



Extended Country Program Evaluation

Belize

2013-2025

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ACRONYMS AND ABBREVIATIONS

BDPN	Belize Development Partners Network
BEMIS	Education Management Information System in Belize
CABEI	Central American Bank for Economic Integration
CAPS	Community Action for Public Safety
CCF	Contingent credit facility
CCT	Cross-cutting themes
CDB	Caribbean Development Bank
CDC	Country Development Challenges
CEU	Centralized Execution Unit
CFF	Contingent Credit Facility
CID	IDB Regional Country Department Central America
CPD	Country Program Document
CPE	Country Program Evaluation
CS	Country Strategy
EO	Expected outcome
EU	European Union
FDI	Foreign Direct Investment
DRM	Disaster Risk Management
GDP	Gross Domestic Product
GIN	Grant Investment Loans
GO	Groups of objectives
GoB	Government of Belize
GUI	Guarantee Investment Loan
ICPR	Independent Country Program Review
iGOPP	Index of Governance and Public Policy Disaster Risk Management
IGR	Investment Grants
IDB Group	Inter-American Development Bank Group
IDB	Inter-American Development Bank
IIC	Inter-American Investment Corporation
IMF	International Monetary Fund
INV	Investment Loans
LAC	Latin America and the Caribbean
MSME	Micro, small, and medium-sized enterprises
MTFF	Medium-Term Fiscal Framework
NSG	Non-sovereign guaranteed
OECD	Organization for Economic Cooperation and Development
OFID	OPEC Fund for International Development
OVE	Office of Evaluation and Oversight
PCR	Project Completion Report
PFM	Public Financial Management

PPO	Principal Payment Option
S&I	Small and Island
SG	Sovereign-guaranteed
SIB	Statistical Institute of Belize
SME	Small and medium-sized enterprise
SO	Strategic objective
SLS	STEAM Lab School
STEAM	Science, Technology, Engineering, Art, and Math
TCP	Technical cooperation operation
TFFP	Trade Finance Facilitation Program
WDI	World Development Indicators
XCPE	Extended Country Program Evaluation

EXECUTIVE SUMMARY

Purpose. This Extended Country Program Evaluation (XCPE) assesses the relevance, effectiveness, and sustainability of the IDB Group’s support to Belize during the last two Country Strategies (CSs) and the related country program in the 2013-2024 period. The evaluation aims to reinforce accountability for the expected results, promote learning, and improve the results of future CSs and programs. The evaluation used mixed methods, including a literature review, desk review of operational documents, portfolio analysis, in-depth studies, and semi-structured interviews (with IDB Group staff, government stakeholders, private sector clients, and implementing agencies of IDB and IDB Invest projects in Belize).

Country Context. Belize is a small, multicultural, upper-middle-income country with a large rural population and significant natural capital. Despite higher economic growth rates than the Latin America and Caribbean (LAC) average, Belize has faced volatility and stagnating per capita income growth. The country has a relatively narrow economic base built on geographically concentrated tourism and agriculture, making it vulnerable to natural disasters and external economic shocks. Recently, the economy has started to diversify, particularly in the business process outsourcing sector. Fiscal deficits have constrained investment capacity, and high public debt levels have led to four sovereign debt restructurings from 2006 to 2021. However, economic recovery and post-pandemic fiscal consolidation efforts have significantly improved the fiscal balance. Belize faces significant challenges in productive development, with low capital formation and productivity contributing negatively to economic growth between 2013 and 2024. Key constraints on economic growth include fiscal sustainability, high taxes and trade barriers, access to finance, infrastructure deficiencies, human capital, and crime. Moreover, economic growth has not been inclusive, with increasing poverty and inequality particularly affecting rural and Indigenous populations. Furthermore, gaps in education quality and disparities in access to healthcare remain challenges for social inclusion.

Relevance of the Country Strategies. During the 2013-2024 period, the IDB Group’s Country Strategies (CSs) for Belize were well aligned with important development challenges and government priorities. The CSs focused on five key areas: human capital, productive development, fiscal sustainability, climate and disaster risk management, and citizen security. The two CSs defined 19 strategic objectives and 31 expected outcomes (EO). They addressed the main constraints to Belize’s economic growth, such as fiscal sustainability, trade barriers, access to finance, infrastructure, and other key development challenges like human capital (education and health), crime, tourism, and vulnerability to natural disasters. Although the CSs included areas and objectives relevant to Belize’s needs, the strategic focus of the CSs was diluted by an overly broad scope, insufficient prioritization, and a lack of clear rationale for the selection and changes in objectives during the evaluation period—particularly in the productive and citizen security areas. The expansion of objectives was not matched by a proportional increase in the expected resources to be deployed, including the indicative lending framework, thus affecting the feasibility of contribution, especially in view of persistent execution challenges. The CSs did not articulate the IDB Group’s comparative advantages and IDB Invest–IDB synergies. They also had shortcomings in the theory of change linking about one-third of their objective-outcome pairs, and limitations in monitoring and risk mitigation.

