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BELIZE

IDB GROUP COUNTRY STRATEGY UPDATE 2020-2021

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ABBREVIATIONS

CS	Country Strategy
CAPS	Community Action for Public Safety Programme
CDB	Caribbean Development Bank
CDRMP	Comprehensive Natural Disaster Risk Management Program
DRM	Disaster Risk Management
FMIP	Flood Mitigation Infrastructure Program for Belize City
GDP	Gross domestic product
GSDS	Growth and Sustainable Development Strategy
IDBG	Inter-American Development Bank Group
iGOOP	Index of Governance and Public Policy in Disaster Risk Management
IPCC	Intergovernmental Panel on Climate Change
IMF	International Monetary Fund
MHDSTPA	Ministry of Human Development, Social Transformation and Poverty Alleviation
NDC	Nationally Determined Contribution
NEMO	National Emergency Management Organization
OJJDP	Belize City Community Gang Assessment Report
UNODC	United Nations Office on Drugs and Crime
WTTC	World Travel and Tourism Council

I. INTRODUCTION

- 1.1. This is an update of the 2013-2017 Inter-American Development Bank Group (IDBG) country strategy (CS) with Belize, approved on December 18, 2013 and extended until December 31, 2019 (GN-2746-2). Following the protocols established in the Country Strategy Guidelines (GN-2468-9), and considering that general elections are scheduled for November 2020, the IDBG and the Government of Belize have agreed to a CS Update that will be valid until December 31, 2021. The CS Update will maintain the current strategy's four priority areas: (i) education, (ii) tourism, (iii) transport and (iv) trade and tax policy, as these continue to be highly relevant for the country's development. In addition, the IDBG and the Government have identified climate change and disaster risk management, and citizen security, as two further areas of focus during the expanded CS period.¹

II. THE IDB GROUP'S NEW STRATEGIC PRIORITIES FOR 2020-2021

- 2.1. **Climate change and disaster risk management** was included in the 2013-2017 strategy as a cross-cutting theme and identified as a risk factor for its implementation². The IDBG has an active portfolio in this area that includes two loans totaling US\$20 million, representing 22.4% of Sovereign Guaranteed (SG) loan approvals under the 2013-2017 strategy³. Given the relevance of this area for Belize's sustainable development, its inclusion as a new priority area will allow the Bank to better align and monitor the expected results of its interventions and more effectively work with partners to support the country's Nationally Determined Contribution (NDC), while still being a core element in the other priority areas, particularly tourism and transport.⁴
- 2.2. As for **citizen security**, the Bank has supported the Government in reducing youth involvement in crime and violence through the Community Action for Public Safety Programme (CAPS I), which was approved in December 2010 and finished execution in 2016. CAPS I was largely successful and showed promising outcomes in recidivism reduction, school attendance, training and employability of beneficiary youth.⁵ Despite its success, a key finding of the implementation of CAPS I was that the program's activities were insufficiently targeted⁶. To help inform future interventions, in 2017 the Bank financed a comprehensive analysis of Belize's citizen security sector (the Gap Analysis)⁷ to identify gaps and needs in programs and services to reduce violence and crime, and the 2018 Belize City Community Gang Assessment Report (OJJDP Assessment) to collect and assess data related to gang involvement and activity in Belize City.⁸ This analysis has

¹ The indicative financial envelope for the 2020-21 period will be consistent with the indicative lending framework proposed in the Strategy.

² For example, the Bank-financed rehabilitation of the George Price Highway (BL-L1019 and BL-L1029) incorporates measures to contain flooding, which is predicted to become more frequent with climate change, while the Solid Waste Management Program II (BL-L1021) will continue improving solid waste collection, transport, recycling and final disposal practices across the country.

³ In 2017, the Bank approved the Climate Vulnerability Reduction Program (BL-L1028) for US\$10 million to further improve Belize City's drainage infrastructure and install nature based coastal initiatives in Caye Caulker and Goff's Caye, both popular tourism destinations. In 2019 the Bank moreover approved the Contingent Loan for Natural Disaster Emergencies (BL-O005) for US\$10 million, aimed at alleviating the impact that a severe disaster could have on public finances.

⁴ As a signatory to the United Nations Framework Convention on Climate Change, Belize has submitted and ratified its NDC.

⁵ Aggression levels in beneficiary youth were reduced by 0.11 points; 84% of youth attending the Positive Youth Development initiative were in school or working after attending for one year; and recidivism rates in the two juvenile justice facilities in the program decreased from 60% to 19% and from 49% to 19%, respectively.

