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BELIZE AND IDB GROUP STRATEGIC AGREEMENT COUNTRY STRATEGY

2026 – 2030

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ABBREVIATIONS

AEEC	<i>América en el Centro</i>
AML/CFT	Anti-Money Laundering / Combating the Financing of Terrorism
BDPN	Belize Development Partner Network
BEL	Belize Electricity Limited
BPO	Business Process Outsourcing
BWS	Belize Water Services
CABEI	Central American Bank for Economic Integration
CAPRD	Central America, Panama, and the Dominican Republic
CCF	Contingent Credit Facility
CDI	Country Diagnostics for Impact
CEU	Central Executing Unit
CRF	Corporate Results Framework
CS	Country Strategy
CSEC	Caribbean Secondary Education Certificate
DEM-CS	Development Effectiveness Matrix for Country Strategies
DFC	Development Finance Corporation
DNFBPs	Designated Non-Financial Businesses and Professions
DRM	Disaster Risk Management
EQIP	Education Quality Improvement Program
EU	European Union
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IDA	International Development Association
IDB	Inter-American Development Bank
IDBG	Inter-American Development Bank Group
IFC	International Finance Corporation
iCOAST	Integrated Collaborative Approaches for Sustainable Tourism
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
ITVET	Institutes for Technical and Vocational Education and Training
JICA	Japan International Cooperation Agency
LAC	Latin America and the Caribbean
LACES	Latin American and Caribbean Enterprise Survey
M&E	Monitoring and Evaluation
MBECA	Ministry of Blue Economy and Civil Aviation
MET	Ministry of Economic Transformations
MRV	Monitoring, Review, and Verification
MSMEs	Micro, Small, and Medium Enterprises
NCD	Non-Communicable Disease
NDC	Nationally Determined Contributions
NEET	Not in Education, Employment, or Training
NSG	Non-Sovereign Guaranteed
OVE	Office of Evaluation and Oversight
PAHO	Pan American Health Organization
PBL	Policy-Based Loan
PCR	Project Completion Report

PES	Public Employment Services
PFM	Public Financial Management
PIMA	Public Investment Management Assessment
PMR	Project Monitoring Report
PPP	Public-Private Partnership
REDD+	Reducing Emissions from Deforestation and Forest Degradation
ReTS	Recommendation Tracking System
RRA	Ready and Resilient Americas
SIB	Statistical Institute of Belize
STEAM	Science, Technology, Engineering, Arts, and Math
SWaMA	Solid Waste Management Authority
TC	Technical Cooperation
TFFP	Trade Finance Facilitation Program
TFP	Total Factor Productivity
TVET	Technical and Vocational Education and Training
UN	United Nations
UNICEF	United Nations Children's Fund
VWB	Village Water Board
WB	World Bank
XCPE	Extended Country Program Evaluation

INTRODUCTION

A NEW APPROACH FOR IMPACT

Belize's Potential Belize is charting a promising path toward sustainable and inclusive development. Following an acceleration in GDP growth in recent years, the country has made notable progress in revitalizing its economy. Tourism and agriculture continue to be key pillars, while emerging sectors such as business process outsourcing are gaining momentum. Strategic fiscal efforts and innovative mechanisms, like the debt-for-nature swap, referred to as the Blue Bond, have helped ensure macroeconomic stability while protecting Belize's exceptional natural assets. These gains have created conditions for a new phase of development based on increased competitiveness of the private sector while conserving, restoring, and sustainably using the country's rich natural capital and biodiversity.

A New Country Strategy Approach The Country Strategy for Belize (CS) 2026-2030 aims to support the country in consolidating recent progress while addressing persistent structural challenges to foster private sector competitiveness. The strategy is aligned with the priorities of the National Development Plan Belize 2.0 and builds on the analysis from the Country Diagnostics for Impact (CDI) Belize 2025, stakeholder consultations, and the IDB Group's institutional strategy, as well as its regional initiatives *América en el Centro* and ONE Caribbean. The approach emphasizes strategic selectivity, prioritizing high-impact interventions to close development gaps in institutional capacity, human capital, and private sector dynamism. As a result of this process, the IDB Group has identified the priority areas where it will concentrate its support, focusing on interventions with the greatest transformative potential and capacity to generate sustainable impact. All selected areas correspond to sectors in which the IDB Group is engaged, allowing for a focused vision, continuity of ongoing efforts, and consolidation of results, in line with the recommendations of the Office of Evaluation and Oversight (OVE).

Identified Pillars of Interventions and Expected Impact The CS establishes three priority pillars: (i) Enhancing Institutional Capacity; (ii) Strengthening Human Capital; and (iii) Boosting Private Sector Competitiveness. The **first pillar, Enhancing Institutional Capacity**, focuses on improving government fiscal management and efficiency for service delivery. The **second pillar, Strengthening Human Capital**, aims to close structural gaps in skills mismatch with the labor market, in addition to health and sanitation challenges. The **third pillar, Boosting Private Sector Competitiveness**, will support infrastructure upgrades in energy, promote greater productivity, diversification, and sustainability in agriculture, tourism, and the blue economy, while improving services such as wastewater and solid waste management. Additionally, it will seek to expand access to finance, including MSMEs and underserved populations and foster digital transformation. These interventions aim to diversify Belize's productive base while preserving its natural capital.

All interventions will integrate cross-cutting themes such as inclusion for disadvantaged populations (among others, women, youth, migrants, and indigenous populations), natural capital, biodiversity and resilience to both, sudden and long-term climate impacts, including natural disasters, changing weather patterns, and other climate-related challenges. The IDB Group's support will be delivered through (i) new operations with high-impact potential (sovereign and non-sovereign), (ii) the ongoing project portfolio, which in the case of sovereign-guaranteed operations increasingly relies on blended finance, and (iii) non-reimbursable technical

cooperation, advisory services, and knowledge products. Alignment with *América en el Centro*; ONE Caribbean; Alliance for Security, Justice, and Development; Ready and Resilient Americas; IDB Cares and Compete Caribbean will amplify impact by linking Belize's national priorities to broader regional goals in competitiveness, resilience, and inclusion.

**Partnership
Belize-
IDB Group**

The collaboration between Belize and the IDB Group has been instrumental in advancing the country's development agenda. Through financing, technical expertise, and knowledge products, the IDB Group has supported key areas such as fiscal stability, institutional capacity, infrastructure, energy security, education, financial inclusion, agricultural productivity and food security, and resilience, including innovative initiatives like the Blue Loan and the Contingent Credit Facility for immediate post-disaster liquidity (CCF). IDB Invest will explore opportunities to expand collaboration with private-sector development partners to mobilize capital and help reduce Belize's development gaps. On the institutional front, the establishment of the Central Executing Unit (CEU), developed in partnership with the Government of Belize, aims to strengthen program implementation and enhance overall effectiveness in the country. Building on these partnerships, the CS 2026-2030 aims to support Belize in achieving a more prosperous, resilient, and equitable future.



I. BUILDING A NEW COUNTRY

STRATEGY: PURPOSE AND APPROACH

A. BUILDING AN ENABLING ENVIRONMENT FOR PRIVATE SECTOR COMPETITIVENESS

- 1.1 Belize's post-pandemic recovery and strengthened fiscal fundamentals provide the momentum to advance a more dynamic and resilient growth trajectory with broad social gains.** Between 2021 and 2024, GDP grew at an average annual rate of 8.1%¹, unemployment declined to a historic low of 2.1%, and multidimensional poverty fell from 35.7% to 22.1%.² However, these gains may be difficult to sustain unless the country modernizes its private sector and diversifies its economy beyond its current reliance on tourism and natural resources. The economy is projected to return to its pre-pandemic average growth rate of 2%, with 1.5% expected in 2025, a pace insufficient to preserve recent social achievements in the long term.
- 1.2 In parallel, Belize has made notable progress in restoring fiscal stability.** Recent fiscal efforts, combined with pioneering the Blue Bond, a debt-for-nature swap, based on exceptional natural endowments, such as the world's second-largest barrier reef, have enabled fiscal consolidation and debt reduction, reducing the debt-to-GDP ratio from 103% in 2020 to 63% in 2025, while safeguarding critical environmental assets.
- 1.3 Despite this momentum, the country would benefit from a more diversified economy.** Tourism accounts for approximately 25% of GDP, while agriculture contributes about 9% and generates 70% of the country's exports. This reliance exposes the country to significant external shocks, including weather events and global market volatility, reflected in disaster-related losses estimated at 4% of GDP annually. While Belize has begun diversifying into higher-value services such as business process outsourcing (BPO), which leverages its English-speaking workforce and geographic proximity to major markets, these emerging sectors remain underdeveloped. Most of the productive base consists of micro, small, and medium-sized enterprises (MSMEs), which account for over 90% of businesses and nearly 70% of private sector employment. Unlocking the growth potential of traditional and emerging sectors will require strengthening value chains, boosting regional integration, and increasing private investment, currently at 14.3% of GDP in 2023, below the Central American average of 17% and significantly below the 20% needed to sustain higher growth and convergence. Transitioning to a more sustainable and inclusive growth model will require overcoming persistent structural barriers that limit private investment, productivity, and economic resilience.
- 1.4 Institutional modernization is crucial for strengthening fiscal space and unlocking private sector competitiveness.** Belize has made advances in tax and public financial management reforms, as well as in digitalizing service delivery. However, fiscal space remains limited. A high public wage bill (7.8% of GDP in 2024) and rising public employment continue to constrain fiscal space and limit investment in productivity-enhancing areas. There is an opportunity for improvement related to regulatory frameworks and administrative efficiency, which could streamline bureaucratic processes, reduce transaction costs for businesses, and accelerate critical reforms.

¹ International Monetary Fund. IMF Outlook (2025).

² Multidimensional Poverty Index (MPI) is a direct measure of poverty, which captures deprivations across various dimensions of well-being such as health, education, employment and living standards. The MPI provides insights into both the incidence and intensity of poverty within a population. Statistical Institute of Belize (2024).

- 1.5 Addressing human capital gaps and labor market mismatches is equally critical.** Despite efforts to expand access, Belize’s human capital still presents an opportunity for improvement to meet the private sector’s demands for job-specific skills. Foundational learning outcomes are weak. Math pass rates in the Caribbean Secondary Education Certificate (CSEC) exam stand at 31%, which is well below the Caribbean average of 40%. Additionally, only 27% of training institutions engage employers to align skills development with labor market demands. This contributes to low labor force participation, especially among women (39.5%), one of the lowest rates in the LAC region. At the same time, poor health outcomes reflect systemic gaps in service quality and limited access to safely managed sanitation and safe water. In the health sector, Belize could gain up to two additional years of life expectancy if resources were used more efficiently, as insufficient quality of care, weak staff performance, and low retention in rural and indigenous areas continue to limit service delivery. Health disparities are evident, for example, neonatal mortality in Toledo District (12.4 per 1,000 live births) is more than double that of Cayo (5.7), reflecting unequal access to care for indigenous Mayan women. These deficiencies, together with fragmented systems and limited rural coverage, reduce labor productivity, weaken human capital formation, and constrain inclusive and sustainable growth.
- 1.6 Firms’ competitiveness is limited by infrastructure and environmental challenges.** Structural gaps in energy, transport, logistics and digital infrastructure raise operating costs and limit regional integration opportunities with Mexico and Guatemala. Electricity supply poses a challenge for the private sector, as firms reporting outages in the last year say they lasted, on average, 3.4 hours³, while logistics deficiencies restrict trade and investment. Limited access to finance, especially for MSMEs, and low adoption of technology (with only 10% of firms using digital payments) further restricts firm productivity and innovation. Meanwhile, gaps in solid waste and wastewater infrastructure degrade natural capital and threaten local livelihoods.⁴ Unsustainable practices in tourism, agriculture, and fisheries place growing pressure on fragile ecosystems, putting the natural capital that underpins Belize’s economy at risk in the absence of resilient strategies.
- 1.7 Belize has a critical window of opportunity to build a more resilient, competitive, and inclusive growth model, supported by stronger macroeconomic fundamentals, valuable natural assets, and renewed reform momentum.** This aspiration aligns with the Government of Belize’s vision, outlined in Plan Belize 2.0, to transition from an economy dependent on tourism and agriculture to a more diversified, higher-value, and resilient one. The IDB Group will support this transformation by promoting private-sector competitiveness and the sustainable use of natural capital, Belize’s most strategic asset for attracting investment and sustaining key economic sectors. At the same time, investing in high-quality human and physical capital will be essential to boost productivity, generate quality jobs, and build resilience to future shocks. In doing so, the country can lay the groundwork for a more prosperous, inclusive, and future-ready economy, firmly rooted in the sustainable use of all its forms of capital.

B. MAIN LESSONS LEARNED FROM THE PREVIOUS COUNTRY STRATEGIES 2013-2025⁵

- 1.8 The portfolio’s operational monitoring, semiannual progress and completion reports,** and the conclusions of the Office of Evaluation and Oversight (OVE) Extended Country Program Evaluation (XCPE) of the Country Strategies (CSs) covering 2013-2025 have informed the preparation of 2026-2030 CS and will guide its execution at the strategic, operational, and development effectiveness levels.
- 1.9 At the *strategic level*, the previous CSs (2013-2025) highlighted the critical need for a more focused and selective approach to maximize impact.** The broad scope of priority areas and

³ Bunker, Roy, et al. (2018) and Compete Caribbean Innovation, Firm Performance, and Gender Survey (2020).

⁴ WHO/UNICEF Joint Monitoring Program, (2024).

⁵ Including CS (2013-2021) and CS (2022-2025).

numerous objectives diluted the potential for meaningful contribution to Belize's development. This was particularly evident in the productive and citizen security areas, where the expansion of objectives wasn't matched by a proportional increase in expected resources or a clear rationale for selection.

- a. **Strengthened strategic focus and relevance:** OVE's report emphasized the need to prioritize selective objectives and clearly articulate the IDB Group's comparative advantages. For the 2026-2030 cycle, the strategy adopts a more focused approach, ensuring that all engagements contribute to an overarching goal of inclusive growth and resilience. This means moving beyond broad areas towards a more focused approach to pinpoint specific interventions where the IDB Group can truly be effective, leveraging its in-country presence and technical expertise.
- b. **Enhance coordination with development partners:** The prior CSs anticipated collaboration with various partners but lacked clarity on how the IDB Group would complement their work. Moving forward, the Bank will actively seek to define its role vis-à-vis other development partners, ensuring that its interventions build on its comparative advantages and avoid duplication. This will involve leveraging platforms such as the Belize Development Partner Network (BDPN) to articulate the IDB Group's future role and foster synergistic efforts. Similarly, IDB Invest will explore opportunities to expand its collaboration with private-sector development partners.
- c. **Clearer articulation of expected outcomes and evaluability:** The previous CSs suffered shortcomings in their vertical logic, with over 40% of objective-outcome linkages having weaknesses. The new CS seeks to enhance its design by clearly articulating how expected outcomes contribute to strategic objectives and how these objectives, in turn, contribute to priority areas. This includes ensuring consistency between the CS objectives and the expected Country Program (CP), considering the lending framework and the time required for results to materialize.
- d. **Adaptability and flexibility in response to external shocks:** The IDB Group demonstrated crucial adaptability and flexibility by redirecting resources to support Belize's response to the COVID-19 pandemic and natural disasters. This agility was essential in addressing emerging needs and ensuring the continuity of critical projects. The new CS builds on this by incorporating more specific and adequate measures to face execution and weather events risks, while acknowledging that macroeconomic and fiscal risks require broader, more rapid responses than can be addressed solely through program-specific actions.
- e. **Defined role and synergies between IDB, IDB Invest, and IDB Lab:** The previous CSs broadly described IDB Invest's role, but potential synergies with IDB operations were not clearly defined, limiting their scalability. The IDB Group windows have strengthened collaboration among them to improve the enabling environment for private investment, particularly through support for regulatory updates and institutional capacity-building, which presents an opportunity to adopt a more systematic approach moving forward. Although OVE's review highlights the significant expansion of IDB Invest activity since 2018, the need to design and implement a unified and strategic vision to leverage IDB Group's comparative advantages and contribute to key national agendas, was also underscored. For the 2026-2030 CS period, stronger emphasis has been placed on enhancing IDB, IDB Invest, and IDB Lab coordination during both CS implementation, and annual country programming. This involves promoting synergies in critical areas, adapting IDB Invest's approach to Belize's small market challenges, and leveraging advisory services and upstream work to strengthen the overall business environment. It also includes consideration of IDB Lab's new business model and its differentiated approach to supporting entrepreneurial ecosystems.