Country Program Relevance. The Country Program (CP) consisted of 158 operations—140 from the IDB and 18 IDB Invest—totaling US\$442 million, of which 34 were loans from IDB and IDB Invest, representing 86% of the CP. The remaining operations included

technical cooperations, grants, a contingent credit facility, an IDB guarantee, as well as IDB Invest's trade finance facilitation operations and advisory services. IDB annual average approvals increased by 60% compared to the previous period (2009-2012), from US\$11.9 million to US\$19.1 million, with approvals (mostly investment loans) in the first CS falling slightly short of the indicative lending framework expectations, while approvals in the second CS exceeded them. The limitation found in the second CS regarding the indicative lending framework not being commensurate with the expansion in CS objectives was mitigated by higher-than-expected loan approvals in the CP, increased use of grants, and mobilization efforts. Although in line with the practices of other international financiers, limited loan sizes and more stringent requirements by IDB Invest than those imposed by local financial institutions have created challenges for the origination of operations in Belize's small market. Yet, during the evaluation period, IDB Invest significantly expanded its presence by deepening its relationship with key clients, particularly with one financial institution and five corporates. As a result, IDB Invest's annual average approvals, which consisted primarily of senior loans, increased from US\$0.8 million in the previous period (2009-2012) to US\$11.9 million in the 2013-2024 period, largely concentrated in the financial institution and agro-industry segments. This growth coincided with the implementation of the S&I action plan that set specific targets for business with these countries. IDB, IDB Invest, and IDB Lab have recently increased their coordination, which had been minimal during the evaluation period, to support productive area objectives.

The CP had a stronger ex-ante feasibility to contribute (strong alignment) to CS objectives in the human capital and climate change areas compared to the productive, fiscal, and citizen security areas. The CP was strongly aligned with CS objectives in education, health, climate resilience, and infrastructure, supported by a well-balanced mix of investment loans, grants, and technical cooperation. However, alignment was weaker in tourism, trade, innovation, fiscal sustainability, and citizen security due to fragmented efforts and limited scope, reflecting the inherent challenges of attempting to tackle an overly broad range of CS objectives. The citizen security area was notably under-resourced, with only two TCPs and no follow-up investment lending, limiting the CP's feasibility to contribute. The CP was effectively adjusted to respond to COVID-19 and natural disasters, and managed to mobilize resources from public and private institutions in support of the human capital and productive areas. Limited coordination between private and public sector operations reduced the CP's feasibility to contribute to productive development objectives. Lastly, the integration of cross-cutting themes varied by sector, with environmental themes being the most consistently integrated.

Country Program Implementation. The predictability of IDB annual programming significantly improved between the first and second CSs, reflecting a strengthened dialogue with the country. During the period covered, cancellations amounted to nearly 10% of the CP, reducing the feasibility of contribution to infrastructure and trade objectives. Meanwhile, reformulations demonstrated the Bank's adaptability to support the country's response to the COVID-19 pandemic but diminished the CP's support for long-term tourism and climate resilience objectives. IDB loan disbursements increased, driven by higher approvals and faster disbursements supporting the COVID-19 pandemic response. IDB Invest disbursements, which were virtually nonexistent until 2018, grew significantly from 2019 onward (averaging US\$10.8 million between 2019-24). Execution capacity constraints typical of a small economy (including limited human resources and overburdened staff) and procurement challenges (stemming from both procedural issues and challenges to attract vendors from a limited supplier base) were identified as key implementation bottlenecks in the previous country program evaluation and persist as a major implementation challenge. In response, the IDB supported the creation of a

centralized execution unit, increased staffing in the IDB country office, leveraged support from technical cooperation operations, and provided targeted capacity building on procurement processes. These measures contributed to a notable improvement in loan preparation and execution times, which are now below the IDB average. On the other hand, preparation and implementation costs per dollar approved doubled and are now more than three times higher than the IDB average. The high costs are linked to the small average loan size, the increased number of project staff, and expenses associated with mobilized resource components managed by the IDB.

Effectiveness. The implemented CP had higher contributions in the human capital and climate change areas, than in the productive, fiscal, and citizen security areas. Higher contributions took place in areas where the CP's scope and maturity were commensurate with the ambition of the defined objectives, where the IDB Group could leverage its established presence and experience, and where the IDB was able to coordinate, sequence, test, or scale up interventions. The CP achieved important contributions in education and health (improving teaching quality, maternal and infant health services, and COVID-19 immunization efforts), through long-term and well-sequenced support based on proven results. Climate change and disaster risk management also saw notable advancements due to the scope of the CP matching the ambition of the objectives and the complementarity among operations. In the productive area, the IDB contributed to improvements in the George Price Highway and transport sector planning capacities through the development of a medium-term transport plan. Contributions to the productive (tourism, productive finance and innovation, and trade), fiscal, and citizen security areas were lower due to the CP's alignment weaknesses, implementation issues, external shocks, and low operational maturity (this latter issue particularly affected productive finance, innovation, and fiscal objectives, which were added in the second CS).