⁶ [CAPS I PCR \(2016\)](#).

⁷ For additional information, see: [Gap Analysis Report: Citizen Security in Belize](#). This study is referred to as the "Gap Analysis."

⁸ The OJJDP Assessment was financed under the Technical Cooperation program BL-T1082, which also financed studies for the creation of a national legal aid system for youth in conflict with the law.

provided the authorities and the Bank needed evidence to define priorities and formulate new interventions.

- 2.3. The new strategic priorities are aligned with the Bank's Second Institutional Strategy Update 2020-2023 (AB-3190-2) and constitute one of the critical success factors included in the Government's Growth and Sustainable Development Strategy (GSDS) 2016-2019.⁹ In line with the objective of strengthening the governance systems for managing environmental and social issues, the Bank will make available its various instruments to support Belize in strengthening and improving the performance of environmental and social governance systems in terms of their regulatory, institutional, and budgetary frameworks at the national, subnational, and sector levels.

A. Climate change and disaster risk management

- 2.4. Belize is highly exposed to climate change and natural hazards such as hurricanes, tropical storms, flooding and drought.¹⁰ The Global Climate Risk Index 2019 ranks Belize eighth out of 183 countries based on average losses of 2.9% of its Gross Domestic Product (GDP) resulting from natural disasters and climate change between 1998 and 2017. The country's high vulnerability is mainly explained by: (i) geographic location in the Caribbean hurricane belt; (ii) extensive areas of low-lying coastal land: most of Belize's territory is at sea level and about 56% of the coastal population is exposed to sea-level rise; (iii) a small economy (GDP of just 1.9 billion in 2018), highly dependent on climate-sensitive natural resources, with nature-based tourism¹¹ and agriculture representing 41.3%¹² and 9.7% of GDP in 2018, respectively; and (iv) concentration of economic activity on the coast: Belize City, the largest population center in the country, is on the coast at sea level and flanked by two major flood-prone rivers – the Belize river and the Sibun river.
- 2.5. Weather associated natural disasters in Belize not only affect economic activity, but also compromise fiscal sustainability, as these events tend to be followed by an increase in debt-financed government spending on emergency assistance and reconstruction.¹³ This makes Belize's debt outlook especially sensitive to the likely impacts of natural hazards and climate change. The IMF estimates that, following a natural disaster that causes 6% of GDP in economic damages (half the size of the economic damage inflicted by Hurricane Earl in 2016), real GDP could decline by 3% in the year of the disaster and by a further 1% in the next year. The shock would shift up the government's debt trajectory by around 7% of GDP.¹⁴ Belize has tended to rely on debt for disaster response as aid flows for recovery and reconstruction have been traditionally low. Based on AidData records, the IMF reports

⁹ Given the relevance of innovation and digital transformation in the Bank's Second Institutional Strategy Update 2020-2023, the IDB has developed a Strategic Framework and Action Plan in Belize to identify innovative solutions to improve project design and execution. For instance, project monitoring tools (*Infradinamica* application) have been incorporated to supervise works for transport loans in Belize, and all loans and technical cooperations approved in 2019 included innovative elements.

¹⁰ During the period 1931-2016, 33 hurricanes or tropical storms either made landfall in Belize or passed close enough to cause damage or the loss of life. Nine of these were classified as catastrophic. The incidence of extreme events has increased in recent years; out of the 33 hurricanes or tropical storms registered since 1931, 13 were recorded between 2000 and 2016. In addition, within the last decade some areas in Belize experienced drought on a yearly basis. Belize's 2019 dry season has been the worst in almost four decades and has reportedly led to about US\$25 million (1.3 % of GDP) losses in agricultural production.

¹¹ Belize's coral reefs are the second-longest in the world, sheltering most of the windward coast of Belize.

¹² This considers the direct, indirect and induced effects measured by the World Travel and Tourism Council (WTTTC). Tourism provides direct employment to 13.3% of the labor force, rising to 37.3% if jobs related to the industry are considered. It is also the largest earner of foreign exchange, contributing to 40% of total exports.

¹³ For example, after the Government financed the recovery and reconstruction costs of Hurricane Earl, the debt rose from 79.3% of GDP in 2015 to 94.4% of GDP in 2016. This was among the main factors for the debt restructuring with external bondholders in 2017.

