1. Project description.
2. Project aspects relevant to the Bank’s goals of Global and Regional Integration.
3. Validation of project through the Bank’s Regional Integration Framework.

## Project description

* 1. *The Project* (BL-L1019) aims to substantially the road connectivity within Belize’s main districts and with Central America by rehabilitating the GPH road infrastructure between miles 47.9 in Belmopan and 67.3 in Santa Elena (the project) to national standards, decreasing travel time and costs, reducing road fatalities and injuries, and ensuring road accessibility by improving the climate change resilience of the corridor. To meet this objective the following components must be completed.
* Component 1: Civil works & maintenance. This component will finance: (i) the civil works for the rehabilitation of the GPH from mile 47.9 (Belmopan) to 67.3 (Beginning of Santa Elena Bypass); (ii) the civil works for the replacement of the Roaring Creek Bridge (mile 48); (iii) the supervision of the civil works of this component; (iv) two years maintenance of the civil works of this component once concluded; and (v) land acquisition, compensation, and utilities relocation required to execute the civil works of this component.
* Component 2: Institutional strengthening. This component will finance activities to strengthen the MOWT, and particularly the Project Execution Unit (PEU) and the Road Maintenance Unit (RMU) in the following areas among others: (i) structuring of performance-based contracts for maintenance; (ii) environmental safeguards application in accordance with the Bank’s policies; (iii) utilization of national standards or another preferred highway design and testing code by staff and/or training/studies in other related areas; and (iv) training in the use of HDM-4 .
* Component 3: Engineering & Administration. This component will finance activities that support the administration of the Project, including: (i) the contracting of PEU´s key personnel fully dedicated to the Project which are a procurement specialist, a financial specialist, a project manager/engineer, and an administrative assistant; (ii) renting and furnishing office space for the PEU; and (iii) acquisition of equipment for project execution and oversight. This component will also finance: (iv) sector studies, environmental and social studies, technical studies, and additional engineering designs related to the Project; (v) monitoring and evaluation; and (vi) financial audits.

## Project Aspects Relevant to Global and Regional Integration

* 1. This section develops the justification of how the Project (BL-L1019) will contribute to global and regional integration. It will do so through all components of the project.
  2. A significant reason that the IDB is undertaking this project is based on a recommendation taken from the IDB’s 2008-2012 Belize Country Strategy was that the next strategy should focus more “on trade and integration-related interventions, both of which support the country’s more effective integration into regional and global markets.” This resulted from the sense that not enough had been done toward increasing the country’s integration with the region, important for a country as small as Belize.
  3. The regional integration initiative for Mesoamerica, The Mesoamerican Project (PM), includes the GPH between Belmopan and Santa Elena as a segment of the International Network of Mesoamerican Highways (RICAM)[[1]](#footnote-1). The Project segment helps integrate Belize with the region by providing direct access to one of two land crossings between Belize and the region and the only one with Central America. Belize’s lone border crossing with Central America lies approximately twelve miles beyond the project end. The Guatemalan portion of the route was upgraded approximately five years ago to a condition similar to that of the project segment upon completion.
  4. The three primary industries that contribute to the Belizean export economy are tourism, agriculture, and petroleum. Each of these industries depends on the project segment of the GPH and thus will benefit from improvements to the roadway.
  5. Tourism accounts for 37% of Belize’s GDP and 32% of all exports and is expected to grow to 44% of GDP and 39% of all exports by 2024[[2]](#footnote-2). The number of tourist arrivals, 309,000 in 2014, is expected to increase to 434,000 by 2024[[3]](#footnote-3). Much of Belize’s inland tourism industry centers around the twin towns of San Ignacio and Santa Elena located at the westernmost end of the project road segment. The towns act as the center of a burgeoning ecotourism trade with a number of eco-lodges and resorts in the surrounding area and numerous eco-focused activities. Additionally, the project segment is the primary access corridor for tourists entering Belize by land and the road traveled by most tourists to access many of the Mayan cultural and historic sites that lie along the highway. Of note, the highway provides access to the Mayan sites of Xunantunich, Pilar, Cahal Pech, Pacbitan, and Caracol as well as permitting passage of tourists in Belize to the famed Mayan site of Tikal in Guatemala.
  6. The Belizean agricultural sector accounts for more than 33% of all exports[[4]](#footnote-4). One of Belize’s largest agricultural areas is along the roadway leading from the GPH to the community of Spanish Lookout. The goods produced here must travel along the project segment of the GPH to reach international markets or processing plants whose final product is exported.
  7. The Belizean petroleum industry is centered near the town of Spanish Lookout. All petroleum is transported by truck along the project roadway and eventually to Belizean ports. Though the industry has been declining since its 2011 peak, the industry generated approximately BZD 21 million in revenue for the Government of Belize in 2014[[5]](#footnote-5).
  8. Though the rehabilitation of the project section of the George Price Highway is not expected to generate traffic independent of that due to growth of tourism interest and infrastructure in the region, the continued deterioration of the highway will add cost and potentially harm the tourism, agricultural, and petroleum industry in the project area.