Sustainability. Overall, results have continued over time, supported by institutionalization mechanisms (systems and organizational changes integrated into the counterparts' planning, norms, or institutional structures) and capacity strengthening. However, sustainability risks remain for the results of some operations, especially in infrastructure and tourism, linked to maintenance and funding risks, climate resilience concerns, and project scope reductions due to budget reallocations.

Recommendations. Based on these findings, OVE recommends the following:

1. **Strengthen the strategic focus and relevance of CS objectives.** The future CS should prioritize selective objectives, clarifying in the CS: (i) what is the unified strategic vision that allowed it to focus on the main drivers for inclusive growth, and how the selection of objectives has been informed by an analysis of the constraints affecting sectors that play a prominent role in the economy and sectors with high potential for growth; (ii) the IDB Group's comparative advantages in contributing to each objective, including its capacities to provide continued and sequenced support, and its ability to strengthen the country's execution capacities in the selected areas; and (iii) expected synergies between the IDB Group and development partners in the selected areas in which both are (or plan to be) involved.
2. **Enhance the CS and CP design to support the IDB Group's feasibility of contribution.** This entails: (i) articulating in the CS how the expected outcomes (EO) contribute to the strategic objectives (SOs), and how the SOs contribute to the priority areas (theory of change); (ii) ensuring consistency between the CS objectives and the expected CP, considering the expected lending framework, the

existing legacy portfolio and the time required for newly approved operations' results to materialize; (iii) monitoring progress in a timely manner throughout the implementation of the CP to facilitate course-correction and adaptation.

3. **Continue working with the Government of Belize to improve project execution, strengthen the country's institutional capacities, and address execution challenges linked to the country's small economy.** This entails that, the IDB: (i) provides technical cooperation to strengthen Belize's institutional and execution capacities, especially to overcome procurement challenges, including those related to the small size of the economy; (ii) enhances coordination with other development partners to avoid overloading the same agencies/key persons with operations; and (iii) monitors and evaluates initiatives, like the centralized executing unit, to assess their effectiveness and long-term viability to help strengthen the country's execution capacities.
4. **Enhance IDB and IDB Invest coordination in the development of future CSs and during programming.** This entails: (i) strengthening the integration of IDB Invest in the development of the future CS to promote synergies in areas where its role is expected to be critical to contribute to CS objectives; (ii) Enhancing coordination in the annual programming exercises to help IDB Invest develop opportunities in these areas; and (iii) continue adapting IDB Invest's approach to the challenges of Belize's small market, including by leveraging IDB Invest's Small and Island Countries Action Plan, providing country-specific technical support to address the complexities related to loan requirements and addressing the need for in-country presence to increase engagement and support market development.

I. INTRODUCTION

- 1.1. **This report evaluates the performance of the Inter-American Development Bank (IDB) Group in Belize during the period 2013-2024.** This Extended Country Program Evaluation (XCPE) assesses the relevance, effectiveness, and sustainability of the IDB Group's support to Belize through the last two Country Strategies (CSs) and corresponding Country Program (CP).¹ The evaluation aims to contribute to accountability and learning by providing recommendations to improve future CSs and country programs. This XCPE follows the principles in OVE's Country Product Protocol (document [RE-348-8](#)) and the Approach Paper (document [RE-602](#)) prepared for this evaluation.
- 1.2. **The evaluation aims to answer four questions:**
- a. How relevant were the CSs to guide the IDB Group in addressing Belize's development needs and government priorities?
 - b. To what extent has the CP design and implementation supported the objectives set in the CSs?
 - c. How effective has the IDB Group been in contributing to the CS objectives, and what were the main factors that affected its contribution?
 - d. To what extent have the outcomes achieved by the CP been sustained to date?
- 1.3. **Mixed methods were used to answer these questions, and different sources of information were cross-referenced.** To answer the first question, a literature review on development needs and national priorities was conducted to assess whether the CS objectives and design were conducive to addressing them. A review of the design documents of all country program operations was conducted to assess their alignment with CS objectives, thereby answering the second question. In addition, program implementation was assessed by combining and triangulating data analysis on portfolio execution with qualitative analyses of interviews conducted for this evaluation.² To answer the third question, an analysis of each operation's contribution to CS objectives was carried out, combining an assessment of the progress reported by the operations in their indicators with the information on results collected by OVE during site visits and through interviews with IDB staff and external counterparts. To answer the fourth question, document review, data analysis, and fieldwork were used to determine whether the results achieved had been sustained over time and whether the operations' design and implementation facilitated the sustainability of future results. Analysis for the relevance and contribution evaluation questions was complemented by three in-depth studies on the IDB and IDB Invest's support to education, trade, and tourism objectives (Annex III), which were selected because of their magnitude in the

¹ Per the Country Product Protocol (see documents [RE-348-8](#)), the evaluation covers only the IDB and IDB Invest programs (and not that of IDB Lab). The evaluation period is December 18, 2013 through December 31, 2024. This is the fifth time that OVE has evaluated the IDB program in Belize. Previous reports covered the periods 1993-2003 (document [AE-94](#)), 2004-2008 ([RE-349](#)), 2008-2012 ([RE-420](#)), and 2013-2021 ([RE-564](#)).