¹⁴ IMF. Western Hemisphere Department. Belize: Climate Change Policy Assessment. IMF. Western Hemisphere Department. November 16, 2018.

that Belize has received US\$80 million in loans and grants for disaster response between 1990 and 2018¹⁵, with the IDB being the most important partner.

- 2.6. Belize City and offshore cayes lack key investments in disaster risk and coastal zone management to reduce their vulnerability to climate risks. Aside from such investments, lower climate vulnerability requires improvements in Belize's Climate Change Adaptation and Disaster Risk Management (DRM) framework. Recent studies¹⁶ provide evidence of low DRM governance in Belize, characterized by the absence of key policies required to effectively reduce climate vulnerability¹⁷, such as risk identification¹⁸, risk reduction¹⁹ and financial protection.²⁰ Regarding the Government's financial protection against disaster risk, Belize has legal provisions to finance disaster response, but no contingency funds until the approval of the contingent loan with the IDB in 2019.
- 2.7. Given the above factors, the IDBG will continue to support national efforts aimed at reducing Belize's climate vulnerability through the implementation of climate resilience measures and by improving the country's DRM governance.²¹ These efforts will include the design of appropriate building guidelines in coastal areas to help reduce the impacts of climate change and natural disasters and to mitigate emissions generated by buildings. In addition, the Bank will support Belize in the implementation of climate-resilient flood control measures in Belize City and shoreline stabilization measures in strategic tourism areas, as well as efforts to improve dissemination of climate risk information and the design of a climate risk financing strategy for the agriculture and tourism sectors. This will be accompanied by measures to strengthen the country's DRM governance through improvements in five areas to be monitored through the Comprehensive Natural DRM Program: (i) DRM governance; (ii) risk identification; (iii) risk reduction; (iv) disaster preparedness; and (v) financial protection. The Bank will moreover support Belize in reducing the impact of a natural disaster on the country's public finances by increasing the availability, stability and efficiency of contingent financing for emergencies.²²
- 2.8. These efforts will be complemented by measures that reduce consumption and promote the adoption of energy efficient lighting and equipment, and by encouraging private investments in renewable energy (RE) at competitive market prices, to support the national RE target of 85% by 2030, and by promoting the achievement of Belize's NDC goals through innovative business practices.²³ IDBG will also seek to support climate-resilient

¹⁵ Of this, US\$59 million was from the IDB and US\$16 million from the Caribbean Development Bank (CDB) and the European Union. Belize. Ibid.

¹⁶ Lacambra et. al. IGOPP, Índice de Gobernabilidad y Políticas Públicas en Gestión del Riesgo de Desastres. IADB. November, 2017.

¹⁷ This is evidenced by an Index of Governance and Public Policy in Disaster Risk Management (iGOPP) of 17.24%, the 12th lowest of 14 LAC countries evaluated.

¹⁸ Persistent challenges include the generation of hazard and risk information for climate vulnerability reduction planning and limited capacities to produce and analyze the information.

¹⁹ Disaster risk is not sufficiently integrated in national development planning, watershed management, building codes, land zoning and use, and coastal protection.

²⁰ The country has not articulated a national strategy for financing of disaster risk.

²¹ The Bank will support the country mainly through the existing loan portfolio.

²² In a 2007 study, the Bank examined the vulnerability of Belize's public finances to the occurrence of hurricanes and the potential impact of insurance instruments in reducing that vulnerability and found that catastrophic risk insurance significantly improved Belize's debt sustainability. The use of contingent financing is advised by the IMF as a best practice in risk management in its latest climate change policy assessment for the country. Belize: Climate Change Policy Assessment IMF. 2018.

²³ IDB Lab (Innovation Laboratory of the IDB Group, known before as Multilateral Investment Fund-MIF) and its Ecomicro Program are supporting an operation aimed at creating innovative green products by implementing renewable energy and energy efficiency investments in the manufacturing sector. Other business practices will also be explored, particularly the use of the ocean as part of a solution to climate change, both in terms of mitigation and adaptation activities.

infrastructure and sustainable tourism and agribusiness projects led by the private sector.
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B. Citizen Security