- 1.10 **At the operational level, IDB Group's role stands out for its proactive, constant, and close collaboration with executing units, Government ministries, and private-sector clients, as well as its ongoing support in implementing complex projects.** The establishment of the Central Executing Unit is a clear example of this proactive approach. An analysis of the IDB Group's portfolio reveals factors related to knowledge, capacity, and experience that have limited the efficient execution of projects in Belize. For the CS 2026-2030 period, the IDB Group will consider:

- a. Strengthening delivery capacity and performance.** Despite notable improvements in loan preparation and execution times, capacity constraints, such as limited human resources, high staff turnover, and persistent procurement challenges, continue to affect implementation performance. Under the 2026-2030 CS, the Bank will strengthen execution capacity by hiring additional technical staff in critical areas including support to Government of Belize to enhance efficiency and timeliness; key areas of support will include digital and technological aspects, among others. Targeted training will be provided to the Central Executing Unit (CEU) in procurement, project management, and monitoring and evaluation, including the use of the PMR simulator, to improve performance and accountability. The Bank will also establish a plan to systematically monitor the CEU's effectiveness and apply course corrections as needed. In parallel, the use of Technical Cooperation (TC) resources will continue to provide operational support to improve project preparation, execution, and institutional performance. In terms of private sector support through IDB Invest, securing funding for upstream work, which in turn requires a long-term horizon and clear prioritization; strengthening local presence, and expanding financial and non-financial risk-taking capacity in a context where environmental sensitivity contributes to Environmental, Social & Governance (ESG) risk, will allow IDB Invest to scale up its engagement in Belize.
- b. Addressing procurement constraints.** To enhance procurement management and ensure effective project implementation, the Bank will support the consolidation of a continuous procurement training framework within executing agencies. Efforts will focus on building preventive and timely risk management capacities through applied, practice-oriented methodologies, complemented by iterative training and tailored technical assistance. Regular feedback mechanisms and process indicators, such as the implementation of training plans and the retention of key procurement staff, will be used to monitor institutional progress and guide adaptive capacity-building support.
- c. Leveraging advisory services through IDB Invest for private sector support in building upstream capacity and improving project preparation.** The experience from previous CSs periods highlights the importance of advisory services in strengthening project preparation and implementation, the corporate governance and capacities of clients to comply with contractual requirements and standards, the strategies to develop value chains and deploy financial inclusion solutions benefiting MSMEs, and advancements in key agendas (including energy security and resilience, among others). For the new cycle, IDB Invest will continue to provide targeted advisory services to support private sector development. Advisory services will also be crucial for executing upstream work aimed at addressing regulatory and institutional barriers hindering private investment. Where appropriate, the ONE Caribbean Project Preparation Coordination Mechanism (PPCM) may also be utilized to enhance regional impact in project preparation.
- d. Costs associated with project implementation.** In Belize, the small size of sovereign guaranteed loans increases relative transaction costs, as they require the same level of supervision as larger operations. However, these higher costs reflect deliberate efforts to ensure quality, efficiency, and sustainability in project implementation. Strengthening local staffing has enhanced execution capacity and responsiveness, representing a strategic investment to safeguard implementation quality and the durability of results. These actions underscore the Bank's commitment to balance efficiency with the need for strong institutional support in small, capacity-constrained contexts. Moving forward, the Bank will continue to refine this balance, seeking to optimize support, cost-effectiveness, and implementation efficiency. In terms of IDB Invest, many potential clients have relatively small financing needs compared to those operating in larger economies; the private sector also shows high heterogeneity in the level of business management capacity, which further shapes their ability to access and manage financing. As a result, IDB Invest's processes often carry disproportionate due diligence costs relative to the amount financed. Moving forward, IDB Invest will prioritize meeting clients where they are, adapting processes to client realities, in line with its Small and Island (S&I)

Roadmap.⁶ In parallel, IDB Lab brings complementary value through its experience working with private sector and civil society partners. Its solutions-driven, locally informed, and collaborative approach enables the design of contextually relevant projects, fosters innovation, and promotes sustainable impact across entrepreneurial ecosystems.

- e. **Managing operational complexity of blended finance.** In Belize, most sovereign-guaranteed operations combine IDB resources with concessional financing from multiple partners to reduce borrowing costs and expand development impact. While this blended approach enhances resource mobilization and leverage, it also increases fiduciary, coordination, and execution demands, particularly when the Bank manages co-financed components. To address these challenges, the Bank will continue to strengthen coordination with development partners and reinforce implementation capacity through the CEU, ensuring that sovereign blended operations remain well-aligned with national priorities and deliver coherent, cost-effective, and sustainable results.

1.11 At the development effectiveness level, the following lessons will be considered for the new IDB Group's strategic cycle:

- a. **Transition to results-based portfolio reviews.** Traditional IDB portfolio reviews, focused on physical and financial progress, proved insufficient in a dynamic environment marked by external shocks. Moving to results-based portfolio reviews will significantly enhance the Bank's development effectiveness by improving monitoring, enabling timely interventions, and adopting corrective measures to keep projects on track, fostering greater accountability among project teams, and executing units.
- b. **Strengthening monitoring and evaluation (M&E) gaps.** It is imperative to strengthen data collection and establish monitoring frameworks to enhance the government's ability to track the long-term impact of development for the new CS period. The new strategy will prioritize enhancing M&E systems and encouraging a results-based culture based on data analytics. This includes supporting the design and execution of surveys to understand multidimensional poverty, as well as strengthening the effectiveness and efficiency of social policies.⁷ IDB Invest will also keep enhancing its monitoring and evaluation capacity. Operations will be supported by tailored plans and progress assessments, allowing for a portfolio view of ongoing impact achievement. This process will help to identify clients who may need additional support to achieve development targets.
- c. **Overcoming statistical information gaps to improve results measurement.** Experience from previous strategic cycles revealed significant limitations in the country's statistical capacity, such as limited availability, low frequency, and poor quality of data, which hindered the formulation of adequate SMART indicators to measure the progress and impact of operations robustly. These gaps also reduced the traceability of results and affected the quality of evaluations. The upcoming strategy seeks to address these challenges from the design stage of operations by promoting the use of better indicators and strengthening information systems, thereby improving the measurement of results for the strategy and its future independent evaluations. IDB Invest will also keep actively creating capacity in impact measurement and spreading best practices, working in partnership with clients and chambers of commerce.
- d. **Deepening impactful partnerships with domestic private sector players.** In IDB Invest's experience, working with companies acting as anchor firms as well as with a local financial institution, has visibly increased the access to credit and services for MSMEs and farmers. Moreover, large agricultural firms have demonstrated their capacity to contribute to national development goals and improve the average productivity of their domestic suppliers.

⁶ IDB Invest's S&I Roadmap includes actions to increase the institutional impact through the private sector in 9 borrowing countries: Belize, The Bahamas, Barbados, Trinidad & Tobago, Jamaica, Dominican Republic, Haiti, Guyana, and Suriname. The roadmap seeks to raise the level of ambition and support in each country, enable a regional perspective for greater intentionality and selectivity, enhance synergies, and leverage upstream work, incorporate bolder risk management elements, and deploy country-specific solutions.

⁷ There is a commitment to support the implementation of the 2025/2026 Household Budget Survey. In 2018–2019, SIB received \$250k to prepare the Census (BL-T1103).

- e. **More strategic use of regional integration initiatives.** Aligning the CS with the objectives of platforms such as *América en el Centro* and ONE Caribbean provide Belize with access to specialized technical knowledge and regional public goods while ensuring that concrete actions are identified and aligned with the pillars of these regional initiatives. Leveraging these instruments from the early stages of the strategic cycle will enable deeper regional integration, accelerate cross-border solutions, and support the design of more scalable and sustainable responses to development challenges.

C. FOCUS ON SELECTIVITY TO DELIVER TANGIBLE IMPACT

HOW DO WE SHARPEN FOCUS?

1.12 Strategic alignment of priorities and Country Diagnostic for Impact. This criterion was based on the Country Diagnostic for Impact (CDI), which served as one of the inputs to identify development challenges and align the strategy with national priorities and the perspectives of private sector, civil society, and key stakeholders.⁸ Within this framework, priorities identified are consistent with those set out in the Government's Plan Belize 2.0 and the Medium-Term Development Strategy 2022–2026, as well as with those of the IDB Group, defined in the IDB+ institutional strategy, the New Vision and Business Model of IDB Invest (IDB Invest+) and IDB Lab (IDB Lab+). All of these priorities are also embedded in the Bank's regional programs and initiatives, especially *América en el Centro*, ONE Caribbean, the Alliance for Security and Justice, Ready and Resilient Americas, IDB Cares, and Compete Caribbean which expand the scope of action and reinforce coherence between national priorities and the IDB Group's strategic focus. As a result, eleven priority strategic areas were identified: (i) government efficiency, (ii) skills for the job, (iii) education, (iv) healthcare, (v) water and sanitation, (vi) transport, (vii) energy, (viii) sustainable tourism, (ix) agricultural development, (x) solid waste management, and (xi) access to finance, forming a comprehensive foundation for targeted interventions and policy dialogue.

1.13 IDB Group strategic positioning. The IDB is a strategic partner for Belize, with a strong presence and leadership across priority sectors.⁹ Holding 27% of Belize's total multilateral debt, is the second-largest multilateral creditor¹⁰ and the only multilateral with in-field presence. IDB combines financing and technical expertise to support education, health, fiscal management, public sector modernization, water and sanitation, and disaster risk management. Nearly all sovereign-guaranteed operations have used blended finance¹¹, enhancing impact and debt sustainability. Compared to other MDBs, the IDB's operational offer is quite diverse in terms of instruments, combining loans, investment grants, contingent credit facility for immediate post-disaster liquidity, national and regional technical cooperations, allowing it to provide a comprehensive offer tailored to the country's needs and demand. The IDB has also mobilized external grants (e.g., EU), leveraged concessional windows of other multilaterals¹², and supported enabling reforms to unlock investment. Moreover, compared to other MDBs, it offers more integrated solutions through non-sovereign instruments and stands out for its regional technical cooperation platforms. IDB Invest has consolidated its leadership among multilateral

⁸ For a more detailed understanding of the CDI, please review this document.

⁹ See Strategic Positioning Annex for more information.

¹⁰ After the Caribbean Development Bank with 38% of total multilateral debt.

¹¹ Blended finance in SG: Strategic use of grants and highly concessional lending from multiple partners, combined with IDB loans, to mitigate fiscal impact while mobilizing additional capital. This model has helped mobilize external resources, ensured programmatic continuity, and strengthened coordination with development partners. At the same time, the complexity of such financing structures creates supervision and coordination risks. Current efforts to standardize procurement tools and strengthen executing units aim to mitigate these risks, with early improvements seen in preparation and disbursement times. It includes: GRF-Grants, EU, and Global Partnership for Education Fund.

¹² As of FY25, Belize became eligible for concessional IDA financing, not based on income per capita, but under the World Bank's Small States Exception, which applies to Small Island Developing States (SIDS) and other small economies with structural vulnerabilities. This exception allows access to concessional terms despite being above the income threshold. The IDB Group's strategic positioning vis-à-vis IDA concessional resources rests on its comparative advantage in enabling private-sector competitiveness. This is achieved through a few factors, including: leveraging blended finance, advancing structural reforms, utilizing technical cooperation, acting as a coordinator in key sectors, and supporting regional programs. Furthermore, IDB Invest and IDB Lab focus on filling gaps not covered by IDA, mobilizing investment and scaling innovation to maximize impact.

development partners in the private sector space, with a growing portfolio in energy, MSME financing (including trade finance), agribusiness, industry, and value chain development. Current efforts focus on mobilizing private capital for projects in various infrastructure and corporate sectors, while continuing to expand its partnership with financial institutions to scale up the intermediation of financial resources to MSMEs and other underserved segments. IDB Lab complements this work by piloting resilient agriculture, the blue economy, digitalization of MSMEs, and financial inclusion, and by generating models for future scaling.

1.14 Operational experience and effectiveness. This criterion evaluated the IDB portfolio in Belize (2013–2024), considering its performance, effectiveness, and programmatic relevance across three dimensions: (i) sectoral operational performance, (ii) effectiveness in contributing to development objectives, and (iii) thematic depth and country track record. The assessment identified education, MSME financing, health, and fiscal sustainability as the sectors with the strongest performance and most significant potential for impact, due to early positive results and a consolidated programmatic approach. In education, teacher training was successfully scaled nationally and complemented by the strengthening of digital competencies. In health, the control of the COVID-19 virus spread, and maternal and child services were reinforced through regional initiatives and loans. In financing, operations expanded access to credit for more than 6,500 firms, including women-led businesses. In fiscal management, support tax administration improved processes and staff training, contributing to greater efficiency. Other sectors showed more modest performance due to institutional and financial sustainability challenges. Transport and water, and sanitation, while central to Belize’s development agenda, faced challenges such as limited technical and execution capacity, procurement delays, and weak institutional coordination, which affected project effectiveness. Future IDB support in these sectors will therefore require stronger governance frameworks and institutional capacity, building on lessons learned from execution and procurement. In energy and labor markets, where the Bank has less recent operational experience, technical dialogue and cooperation with the Government have laid the foundations for upcoming operations. This strategy has already shown results, such as the recent approval of the first operation in the labor sector and preparatory initiatives in electricity integration and rural electrification.¹³ The portfolio is still young, with most impacts expected in the medium term. About 60% of the operations are at the early stages of implementation, with major results anticipated between 2026 and 2029. From the private sector standpoint, IDB Invest’s operations have performed satisfactorily, particularly in the financial markets sector, due to their high development impact. In parallel, IDB Lab’s work in capacity building and digital transformation has continued to generate inclusive and equitable outcomes, ensuring that vulnerable populations benefit and that development gains are more broadly shared. Partnering with the private sector and developing effective mechanisms to crowd in private capital constitute suitable mechanisms to enhance energy security and resilience, areas in which IDB Invest’s expertise has improved operational efficiencies in Belize. Moreover, supporting larger companies can generate significant impacts on the economy and on smaller producers within their supply chains.

1.15 Risk assessment. Among the most relevant risks are fiscal constraints and weaknesses in public sector management, which could compromise macroeconomic stability and increase the country’s risk perception and affect private investment decisions. In response, efforts will focus on improving public spending efficiency, strengthening fiscal management, and deploying de-risking mechanisms to expand fiscal and investment space. On the social front, limited economic opportunities, particularly among women, youth, migrants, and indigenous populations, are linked to persistent gaps in education, health, and job skills, increasing the risk of exclusion. This highlights the need to apply inclusive and participatory approaches from the design stage of operations, as well as to generate greater knowledge about groups and territories facing potential fragility, conflict, and criminal violence, and climate risks, to inform operational performance. Moreover, fostering multi-stakeholder

¹³ Include RG-T4247 “Support to the Energy Integration of Mesoamerica”; RG-T4133 “Regional Platform to Scale Up Rural Electrification Investment” and BL-T1175 “Energy sector support for a just transition”.

collaboration will be central to enhancing employability. Limited institutional capacity to manage public–private investment mechanisms poses challenges for adequate identification, screening, structuring, implementation, and management of projects. These challenges may also limit the scope of potential private sector clients. To address these, the IDB Group will promote a digital governance strategy, strengthen regulatory and institutional frameworks, including PPPs, and expand technical assistance to support potential private investment in infrastructure projects. Lastly, climate and natural disaster risks remain high due to the country’s significant exposure and its infrastructure’s vulnerability. The strategy will integrate climate risk management into public investment systems and promote private investment in resilient infrastructure and sustainable practices across all sectors, ensuring that climate risk considerations are systematically integrated into planning, design, and implementation.

1.16 Strategic selectivity framework results. The application of the selectivity framework identified the areas where the IDB Group can deliver the most transformative, sustainable, and feasible impact. As a result, new comprehensive interventions will focus on improving public expenditure efficiency, advancing digital skills, and boosting investments in energy infrastructure. At the same time, support will continue for ongoing operations in strategic areas such as education, health, employment services, water and sanitation, energy, key value chains (agriculture, fisheries, and tourism), as well as financial markets, with an emphasis on credit-constrained segments, and the adoption of digital technologies and related infrastructure.¹⁴ These interventions/sectors were grouped into three main pillars that are consistent with the identified country’s development challenges. Additionally, these pillars incorporate crosscutting approaches to inclusion, particularly for women, youth, migrants, and rural and indigenous populations, and integrate resilience considerations to enhance impact. The prioritized sectors are also aligned with the IDB Group’s regional and sectoral strategies, ensuring coherence between national priorities, institutional positioning, and long-term development goals.

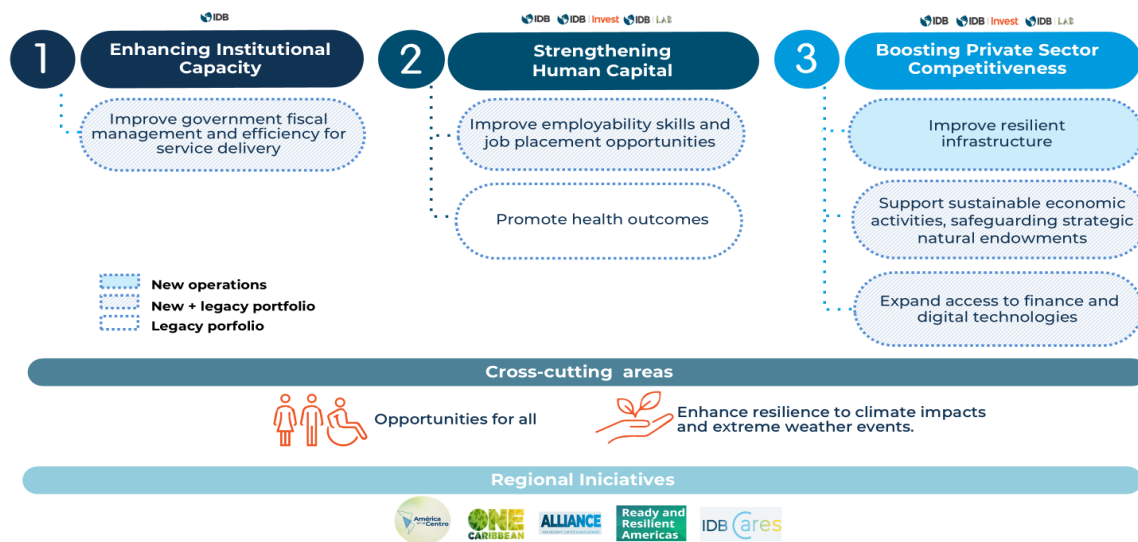
¹⁴ Some areas were not selected for immediate focus because they are not prioritized in the CDI, lack explicit government prioritization, or are expected to be covered by other partners. Specifically, there were excluded citizen security, public administration, and justice services, governance, and transparency, social protection, and urban development.



II. MAIN PILLARS OF ACTION AND EXPECTED IMPACT

2.1 The CS 2026-2030 aims to support the country in consolidating recent progress while addressing persistent structural challenges to foster private sector competitiveness. Based on the selectivity framework described as well as the active portfolio and current pipeline, the CS 2026-2030 will be organized into three pillars: (i) Enhancing institutional capacity; (ii) Strengthening human capital; and (iii) Boosting private sector competitiveness. Additionally, the CS will implement actions in two crosscutting areas: (i) opportunities for all and (ii) enhance resilience to climate impacts and extreme weather events. The pillars are interlinked and contribute to the CS's overarching objectives of fiscal sustainability, human capital development, and private sector competitiveness. Strengthening fiscal and public management capacity (Pillar 1) establishes the foundation for sustained investment and more effective service delivery. By expanding fiscal space and modernizing key state functions such as public financial management, procurement, human resources, regulation, and digital government, it reduces compliance costs and improves execution. This institutional foundation enables improvements in education, health, skills development, and water and sanitation services (Pillar 2), contributing to a healthier and more skilled workforce. As service quality improves and administrative processes become more efficient, the cost of doing business declines, supporting private-sector competitiveness and investment (Pillar 3). Cross-cutting efforts on inclusion and resilience help ensure that these gains are sustainable and reach underserved populations. Figure 1 below summarizes how each pillar connects to the expected outcomes included in the Results Matrix (Annex I).

FIGURE 1: STRATEGIC PILLARS AND OBJECTIVES FOR IDB GROUP



Source: Authors' elaboration.