² To expand and triangulate the evidence to answer the evaluation questions, OVE conducted more than 80 interviews and surveys with key informants and visited 14 IDB Group project sites in several locations in Belize. OVE gathered information from stakeholders involved in 100% of the program's lending operations, including IDB Group staff, authorities from the local government, executing unit staff for IDB projects, private sector clients of IDB Invest, and both public and private project beneficiaries

country program, different levels of contributions reported in the 2013/2021 Independent Country Program Review (ICPR), and their continuity over the two CSs. These studies supported a deeper understanding of the relevance of the CSs and CP and a comparison of factors that affected the contribution to CS objectives.

II. COUNTRY CONTEXT

2.1. **Belize is a small, multicultural, upper-middle-income country with a large rural population and rich natural capital.** Among IDB borrowing countries, it has the smallest economy by gross domestic product (GDP) and the second smallest population, with around 400,000 residents.³ The country is home to six recognized ethnic groups and has a significant share of migrants, particularly from Central America.⁴ Belize's population density is low, and more than half of the population lives in rural areas.⁵ The country has considerable ecological significance, featuring the world's second-largest barrier reef, which extends 290 km, along with over 400 islands. More than 50% of the population lives on or near the long, low-lying coastline, making it highly vulnerable to storm surges and rising sea levels.⁶ (See the map in Annex I.1)

A. Macroeconomic and productive development

2.2. **During the evaluation period, Belize's economy grew faster than the regional average, but growth has been stagnant on a per-capita basis, volatile and strongly affected by the COVID pandemic. Low productivity has been, and remains, a key development challenge.** Real GDP growth averaged 3.2% over 2013-24, outpacing the LAC average of 1.3%. However, GDP per capita growth stagnated before the pandemic, averaging 0.1% over 2013-19 due to relatively high population growth.⁷ In addition, economic growth has been volatile.⁸ The economy faced a severe contraction in 2020 due to the COVID-19 pandemic (slowing almost twice as much as the region on average), which was followed by a robust rebound in 2021-22 (accelerating more than twice as much as the region on average).⁹ Belize's growth between 2013 and 2023 was sustained by labor (2.2% annual average) and, to a lesser extent, physical capital accumulation (1.5% annual average), while total factor productivity has been negative (-1.5%).¹⁰ Low

³ Here and throughout, figures on GDP, GDP growth, public debt, and current account deficits are from the IMF *World Economic Outlook* database (IMF, 2025). Data on population from SIB (2024a).

⁴ Mestizo/Hispanic/Latino (52%) and Creole (25%) are the largest, followed by indigenous groups such as the Maya (10%) and Garifuna (4%). About 14% of the population are migrants (IDB, 2020a).

⁵ Population density, at 18 people per km², is lower than the Latin America and Caribbean (LAC) average of 33, and 53% of the population live in rural areas compared to 18% across LAC (World Bank, 2025).

⁶ UNFCC (2022).

⁷ The average population growth rate, at 1.9%, was higher than the LAC average (0.8% in the 2013-23 period). This can potentially be explained by the influx of migrants (increased from 15% in 2015 to 16.5% of total population in 2024, UNDESA, 2025), a positive net migration rate, and the relatively high fertility rate (2.3% on average between 2013 and 2022 compared to LAC's 2.0% average, World Bank 2025).

⁸ Belize's growth volatility, measured by a standard deviation of 7.49, is significantly higher than the Latin American regional average of 3.36 (calculated based on data from IMF, 2024d).

⁹ In 2020, GDP shrank by 13.7%, nearly double the regional average decline of 6.9%. Over the 2021-22 period, GDP grew by 13.8% on average, compared to 5.8% in the LAC region. The rebound in 2021 was driven by non-tourism-related activities, including agriculture, wholesale and retail trade. Since 2022, the number of tourist arrivals has returned to pre-pandemic levels, serving as a key driver of the recovery, while Business Process Outsourcing services have experienced rapid growth (see Annex Figure I.1.2).

¹⁰ Growth decomposition figures from OVE (2024) based on data from World Bank (2025).

productivity is a structural issue that has not improved over the evaluation period. Belize's low Gross Capital Formation —averaging 17.8% of GDP during the period, and well below the LAC average of 25.4%— remains a significant barrier to achieving productivity gains and growth.