- 2.9. Belize has the fourth highest national homicide rate (38 homicides per 100,000 persons) and the seventh highest prison population (346 per 100,000 persons) in Latin America and the Caribbean (LAC). Homicide rates have increased sharply in recent years²⁶, and other major crimes, such as robbery and assault, reflect similar trends. Violent crime discourages tourism and investments²⁷, although there is still an information gap on its impact. Rising crime has fueled perceptions of a profound breakdown of both public safety and the way it is managed in the country. The Gap Analysis, published by the IDB in 2017, identifies challenges in two main areas: (i) community-based social services and violence prevention efforts and (ii) institutional, legal, and operational aspects of the juvenile justice and foster care systems.²⁸
- 2.10. Various reports have underscored the importance of targeting social services and violence prevention efforts at youth at-risk and gang-involved members. The 2018 Belize City Community Gang Assessment Report stated that most violence in Belize is driven by domestic gangs and primarily concentrated in Belize City.²⁹ A key finding of the report was that the flow of youth into gangs in Belize City is driven by youth exposure to an accumulation of risk factors in the following areas: family disruption, poor parenting practices, negative peer influences, low school attachment and completion rates, and daily exposure to gang activity and violence in their community.³⁰

²⁴ Belize faces the challenge of making its energy sector more climate resilient. Weather events, such as hurricanes and droughts, have resulted in costly disruptions of vital public services, particularly power blackouts. To include the impact of climate change into the long-term energy planning, better monitoring the weather and localized impacts of climate change, improving electricity supply security despite natural events and enhancing preparedness through emergency response and recovery plans for the power sector, are among the most important challenges.

²⁵IDB Invest is supporting the country's vital sugar industry through a US\$15 million loan and technical assistance aimed at promoting higher value-added exports, improve market access, increased yield by focusing on climate smart agricultural practices, and improved livelihoods for more than 5,400 small and medium producers in the sugar value chain. IDB Lab has also contributed to the productivity and competitiveness of the sugarcane industry in Belize through technical assistance for sustainable farming practices and production-enhancing technologies (BL-M1012, IDB Lab contribution US\$ 1.3 million, project total US\$4.9 million). In addition, IDB Lab has worked with livestock producers to improve the livestock sector's productivity and climate resilience to reduce environmental impacts such as deforestation, soil degradation and unsustainable water consumption (BL-T1094, IDB Lab US\$0.2 million, project total US\$0.3 million). Finally, IDB Lab is supporting Belizean MSMEs in the agricultural and fisheries sectors to create innovative green finance products through its Ecomicro Program and develop practical business models and tools to anticipate and prepare for climate-related threats to their assets, value chains and local communities, through its Proadapt Program.

²⁶ According to the United Nations Office on Drugs and Crime (UNODC) Global Homicide Statistics, Belize's homicide rate jumped from 16.6 homicides per 100,000 persons to 38 homicides per 100,000 persons between 2000 and 2017. Since 2010, the homicide rate has ranged from 35 to 40/100,000, except in 2013 and 2015 when the rate dropped to 28/100,000 and 33.1, respectively. <https://dataunodc.un.org/crime>

²⁷ Jaitman, 2017. The Cost of Crime and Violence: New Evidence and Insights in Latin America and the Caribbean. Washington, DC: IDB.

²⁸ <https://publications.iadb.org/en/gap-analysis-report-citizen-security-belize>

²⁹ The report indicated that Belize City's 2017 intentional homicide rate of 99.1 per 100,000 persons placed it on par with the top ten cities in the world for homicides; that homicides are highly concentrated in South Side Belize City; and that over three-fourths of 2017 homicides were classified as gang-related by the Belize Police Department Gang Suppression Unit. See also: <https://www.insightcrime.org/belize-organized-crime-news/belize/> and <https://www.vanderbilt.edu/lapop/interactive-data.php>. While gang activity is concentrated in Belize City, the most recent LAPOP survey in Belize highlighted the prevalence of gangs nationally: nearly 1 in 3 Belizeans stated that there is "a lot" or "some" gang presence in their neighborhoods

³⁰The complexity of these challenges is expected to increase with the rising number of immigrants into the country. An important corridor going from Guatemala, El Salvador and Honduras to Belize has gained importance over the last years. According to IDB estimates, Belize's migration increased its population by 1.02 percent between 2015 and 2018, stressing the demand of health, education and basic services. Moreover, immigration in Belize imposes new challenges in terms of achieving integration and social cohesion. In the context of citizen security, the migrant and second-generation immigrant students have significant learning gaps compared to native Belizean students and they are less likely to stay in school and more likely to repeat or dropout. These factors make them a vulnerable population to become gang members.