PILLAR 1. ENHANCING INSTITUTIONAL CAPACITY

WHY IT MATTERS

- 2.2 This pillar seeks to strengthen fiscal sustainability by improving tax administration and increasing the efficiency of public spending, particularly through reforms to the public wage bill and the digital modernization of government services.** These efforts, together with regulatory improvements and a more robust PPP framework, aim to enhance government effectiveness and create a more conducive environment for citizen and private sector development.
- 2.3 Enhancing public management efficiency is crucial to achieving sustainable development outcomes.** Driven by rapid post-pandemic growth and prudent debt management, Belize has significantly improved fiscal sustainability, reducing its public debt-to-GDP ratio. Tax revenues, accounting for 23% of GDP, exceed the LAC average of 21%, and disciplined public spending has supported this progress. However, fiscal pressures persist, particularly from the expanding public sector wage bill¹⁵, which limits fiscal flexibility and constrains investment in infrastructure, education, health, and social services. This occurs in a context where a solid fiscal institutional framework is not yet in place, including fiscal rules, savings or stabilization funds, automatic stabilizers, and a medium-term fiscal framework, limiting fiscal space for development priorities and weakening the government's ability to respond to economic shocks. These challenges are further compounded by Belize's high vulnerability to natural disasters, which strain public finances and complicate efforts toward sustained fiscal consolidation.
- 2.4 Limited digitalization continues to undermine service delivery and government effectiveness in Belize.** Persistent challenges in public administration, including limited capacity to deliver timely and efficient services, undermine trust in institutions and reduce the state's responsiveness to citizens and firms' needs. These shortcomings are evident when compared to regional peers, with diagnostic assessments revealing a significant performance gap in government effectiveness.¹⁶ These weaknesses are compounded by Belize's low performance in online services, digital skills, and telecom connectivity, as evidenced by its decline in the UN E-Government Development Index.¹⁷ Moreover, weak digital governance, inadequate digital skills among both civil servants and citizens, and insufficient broadband coverage further constrain progress, reducing Belize's competitiveness and weakening its positioning in global digital readiness assessments. Core public systems, such as human resources, payroll, and service delivery, remain unintegrated, limiting data-driven decisions and exacerbating bureaucratic delays.
- 2.5 Weak regulatory and PPP frameworks constrain further private sector investment and trade.** Although Belize enacted its first PPP policy in 2021, the absence of a comprehensive framework for public investment and PPPs undermines the effective mobilization of resources toward strategic projects, while fragmented and inflexible public financial management systems, combined with institutional capacity gaps in planning, budgeting, and service delivery, lead to inefficient resource allocation. This fiscal rigidity hampers the provision of critical public goods and services essential for productivity, such as quality infrastructure, innovation systems, and workforce development. Although Belize has taken initial steps, including the establishment of a PPP unit and a Ministry of E-Governance, implementation has been hindered by limited institutional capacity, weak interoperability across agencies, and an underdeveloped digital infrastructure. The lack of integrated digital platforms for investment facilitation and trade licensing, rooted in inadequate government data centers, a

¹⁵ In FY2023/24, wages accounted for approximately 38% of total expenditure, 40% of total revenue, and 7.8% of GDP, one of the highest shares in the region, with projections indicating further increases. Central Bank of Belize and own calculations.

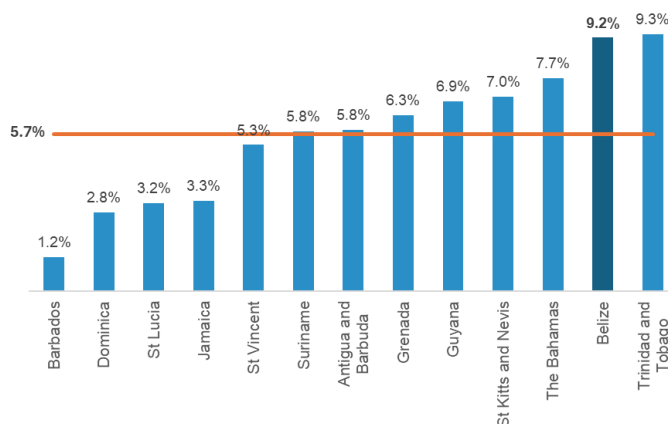
¹⁶ Belize shows a 16.7-point gap in the government effectiveness dimension of the IDB's institutional readiness index, compared to a benchmark of peer countries. (CDI Belize, 2025).

¹⁷ According to the United Nations E-Government Development Index (EGDI), Belize scored 0.4872 in 2024, ranking 141st out of 193 countries, down from 0.5005 and a rank of 133rd in 2022. Source: UN E-Government Knowledge Base (2024). Available at: <https://publicadministration.un.org/egovkb/en-us/Data/Country-Information/id/18-Belize>.

fragmented identity ecosystem, and limited interagency connectivity, results in duplicated efforts, longer approval times, and inconsistent service standards. These challenges discourage foreign investment, increase firm-level costs, and suppress the country’s capacity to scale private infrastructure and innovation.

GRAPH 1. INSTITUTIONAL SECTOR CHALLENGES

Total senior management time spent dealing with government regulations



Note: Innovation, Firm Performance, and Gender Survey question: “In a typical week over the last year (2019), what percentage of total senior management’s time was spent dealing with requirements imposed by government regulations?”

Source: Compete Caribbean

WHAT WE WILL DO

2.6 Under this pillar, efforts will focus on the strategic objective of improving government fiscal management and efficiency of service delivery. To this end, the CS 2026–2030 seeks to (i) improve tax administration efficiency and (ii) modernize government digital services. These priorities are aligned with regional strategies such as *América en el Centro* and ONE Caribbean, which promote fiscal resilience, digital transformation, and institutional strengthening to advance productivity, regional integration, and social development. Interventions advance at different paces, and strategic selectivity has prioritized institutional enablers such as public financial management, procurement, and digital government because of their role in addressing core development bottlenecks and enabling progress in downstream areas like human capital and productive infrastructure. For continued sustainability, a sequenced approach will be adopted at the sector level but not at the pillar level: new programs and interventions will build on the results and lessons learned from previous ones, while further advancing the sector agenda.

2.7 The Bank will support efforts to improve the efficiency of tax administration and public expenditure planning. On the revenue side, actions will be promoted to reduce the time and costs of complying with tax obligations through streamlined processes and digital services. The main objective is strengthening revenue collection by: (i) enhancing institutional governance; (ii) optimizing operational processes to increase administrative efficiency; and (iii) modernizing technological infrastructure to lower compliance costs for taxpayers.¹⁸ On the expenditure side, the Bank will continue its dialogue with the Government to modernize civil service management through performance-oriented processes, rationalize allowances, and introduce new appraisal frameworks that link pay increases to results. In doing so, it will seek to design operations for the modernization of the Public Financial Management (PFM) system, and the integration of modules such as an Integrated

¹⁸ BL-L1031.

Human Resources Management System (IHRMS), alongside the digitization of personnel files and the automation of recruitment. At the same time, investments in IT (Information Technology) infrastructure, cybersecurity, and capacity-building for human resources will be supported.¹⁹²⁰

2.8 Efforts will focus on advancing Belize’s digital transformation as a key lever for modernizing the civil service, improving institutional resilience, and enabling a more dynamic business environment.

Upgrading digital infrastructure will automate and streamline administrative tasks, reduce costs, and enhance the public sector's agility and resilience. These actions will be complemented by training programs to strengthen civil servants' digital skills, particularly in adapting to emerging technologies. Interoperable digital platforms will reduce cross-agency transaction times for priority public services, while public officials and MSMEs will benefit from improved service quality, better digital talent, and technologies that enhance business operations.²¹ In parallel, faster and more efficient government approvals for trade and investment will be supported through stronger institutional capacities for trade facilitation, investment promotion, and the use of one-stop shops, helping reduce approval times for export and import procedures, especially for SMEs²². Additionally, in collaboration with IDB Invest, efforts will focus on strengthening institutional and regulatory capacities for public-private partnerships (PPPs) and public investment, enabling the identification, prioritization, and delivery of sustainable infrastructure projects that attract private investment, ensure value for money, and foster effective public-private collaboration²³. Complementing these efforts, IDB Lab will continue to promote interventions that strengthen key actors in the innovation ecosystem to drive the digital transformation of MSMEs and foster technology adoption across productive sectors.

2.9 Programmatic approach²⁴.

The Bank will build on a long-standing engagement with the public sector, particularly its sustained support for tax administration reform. Under the legacy portfolio, the Bank will continue to strengthen institutional capacity, promote digitalization, and reduce the time and procedural steps for trade and investment-related government approvals. It will also continue supporting public financial management improvements and the update of the Digital Agenda. In parallel, dialogue with the government will focus on enhancing the efficiency of public expenditure, primarily through civil service modernization. These actions will promote sustainable human resource management by introducing merit-based and performance-oriented processes, rationalizing allowances, and improving wage bill planning and control. New interventions will also advance the implementation of the public-private partnership (PPP) framework, expand digital government services, improve tracking of outcomes via a Monitoring, Reporting, and Verification system, and strengthen institutional and resilience through improved disaster preparedness and planning. The main instruments will include technical assistance, investment loans, and knowledge products to foster policy dialogue and support implementation of both legacy and new operations. Where relevant, the Bank may also leverage the Flexible Financing Facility (FFF) to strengthen financial resilience and manage fiscal risks.²⁵ Under a programmatic approach, delivery will be coordinated, aligning fiscal space and public investment, digital government and interoperability, and competitiveness and PPP readiness. Implementation will create synergies with private sector windows to strengthen regulatory and institutional frameworks to advance in PPP and coordinate priority transport and airport planning instruments, promote digital infrastructure, and the National Digital Agenda in others.

¹⁹ BL-L1052.

²⁰ BL-L1052.

²¹ BL-L1038.

²² BL-L1040. The intervention will reduce the average time required for companies to complete export and import procedures and is expected to increase the share of exporting firms that use the one-stop-shop. By simplifying trade processes, the program will improve the competitiveness of local firms, including SMEs, facilitate their integration into global value chains, and enhance the overall business environment for trade and investment.

²³ This work builds on institutional strengthening efforts for PPPs supported under ONE Caribbean and Compete Caribbean.

²⁴ BL-L1031, BL-L1038, BL-L1040, and BL-L1052.

²⁵ The Flexible Financing Facility (FFF) supports financial and risk management by helping countries mitigate exposure to exchange rate, interest rate, and natural disaster shocks, without generating additional debt or requiring an ISDA agreement.

2.10 Key actions under regional initiatives. Through *América en el Centro*, the Bank will support the Council of Finance Ministers of Central America, Panama, and the Dominican Republic (COSEFIN) on advancing cooperation, sharing best practices, and strengthening institutional capacity across tax administration agencies. Through its pillars of citizen security, digital transformation, and institutional strengthening, ONE Caribbean will play a pivotal role in accelerating Belize’s digital government agenda. It will enhance the country’s capacity to respond swiftly to cybersecurity threats, advance robust solutions to combat cybercrime through the ONE Safe Caribbean program, and strengthen the institutional and technical capacities of state-owned enterprises (SOEs) to deliver efficient, financially sustainable public services.

EXPECTED OUTCOMES

Improved tax administration efficiency. The Bank will support measures to increase efficiency and lower compliance costs for taxpayers. Progress will be measured by the share of electronic tax payments over total payments.

Modernized government digital services. The Bank will expand access to online services and enhance user experience, as measured by an improvement in Belize’s score in the UN E-Government Development Index. Specific results include a greater share of public institutions participating in the inter-operability platform “Smart Stream”, which will enhance efficiency, transparency, and accessibility of services.

PILLAR 2. STRENGTHENING HUMAN CAPITAL

WHY IT MATTERS

2.11 This pillar addresses deep-rooted barriers to human capital formation that limit labor productivity, economic inclusion, and social resilience. Key challenges include weak foundational learning outcomes, limited and outdated technical training, fragmented employment services, and low labor force participation, especially among women, youth, migrants, and rural and indigenous populations. These gaps are compounded by deficiencies in health services and sanitation systems, which particularly affect rural and vulnerable populations.

2.12 Education and skills development face significant structural weaknesses that hinder productivity and opportunities. Despite gains in teacher training, particularly at the primary level, learning outcomes remain low. Between 2019 and 2022, fifth-grade mathematics and English scores fell by 36% and 26%, and eighth-grade scores declined by 41% and 15%, respectively.²⁶ Performance in the CSEC mathematics exam also dropped sharply, from a 60% pass rate in 2018 to just 31% in 2023, placing Belize below several regional peers.²⁷ These gaps accumulate over time, leading to high repetition and dropout rates at the secondary level, where enrollment remains at just 66%, one of the lowest in Central America and the Caribbean²⁸. Contributing factors include limited teacher preparedness in both content and pedagogy, particularly in STEM and secondary education, as well

²⁶ Näslund-Hadley, E., Alonzo, H., Villanueva, N., Gideon, R., & Flowers, Y. (2023). The Effects of the COVID-19 Pandemic on Education Outcomes in Belize. <https://doi.org/10.18235/0004836> <https://publications.iadb.org/en/effects-covid-19-pandemic-education-outcomes-belize>.

²⁷ Näslund-Hadley, E., Alonzo, H., Villanueva, N., Gideon, R., & Flowers, Y. (2023). The Effects of the COVID-19 Pandemic on Education Outcomes in Belize. <https://doi.org/10.18235/0004836> <https://publications.iadb.org/en/effects-covid-19-pandemic-education-outcomes-belize>

²⁸ https://humancapital.worldbank.org/en/indicator/WB_HCP_NETENR_US.

as the lack of digital infrastructure to support modern teaching practices²⁹. Rural and indigenous communities are disproportionately excluded from quality education. Collectively, these deficits leave the workforce poorly equipped for the demands of a modern economy, constraining productivity growth and innovation.³⁰ The latter is evident in the IFPG survey, where more than 70% of firms identify inadequate education as a major obstacle to hiring and productivity.³¹

2.13 Technical and vocational education and training (TVET) opportunities are limited, outdated, and poorly aligned with labor market needs, hindering the transition from school to work.

Only 10% of students are transitioning from secondary education into technical pathways, and many leave school without the soft and digital skills increasingly demanded by employers, who consistently report shortages³² of adequately trained workers, particularly for middle-skill occupations in ICT, tourism, and business process outsourcing³³. Skills gaps are also constraining the development of emerging green and blue economy opportunities, including climate smart agriculture, renewable energy, sustainable tourism, and marine based activities that require technical, digital, and compliance capabilities. Existing TVET institutions struggle with inadequate facilities, outdated curricula, and weak links to the private sector, blue and green economy sectors, while access remains especially limited in rural areas. Gender disparities further compound these challenges: women, though more likely to complete secondary education, remain underrepresented in technical fields such as engineering, ICT, and construction, whereas men are more likely to drop out early and enter informal, low-wage employment with limited prospects for advancement.³⁴ In parallel, the scarcity of STEAM-related skills at the tertiary level also limits innovation and digital transformation efforts in the private sector.

2.14 Employment services are weak and fragmented, reinforcing informality.

Most job seekers rely on informal networks for employment opportunities due to the limited reach and effectiveness of the Public Employment Services (PES). Only 2% of job seekers use PES, and just 1% of the non-employed population is registered.³⁵ As a result, marginalized groups, such as women, youth, migrants, and rural and indigenous populations, often face significant challenges in accessing employment support.³⁶ Public labor market information systems are outdated and fail to provide timely data on skills demand, limiting the ability of training providers to adapt curricula. Weak coordination between training institutions and employers, outdated programs, and the lack of certification mechanisms for prior learning prevent workers from acquiring and signaling relevant skills, contributing to long school-to-work transitions that leave many young people discouraged or forced into informality. On the demand side, PES engagement with employers is minimal, covering less than 1% of businesses, and there is no dedicated strategy to attract vacancy postings, promote inclusive hiring practices, or support permit processes for migrant workers. These gaps weaken the PES's ability to connect job seekers with formal opportunities and limit its contribution to reducing labor market discrimination and occupational segregation. Collectively, these weaknesses in education, training, and employment services reduce labor force participation, productivity, and Belize's capacity to compete in knowledge intensive sectors.³⁷

2.15 Health system limitations compound human capital constraints and deepen social vulnerability.

The burden of disease in Belize is increasingly shifting toward non-communicable diseases (NCDs), mainly cardiovascular conditions, diabetes, and cancer, which now account for over

²⁹ Ministry of Education, Culture, Science and Technology (MoECST). The Belize Education Sector Plan 2021–2025. Belmopan: Government of Belize, 2021. https://www.moecst.gov.bz/wp-content/uploads/2022/02/The-Belize-Education-Sector-Plan-2021-2025_MoECST.pdf

³⁰ Näslund-Hadley, E., Navarro-Palau, P., & Prada, M. F. (2020). Skills to Shape the Future: Employability in Belize.

<https://doi.org/10.18235/0002143https://publications.iadb.org/en/skills-shape-future-employability-belize>.

³¹ Innovation, Firm Performance and Gender Survey 2021. Compete Caribbean. <https://www.competecaribbean.org/proteqin-ifpg-datasets/>

³² Näslund-Hadley, Emma, Patricia Navarro-Palau, and María Fernanda Prada. Skills to Shape the Future: Employability in Belize. Inter-American Development Bank, 2020. <https://doi.org/10.18235/0002143>.

³³ <https://www.competecaribbean.org/ifpg-call/>

³⁴ Näslund-Hadley, Emma, and Haydee Alonzo. 2025 (forthcoming). Belize Education: Current Realities and Future Directions. IDB.

³⁵ Statistical Institute of Belize, (2019).

³⁶ Mazza, (2017) and Nunn, (2024).

³⁷ <https://sib.org.bz/statistics/labour-force/>

a quarter of the total disease burden and remain the leading causes of death and disability.³⁸ Despite improvements in infant and child health, maternal and neonatal disorders continue to rank among the top ten causes of death and disability. Mental health disorders affect nearly 15% of the population but are largely untreated due to stigma, workforce shortages, and limited community services. Belize's Universal Health Coverage Index stands at 54, well below the LAC average of 66, with poor results in diabetes care, antenatal services, and cancer treatment. Rural and border areas face the greatest access barriers, including a shortage of specialists and high staff turnover.³⁹ Systemic weaknesses, such as fragmented governance, outdated infrastructure, and frequent drug shortages, undermine efficiency and quality. Weak information systems and limited coordination between the Ministry of Health and Wellness and the National Health Insurance System further constrain performance, while climate risks exacerbate facility fragility.