- 2.3. **Over the evaluation period, revenue did not meet public expenditures, leading to persistent fiscal deficits and high public debt, though significant progress was made toward fiscal and debt sustainability in recent years.** Belize collects more taxes than the LAC average: its average tax revenue was 20.6% of GDP for 2013-22 compared to 16.4% for LAC (see Annex Figure I.I). Despite higher taxation, Belize's public revenues averaged 23.4% of GDP over 2013-24 while public expenditure averaged 26.5% of GDP, causing persistent fiscal deficits over the evaluation period¹¹ (see Annex I.I). However, the primary balance improved in recent years (during 2022-2024, the fiscal deficit narrowed to 1.6% on average, and the primary balance became positive, averaging 0.5%). Rigid expenditures, such as the wage bills and debt financing, exceeded 80% of the total, limiting the fiscal space available for public investment and responding to economic shocks.¹² Public debt significantly declined after 2020, (from 103% of GDP to 61% in 2024) following fiscal consolidation measures and a Blue Bond for ocean conservation swap.
- 2.4. **Belize has a relatively high reliance on imports, and despite recent signs of diversification, it still has a relatively narrow economic base built on geographically concentrated tourism and agriculture.** From 2013 to 2024, the country imported more than it exported, resulting in an average current account deficit of 5.8% of GDP, larger than the LAC average of 2.1%. Services constitute 62% of GDP and 72% of Belize's exports, with tourism alone contributing 31% of GDP and 51% of exports, and agriculture accounting for 9% of GDP and 21% of exports. The economy is diversifying with the business process outsourcing (BPO) sector doubling its contribution to GDP since the pandemic, accounting for about 5% of GDP and 10% of employment. Trade partners are geographically concentrated, with the United States and the UK accounting for more than half of both imports and exports.¹³ Tourism is also geographically concentrated, occurring chiefly on Belize's islands and beaches and much less on the mainland.¹⁴
- 2.5. **Necessity driven micro, small and medium enterprises (MSMEs) are a large share of Belize's economy.** MSMEs account for 90% of private sector enterprises and 70% of private sector employment and incomes. Seventy percent of them are necessity-driven (started because the entrepreneur had no better employment option) rather than opportunity-driven (started to take advantage of a market opportunity).

¹¹ Over the evaluation period (2013-2024), the average fiscal deficit was 3.1% of GDP, and the primary fiscal deficit was 0.93% of GDP.

¹² About 19% of expenditures are available for public investment and crisis response (World Bank, 2024a).

¹³ See SIB (2024, 2025), WDI (2024), and World Bank (2024a, 2025).

¹⁴ In 2023, tourism activity was largely concentrated in the islands of San Pedro (accounting for 29.7% of visits) and Caye Caulker (12.3%) due to their beaches and diving attractions (BTB, 2023; see Annex III.II for details).

- 2.6. **Belize has important infrastructure shortages.** Only about 21-23% of Belize’s 3,132 km road network is in good condition, and only 20% is paved.¹⁵ Despite its long coastline, Belize’s port infrastructure is limited, with the barrier reef restricting cargo handling, affecting trade. Additionally, Belize’s energy infrastructure is fragile: the country relies on imports from Mexico for about 50% of its electricity, making it vulnerable to price volatility and supply issues.¹⁶
- 2.7. **Belize is vulnerable to external shocks, including natural disasters, due to its reliance on imports, low trade diversification, and narrow economic base.** Belize’s reliance on imports and undiversified exports exposes it to fluctuations in commodity prices and the performance of its trade partners. The country’s narrow economic base, in combination with its susceptibility to natural disasters, also contributes to its vulnerability to shocks. Both agriculture and tourism are affected by the increasing frequency and severity of hurricanes, flooding, droughts, sea-level rise, coastal erosion, and coral bleaching.¹⁷ Between 2013 and 2023, Belize faced multiple natural disasters, including seven tropical storms or hurricanes, with hurricanes Earl (2016) and Lisa (2022) alone causing damages equivalent to around 10% of GDP.¹⁸
- B. Social development**
- 2.8. **Belize’s poverty indicators have improved over recent years, but poverty remains high and continues to disproportionately affect rural and indigenous communities.** Contrary to LAC trends, poverty in Belize rose from 41% in 2009 to more than half the population (52%) in 2018.¹⁹ Multidimensional poverty measures improved between 2021 and 2024, but persistent disparities between rural (59% poverty rate) and urban areas remain, and indigenous Maya continue to face the highest poverty rates (77%).²⁰
- 2.9. **Education quality remains a challenge, contributing to a skills shortage.** Between 2013 and 2023, Belize’s expenditures on public education (5.5% of GDP) were higher than the LAC average (4.4%).²¹ Nevertheless, only 36% of primary school graduates achieve satisfactory results in the primary school examination (IDB, 2021b). The COVID-19 pandemic disrupted education, as primary school enrollment fell from 99% in 2013 to 90.5% in 2022 – below the 96% LAC average. The majority of secondary school students do not perform well in mathematics and

¹⁵ IDB expert interviews in 2013 estimated that 23% of roads were in good condition. The Ministry of Infrastructure Development and Housing estimated in 2023 that 21% of roads were in good condition. Definitions and methods may not be comparable (MIDH, 2024).