- 2.11. More specifically, the report found that: (i) 30% of youth surveyed for the study³¹ reported current or prior involvement in gangs or were considered at high risk for gang involvement due to their exposure to risk factors in multiple areas of their lives; (ii) over 80% of the gang-involved individuals interviewed reported having family members in gangs; (iii) gang-involved individuals reported high rates of school suspension, expulsion and drop-out (76% of gang-involved individuals reported dropping out of school at least once); and (iv) the majority of gang-involved respondents (82%) were unemployed at the time they were interviewed. Homicides statistics demonstrate that men are overwhelmingly more likely to be perpetrators and victims of intentional homicide: in 2018, 86.7% of homicide victims and 99% of persons arrested were men.
- 2.12. Meanwhile, violence prevention services in Belize are characterized by: (i) being largely inaccessible to the youth at-risk and gang-involved population: processes at the Ministry of Human Development, Social Transformation and Poverty Alleviation are cumbersome, extending the time to access and deliver services, and limited resources and distance between offices further increase transactional costs for service delivery; (ii) lack of resources: the Conscious Youth Development Program, which is the only program working directly with gang-involved members, lacks adequate meeting space and staff available to conduct both mediations with active gang members and outreach with other community members, including prevention of recruitment of youth; and (iii) inadequate coordination: there is no formal mechanism in place to ensure effective implementation, coordination and follow-up for the approximately 60 child protection and violence prevention programs currently offered in Belize.
- 2.13. The Bank's focus in this sector will be on efforts to reduce gang-related homicides in those districts with the highest homicide rates, specifically Belize, Cayo, and Stann Creek districts, through the implementation of targeted, evidence-based violence prevention programs in close coordination with existing government and donor-financed initiatives.³² Particularly, the Bank will support the implementation of the Cure Violence program, an intensive neighborhood-based gang violence intervention model that uses a public health approach to reduce and prevent homicides and shootings.³³ In addition, the Bank will help implement programs to change harmful gender norms associated with young men's gang involvement. With respect to community-based social services, the Bank will provide support to enhance effectiveness of service delivery.

³¹ 316 youth participated either in the paper or the online version of the survey. Youth survey data was not collected in a scientifically randomized sample. However, good coverage of survey administration was obtained in almost all parts of Belize city.

³² The Caribbean Development Bank (CDB) and the Government of Belize launched the Youth Resilience and Inclusive Social Empowerment (Youth RISE) project in 2017. It aims to address several of the risk factors for crime and violence, as well as deviant and anti-social behaviors that affect youth and families in Dangriga and San Ignacio/Santa Elena. CDB is funding the project through a US\$750,000 grant and a US\$984,000 loan. The Government of Belize is providing counterpart funding of US\$633,000.

³³ Cure Violence has led to significant reductions in violence in other Caribbean and Central American countries in the past 5 years. For more information see <https://publications.iadb.org/en/evaluating-cure-violence-trinidad-and-tobago>.

I. BELIZE COUNTRY STRATEGY UPDATE RESULTS MATRIX

Country Development Goals	IDB Priority area	IDB Strategic Objectives	Expected Results of the Strategy	Indicators	Baseline Values
Reduced vulnerability to natural hazards and climate change	Climate Change and Disaster Risk Management	Improve resilience to natural hazards and climate change in Belize City and along coastal areas	Increased resilience of the coastal infrastructure to natural hazards and climate change	Building guidelines to include climate adaptation measures and nature-based solutions	1
Increased resilience to climate change and natural disasters		Improve Disaster Risk Management at country level	Country's Governance and financial capacity for DRM strengthened.	Index of Governance and Public Policy for DRM	11.82% (IDB, 2017). Index of Governance and Public Policy for Disaster Risk Management (iGOPP): National Report Belize ³⁴
Enhanced Governance and improved citizen security	Citizen Security	Increase access to targeted crime and violence prevention programs for youth	Reduction of crime rate in identified hotspots nationally	Homicide rate (homicides per 100,000 residents)	38 (2017, UNODC)

³⁴ The iGOPP measures if a country has the appropriate legal, institutional and budgetary conditions to implement a public policy on DRM. It was developed by the IDB in 2012-2014 and to date has been implemented in 13 countries. The iGOPP consists of a main index and six corresponding sub-indices: (i) General Framework of Governance for DRM; (ii) Risk Identification and Knowledge; (iii) Risk Reduction; (iv) Disaster Preparedness; (v) Post-Disaster Recovery Planning; and (vi) Financial Protection. The main index and sub-indices are calculated on a scale of 0% (minimum) to 100% (maximum), with five qualification levels (0%-20%) Low, (21%-40%) Incipient, (41%-70%) Good, (71%-90%) Very good and (91%-100%) Outstanding.