2.16 Deficits in water and sanitation infrastructure reduce human capital formation by increasing illness, absenteeism, and vulnerability, especially among the poor. While nearly all urban households benefit from piped water, access in rural areas is 77%, and in poorer districts, also home to large indigenous populations in the country, such as Toledo and Stann Creek, coverage is significantly lower, exposing residents to unsafe water sources and higher disease risks.⁴⁰ Only 11% of households nationwide are connected to wastewater collection and treatment systems, one of the lowest rates in the Caribbean⁴¹ leaving many communities vulnerable to waterborne diseases that affects children's learning outcomes and adult's work capacity.⁴² Village Water Boards (VWBs), which serve nearly one-third of the population, face severe institutional and financial weaknesses, including poor management, outdated infrastructure, and inadequate disinfection practices, leading to irregular and unsafe service, further weakening health and productivity outcomes. Belize Water Services (BWS), despite being one of the more efficient utilities in the region, confronts growing pressures from urban expansion, migration inflows, and climate-related shocks such as hurricanes and floods, which can disrupt service and increase disease exposure.⁴³ Sanitation challenges are compounded by weak enforcement and limited investment, with poorly designed septic systems in areas with high water tables contributing to groundwater contamination. The lack of adequate sanitation infrastructure in coastal and urban areas also poses risks to tourism, fisheries, and marine ecosystems, which are vital to the country's economy.

³⁸ <https://hia.paho.org/en/country-profiles/belize>

³⁹ <https://www.paho.org/sites/default/files/2023-10/nmh-policy-belize.pdf>

⁴⁰ Based on the Belize Census data, these districts are home of 77% of the Mayan and Garifuna ethnic groups.

⁴¹ <https://data.unicef.org/topic/water-and-sanitation/sanitation/>

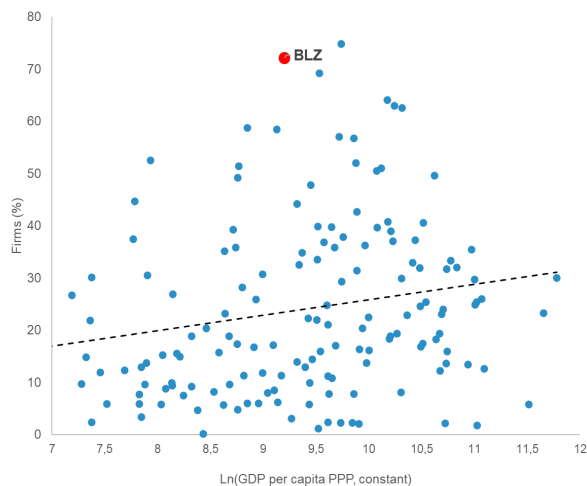
⁴² Water and sanitation deficits are also evident in schools: 55% reported periods without water for handwashing and 71% relied on bottled water as their main source for drinking.

https://www.researchgate.net/publication/379794520_Water_Sanitation_and_Hygiene_Infrastructure_and_Resources_in_Schools_in_Belize_during_the_COVID-19_Pandemic_2021-2023

⁴³ <https://bvearmb.do/bitstream/handle/123456789/1306/Global%20Climate%20Risk%20Index%202021.pdf?sequence=1&isAllowed=y>

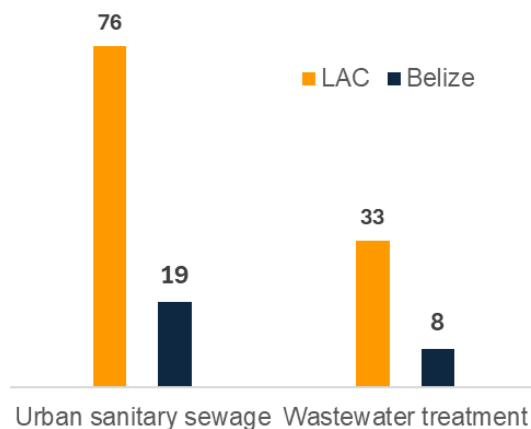
GRAPHS 2. HUMAN CAPITAL CHALLENGES

GRAPH 2A. Firms stating that inadequate education is a major constraint



Note: Share of firms that declare an inadequate level of education to be a constraint for doing business.
Sources: World Enterprise Survey (World Bank); PROTEQIN survey (Compete Caribbean); and LACES.

GRAPH 2B. Sanitation and wastewater treatment average coverage (2013-2024)



Note: Proportion of households with access to sewerage.
Source: [UNICEF](#).

WHAT WE WILL DO

2.17 The IDB Group is supporting Belize with a comprehensive set of programs designed to strengthen human capital. Interventions will focus on two strategic objectives: (i) improve employability skills and job placement opportunities and (ii) promote health outcomes. These efforts are aligned with regional strategies such as *América en el Centro* and ONE Caribbean, which support human capital development, inclusion, and resilience. They also reflect the principles of the IDB Cares initiative, which provides a regional framework for advancing social investments that reduce gender gaps and support greater economic participation. Interventions advance at different paces, and strategic selectivity has prioritized institutional enablers such as education, skills, health, and water and sanitation because of their role in addressing core development bottlenecks. For continued sustainability, a sequenced approach will be adopted at the sector level but not at the pillar level: new programs and interventions will build on the results and lessons learned from previous ones, while further advancing the sector agenda.

2.18 The Bank will continue to support young people in improving their learning in STEAM subjects and digital skills. In education, the Bank will continue to support improvements in learning outcomes and secondary completion by scaling up inquiry and problem-based pedagogies and expanding teacher training in accelerated learning, which have already been tested in programs EQIP I and II in Belize. A flagship initiative will be the expansion of the Belize City STEAM Laboratory School model to secondary schools nationwide, enhancing teacher preparation, curriculum innovation, and digital learning through both physical and virtual laboratories. The program will also expand access to international skill certification for students and teachers. These interventions will reduce gender gaps by supporting girls in STEAM and coding activities, re-engaging boys at risk of dropout through

mentoring, and promoting inclusive practices for students with disabilities. Complementary efforts to strengthen tertiary-level STEAM skills are also under exploration.⁴⁴

2.19 The IDB Group will support the expansion of enrollment in vocational programs and improve the employability of job seekers, focused on women and migrants. The Bank will support the modernization of Technical and Vocational Education and Training (TVET) updating curricula, pedagogy, and infrastructure.⁴⁵ These efforts will incorporate market-relevant training for emerging green and blue economy opportunities, including competencies in sustainable tourism, renewable energy, climate-smart agriculture, and marine-based activities, together with the digital and quality standards required by employers. In parallel, IDB Lab will pursue capacity-building initiatives for women entrepreneurs and local communities, aiming to broaden employment opportunities and strengthen skill sets. It will also foster stronger linkages between academia and the private sector to stimulate innovation and entrepreneurship, contributing to a more dynamic and inclusive ecosystem. Complementary, IDB Invest will seek to expand financing solutions to tertiary education institutions and, through partnerships with its clients, provide on-the-job training and advisory services to support upskilling/reskilling strategies aimed at aligning workforce skills with evolving labor market requirements and technological change.

2.20 The Bank will help transform Belize's public employment services to deliver more responsive, data-driven, and inclusive support for job seekers and employers. The Bank will support the modernization of public employment services through a digital intermediation platform, the development of a jobseeker service model with tailored support for women, youth, and migrants, and the implementation of a strategic management plan including staff training, multichannel service delivery, and performance management. It will promote employer engagement through a dedicated service model to reduce hiring barriers for underrepresented groups, upgrade labor information, and permit systems to improve job matching. By enhancing coordination between employers, training institutions, and public agencies, these interventions will help bridge persistent skills gaps, promote formal employment, and foster a more productive and inclusive labor market in Belize.⁴⁶⁴⁷

2.21 In line with Belize's skills needs, the Bank will also strengthen the alignment between training supply and labor demand by supporting demand-driven training in priority sectors identified in national skills diagnostics. Tourism, Business Process Outsourcing (BPO), green and blue economy sectors, as well as childcare and ICT-related occupations, have been documented as fast-growing areas with significant skills shortages, including for sustainable tourism, climate-smart agriculture, and marine-based activities.⁴⁸ This includes designing and implementing a talent pipeline model and sectoral roundtables to identify training needs and quality standards. Training activities will incorporate socio-emotional skills modules, stipends and support for childcare and transportation, language support for Spanish-speaking migrants, and culturally relevant curricula for indigenous populations, addressing key barriers to participation.⁴⁹

2.22 Strengthen the quality and access of the health system for disadvantaged populations. A flagship initiative will be the nationwide expansion of the Quality and Efficiency Improvement Strategy, including investments in training doctors, nurses, and pharmacists, and updating clinical protocols and guidelines. The program will also modernize governance and digital health by establishing performance and monitoring mechanisms, strengthening the supply chain for essential medicines, adding new functionalities to the Belize Health Information System, and investing in new digital technologies at targeted health facilities. To improve access, investments will expand mobile clinics,

⁴⁴ A Science and Technology Policy is currently under development with IDB support (BL-T1174).

⁴⁵ BL-L1044.

⁴⁶ BL-L1044.

⁴⁷ BL-L1050.

⁴⁸ Additionally, IDB Lab is implementing a pilot entrepreneurship initiative in areas with limited salaried employment.

⁴⁹ BL-L1050.

support the hiring of additional community health workers, and deploy telehealth services for mental health, while upgrading regional hospitals and other health facilities, including a long-term care facility for mental health, to address supply-side barriers to healthcare access. Behavior-change campaigns and a review of the current service delivery model will help manage rising demand, including among migrants and indigenous communities. These interventions will strengthen the prevention and control of non-communicable diseases, support the sustainability and improvement of maternal and child health outcomes, and increase the resilience of the health network to climate change and public health emergencies.⁵⁰

2.23 Expanding access to water and sanitation services. The Bank will support investments in urban and peri-urban areas to expand water supply and modernize Belize Water Services through innovative technologies, including on-site water disinfection, energy efficiency upgrades, and smart metering to strengthen operational and financial performance. In rural areas, the program will enhance service quality by introducing new disinfection technologies, revitalizing village systems, and training VWBs in administration, operation, and maintenance, with a particular focus on promoting women's participation. Both operations will also promote studies and pilots on pollution remediation to address environmental sustainability. These interventions will expand safe drinking water access for vulnerable populations, including migrants and indigenous communities, reduce health risks from untreated water, and improve the long-term financial and environmental sustainability of Belize's water sector.⁵¹ IDB Invest will contribute to this strategic objective by seeking to support the modernization of water and sanitation services through the provision of advisory services and mobilizing private investment (including via PPPs) to address critical infrastructure gaps.

2.24 Programmatic approach.⁵² The program aims to strengthen Belize's human capital through an integrated approach that combines interventions across education, skills for the job, employment, health, and water and sanitation, and leverages cross-sector synergies to deliver greater impact on productivity, inclusion, and resilience. Building on the legacy portfolio, the Bank will continue supporting investments in basic education, STEAM and digital learning, skills training, labor force participation, employability, and the quality and efficiency of health services. New operations will expand accelerated learning and STEAM competencies; modernize TVET with updated curricula and infrastructure; strengthen employment services with emphasis on women, youth, and migrants; and scale up the health strategy focused on quality and efficiency improvements. Complementary water and sanitation investments will expand safe access to potable water, increase sewage coverage and wastewater treatment, and introduce climate-resilient technologies, while revitalizing rural systems and strengthening both urban and rural service providers, including Village Water Boards (VWB) and Belize Water Service (BWS), with a continuous focus on gender inclusion and long-term utility sustainability. Across all actions, this pillar will fundamentally prioritize expanding opportunities for the most vulnerable, especially young women and migrants, and building resilience to climate and economic shocks. The main instruments will continue to be investment loans, some structured as blended finance, complemented by investment grants with the Global Partnership for Education (GPE). Technical cooperation and knowledge products will follow, playing a dual role: promoting policy dialogue for future operations, and supporting implementation of ongoing ones by financing strategic studies, innovation pilots, and institutional coordination. Beyond individual investments, this programmatic approach seeks to institutionalize capacities, strengthen coordination, and embed continuous learning mechanisms to ensure sustainable improvements in Belize's human capital. Regarding implementation, work will be carried out in an intersectoral manner, aligning education, school-to-work transition, health services (HSP), and social infrastructure, creating synergies with

⁵⁰ BL-L1048.

⁵¹ BL-L1043 and BI-L1045.

⁵² The operations considered are BL-L1044, BL-L1050, BL-T1177, and BL-T1192 for education and labor markets. For health and sanitation, the reference operations are BL-L1048, BL-L1043, BL-L1045, BL-T1176, BL-T1196, and BL-T1156.

private sector windows through targeted upskilling and reskilling, and by leveraging tertiary institutions as innovation hubs.

2.25 Key actions under regional initiatives. As part of *América en el Centro*, the Bank will launch a regional program to strengthen the skills of youth and vulnerable populations, aligning their training with the needs of the private sector in key industries across Central America. ONE Caribbean, through its digital health solutions initiative, will play a strategic role in strengthening Belize’s healthcare system. It will support development of a high-level country policy brief to identify critical digital health priorities, placing special emphasis on disadvantaged and vulnerable populations. By facilitating Belize’s connection to the IDB–PAHO Digital Connectivity Highway, the initiative will help expand coverage, enhance service quality, and accelerate the country’s transition to a more resilient, inclusive, and data-driven health system. Additionally, IDB Cares will mainstream inclusion for women, youth, migrants, and indigenous communities.

EXPECTED OUTCOMES

Enhanced primary student skills in STEAM. The program will train 500 primary educators in accelerated and individualized learning, provide coaching, and support extracurricular activities. These measures are expected to increase the proportion of primary students achieving minimum proficiency in math, reducing the learning gap that occurred during the pandemic.

Expanded enrollment in vocational programs and improved access to job placement opportunities for women and migrants. The program will support efforts to increase the math achievements of most disadvantaged students in primary education, improve the proportion of secondary graduates enrolling in post-secondary TVET programs aligned with industry needs and the gender parity in TVET program enrollment. The Bank will also support the development of the Public Employment Services (PES) to increase the number of jobseekers, particularly women, youth, and migrants, who secure formal employment. IDB Invest will support an increased number of its clients’ employees receiving training. IDB Lab will build capacity and skills sets of women entrepreneurs and local communities and foster linkages between academia and the private sector.

Improved quality and access to health services, focused on disadvantaged populations. The program is expected to contribute to increased control blood pressure among people with hypertension at least once in the past six months in Stann Creek and Cayo districts. Simultaneously, access to services will expand by increasing the number of outpatient visits at the Primary Health Centers level for vulnerable populations in Stann Creek and Cayo districts.

Expanded access to water and sanitation services. The interventions are expected to improve reliable access to potable water for households and expand climate-resilience safely managed sanitation services (sewer and wastewater treatment), prioritizing vulnerable populations.

PILLAR 3. BOOSTING PRIVATE SECTOR COMPETITIVENESS

WHY IT MATTERS

2.26 This pillar focuses on supporting private-sector competitiveness while advancing economic resilience and protecting Belize's natural capital and biodiversity. Improving competitiveness requires tackling key structural bottlenecks that increase operational costs and limit economic complexity and diversification. First, infrastructure deficits, such as outdated and vulnerable electricity and logistics systems, create service inefficiencies, raise logistics and energy costs, and restrict access to markets, particularly in rural and tourism-dependent areas. These limitations also hamper regional integration and trade, reducing Belize's ability to leverage its strategic location in Central America and the Caribbean. Second, firms in key productive sectors such as agriculture, tourism, and the blue economy face low productivity, limited climate resilience, and unsustainable use of natural resources that threatens long-term growth. Third, access to finance remains a significant constraint for MSMEs, with a financing gap exceeding 26% of GDP, while digital adoption and technological capabilities among smaller firms and the rural population remain limited, in a context also marked by low levels of business innovation⁵³. To accelerate the development of other productive activities, the strategy will require greater investment mobilization, the deployment of resilient infrastructure, strengthened integration into regional value chains, and adequate financing. Competitiveness also benefits from an improved business environment, anchored in institutional strengthening and sound regulation, a better-prepared workforce and safeguarding natural capital. Belize's blue biodiversity (coral reef, mangroves, seagrass meadows, and coastal ecosystems) is a fundamental asset for private sector activity, particularly in tourism, fisheries, aquaculture, and emerging nature-based enterprises. Protecting and restoring these ecosystems reduce physical risk by providing storm and hurricane protection, sustains productivity, and strengthens the long-term viability of these sectors.⁵⁴

2.27 Resilient infrastructure in energy and logistics is a prerequisite for private sector growth. Belize's electricity system remains small, vulnerable, and outdated. Nearly half of firms report frequent outages, about three per month, lasting over three hours each, among the highest in the Caribbean region⁵⁵. While Belize has installed renewable capacity of roughly 60%, its share of generation fell from 52% in 2022 to 38.2% in 2023 due to hydropower variability and transmission constraints.⁵⁶ The sector relies heavily on imported fossil fuels and on a single interconnection with Mexico that supplies over 40% of electricity, exposing the country to price volatility, supply risks, and disruptions. Gaps are most acute in rural and indigenous communities, where around 20 villages still lack reliable service, forcing households, schools, and health centers to depend on costly and polluting diesel generation. Rising demand, driven by population growth and migration, adds further strain. At the same time, other regional integration efforts, such as the planned interconnection with Guatemala, are being studied, but institutional capacity to plan and deliver resilient energy solutions remains limited. Expanding affordable, reliable, and low-emission electricity, particularly in underserved areas, by adding generation and modernizing transmission and distribution networks will be crucial to strengthening competitiveness, reducing vulnerability to climate shocks, and attracting private investment. Additionally, logistics systems suffer from chronic underinvestment, weak resilience, and low safety standards, undermining productivity and increasing exposure to climate shocks. These challenges intensify during the rainy season, disrupting market access and regional integration.

2.28 Agriculture, tourism, and the blue economy are the backbone of Belize's economy, yet their vulnerabilities threaten long-term growth and environmental sustainability. Agriculture alone

⁵³ According to the Consultancy for Strengthening Institutional Capacity and Enabling Effective Implementation of Belize's Science, Technology and Innovation Strategy and Action Plan (Technopolis, 2025), only 7% of firms in Belize engage in innovation activities.