¹⁶ World Bank (2023).

¹⁷ World Bank (2024); IMF (2024).

¹⁸ Data on the number of storms is from NMS (2025); economic damages estimates for Hurricane Earl are from [IMF \(2018\)](#) and for Hurricane Lisa from [UNDP \(2023\)](#)

¹⁹ SIB (2021a). Belize conducted monetary poverty assessments in 2002, 2009, and 2018. Since then, no monetary poverty measure has been estimated, and starting in 2021, the country adopted a multidimensional poverty (MPI) approach, also measured in 2023 and 2024. This approach considers multiple deprivations that the population experiences, such as limited access to education, health care, adequate housing, clean water, and sanitation. MPI measures indicate a reduction in poverty from 35.7% in 2021 to 22.1% in 2024.

²⁰ SIB (2024b,c).

²¹ World Bank (2025).

science,²² and only 21% of the population has completed any tertiary education.²³ Challenges in education quality have contributed to skills gaps as Belize's labor market shifts from agriculture to services, requiring advanced skills that the current education and training system does not sufficiently provide.²⁴ This skills shortage is exacerbated by the emigration of nearly 40% of tertiary-educated individuals.²⁵

- 2.10. **The vast majority of the population has access to basic services, with disparities in rural areas, although challenges remain in solid waste management, public health, and public safety.** Access to drinking water improved to 98.4% in 2022, without significant differences between urban and rural areas.²⁶ A gap in basic sanitation remained between rural (83.6%) and urban (93.6%) populations as of 2022²⁷. Near the beginning of the evaluation period, Belize provided adequate solid waste disposal (that is, disposal to landfills) for only 34% of its population compared to an average of 55.4% across LAC.²⁸ Public health expenditures rose from 2.9% of GDP in 2013 to 3.4% in 2021. Nevertheless, Belize struggles with shortages in medical personnel.²⁹ Budget reallocations to address the COVID-19 pandemic further strained routine healthcare services, and social disparities in access persist, particularly in rural areas. Between 2010 and 2019, Belize had the fourth-highest average rate of intentional homicides per 100,000 in LAC³⁰ and a high incarceration rate, though in recent years the country experienced a drop both in the homicide rate (from an average of 37 per 100,000 people during 2016–2019 to 21.2 in 2023) and in the incarcerated population.³¹

²² In 2021, only 39% of secondary students who took the CSEC achieved a satisfactory level of performance in mathematics (MoESCT, 2022).

²³ National MSME Strategy and Roadmap for Belize (2022).

²⁴ See Näslund-Hadley et al. (2020) and IDB (2021b).

²⁵ IOM (2020) and SIB (2021b).

²⁶ WHO/UNICEF drinking water, sanitation and hygiene (WASH) data (<https://washdata.org/>).

²⁷ According to the 2022 Census, 76.5% of the population had access to a flush toilet linked to a septic tank or BWSL sewer, 21.8% to pit latrines, and 1.2% to none. In addition, according to IDB Management estimates, only 11% of households have access to wastewater collection and treatment services, which are limited mostly to a few urban areas (Based on SIB, 2022, and BWSL, 2024)

²⁸ IDB (n.d.). The source is not dated, but it indicates that the data are from 2012.

²⁹ The country has only 1.1 physicians and 1.3 hospital beds per 1,000 people, below LAC averages of 2 and 2.1, respectively (OECD, 2020).

³⁰ UN Office on Drugs and Crime International Homicide Statistics database (<https://dataunodc.un.org/>).

³¹ IMF (2024a); UNODC (2023).

III. RELEVANCE OF THE COUNTRY STRATEGIES

3.1. **Between 2013 and 2025, the IDB Group formulated two country strategies (CS) in Belize.** The first CS (hereafter, CS1) covered the 2013-2017 period,³² its extension to 2019, and a CS update until 2021. The second CS (hereafter, CS2) covered the 2022-2025 period.³³ The two CSs focused on five priority areas: (i) human capital, (ii) productive development, (iii) fiscal, (iv) climate and disaster risk management, and (v) citizen security.³⁴ They aimed to contribute to nine groups of objectives (GOs),³⁵ 19 strategic objectives (SOs) and 31 expected outcomes (EOs). (Table 3.1). In addition, the CSs included five cross-cutting themes: climate change and disaster risk management, environment, diversity and gender, institutional capacity and rule of law, and digital transformation.³⁶

A. Selectivity

3.2. **The CSs were aligned with Belize’s key development challenges, the government’s plans, and the IDB Group’s institutional priorities, but lacked a unified strategic focus to target the IDB Group’s support.** The CSs’ priority areas and objectives were consistent with the priorities of the Government of Belize and IDB Group institutional priorities. Both CSs had clear connections to the government’s objectives outlined in the Horizons 2030 development plan and medium-term plan documents. The CSs were also consistent with the priorities of the IDB’s Institutional Strategy 2010-2020 (and its update for 2020-2023) and with the IDB Invest Business Plan 2017-2019 (see Annex I.II). The CSs were consistent with key development challenges identified in growth diagnostics and other studies,³⁷—however, the CSs included several priority areas with numerous objectives that diluted the potential contribution to Belize’s development. This was particularly the case in the productive area and in CS2. Given the small size of the economy, the prominent role played by tourism and agriculture and the differences in poverty levels between urban and rural areas, a unified strategic vision focused on the main drivers for inclusive growth would have helped better target the IDB Group’s interventions to more meaningfully contribute to Belize’s development.