## Validation of Project Criteria with the Integration Strategy Framework

* 1. According to the Bank’s *Sector Strategy to Support Competitive Global and Regional Integration* (GN-2565-4), regional integration operations are aligned with one or more of the four general strategic criteria: (i) a cross-country focus; (ii) regional additionality; (iii) national subsidiarity; and (iv) compensation of coordination failures.
  2. This operation is aligned with two of the criteria: i) cross-country focus and (iii) national subsidiarity. Considering the scope of the project outlined in the first section of this Annex, this project contributes to a cross-country focus, as it is a national project that has a direct effect on bettering accessibility standards by improving the country’s highway connection with Central America. The project is critical for Belize to maintain and grow its economic integration with the rest of the world. The project also contributes to national subsidiarity since it is a national investment with cross-border objectives. The road section is part of the Mesoamerican Project’s RICAM meant to create a regional network of highways.
  3. The activities that support global and regional integration can be classified in three main areas: (i) Infrastructure; (ii) Institutional strengthening and capacity development; and (iii) Functional cooperation and regional public goods. In accordance with the described components in the loan proposal, the operation is classified under the area of infrastructure because it is a physical intervention on a major highway that improves the connectivity of national infrastructure, in this case the connection of the entirety of Belize with Central America and major tourism sites and principal economic centers with the international seaport and airport infrastructure.
  4. The Project complies, as demonstrated above, with the Bank’s transport subsector “Major Highways” as the project involves a major road that is part of a transnational corridor. In accordance with the Guidelines for Classifying Lending Program Priorities (GN-2650) the “Major Highways” subsector implicates conditional eligibility for the completion of the financing goal to back regional cooperation and integration. Being that the GPH is designated part of the RICAM regional road network and an important corridor for Belize’s three primary economic sectors: tourism, agriculture, and petroleum, the project qualifies for conditional approval under the global and regional integration framework.

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| Sub-sector | Code | Description | Automatic(A)/Conditional(C) |
| Major Highways | TR-VPR | Major roads that are part of transnational corridors or that feed them; or roads giving access to ports, airports and international waterways. This also includes main roads that are not part of transnational corridors. | C |

1. In 2002 under the political framework of the regional Initiative, Mesoamerican Project - PM (formerly known as Puebla – Panama Plan) the Ministries of Transport of Belize, Costa Rica, El Salvador, Guatemala, Nicaragua, Mexico and Panama signed a Memorandum of Understanding to create the RICAM where GPH is included as part of the RICAM´s touristic corridor. RICAM prioritizes the most relevant road links to foster commerce in the region and with the rest of the world. [↑](#footnote-ref-1)
2. From the World Travel and Tourism Council’s report “Travel and Tourism Impact 2014 Belize.” [↑](#footnote-ref-2)
3. See footnote 1. [↑](#footnote-ref-3)
4. From the IDB’s Country Department of Belize, Central America, Mexico, Panama, and the Dominican Republic June 2014 Monthly Bulletin on Belize.. [↑](#footnote-ref-4)
5. From the Ministry of Energy, Science & Technology and Public Utilities of Belize webpage: http://estpu.gov.bz/index.php/geology-petroleum/gpd-menu-revenues/gpd-menu-revenue-gob-take [↑](#footnote-ref-5)