⁵⁴ The conservation of Belize's ecosystems is central. This includes the Mesoamerican Barrier Reef that sustains tourism and the blue economy, and adjacent blue-carbon ecosystems, mangroves, and seagrass meadows, which sequester CO₂. Belize's global carbon sink is modest in absolute terms, but regionally significant thanks to well-preserved mangroves and seagrass meadows.

⁵⁵ Innovation, Firm Performance, and Gender Survey (Compete Caribbean 2020).

⁵⁶ https://www.mpuele.gov.bz/wp-content/uploads/2024/11/Energy-Report-2023_Digital-Copy_Final.pdf.

generates around 20% of jobs and 10% of GDP, yet has seen a 24-point decline in productivity over the last decade due to limited irrigation (about 90% of farmland is rainfed), low technology adoption and technical assistance, and climate variability.⁵⁷ Also, it remains heavily export-oriented and undiversified, with 82% of agricultural exports concentrated in sugarcane, bananas, and corn products, mostly shipped to three main markets (United Kingdom, United States and Guatemala), increasing exposure to price volatility and external shocks. Meanwhile, the blue economy is gaining traction as a strategic growth pillar; however, marine based value chains remain underdeveloped, with limited value added and weak market integration, while facing threats from overfishing, agricultural runoff, and coastal water pollution. Tourism is one of the country's most important economic pillars. Although several key performance indicators have already surpassed pre-pandemic levels, the sector's growth remains constrained by infrastructure gaps, limited air connectivity, and the still incipient mobilization of private investment.⁵⁸

2.29 The long-term sustainability of tourism is increasingly threatened by inadequate wastewater infrastructure and growing pressure on fragile coastal ecosystems. In expanding tourist hubs, the absence of wastewater collection and treatment systems has led to nutrient discharge into marine environments, jeopardizing the Mesoamerican Reef and its exceptional biodiversity. Only 11% of households are connected to formal wastewater systems, mostly in urban areas, placing Belize among the lowest in the region. In rural and peri-urban zones, the widespread use of latrines and septic tanks contributes to groundwater pollution, further affecting marine biodiversity. These deficits not only undermine environmental health but also erode the visitor experience and deter private investment. Across all three sectors, MSMEs dominate the productive structure, and in some cases, unsustainable practices, such as the overexploitation of certain marine species, directly jeopardize the ecosystems on which these sectors depend. In addition, limited innovation, and entrepreneurship ecosystems, marked by scarce incubation services, weak mentorship networks, and insufficient early-stage finance, constrain the emergence of startups and slow the adoption of new technologies.

2.30 Limited access to finance and low digital adoption continue to constrain private sector development, particularly for MSMEs. MSMEs face persistent barriers to accessing credit due to limited collateral, weak credit histories, and high transaction costs for small loans. As a result, only 19% of MSMEs have access to bank credit, well below the LAC average of 40%, and Belize's overall credit to the private sector remains limited at 42.8% of GDP, compared to 54.5% in LAC. These constraints are most pronounced among firms in agriculture, services, and rural areas, where banks prioritize lending to larger, more established companies. The MSMEs financing gap is estimated at over US\$900 million, six times the available credit for this segment. Informality and low financial literacy exacerbate these gaps, especially for women-led businesses and enterprises outside urban centers.⁵⁹ In parallel, the limited adoption of digital technologies further undermines productivity. Only 11% of firms use digital payment systems, compared to 28% in the region, and over 80% report lacking the workforce skills to implement digital tools. This digital divide reflects gaps in broadband coverage, access and utilization, outdated infrastructure, quality of ICT services, and an evolving but still incomplete regulatory framework. While recent legislation such as the Data Protection Act (2021) and Cybercrime Act (2020) are positive steps, Belize still lacks a comprehensive digital finance framework

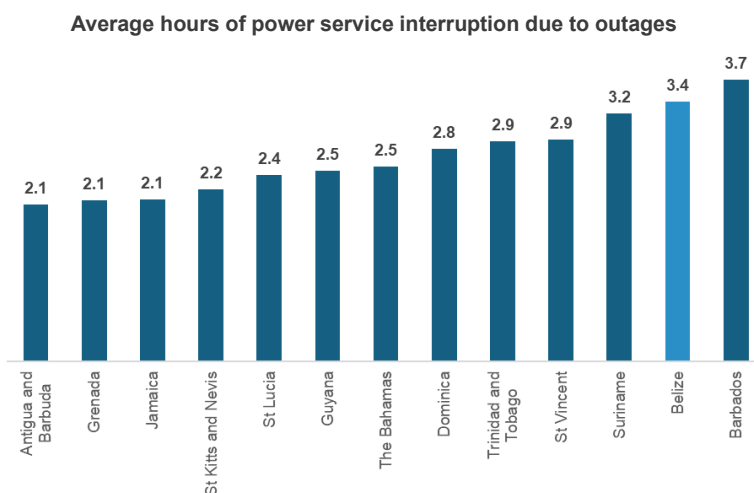
⁵⁷ Other factors hindering the sector's performance include diseases, labor shortages, rising costs of inputs, small agricultural land endowment, atomized and geographically concentrated production base, subdued extension services and business support, farmers and MSMEs lacking access to credit, negligible agro-industrial processing, and limited capacity of food safety regulatory agencies.

⁵⁸ The impact of the government's plans to encourage private investment in tourism (especially aimed at the mass market tourism) is yet to materialize. Other factors hindering the sector's performance include high dependence on the United States as source market, insecurity, subdued regulatory oversight, and scarce qualified labor. Additionally, the sector depends on infrastructure and ecosystem services that are under increasing pressure.

⁵⁹ According to the Access to Finance for MSMEs in Belize: Challenges and Opportunities report (IDB, 2024), informality and limited financial literacy are identified as significant barriers to access to finance, particularly affecting micro, and small enterprises. The report notes that over half of microenterprises operate informally, with many registering only a business name but not completing tax or social security registration. It also highlights that financial literacy remains low, only 37.8 percent of adults were aware of basic financial concepts in 2021, and that this limits formal entrepreneurship and business growth. These challenges are especially pronounced among women-led firms, which are predominantly home-based, necessity-driven, and concentrated in services, contributing to their economic vulnerability and restricted access to productive financing.

and support systems for MSME digitalization. These financial and technological gaps hinder MSMEs' ability to scale-up, innovate, and contribute to inclusive, sustainable growth, particularly in key sectors such as agriculture, tourism, and BPO services. Additionally, Belize as a leader on Anti-Money Laundering and Countering the Financing of Terrorism Regulation (AML/CFT), while significantly updated, still needs stronger effective implementation and completion of the national risk assessment with clear supervisory guidance. Further upgrades to digital reporting and interagency data sharing would also improve security and compliance. More broadly, the early-stage nature of Belize's innovation ecosystem limits the emergence of digital solutions, due to scarce financing and advisory support for ideation and pilot testing.

GRAPH 3. PUBLIC SERVICE OUTAGES/INTERRUPTIONS (HOURS)



Source: IFPG survey (Compete Caribbean 2021).

WHAT WE WILL DO

2.31 The IDB Group will support Belize through a coordinated set of efforts aimed at boosting private-sector competitiveness. Actions will be coordinated across the Group's public and private-sector windows to mobilize private capital toward strategic sectors and to strengthen regulatory and institutional frameworks that enable increased private-sector participation in the economy. Interventions will focus on three strategic objectives: (i) enhancing access to resilient infrastructure, (ii) supporting economic activities while safeguarding strategic natural assets through wastewater and sanitation upgrades in tourism hubs, management of key marine resources and blue economy, and (iii) expanding access to finance and digital technologies, including for MSMEs and underserved sectors. In line with IDB Invest's New Vision and Business Model, the organization will seek to mobilize resources from private sector development partners, including institutional investors, deploy re-risking strategies (including the FFF options) and apply a bolder risk-management approach. Meanwhile, IDB Lab will pursue initiatives to activate the entrepreneurial ecosystem, boost early-stage finance, and drive private-sector innovation by promoting the emerge and growth of inclusive and scalable solutions. These efforts align with regional development programs lay the groundwork for future investments. Through *América en el Centro*, the IDB Group will support efforts to enhance sustainability, productivity, and value-chain integration, including in vulnerable sectors like agriculture, while promoting logistics solutions, and strengthening PPP frameworks and local capacities to develop bankable projects. Finally, Compete Caribbean+ will complement these efforts by supporting private sector development, innovative ecosystems, and value-added production. Interventions will advance at different paces, with strategic selectivity prioritizing institutional enablers that support the delivery of comprehensive packages to strengthen capacities, expand access to key services, and foster MSME growth, while improving the enabling environment for increased private-sector participation in

the economy. This focus reflects the critical role these enablers play in addressing core development bottlenecks. To ensure sustainability, the IDB Group will adopt a sequenced approach at the sector level, rather than at the pillar level, whereby new programs and interventions will build on results and lessons learned from previous efforts while further advancing each sector's strategic agenda.

2.32 The IDB Group will support resilient infrastructure by increasing access to and the reliability of electricity services and will explore transport opportunities through continued dialogue.

Investments are needed to increase power generation capacity and modernize transmission and distribution infrastructure to reduce outages and strengthen resilience to climate shocks. The Bank foresees supporting rural electrification in underserved villages in rural areas, benefiting households, schools, health centers, and businesses. These efforts will be complemented by measures to promote productive use of electricity and strengthen institutional capacity for planning and executing rural electrification, benefiting rural and indigenous populations as well. IDB Invest will explore opportunities to further support private investment in energy generation and potentially storage and mobilize private capital to complement public efforts in advancing the energy transition.^{60 61} Finally, institutional strengthening will enhance the planning, operational, and oversight capacities of energy-sector institutions. The IDB Group will also explore potential investments and PPP frameworks to modernize and upgrade logistics infrastructure.

2.33 The strategy will support sustainable economic activities by promoting the adoption of best industry practices while safeguarding the country's strategic natural capital.

To enhance the productivity and sustainability of core sectors, the IDB Group will implement integrated interventions in agriculture, blue economy, and tourism. Support for agribusiness and tourism actors, including MSMEs, will focus on expanding access to advanced and climate-smart technologies, reinforcing technical and managerial capacities, strengthening value chain linkages with MSMEs and farmers, and facilitating trade. On the back of a synergistic approach, IDB Invest will explore opportunities to support private investment in agribusiness⁶² and sustainable tourism by financing high-impact projects with the capacity of developing inclusive supply chains, increase the value added of goods (including processed agricultural products) and services for export, while contributing to food security. In parallel, IDB Lab will promote entrepreneurship and inclusive innovation by strengthening the innovation ecosystem and supporting startups to develop productive, climate-resilient business models in key sectors. Complementary actions will promote deforestation-free value chains, such as cacao and honey, through stronger land-use monitoring, certification systems, and market integration strategies. In parallel with its blue economy efforts, the Bank will strengthen science-based management of key marine resources and promote sustainable technologies and practices among artisanal fishers to improve product quality, add value, and stabilize incomes.

2.34 These efforts will be complemented by targeted investments to strengthen the sustainability of tourism areas by improving access to wastewater and solid waste management.

An IDB loan program, encompassing strategic alliances⁶³ aims to strengthen marine ecosystem resilience through the enhancement of wastewater infrastructure in tourism hubs. This effort seeks to protect coastal and marine environments, reduce pollution risks, and support sustainable tourism, while fostering

⁶⁰ Belize's updated Nationally Determined Contribution reports a commitment to developing a long-term strategy to achieve net-zero global emissions by 2050. The NDC sectoral targets include coastal zone and marine resources, agriculture, fisheries and aquaculture, human health, tourism, forestry and biodiversity, land use, human settlements and infrastructure, and water resources Belize Low Emission Development Strategy and Action Plan (LEDS) 2020-2050, published in May 2023.

⁶¹ Existing IDB Invest operations in the energy sector include financing (i) essential infrastructure upgrades and operational improvements to help meet growing electricity demand and strengthen network performance and resilience; and (ii) a liquefied petroleum gas marine terminal (the first of its kind in Belize).

⁶² IDB Invest's existing operations in the agribusiness sector improve the performance of players in the sugar and pepper industries on the back of investments that increase the production of higher value-added goods for both the domestic and the international markets, reduce logistics times and costs for export, and strengthen value chains supporting MSMEs and farmers in geographic areas with high poverty rates. Advisory services help improve agricultural productivity and sustainability of suppliers.

⁶³ This loan program is accompanied by a Global Environment Facility (GEF) grant for US\$2.25 million and was approved in October 2025.

collaboration between public and private stakeholders to ensure long-term environmental and economic benefits. Additionally, in collaboration with the private sector, piloting results-based finance mechanisms to fund biodiversity and attract private capital will be promoted, along with seeking comprehensive solutions, supported by IDB Lab, to manage the sargassum influx impacting tourism.

2.35 Increase access to productive financing and technology adoption, especially for MSMEs and underserved segments. The IDB Group will continue addressing financing gaps in segments that have historically lacked access to formal credit by leveraging both public and private resources. Efforts will focus on developing risk-sharing mechanisms and blended finance solutions to diversify financing options, including through local financial institutions such as the Development Finance Corporation (DFC)⁶⁴ and commercial banks, and for which technical assistance will be necessary. Priority will be given to productive investments, with potential windows for women-led businesses, initiatives aimed at improving the resilience to extreme weather events, and underserved regions. IDB Invest will continue to support financial inclusion, leveraging partnerships with local financial intermediaries to expand access to credit for MSMEs and other underserved segments such as entrepreneurs.⁶⁵ These operations will likely be complemented by technical assistance and advisory services to strengthen credit origination, risk assessment, and Environmental, Social & Governance (ESG) management systems within financial institutions, building on previous support to DFC and IDB Invest's experience in other jurisdictions⁶⁶. Additionally, the IDB group will support efforts to maintain Belize's leadership in Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) compliance.⁶⁷ In parallel, the IDB Group will explore innovative financing models, such as biodiversity finance, and provide targeted credit to sectors including agribusiness, trade finance, renewable energy, and tourism-related value chains. It will also seek to diversify financing alternatives, including through non-bank financial institutions, and promote digital services. The Bank will also aim to increase trade finance volumes. Finally, the Bank will continue supporting MSME digital adoption, while IDB Lab will further promote the introduction of innovative technologies in productive sectors such as agriculture, the blue economy, MSME digitalization, and financial inclusion. The latter also presents opportunities for the IDB Group to reduce the country's telecommunications infrastructure gap and improve the quality of and access to broadband services. IDB Lab will continue to strengthen the innovation ecosystem by supporting early-stage financing and the deployment of new technologies in productive sectors, leveraging its high-risk tolerance and inclusive approach to expand economic opportunities for vulnerable populations.

2.36 Programmatic approach.⁶⁸ Under this pillar, the program aims to strengthen private sector performance as a driver of sustainable growth, while enhancing economic resilience and preserving Belize's natural endowments. The IDB Group will support a coordinated, multisectoral approach to expand private sector participation in the economy through strategic investments, regulatory and institutional strengthening, and improved enabling conditions, mobilizing private capital toward productive infrastructure (ENE, TSP and WSA), value-added sectors (ARD and TIN), and underserved market segments (CMF and CTI). The IDB Group has a long-standing engagement in Belize's private sector development. IDB Invest has supported investments in the energy sector, which will be deepened through new operations from both the public and private windows. Likewise, IDB and IDB

⁶⁴ Initiatives will build on previous collaboration with the Development Finance Corporation (DFC), the country's sole public development bank. They will leverage the progress made in digital transformation and the Monitoring, Evaluation, Accountability, and Learning (MEAL) strategies, which have reinforced DFC's core capabilities and better positioned it to address the financing needs of MSMEs, and to scale in other subsegments and transform the financial sector.

⁶⁵ IDB Invest has partnered with a local financial institution to increase access to financing for MSMEs. The project boosts this portfolio through access to stable, medium-term financing. Accompanying advisory services further strengthen the strategy to capture specific MSMEs' characteristics and provide tailored solutions.

⁶⁶ The IDB Group could also promote policy to expand credit guarantee mechanisms to reduce lending risks for MSMEs, and reforms to improve the country's financial infrastructure including the establishment of a modern credit bureau, a movable collateral registry, and more effective systems for bankruptcy and contract enforcement.

⁶⁷ Belize Emerges as Global Leader in Anti-Money Laundering and Countering-Terrorism Efforts. <https://www.belizefsc.org.bz/belize-emerges-as-global-leader-in-anti-money-laundering-and-countering-terrorism-efforts/>

⁶⁸ Include BL-L1047, BL-L1049, BL-L1041, BL-L1042, BL-L1051, BL-L1039, BL-L1053 and Central American Sustainable Agrolandscapes Program (code to be defined).

Invest will continue to work in close coordination to enhance the productivity and sustainability of key value chains, particularly in agriculture, tourism, and the blue economy, while strengthening resilience and safeguarding strategic natural assets. In parallel, IDB Invest has successfully financed MSMEs, a line of work that will be expanded through new operations from the public sector window, with a focus on financial inclusion. The program will combine non-sovereign guaranteed (NSG) operations with sovereign-guaranteed (SG) investment loans, investment grants with Global Agriculture and Food Security Program (GAFSP), and blended finance solutions. A critical element of this pillar will be the use of technical cooperation from the public side to strengthen the readiness for key logistics projects such as the Tren Maya, Ports, and airports, and upstream work from the private side to lay the groundwork for mobilizing private capital, through frameworks such as PPPs, as well as improving the investment climate and deepening regional integration, particularly in the infrastructure sector. Implementation will also be supported by regional initiatives and knowledge products to strengthen institutional capacity and support project preparation.