³² CS1 was approved in November 2013 (document [GN-2746](#)) and originally set four priority areas: (i) education, (ii) tourism, (iii) transport, and (iv) trade and taxation policy. The CS was updated for the 2020-2021 period in November 2019, before the outbreak of the COVID-19 pandemic (document [GN-2746-3](#)). It added two priority areas: (v) climate change and disaster risk management, and (vi) citizen security.

³³ The 2022-2025 CS with Belize was approved on January 19, 2022 (document [GN-3086](#)).

³⁴ For clarity, the names of the priority areas have been simplified compared to their original wording in CS results matrices. The strategic objectives (SOs) and expected outcomes (EOs) have retained the exact wording they had in the CSs.

³⁵ A group of objectives is a set of objectives that aim to contribute to similar challenges and may or may not be present in both CSs. SOs and EOs together are referred to as “objectives” in this XCPE.

³⁶ CS1 also defined the topic of public sector wage bill and pension systems as a dialogue area and indicated continuation in the Mesoamerica Initiative. CS2 included migration and citizen security as dialogue areas.

³⁷ Hausman and Klinger (2007), IDB (2013), Martin (2015), and IMF-Vasilyev 2019, and other studies and diagnostics: Araujo (2015), World Bank Enterprise Survey (2010), World Bank Growth Accounting study (2016), IDB CDCs (2013 and 2021), and World Bank SCD (2016). See Annex I.II.C

Table 3.1. Country Strategy SOs and EOs

Groups of Objectives	CS1 SO	CS1 EO	CS2 SO	CS2 EO
Priority Area: Human Capital				
1. Education	1.1 Improve governance and quality of education relative to investment in the sector	1.1.2 Improved monitoring of education quality	2.9 Support closing the skills gap	2.9.1 Quality of teaching at the primary level improved
		1.1.1 Improved teaching quality		2.9.2 Quality of teaching at the secondary level improved
2. Health				2.10 Improve the provision of basic health services
				2.10.1 Health system capacity enhanced
				2.10.2 COVID-19 immunization coverage among population over 18 years increased
Priority Area: Productive				
3. Tourism	1.3 Improve tourism sector stakeholder coordination and quality management	1.3.1 Tourism quality management system and certification implemented	2.5 Support the reactivation of key economic sectors through the continued provision of services, improving their resilience to natural hazards and climate change	2.5.1 Tourism product diversification enhanced
	1.2 Increase overnight visitor demand and expenditures in a sustainable manner	1.2.2 Increase in total overnight visitor demand and expenditures		2.5.3 Solid waste disposal improved
		1.2.1 Diversification of tourism products in emerging destinations		2.5.2 Support tourism infrastructure development **
		1.2.3 Improved solid waste management in tourism areas		
4. Infrastructure			2.5 Support the reactivation of key economic sectors through continued provision of services, improving their resilience to natural hazards and climate change	2.5.2 Provision of quality and resilient infrastructure is strengthened**
	1.4 Improve Road infrastructure to facilitate trade and integration and access to emerging tourist destinations	1.4.1 Rehabilitated/upgraded road infrastructure including climate resilience and road safety standards		
	1.5 Strengthen sector planning capacity	1.5.1 Medium-term Transport Master Plan		
5. Productive finance and Innovation			2.6 Enhance access to finance and financial inclusion for firms, especially MSMEs with a gender and diversity lens favoring climate change and adaptation	2.6.1 Firms that consider access to finance is a major constraint is reduced
				2.6.2 Women-led Small and Medium Enterprises (SMEs) that access productive finance