2.37 Key actions under regional initiatives. Under the *América en el Centro* regional program, The IDB Group will reinforce regional integration with Mexico by supporting a feasibility study for the potential extension of the Tren Maya line, an initiative aimed at improving connectivity, stimulating economic development, and enhancing cross-border cooperation between Mexico, Guatemala, and Belize. This effort would not only improve connectivity between the countries but it would also enhance Belize's access to the Pacific Corridor, the main cargo route in Central America, thereby promoting trade and integration with other countries in the region.⁶⁹ Additionally, to support the safeguarding of strategic natural endowments, the program will support Belize in protecting and conserving the Gran Selva Maya Biocultural Corridor. This support contributes to the implementation of the Calakmul Agreement signed with Mexico and Guatemala, which identifies priority actions such as promoting ecotourism, preserving the integrity of natural and cultural heritage, and restoring forests in agricultural and livestock areas. The program will also support efforts to mobilize concessional and non-reimbursable resources at the regional level to strengthen agricultural sustainability and resilience by improving innovation systems, promoting farmers' and MSMEs' access to credit, enhancing access to sustainable markets and other incentives, and promoting land-use planning, monitoring, traceability, and accountability. Finally, the program will support the development of technical studies and facilitate bilateral exchanges to advance electric interconnection with Guatemala, which is expected to diversify supply, reduce dependence on energy imports from Mexico, and enhance grid stability and reliability, and ONE Caribbean will build resilience in Belize's energy sector through supporting the increased harmonization of energy standards and enhanced disaster risk management practices across electricity providers in the region. ONE Caribbean will directly foster private sector growth through providing high-growth potential SMEs with pre- and post-investment support, working in close partnership with IDB Invest, the Caribbean Community Resilience Fund, the Government of Canada and CARICOM Development Fund. ONE Caribbean will also make available critical project preparation support to the Government, private sector, and regional partners through its flagship Project Preparation Coordinating Mechanism. This mechanism provides both upstream (feasibility) and downstream (structuring) support to accelerate the development and financing of climate-resilient, fiscally sustainable public, private, or PPP projects.

⁶⁹ RG-T4625.

EXPECTED OUTCOMES

Increased access and reliability of electricity services. Efforts will focus on enhancing the capacity, efficiency, and reliability of the electricity system through targeted investments in generation, transmission, distribution, and regional integration. These actions are expected to increase the number of beneficiaries with new access to electricity services and to improve reliability by reducing the number of hours of unplanned electricity outages.

Increased adoption of best industry practices among farmers, fishers, and tourism MSMEs. Efforts to modernize, integrate, and improve the sustainability of key productive value chains are expected to lead to improvements in the percentage of farm producers, fishers, and tourism MSMEs adopting resilient and green technologies. These outcomes aim to boost productivity and support the conservation of vital ecosystems. IDB Lab will boost inclusive innovation in the productive sectors.

Strengthened sustainability of tourism. Actions to expand wastewater treatment coverage and reduce marine pollution, aimed at preserving the ecological integrity of Belize's coastal ecosystems, are expected to increase the percentage of tourist destinations with access to solid waste management initiatives and raise the share of coastal areas in Caye Caulker that comply with water quality standards. In parallel, IDB Invest will continue exploring opportunities to support the development of value-added, sustainable tourism establishments and related infrastructure.

Increased lending to underserved segments. Efforts to promote financial inclusion for MSMEs and other credit-constrained segments are expected to increase the number of MSMEs benefiting from Development Finance Corporation (DFC) schemes, as well as those receiving financial and/or non-financial support from IDB Invest and IDB Lab.

Expanded injection of private investment financing. Efforts will aim to expand private-sector resources including those mobilized by IDB Invest from private-sector development partners. IDB Lab will enhance early-stage finance for emerging founders and startups in Belize.

Increased adoption of digital technologies among MSMEs. Enhancing the digitalization and competitiveness of MSMEs is expected to increase the percentage of firms using digital payment methods.

CROSSCUTTING ISSUES

WHY THEY MATTER

2.38 Gender inequality, indigenous exclusion, and migrant vulnerabilities continue to constrain Belize's human capital and productivity. In 2024, female labor force participation in Belize was only 49% versus 75% for men, one of the widest gender gaps in LAC (55.6%)⁷⁰, despite women's higher tertiary education rates (33% versus 18%). Persistent barriers such as wage gaps, occupational segregation, and scarce access to care services (for children, persons with disabilities, and older persons with functional dependence) limit women's participation. Migrants, who represent 15% of the labor force, struggle with regularization and access to formal jobs, with migrant women most affected. Indigenous peoples face deep education and training inequities: only 24% of Maya children attend pre-primary school and 9% reach higher education, compared to 55% and 25% among Garifuna children. Just 15% of women, migrants, and Maya report receiving labor training, versus 23% nationally. Women remain concentrated in informal, low-wage sectors, with only 29% covered by social security (vs. 42% of men). Although women lead 80% of microenterprises and 45% of MSMEs, they face financing barriers due to limited assets and collateral. These disparities reflect the underuse of Belize's human capital, constraining inclusive and diversified growth.

2.39 Belize faces one of the highest levels of climate and environmental vulnerability globally. Between 2001 and 2023, Belize lost about 3,020 km² of forest cover (17%), largely due to agricultural expansion, while mangrove ecosystems continue to decline under pressure from human activity and hurricanes, reducing natural protection against coastal flooding and erosion. Marine ecosystems, including the Mesoamerican Barrier Reef, are increasingly at risk from coral bleaching, warming waters, pollution, and runoff. Weak solid waste and wastewater management, scoring just 23.4 in the regional benchmark, further undermines resilience, particularly as much of the north and south still rely on open dumps and wastewater infrastructure. These environmental stresses compound Belize's high exposure to climate hazards: twelve major climate disasters in the past two decades caused roughly US\$850 million in losses, mostly to coastal infrastructure, underscoring vulnerability in transport, energy, and urban systems. Despite advances such as the Blue Bond, expanded protected areas, and the creation of the Ministry of Blue Economy, institutional capacity for climate regulation, coordination, and financing remains constrained, highlighting the need for sustained investment in adaptation and resilience.

WHAT WILL WE DO

2.40 Opportunities for all. The new CS will make gender, diversity, and inclusion cross-cutting priorities across all pillars. Under Pillar II, it will expand quality education in rural and indigenous areas with culturally relevant curricula, school feeding, and transport support. Skills and TVET programs will align with labor demand and include gender-sensitive design, flexible formats, and childcare to boost women's participation. Tailored training and job services will improve employability for migrants and indigenous youth. Under Pillar III, access to finance for women and vulnerable groups will expand through guarantees, blended finance, and partnerships with IDB Invest and the DFC, while promoting digitalization and financial literacy in women, and minority-led MSMEs. Belize could also benefit from IDB Cares, a regional initiative that supports inclusion and resilience through investments in education, health, and basic services. Together, these measures will position inclusion as a driver of equitable and sustainable growth.

2.41 Enhancing resilience to climate impacts and extreme weather events. The new CS will integrate climate change, natural capital, and biodiversity across all interventions, embedding resilience

⁷⁰ Women's labor force participation is hindered by care responsibilities, limited childcare options, and persistent occupational segregation, while migrants and other vulnerable groups face additional barriers, including discrimination and limited access to training and placement programs. <https://sib.org.bz/statistics/labour-force/>

throughout its pillars. Under Pillar I, the IDB will strengthen agencies such as MBECA, the Blue Bond Finance Unit, the Fisheries Department, the National Climate Change Office, the Climate Finance Unit, and SWaMA to improve environmental regulation, integrate resilience in public investment, develop capacities to access climate finance, and develop blue economy monitoring systems. Pillar II will expand TVET programs for green and blue jobs in renewable energy, sustainable aquaculture, eco-tourism, resilient agriculture, ecosystem monitoring, and waste and water management, with targeted inclusion of rural and indigenous communities. Adaptive social protection will be strengthened by developing links to disaster risk management and pre-arranged contingent financing to reduce administrative and financial burden during crises. These scalable systems enable rapid, targeted support to affected populations, helping to protect vulnerable households from falling back into poverty, addressing structural inequalities, contributing to long-term resilience. Water and sanitation will be enhanced through wastewater treatment expansion, integrated waste management, dump closures, and new recycling and composting systems. Pillar III will invest in resilient infrastructure in energy, transport, and logistics, incorporating Disaster Risk Management and nature-based solutions like mangroves and reefs. It will also promote resilient fisheries and agriculture, ecosystem restoration, and innovative financing to attract private capital and mobilize concessional climate funds. Overall, the strategy positions climate resilience and biodiversity as drivers of sustainable, inclusive development. As additional support to the crosscutting pillar, the Ready and Resilient Americas initiative will help Belize (i) improve risk data, analytics, and early-warning systems for preventive planning; (ii) strengthen regional and cross-border coordination among the National Emergency Management Organization (NEMO), line ministries, the private sector, and civil society; and (iii) expand access to innovative financial instruments (contingent and parametric), including the Climate Resilient Debt Clause and ongoing work on a Catastrophe Swap (Cat Swap),⁷¹ for agile and sustainable response and recovery.

⁷¹ Belize currently has the PPO activated in 13 IDB loans, which allows the country to defer principal repayments following a natural disaster, providing fiscal space for recovery. In addition, a Cat Swap is being developed to complement Belize's portfolio of risk retention and transfer instruments, further strengthening its capacity to respond to climate-related emergencies.



III. HOW WILL WE ACHIEVE THIS

A. PROGRAMMATIC APPROACH

- 3.1 The Country Strategy 2026–2030 adopts a programmatic approach to maximize impact across three pillars: (i) Enhancing Institutional Capacity, (ii) Strengthening Human Capital, and (iii) Boosting Private Sector Competitiveness.** Implementation will combine sovereign-guaranteed loans, investment grants, technical cooperation, and knowledge to accelerate execution and strengthen institutions. A central focus is enabling the environment for private-sector competitiveness, through stronger macro-fiscal and public financial management institutions, digital government, streamlined trade and investment procedures, stronger regulatory and institutional PPP and public investment frameworks, and targeted investments in human capital, while advancing inclusion and climate resilience. In parallel, IDB Invest will provide NSG financing and advisory services, and promote upstream work that improves the enabling conditions for investment and market readiness. IDB Lab will deploy a combination of reimbursable and non-reimbursable instruments to build the capacity of the innovation ecosystem to catalyze innovative and inclusive solutions, with a focus on scalability and resource mobilization to attract third-party financing and amplify impact across productive sectors. This coordinated use of instruments will reinforce Belize’s competitiveness by coupling policy and institutional upgrades with investments in skills, resilient infrastructure, and productive value chains. The CS adopts a complementary, mutually reinforcing approach rather than a predetermined sequence of interventions. The inherited portfolio across pillars advances at different paces depending on operation approval timing and execution capacity. Nevertheless, strategic selectivity has determined where sequencing adds the greatest value by prioritizing pipeline interventions in the largest development gaps, such as human capital and productive infrastructure. Coordination across the IDB Group combines upstream and downstream actions: IDB leads policy and public investments; IDB Invest mobilizes private finance; and IDB Lab pilots’ innovative models that de-risk adoption and inform scale-up. Building on this coordination, monitoring, learning, and adaptive management will guide course corrections. Regional platforms, including *América en el Centro*, ONE Caribbean, and the Alliance for Security, Justice, and Development, will amplify results by supporting integration, resilience, and a more predictable business climate.

B. SYNERGIES

- 3.2 During the CS 2026–2030 implementation, the three IDB Group windows will collaborate to share knowledge, design integrated financial solutions when feasible, scale up innovative approaches, and promote upstream work that supports regulatory, institutional, and market reforms, enabling private-sector-led development.**
- 3.3 In Pillar 1,** synergies will focus on improving regulatory and institutional frameworks to strengthen conditions for private investment and support national strategic plans. The IDB Group will help enhance Belize’s PPP framework to better identify, structure, implement, and manage infrastructure projects with private sector participation.⁷² Additional collaboration may include developing logistics plans, digital infrastructure investment plans, and preparing the successor to the National Digital Agenda (2022–

⁷² Support includes technical assistance to strengthen Belize’s PPP Unit, develop regulations, and build institutional capacity to move projects toward feasibility and market readiness.

2025) to guide public-private investment and IDB Invest financing in digital connectivity and transformation.

- 3.4 In Pillar 2**, synergies will boost employability and productivity through public-private collaboration. The IDB Group will promote inclusion in formal labor markets, expand upskilling and reskilling programs, and leverage tertiary institutions as hubs for innovation and entrepreneurship. Likewise, building on going work with the national water utility, the feasibility of future NSG financing will also be explored.
- 3.5 In Pillar 3**, collaboration will aim to strengthen competitiveness by improving energy reliability and security, financial inclusion for MSMEs, and agricultural productivity. The IDB Group will assess options to upgrade energy networks, advance the technical review of the envisioned interconnection with Guatemala, develop strategic logistics links and digital infrastructure investment plans. Joint efforts will also target climate and biodiversity funding, resilient agriculture, sargassum management, support for water utilities, MSME financing, and modernization of digital infrastructure to reduce connectivity gaps and enhance ICT access. For example, in the energy sector, the IDB will lead policy and investment efforts for rural electrification and the Guatemala interconnection, while IDB Invest will mobilize private financing for renewable energy, grid improvements, and rural distributed solutions. In addition, the IDB Group leverages synergies across its three windows to expand MSME access to financing: the IDB supports public financial institutions like DFC with risk-sharing tools and technical assistance; IDB Invest partners with private intermediaries to scale credit for underserved segments; and IDB Lab fosters innovation and digital adoption through early-stage financing and technology deployment.

C. SUPPORT TO REFORMS

- 3.6 Strengthening Belize's institutional capacity is crucial to maintaining fiscal stability and fostering private sector competitiveness.** The IDB is supporting a set of key reforms aimed at enhancing public sector efficiency, transparency, and service delivery, while laying the groundwork for the institutional capacity required to support more comprehensive reforms in the future. Current support is being channeled through technical cooperation and sovereign-guaranteed investment loans, as the country builds the conditions necessary to adopt more sophisticated policy instruments, such as programmatic policy-based loans (PBLs) and the FFF embedded options. These efforts align with the CS's strategic pillars and benefit from cross-window synergies that leverage the full range of IDB Group instruments.
- 3.7 The IDB will continue supporting the Public Procurement Law, the most advanced among the reforms supported by the IDB Group in Belize (Pillar 1).** This reform aims to enhance public spending efficiency, increase procurement transparency and accessibility, especially for MSMEs, and integrate sustainability and inclusion criteria into public purchases. With IDB support, including operation 5353/OC-BL, the reform covers regulatory approval, operational guidelines, standard bidding documents, and the launch of an e-procurement system integrated with financial management and supported by user training. A modernized, transparent framework will enhance all IDB Group operations and strengthen CS implementation through synergies among its windows in integrity, supervision, and impact measurement. The reform, also backed by CABEI, reflects strong government ownership and alignment with international procurement standards.
- 3.8 The IDB Group will continue to provide specialized support and technical assistance aligned with Belize's Digital Agenda and preparedness for the Fourth Industrial Revolution (4IR) (Pillar 1, 2, and 3).** The digital reform agenda is at an intermediate stage, with uneven progress across components, so efforts will focus on modernizing government services, reducing transaction costs, and promoting digital inclusion, innovation, transparency, and security. The Bank supports this agenda through technical cooperation and sovereign-guaranteed loans to enhance digital infrastructure,

expand e-government, and develop human capital for the Fourth Industrial Revolution (4IR)⁷³, while IDB Invest and IDB Lab will seek to advance private digital transformation and connectivity, complementing support from the EU, World Bank, and CABEL under strong government leadership. Together, these efforts will build a modern digital ecosystem that drives efficient public services, a competitive private sector, and resilient CS implementation⁷⁴.

3.9 The IDB will contribute to advancing the operationalization of Belize’s Public–Private Partnership (PPP) framework to mobilize private investment in reducing infrastructure gaps while alleviating fiscal pressures (Pillars 1 y 3).

Following the establishment of a PPP Unit within the Ministry of Finance, the country is working on the regulatory instruments needed to implement the PPP Policy and identify viable projects in sectors such as energy, transport, and logistics for regional connectivity, including potential transport integration with Mexico and energy interconnection with Guatemala. The IDB is supporting these efforts by strengthening the regulatory and institutional frameworks and assisting in project prioritization to create a transparent and predictable environment for private sector participation. In addition, the IDB is exploring blended finance and guarantees to catalyze investment, with synergies across IDB and IDB Invest focused on strengthening institutional and regulatory capacities to identify, prioritize, and deliver inclusive and sustainable infrastructure projects that ensure value for money and enable effective public–private collaboration. This agenda is complemented by technical assistance from the World Bank and the International Finance Corporation (IFC), which are supporting regulatory development and early-stage project structuring.

3.10 Support will continue for the modernization of Belize’s land administration systems to improve legal certainty over property rights, facilitate formal transactions, and unlock access to credit and investment.

The reform is at an emerging stage, with the country having made initial progress in digitalizing movable property registries and establishing a legal foundation for broader modernization. The strategy will prioritize service digitalization in the Lands Department to enhance efficiency, transparency, and accessibility, reducing transaction costs for government and citizens and advancing land registry modernization. Similarly, to improve access to credit, Belize will also align its financial regulatory framework with potential developments related to the institutionalization of the MSME guarantee fund.⁷⁵ Synergies across the IDB Group will explore opportunities to connect financial and land administration reforms with productive financing and agricultural development, ensuring that improved property rights and access to information on the financial sector translate into more inclusive access to economic opportunities.

3.11 Technical and financial support will be provided to enhance the efficiency, transparency, and effectiveness of public administration, as well as the quality of service delivery.

The civil service reform agenda in Belize is at an early stage and the government has demonstrated strong commitment as part of broader fiscal consolidation. Key priorities include assessing the wage scale, improving workforce planning, and modernizing human resource management systems to reduce recurrent costs and strengthen institutional efficiency. These reforms will require updates to the legal framework governing the civil service, including adjustments to pay structures and regulations enabling performance-based management. The IDB is preparing a sovereign-guaranteed loan to support this agenda, complemented by technical cooperation and related efforts in public financial management and portfolio execution support.⁷⁶ Together, these efforts aim to establish a modern, professional, and efficient civil service grounded in digital governance and best practices.

⁷³ Strengthening skills in data and artificial intelligence, cloud computing, cybersecurity, the internet of things, and automation.

⁷⁴ Key operations under the 2026–2030 CS, already approved and in the current portfolio: digital tax modernization (BL-T1178); firm and government digitalization (BL-T1171, BL-L1039); Electronic Single Window for trade (BL-T1187); STEAM and 4IR skills development (BL-T1191, BL-T1174); MSME digitalization (BL-T1152); sector initiatives in agriculture and tourism (BL-T1162); and the Blue Bond MRV system in Belize (BL-T1194).

⁷⁵ Operations: BL-L1039 (digitalization and service modernization) and BL-L1053 (MSME guarantee fund).

⁷⁶ Operations: BL-T1189 (technical cooperation), BL-L1038 (public financial management), BL-T1181 (Central Executing Unit).

D. REGIONAL INITIATIVES

- 3.12 Belize is uniquely positioned to benefit from the IDB Group’s regional initiatives, given its dual membership in Central America and the Caribbean, which grants access to both *América en el Centro* and *ONE Caribbean*.** These platforms enhance regional cooperation, resource mobilization, and knowledge sharing, while aligning national priorities with regional solutions tailored to Belize’s context. Given the country’s size and limited large-scale investments, regional technical cooperations (TC) are especially valuable for structuring bankable projects and mobilizing external financing. Under *América en el Centro*, Belize will benefit from initiatives focused on improving logistics performance, promoting trade, advancing electric integration, developing digital skills among youth, strengthening tax administration, and supporting macro-fiscal and public financial management institutions, enhancing sustainable agriculture and other regional value chains.
- 3.13 *ONE Caribbean* reinforces the objectives of Belize’s 2026–2030 Country Strategy through the provision of targeted support for infrastructure investment planning, transport regulation, and resilience building in the water and energy sectors.** Specifically, under Pillar 2 of the Strategy it supports digital health transformation and promotes inclusive access to quality healthcare, thereby reducing inequalities in access and building institutional capacity for sustainable human development. Pillar 3 of the Strategy promotes private sector competitiveness by fostering sustainable economic activities and expanding access to finance, which aligns with *ONE Caribbean*’s strategic goals of supporting resilient infrastructure and improving private sector productivity. In addition, Belize is well positioned to benefit directly from the *ONE Caribbean* Multi-Donor Trust Fund, supported by partners such as the United Kingdom and Canada. Such resources have begun to be allocated by *ONE Caribbean* to offer project preparation services, improve agricultural value chains, strengthen the impact investment ecosystem in the region, and provide tailored technical assistance to high-growth SMEs seeking access to financing in particular from the Caribbean Community Resilience Fund.
- 3.14 Belize also continues to benefit from *Compete Caribbean*; a regional facility focused on private sector development.** With one of the largest country portfolios in the Caribbean, the program has supported technical assistance projects in value chain development, MSME support ecosystems, and business climate reforms. Its third phase, *Compete Caribbean+*, launched in 2025, aims to strengthen firm competitiveness, innovation, and climate resilience, closely aligning with the Country Strategy’s third pillar.
- 3.15 Complementary sectoral initiatives also reinforce the CS. *IDB CARES* promotes inclusion and community resilience through investments in education, health, and access to safe water, improving employability and opportunities for women, youth, and migrants. Finally, *Ready and Resilient Americas (RRA)* enhances risk governance and disaster preparedness, a critical agenda for Belize given its vulnerability to natural hazards. Building on its experience in financial response mechanisms and post-emergency tracking, Belize contributes to regional leadership in fiscal resilience and crisis management. Together, these initiatives expand the reach and impact of the 2026–2030 CS while deepening Belize’s involvement in regional cooperation networks. Finally, Belize as signatory of the Alliance for Security, Justice, and Development is eligible to access funds to support stronger institutions, enhanced interagency coordination, and preventive social policies to address organized crime, promote community cohesion, and strengthen AML/CFT systems, thereby fostering private-sector confidence.**

E. STRATEGIC ALLIANCES

- 3.16 The IDB Group, as the as the only multilateral with a country office, and the broadest sector coverage in Belize, will advance partnerships aligned with the three strategic priorities of this**

CS. These priorities reflect Belize’s key development needs and guide IDB Group’s collaborative approach to aligning financing with national objectives while mobilizing support from a broad network of international partners. A central focus is strengthening institutional capacity through state modernization and digital transformation, while incorporating climate considerations into fiscal policy. In partnership with the European Union, the IDB is implementing initiatives such as Digital Innovation to Boost Economic Development in Belize, which aims to improve public administration, increase efficiency, and promote innovation, building institutional resilience as a foundation for sustained, inclusive growth. In parallel, IDB Lab is working with private sector partners to accelerate MSME formalization and digitalization, particularly for women-led businesses, through the MSME Digital Revolution initiative.

- 3.17 To strengthen human capital, the IDB collaborates with global education and health partners to support Belize’s long-term social development.** Through initiatives such as Skills for the Future, financed with support from the Global Partnership for Education and the Government of the Republic of Korea, the Bank is improving education quality and aligning skills development with labor market needs. Simultaneously, it is working to enhance the efficiency, quality, and accessibility of the health system. These partnerships aim to boost productivity, expand opportunities, and ensure access to quality education and healthcare, critical pillars for a more competitive, equitable, and resilient Belize.
- 3.18 Private sector competitiveness is another core focus of IDB Group’s strategy, and one that relies on a wide array of international collaborations.** The IDB is supporting initiatives that enhance climate resilience, facilitate trade and investment, and promote sustainable tourism, including the Integrated Collaborative Approaches for Sustainable Tourism (iCOAST). Other projects, such as the strengthening of marine ecosystem resilience in tourism hubs, the reduction of coastal pollution by revalorizing organic waste, and support for the REDD+ strategy, demonstrate the Bank’s commitment to aligning environmental sustainability with economic development. Through the involvement of partners like the Global Environment Facility, Japan Special Fund, and the Chinese Taipei⁷⁷, the IDB is catalyzing both technical expertise and financial resources to support Belize’s transition toward a greener and more dynamic economy.
- 3.19 The availability of International Development Association (IDA) resources presents a significant opportunity for the IDB Group to maximize its impact in Belize by channeling concessional financing and technical expertise into high-priority sectors.** By leveraging blended finance and coordinating development cooperation, the IDB can reinforce its leadership in areas such as water and sanitation, energy transition, climate resilience, and education and skills development. The IDB and World Bank have strengthened their partnership through a Memorandum of Understanding focused on enhancing disaster resilience across the Caribbean. Building on this framework, the next phase in Belize will prioritize cost-efficient financial protection against disasters and coordinated technical assistance informed by joint assessments, reinforcing key areas of comprehensive risk management. In education, both institutions aim to deepen collaboration as the World Bank advances programming in childcare. This creates an opportunity to align knowledge agendas on early childhood and preschool, ensuring evidence, diagnostics, and policy guidance are mutually supportive. By working together, the IDB and World Bank will help the Government of Belize deliver coherent, high-quality services for early years and foster a shared learning agenda that drives long-term sector improvements. In parallel, IDB Invest’s role will remain aligned with IDB Group’s strategic selectivity criteria and will be crucial in providing targeted advisory services and financing in priority sectors. Concurrently, IDB Lab will continue to drive innovation, foster inclusion, climate resilience, and private sector participation.

⁷⁷ Chinese Taipei does not in any way reflect the position of the IDB Group or any of its member countries regarding issues of national sovereignty or diplomatic recognition.



IV. CONSIDERATIONS FOR IMPLEMENTATION AND CAPACITY BUILDING

A. KNOWLEDGE

- 4.1 The IDB Group will continue to complement its strategic engagement in Belize's priority pillars and cross-cutting areas with an academic and operational knowledge agenda.** Based on the review of existing analytical work and diagnostic exercise (CDI), key opportunities have been identified to strengthen evidence-based decision-making and improve the effectiveness of public policies and investments. These include: (i) Firm-level productivity analysis using PROTEGIC data, which will identify the drivers of private sector performance across sectors and guide strategies to enhance competitiveness; (ii) Shift-share analysis of private sector seasonality, aimed to understanding structural and cyclical employment trends in sectors such as tourism and agriculture, supporting the design of counter-cyclical and inclusive labor policies; (iii) Development of a National Multi-Hazard Disaster Risk Atlas, integrating hazard, socioeconomic, and infrastructure data to strengthen land-use planning, investment prioritization, and climate resilience; (iv) Impact assessment of tropical storms on human capital and labor markets, analyzing how extreme weather events affect education outcomes and employment to inform resilient human development and social protection systems; and (v) Impact evaluations on health, education, labor markets, blue and green economy interventions. This knowledge agenda is designed to support the formulation of effective and sustainable public policies aligned with Belize's national development priorities and the CS 2026-2030. To enhance its operational value, the agenda will be closely articulated with the three strategic pillars and cross-cutting areas of this strategy. For instance, studies on productivity and fiscal management will inform actions under Pillar 1; analyses on human capital, education, health, labor markets, and climate resilience will strengthen Pillar 2; and research on diversification and climate risk mapping will support Pillar 3. This alignment will maximize the value added of knowledge products, promote evidence-based policymaking, and improve the effectiveness of interventions across the strategic cycle.

B. MONITORING AND EVALUATION CAPACITY

- 4.2 Belize's public financial management framework provides a solid foundation for integrating planning and monitoring systems.** The Ministry of Finance (MoF) oversees fiscal policy, including budget preparation, execution, and reporting, under instruments such as the Constitution and the Finance and Audit Act, which promote fiscal discipline and transparency. However, the lack of a legal basis for a government-wide monitoring and evaluation (M&E) system and weak linkages between planning, budgeting, and national priorities limit coherence. Recent initiatives, such as the Ministry of Economic Transformations (MET) update of Plan Belize 2.0 and the enhancement of the Public Sector Investment Program (PSIP) aim to strengthen M&E alignment, while the MoF continues to monitor the project cycle for internationally financed investments, including IDB supported operations. These efforts underscore growing momentum toward greater coordination, data integration, and results-focused management.
- 4.3 Building on these advances, Belize is well-positioned to develop an integrated, results-oriented M&E system.** In the short term, IDB support could help design an M&E governance framework aligned with planning and budgeting systems, strengthen the CEU's coordination and reporting functions, and formalize priority setting through Plan Belize 2.0. Over the medium term, technical assistance would focus on institutional capacity building, cross-government coordination, and piloting integrated

approaches in key sectors. A stronger M&E framework will enhance evidence-based policymaking, improve accountability, and identify constraints to private sector development. Investing in information systems and standardized data-sharing protocols will be essential to sustaining these improvements and ensuring more effective, transparent, and results-driven public sector management.

C. NATIONAL FIDUCIARY SYSTEMS

- 4.4 Use of national systems.** The following national systems are used for sovereign guaranteed loan operations (i) financial management systems: 100% budget, 100% treasury, 0% accounting and reporting, 0% internal audit, and 0% external control; (ii) procurement systems: 0% information system, 0% price comparison, 0% individual consulting, and 0% National Competitive Bidding. At the end of the CS period the following usage is estimated: (i) financial management systems: 100% budget and treasury, 20% accounting and reporting, 0% internal audit, and 5% external control, (ii) procurement systems: 100% information system, 10% price comparison, 10% individual consultancy, and 10% National Competitive Bidding, in line with the strengthening initiatives detailed in the Fiduciary Technical Note.
- 4.5 Strengthening national systems.** During the strategy period, the Bank will continue providing fiduciary support to strengthen Belize’s national systems. Key actions include upgrading the Integrated Financial Management System to ensure proper accounting and reporting of externally financed loans (BL-L1038); supporting the Treasury Department in staff certification and transition to IPSAS accrual accounting; and operationalizing the Internal Audit Directorate through technical assistance and initial audits. The Bank will also assist in implementing the new Procurement Act and regulations by drafting secondary legislation, operational guidelines, and standard bidding documents aligned with best international practices.
- 4.6 Further efforts will focus on operationalizing the e-procurement system through a phased roadmap integrated with financial management systems and supported by user training.** Institutional capacity will be strengthened by professionalizing procurement functions at all levels, developing standardized tools, and promoting training and knowledge exchange. The Bank will also promote inclusive and competitive procurement by expanding opportunities for local labor, SMEs, and women-led businesses, fostering efficiency and value for money. Close coordination with development partners and multilateral organizations will ensure consistent support to the Government in strengthening national financial and procurement systems.

D. DISASTER AND EMERGENCY RESPONSE

- 4.7 The CS 2026–2030 provides a comprehensive framework for responding to natural disasters and public health emergencies, aligned with the Ready and Resilient Americas (RRA) initiative.** Structured around three pillars, enhancing institutional capacity, strengthening human capital, and boosting private sector competitiveness, the strategy combines policy reforms, investments, and innovative financial instruments to protect public finances, ensure service continuity, and support sustainable development. It emphasizes e-government expansion, stronger climate and fiscal management, and better coordination for rapid emergency response. At the same time, it invests in education and healthcare to build a more skilled, adaptable, and resilient population, with improved access to healthcare in remote and high-risk communities.
- 4.8 The strategy also promotes resilient infrastructure, sustainable practices in agriculture, and improved water and sanitation systems to protect livelihoods and reduce economic disruption, particularly for MSMEs and vulnerable groups.** Central to its resilience agenda are innovative financial instruments, including the Contingent Credit Facility (US\$25 million) for immediate post-disaster liquidity and the Climate Resilient Debt Clause (US\$110 million), which temporarily suspends

debt payments after climate shocks. Belize is also exploring catastrophe bonds, insurance, and risk-transfer mechanisms to strengthen fiscal resilience. Together, these measures enhance disaster preparedness and response capacity while safeguarding progress toward national development goals.

E. MULTI-RISK ASSESSMENT⁷⁸

INSTITUTIONAL AND EXECUTION

4.9 Risks. Institutional and technical capacity constraints within executing agencies may hinder timely and effective strategy implementation. These challenges are amplified by the complexity of blended finance operations and the IDB's coordination of co-financed components. Weak inter-agency coordination and limitations in national procurement and public financial management systems further heighten execution risks. In practice, the main binding constraints are procurement delays, limited technical and project management capacity in executing units, and gaps in systems and standards (including the absence of a national monitoring and evaluation framework, weak internal controls, and the lack of an e-procurement platform), which reduce efficiency and the ability to apply inclusion and monitoring standards. On the private side, many Belizean firms lack experience in working with MDB's and often present governance and contractual compliance shortcomings, thus limiting access to financing.

4.10 Mitigation measures. During the new strategy period, this risk will be mitigated through continued support to the Central Executing Unit (CEU) within the Ministry of Finance, which centralizes and streamlines IDB-funded project execution. The IDB will further strengthen the CEU and executing units through training in fiduciary management, procurement, and monitoring, while systematically tracking CEU performance and applying course corrections as needed. To address the identified constraints, measures will include early procurement planning and standard documents to reduce delays; embedded implementation support to reinforce technical and project management capacity; and the rollout of core systems and standards, including a national monitoring and evaluation framework and e-procurement, alongside intensified portfolio supervision. Technical cooperation will also support complex operations, alongside efforts to digitalize processes and strengthen PPP regulatory frameworks. IDB Invest will continue to closely monitor the portfolio in the country and provide tailored support and guidance to existing and prospective clients.

INTEGRITY

4.11 Risk. The small size of the market and limited competition in procurement processes, particularly in infrastructure, can lead to contract concentration, delays, cost overruns, and negative impacts on execution quality. Additionally, managing funds from multiple sources increases transparency and accountability requirements. Residual AML/CFT effectiveness gaps (e.g., beneficial ownership transparency and risk-based supervision of DNFBPs) may heighten exposure to illicit financial risks in procurement and implementation.

4.12 Mitigation measures. Integrity standards will be reinforced throughout all stages of the project cycle, including the disclosure of final beneficiaries, the requirement of compliance plans, and improved traceability in procurement processes. Competition will be encouraged through strategies to attract new bidders, and the proactive involvement of the IDB's Office of Institutional Integrity will be maintained when necessary. Complementary measures include strengthening risk-based AML/CFT supervision (banks and DNFBPs) and leveraging the forthcoming e-procurement platform (open data, audit trails, and red-flag analytics), alongside grievance and whistleblower channels.

⁷⁸ IDB, Risk Management Group (RMG). Risk Assessment for the Belize Country Strategy 2026–2030. (2025). Internal document.

SOCIAL VULNERABILITY

4.13 Risk. Despite notable declines in poverty and unemployment, deep inequalities persist. High inactivity rates (43% overall, 47.5% among women) reveal structural barriers to labor inclusion for women, youth (24.5% NEET), rural, and indigenous populations. Education outcomes remain misaligned with labor market needs, especially in digital and technical skills, while access to quality education and healthcare in underserved areas is limited. High crime and homicide rates (31.2 per 100,000) undermine social cohesion, investment, and community well-being. Gender-based violence, organized crime, and human trafficking continue to disproportionately affect women, children, migrants, and rural, indigenous, and Afro-descendant groups, reinforcing exclusion.

4.14 Mitigation measures. The strategy will embed inclusive and participatory approaches in project design and implementation, prioritizing health, education, employment, and social protection. It will promote disaggregated data generation for better policy targeting and foster collaboration among public institutions, the private sector, and academia to align skills development with labor market needs. Mitigation will also draw on the National Gender Policy (2024–2030), the Escazú Agreement’s access-to-justice commitments, and culturally appropriate engagement mechanisms to ensure inclusion of indigenous and Afro-descendant peoples. These measures will be integrated into project budgets, indicators, and protocols to reduce social risk and close inclusion gaps.

NATURAL DISASTERS AND CLIMATE CHANGE

4.15 Risk. Belize’s extreme vulnerability to frequent and intensifying weather events is severely compounded by its inadequate and climate-sensitive infrastructure. Critical infrastructure gaps in energy, water, and sanitation directly heighten exposure and magnify the economic and social impacts of natural disasters. For instance, reliance on imported energy and an outdated, climate-vulnerable grid leads to high costs and frequent power outages during adverse weather, disrupting businesses. Similarly, a large portion of unpaved roads are highly susceptible to climate damage, limiting connectivity and impeding emergency response. Furthermore, critical deficits in wastewater treatment and solid waste management worsen environmental degradation and public health risks during weather events.

4.16 Mitigation measures. The IDB Group will promote the integration of climate resilience and disaster risk management criteria into the design and execution of operations, especially in logistics, energy, water, and agriculture. The Bank will also support institutional strengthening in risk management, the use of financial instruments such as contingent loans and disaster clauses and will encourage investments in resilient infrastructure and sustainable productive practices.⁷⁹

MACROECONOMIC

4.17 Risk. Belize faces limited fiscal space due to the high share of current expenditures, fragmented public financial management systems, and high exposure to external shocks. These factors may constrain the State’s ability to sustain public investment and increase the country’s risk perception, which can also affect private sector participation and the long-term financial sustainability of projects. Credit ratings remain below investment grade with a history of debt distress, underscoring vulnerability to tightening global financial conditions.

4.18 Mitigation measures. The strategy will continue supporting improvements in fiscal management, with an emphasis on expenditure efficiency and modernization of public financial administration systems. It will also seek to strengthen the use of de-risking instruments to help attract private capital and preserve

⁷⁹ This includes supporting the Climate Finance Strategy, the DRF Policy (2025–2030), and NDC 3.0 commitments; deploying instruments such as CAT-DDO, climate-resilience debt clauses (FFF) and the CCF/IDB CLIMA program; mainstreaming climate-risk screening, resilient standards, and MRV of adaptation results across the portfolio.

investment space. A sustained technical macroeconomic dialogue with the government will be maintained to anticipate and respond to potential imbalances or reprogramming needs, complemented by targeted liability-management operations and contingent financing options, risk mitigation and financial management options under the FFF, and close coordination with development partners to stabilize investment pipelines.

ANNEX I – RESULTS MATRIX⁸⁰

Government Priority	Priority Area	Strategic Objective	Expected Outcome	Indicator	Unit Measure	Baseline	Source
1. Diligently manage public finances	Enhancing Institutional Capacity	Improve government fiscal management and efficiency for service delivery	Improved tax administration efficiency	Share of electronic tax payments over total	%	21% (2019)	BTS (project evaluation report)
			Modernize government digital services	UN e-Government Development Index	Index (0 - 1)	0.4872 (2024)	United Nations
				% of public institutions that participate in the inter-operability platform integrating Financial Management Information System (IFMIS)	%	0	Project report
1. Education, Culture, Science, and Technology. 2. Human Development, Families & Gender 3. Health and Wellness: A Commitment to Well-Being	Strengthening Human Capital	Improve employability skills and job placement opportunities	Enhance primary student skills in STEAM	% of students in the bottom quartile of math achievement in primary education	%	-0 ⁸¹ (2024)	Impact evaluation survey
			Expand enrollment in vocational programs, and improve access to job placement opportunities for women and migrants	% of secondary graduates enrolled in accredited ITVET programs	%	17.7 (2024)	MoECST
				Gender parity index in TVET enrollment for targeted technical fields	Ratio of female to male enrollment	0.3 (2024)	MoECST
				% of PES registrants placed in formal jobs (women and migrants) ⁸²	%	Women (0%) Migrants (0%) (2025)	MoRTC DLLG administrative records
		Promote health outcomes	Improved quality and access to health services, focused on disadvantaged populations	Proportion of hypertensive patients with controlled blood pressure at last clinical visit in Stann Creek and Cayo districts (6-month cohort) ⁸³	%	26.9 (2023)	Belize Health Information System (BHIS). Encounter module
				Number outpatients visit at the PHC level in Stann Creek and Cayo districts	Number	41.203 (2023)	Belize Health Information

⁸⁰ The four-year cycle of the CS 2026-2030 limits the availability of data to assess national-level impacts. Evidence for the inherited portfolio will also be partial.

⁸¹ To be established with the results of BL-L1044.

⁸² Proportion of jobseekers placed in formal employment at 12 months of being referred by the improved PES.

⁸³ This indicator measures the percentage of patients registered for treatment of hypertension during the quarter that ended six months previously who have controlled blood pressure (systolic <140 mmHg and diastolic <90 mmHg) at their most recent clinical visit in the quarter immediately preceding the reporting quarter.

Government Priority	Priority Area	Strategic Objective	Expected Outcome	Indicator	Unit Measure	Baseline	Source
							System (BHIS). Encounter module
			Enhance access to water and sanitation services	% of households with improved access to potable water in peri-urban and rural targeted areas	%	0 (2024)	Belize Water Services (BWS) data base, 2024 and Social Investment Fund (SIF) data base, 2024
				% of households with new access to safely manage sanitation services	%	0 (2025)	Belize Water Services (BWS) data base, 2025
1. Utilities: Building the Future of Public Services 2. Tourism: Proven Winner 3. Agriculture, Food Security & Enterprise. 4. Blue Economy: Resources for Bow and Future Generation	Boosting Private Sector Competitiveness	Enhance access to resilient infrastructure	Increase access and reliability of electricity services	Average length in number of hours of electricity outages	SAIDI Index	17,54 (2023)	BEL
				Beneficiaries with new access to electricity service	Number	0 (2025)	MPUELE
		Support sustainable economic activities, safeguarding strategic natural endowments	Strengthen sustainability of tourism areas	% of major tourist destinations participating in solid waste management initiatives	%	0 (2025)	Belize Solid Waste Management Authority (SWaMA)
				% of coastal areas complying with water quality standards	%	0 (2025)	Belize Water Services (BWS), 2025
		Increased adoption of best industry practices among farmers, fishers, and tourism MSMEs	Export sales of agribusiness companies supported by IDB Invest	US\$	- 63.3 million (2024)	IDB Invest systems	
			Beneficiary fisherfolk who adopt technologies as part of their Individual or Group Business Plans. ⁸⁴	% of beneficiary fisherfolk	0 (2025)	Impact evaluation survey, business plan, and monitoring reports program BL-L1042	

⁸⁴ Operation's component II in BL-L1042 will include interventions related to: "(i) strengthening fisheries surveillance/monitoring, data acquisition and management gear and equipment; (ii) improving fishery sector hazard resilience (such as emergency communication systems, navigation aids); (iii) enhancing refrigeration and cold chain measures; (iv) minor water supply and sanitary improvements at markets; (v) activities that contribute to optimized production, marketing, investment promotion, sales, logistics, and business development arrangements; (vi) HACCP safety equipment; and (viii) digitally innovative measures, along with soft interventions (promotion campaigns, business development seminars, etc.)."

Government Priority	Priority Area	Strategic Objective	Expected Outcome	Indicator	Unit Measure	Baseline	Source	
5. Economy: More Jobs, More Business, More Winners				Beneficiary tourism MSMEs that adopt new green technologies	%	0 (2025)	Impact evaluation survey, business plan, and monitoring reports program BL-L1042	
				Beneficiary farm producers adopting climate smart technologies	Number	0 (2025)-	Impact evaluation survey, business plan, and monitoring reports	
				Increased lending to underserved segments	Number of MSMEs supported through guaranteed schemes	Number	0	Development Finance Corporation
					MSMEs benefiting from IDB Invest financial and/or non-financial support	Number	6,203 (2024)	DB Invest Impact
					% of individuals (+15 years old) who borrowed from a financial institution	%	40% poorest: 13% (2023)	FINDEX
				Expanded injection of private investment financing	Domestic credit to the private sector as % of GDP	%	37.6% (2024)	World Development Indicators
					Private investment as % of GDP	%	18.0% (2024)	World Development Indicators
					International trade promoted by IDB Invest	US\$	US\$58.8 million (2024)	IDB Invest Impact Framework Indicators
					Increased adoption of digital technologies among MSMEs	% MSMEs using digital payments ⁸⁵	Index	100 (2022)

New operations
New and legacy portfolio
Legacy portfolio

⁸⁵ Monitoring and evaluation plan BL-11039, specific development objectives.

ANNEX II – PORTFOLIO ALIGNMENT AND INDICATIVE PIPELINE 2026 - 2027

Priority Area	Strategic Objective	Portfolio Alignment	Indicative Program 2026-2027
Pillar 1: Enhancing Institutional Capacity	Improve government management efficiency for service delivery	BL-L1031 BL-L1038 BL-L1040	BL-L1052 Civil Service Modernization Program. Promote sustainable wage bill management through civil service modernization.
Pillar 2: Strengthening Human Capital	Improve labor market transition through skills and intermediation services	BL-L1050	BL-L1055 Bridging Human Capital Gaps Program Improve basic education quality and close the skills gap by expanding access to foundational, digital, and STEAM learning. BL-10XX Enhance vocational education through improvements of TVET centers and teacher training.
	Promote equitable health outcomes	BL-L1048 BL-L1043 BL-L1045 BL-L1046	
Pillar 3: Boosting Private Sector Competitiveness	Enhance access to resilient infrastructure in energy	IDB Invest: 12486-01 15004-01	BL-L1049: Rural Electrification Program (REP) IDB-Invest: Boost energy security and increase and rehabilitate energy infrastructure to expand rural access, reliability, and private sector-ready supply.
	Support economic upgrading of value chains, safeguarding strategic natural endowments	BL-L1041 BL-L1042 BL-L1051 IDB Invest: 12295-02 13500-01 14115-01 IDB Lab. : BL-T1183, BL-T1152 BL-L1039	IDB-Invest: <ul style="list-style-type: none"> Improve inclusive agricultural systems and trade logistics, and productivity-enhancing investments in agribusiness, manufacturing, and sustainable tourism. Expand the production capacity and productivity in the agribusiness and industry sectors to strengthen supply chain resiliency with positive implications for food security. IDB Lab: <ul style="list-style-type: none"> Introduce cutting-edge practices to transform sargassum and other organic waste into valuable products, reducing coastal pollution and improving environmental outcomes. Catalyze innovation in strategic sectors by energizing Belize’s emerging startup ecosystem through targeted support and ecosystem-building efforts.
	Expand access to finance and digital technologies	IDB Invest: 14625-01	BL-L1053 DFC Guarantee Fund IDB-Invest: Expand access to finance and digital transformation for MSMEs and other segments with high credit constraints, such as low-income housing.

ANNEX III – NATIONAL SYSTEMS MATRIX

Strategic Objectives	Expected Results During CS	Indicator	Unit of Measure		Base Year	Main objective	Distribution of time	CRF Alignment
Increasing the Use of Country Systems	Maintain the use of the Budget Subsystem	Active Portfolio using the Budget Subsystem	Percentage of active portfolio	100%	2025	100%	At the end of the CS	-Institutional capacity and the rule of law
	Maintain the use of the Treasury Subsystem	Active Portfolio using the Treasury Subsystem	Percentage of active portfolio	100%	2025	100%	At the end of the CS	-Institutional capacity and the rule of law
	Validate and Initiate the use of the Accounting and Reporting Subsystem	Active Portfolio using the Accounting and Reporting Subsystem	Percentage of active portfolio	0%	2025	20%	At the end of the CS	-Institutional capacity and the rule of law
	Validate and Initiate the use of the External Control Subsystem	Active Portfolio using the External Control Subsystem	Percentage of active portfolio	0%	2025	5%	At the end of the CS	-Institutional capacity and the rule of law
	Validate and Initiate the Use of the Individual Consulting Subsystem	Active Portfolio using the Individual Consulting Subsystem	Percentage of active portfolio	0%	2025	10%	At the end of the CS	-Institutional capacity and the rule of law -Productivity and innovation -Social inclusion and equality
	Validate and Initiate the Use of the Price Comparison Subsystem	Active Portfolio using the Price Comparison Subsystem	Percentage of active portfolio	0%	2025	10%	At the end of the CS	-Institutional capacity and the rule of law -Productivity and innovation -Social inclusion and equality
	Validate and Initiate the Use of the National Public Bidding Subsystem	Active Portfolio using the National Public Bidding Subsystem	Percentage of active portfolio	0%	2025	10%	At the end of the CS	-Institutional capacity and the rule of law -Productivity and innovation -Social inclusion and equality

National systems matrix

Strengthening the Country Systems	Closing gaps with IPSAS international standards – Accountant General's Department	Progress on the IPSAS Implementation Plan	IPSAS Implementation Plan Progress Percentage	0%	2025	20%	At the end of the CS	-Institutional capacity and the rule of law
	Strengthened financial reporting capacity in the Accountant General Department and Office of the Auditor General in IPSAS	Technical staff participated in training and certification in IPSAS	Number of officials	0%	2025	40	At the end of the CS	-Institutional capacity and the rule of law -Productivity and innovation -Social inclusion and equality
	Office of the Auditor General evaluated under the SAI Performance Measurement Framework (PMF) methodology	SAI-PMF Evaluation Report	SAI-PMF Evaluation Report	0%	2025	1	At the end of the CS	-Institutional capacity and the rule of law
	Strengthening procurement capacity across the public sector through training, certification, and adoption of standard tools	Public officials participated in training and certification events	Number of officials	0%	2025	100	At the end of the CS	-Institutional capacity and the rule of law -Productivity and innovation -Social inclusion and equality
	Implementation and operationalization of a new Electronic Public Procurement System (e-GP) used in all IDB-financed loan operations	IDB-financed procurement processes carried out through the e-GP system	Percentage of active portfolio	0%	2025	20%	At the end of the CS	-Institutional capacity and the rule of law -Productivity and innovation -Social inclusion and equality

ANNEX IV – ESTIMATED FINANCE FRAMEWORK

The sovereign-guaranteed financing framework for the Belize CS 2026–2030 establishes approvals ranging from US\$101 million to US\$160 million over its validity period, depending on the scenario⁸⁶. This range has been defined based on strategic dialogue with the authorities and ongoing operational dialogue across sectors. Beyond the growth of the investment loan portfolio, the use of financing instruments is also expected to support the Government’s reform agenda, as well as macroeconomic stability and the sustainability of public finances in Belize. To increase the impact of results, strategic alliances will also be pursued to leverage additional resources. To these resources will be added the contributions of IDB Invest and IDB Lab, which during the 2022–2025 CS period reached commitments of US\$71 million and approvals of US\$1.2 million, respectively. In addition to the Bank’s positioning as a strategic partner in technical support and knowledge generation for the country, the expected approvals and corresponding disbursements would allow the Bank to maintain a share of total debt between 7.7% and 9.4% and a share of external debt between 11.4% and 13.9% over the period.

Millions of US\$	Strategy 2022-2025				
	2022	2023	2024	2025	Total
Approvals	33.0	31.0	17.0	17.0	98.0
Disbursements	18.0	12.5	19.7	16.2	66.4
Repayments (principal)	12.2	18.5	8.8	9.5	49.0
Net Loan Flow	5.8	-6.0	10.9	6.7	17.4
Subscriptions and Contributions					
Interest and commission	3.6	9.6	10.5	7.9	
Net Cash flow	2.1	-15.6	0.4	-1.2	

Debt IDB	156.7	150.1	160.5	159.3
Multilateral debt	570.5	585.7	598.8	591.8
External Debt	1367.3	1429.4	1458.7	1460.2
Total debt	1902.5	2060.0	2089.0	2148.5
Debt IDB/Multilateral debt (%)	27.5%	25.6%	26.8%	26.9%
Debt IDB/External debt (%)	11.5%	10.5%	11.0%	10.9%
Debt IDB/Total debt (%)	8.2%	7.3%	7.7%	7.4%

STRATEGY 2026-2030 (Low scenario)					
2026	2027	2028	2029	2030	Total
30.0	20.0	17.0	17.0	17.0	101.0
22.0	21.5	23.0	25.0	25.0	116.5
10.9	10.3	11.3	13.7	12.7	58.9
11.1	11.2	11.7	11.3	12.3	57.6
10.2	10.8	10.9	10.2	9.4	51.5
0.9	0.4	0.8	1.1	2.9	6.1

170.4	181.6	193.3	204.6	216.9
615.2	631.9	649.2	666.8	684.2
1500.4	1541.2	1583.4	1626.2	1668.7
2206.5	2266.5	2328.5	2391.5	2454.0
27.7%	28.7%	29.8%	30.7%	31.7%
11.4%	11.8%	12.2%	12.6%	13.0%
7.7%	8.0%	8.3%	8.6%	8.8%

STRATEGY 2026-2030 (High scenario)					
2026	2027	2028	2029	2030	Total
32.0	35.0	31.0	31.0	31.0	160.0
25.0	25.0	25.0	28.0	28.0	131.0
10.9	10.3	11.3	13.7	12.7	58.9
14.1	14.7	13.7	14.3	15.3	72.1
10.2	10.8	10.9	10.2	9.4	51.5
3.9	3.9	2.8	4.1	5.9	20.6

173.4	188.1	201.8	216.1	231.4
615.2	631.9	649.2	666.8	684.2
1500.4	1541.2	1583.4	1626.2	1668.7
2206.5	2266.5	2328.5	2391.5	2454.0
28.2%	29.8%	31.1%	32.4%	33.8%
11.6%	12.2%	12.7%	13.3%	13.9%
7.9%	8.3%	8.7%	9.0%	9.4%



Pipeline EBP 2026-2027

Instrument	(US\$ millions)	
	2026	2027
Investment Loan	15	35
Policy-based Loans	0	0
Contingent Loan for Natural Disasters	0	0
Global Credit Loans	17	0

⁸⁶ Key measures that should enable a substantial increase in disbursements include the establishment of an action plan with the PEUs and the CEU focused on: (i) identifying and closely monitoring priority procurement processes; (ii) conducting market surveys to pre-identify qualified bidders; (iii) expanding the use of digital and technological tools to strengthen efficiency and oversight; and (iv) supporting the Government in hiring additional key personnel to accelerate execution.

ANNEX V – DEVELOPMENT EFFECTIVENESS MATRIX

COUNTRY STRATEGY: DEVELOPMENT EFFECTIVENESS MATRIX

In August 2008, the Board of Directors approved the Development Effectiveness Framework (GN-2489) to increase the evaluability of all the Bank's Development products.

The Development Effectiveness Matrix for Country Strategies (DEM-CS) is a checklist of the elements needed to evaluate a country strategy. It is based on the evaluation criteria developed by the Multilateral Development Banks' Evaluation Cooperation Group in the document "Good Practice Standards."

COUNTRY STRATEGY: BELIZE

STRATEGIC ALIGNMENT

Refers to the extent to which the design and objectives of the Country Strategy (CS) are consistent with the country's development challenges and with the government's priorities.

EFFECTIVENESS

This measures whether the CS is likely to achieve its objectives, through three dimensions: (i) the quality of the diagnosis on which the Bank's action in each area of work is based; (ii) the quality of the results matrix for the strategy; (iii) the use and strengthening of national systems.

Effectiveness Dimensions	
I. Country Diagnosis – Country Diagnostics for Impact (CDI)*	Yes/No
-The CDI is comprehensive / holistic / complete	Yes
-The CDI clearly identifies the country's main development challenges	Yes
-The CDI presents the magnitude of the main development challenges, based on empirical evidence	Yes
II. Diagnosis of the Priority Areas	%
- That they clearly identify and measure, based on empirical evidence, the specific limitations, and challenges of the priority area	100%
- That they clearly identify and measure, based on empirical evidence, the main factors or causes contributing to the specific limitations and challenges	100%
- That they provide policy recommendations	100%
III. Results Matrix**	%
- The strategic objectives are clearly defined	100%
- The expected results are clearly defined	100%
- The strategic objectives and expected results are directly related to the main limitations identified in the diagnosis	100%
- The indicators are results indicators and are SMART	91%
- The indicators have baselines	100%
IV. Vertical Logic	Yes/No
- The CS has vertical logic	Yes

* This analysis includes any potential diagnostic document used to inform it.

** The Results Matrix is composed of indicators that are meaningful for the expected results and that reflect progress toward them. The expected results are derived from strategic objectives.