			2.6.3 Increased finance for investment in climate change adaptation and mitigation
			2.7.1 Digital adoption among firms increased
			2.7.2 Innovation among firms increased
6. Trade	1.6 Foster export-led growth and greater trade integration by strengthening the economic efficiency and simplicity of the tax system and reducing non-tax barriers	1.6.1 Faster growth of exports	2.8 Improve connectivity with regional and global markets, promote exports, facilitate investments and trade
		1.6.2 Trade taxation and non-tax barriers substantially reduced and indirect taxation system simplified and consolidated on economically efficient taxes (especially the General Sales Tax - GST)	2.8.1 Diagnostics and recommendations on how to design a Single Investment Window for key FDI sectors
Priority Area: Fiscal Sustainability and Management			
7. Fiscal sustainability and public financial management			2.1 Improve the efficiency and quality of public spending
			2.1.1 The burden of public spending is reduced
			2.2 Upgrade public financial management and procurement systems
			2.2.1 Public finance management systems are used effectively and transparency in the use of resources is enhanced with better procurement schemes
		2.3 Improve the efficiency of tax collection	2.3.1 Tax base is broadened
		2.4 Promote fiscal discipline with strong fiscal institutions	2.4.1 Fiscal institutions are strengthened
Priority Area: Climate Change and Disaster Risk Management *			
8. Climate change and disaster risk management	1.7 Improve resilience natural hazards and climate change in Belize City and along coastal areas	1.7.1 Increased resilience of the coastal infrastructure to natural hazards and climate change	
	1.8 Improve disaster risk management (DRM) at country level	1.8.1 Country's Governance and financial capacity for DRM strengthened	
Priority Area: Citizen Security *			
9. Citizen security	1.9 Increase access to targeted crime and violence prevention programs for youth	1.9.1 Reduction of crime rate in identified hotspots nationally	
Cross-cutting themes	Diversity and gender, climate change, disaster risk management and environment.		Gender and diversity, institutional capacity and rule of law, digital transformation, and climate change and disaster risk management.

Source: OVE, based on CS1 (document [GN-2746](#)) and CS2 (document [GN-3086](#)).

Note: See Annex I.IV for the complete matrix with indicators. * CS1, initially approved for 2013-2017, was extended to 2019 and then updated in 2020-2021. The CS update added 3 new SOs regarding Climate Change (1.7 and 1.8) and Citizen Security (1.9). ** The "Support tourism infrastructure development" EO was replaced in the 2024 Country Program Document (CPD) prepared during 2023 by a new, broader EO: "Provision of quality and resilient infrastructure is strengthened". The XCPE considers this new EO retroactively to 1/1/2023 for the alignment and contribution analysis.

- a. **In the human capital area, the objectives were relevant to addressing country challenges, though the health objectives were insufficiently targeted towards reducing access disparities in rural areas.** Both CSs sought to improve the quality of education. CS2 emphasized closing skills gaps, which, according to several diagnostics, were constraints on growth. CS2 added health as a priority area, with an SO aimed at improving the provision of basic health services (including COVID-19 immunization), which was relevant given the challenges in access to healthcare that had been exacerbated by the COVID-19 pandemic. However, the health objectives were broad and failed to target the critical issue of disparities in healthcare access between rural and urban areas.
- b. **In the productive area, the relevance of the objectives was mixed: they were consistent with development needs, but were too broad, which reduced their focus on the main drivers of productive development.** The CSs' objectives were consistent with the country's several development challenges, such as infrastructure, access to finance, trade, investment, and tourism. However, the CSs' overall approach to productive development was too broad, particularly in CS2. For example, while both CSs focused on supporting tourism, which was critical given its prominent role in the economy, CS2 expanded the SOs from improving coordination among stakeholders in the tourism sector and increasing overnight visitor expenditures to more broadly supporting the reactivation of key economic sectors. It also added objectives addressing access to finance, innovation, and digital transformation³⁸ among firms, making the scope of the productive development interventions too broad. The infrastructure EO, which focused on transport in CS1, was changed in CS2 to focus on tourism infrastructure. In line with good practices, when a country needs changes during the period, the 2024 Country Program Document (CPD) revised CS2's EO on tourism infrastructure (EO 2.5.2) (changed it from "*support tourism infrastructure development*" to "*provision of quality and resilient infrastructure is strengthened*"). However, this change resulted in a broader infrastructure EO that, unlike its corresponding SO, was no longer focused on tourism or other key economic sectors. CS2 added an objective related to access to finance, which was also too broad, as it targeted all MSMEs.³⁹ In addition, the relevance of trade objectives was diminished due to a shift in focus in CS2 that discontinued issues such as trade taxation, identified as a growth constraint in the 2021 CDC and OVE (document [RE-420-1](#)). Instead, it focused on diagnostics and recommendations to design a single investment window for foreign direct investment (FDI). These changes reduced the relevance of the CS: the creation of a single window was unlikely to trigger investment and trade at scale and had not been identified in diagnostics as a key challenge.

³⁸ The CS2 objective for innovation and digital transformation lacked a compelling argument that effectively linked it to diagnostics and evidence on key productivity challenges in Belize.

³⁹ The CS did not explicitly target opportunity-based MSMEs, which are only one-third of MSMEs in Belize. This could also have been a space to explore and argue the relevance of this objective beyond addressing productive needs (e.g., addressing the increase in poverty).

- c. **In the fiscal area, the objectives that were added in CS2 were highly relevant to the country’s needs, given the persistent fiscal deficits and high levels of debt in Belize.** Although CS1 did not include a fiscal priority area, it included objectives related to simplifying taxes to support trade and provided technical cooperation on procurement processes. CS2 added objectives on improving the efficiency and quality of public spending, enhancing public management and systems, and broadening the tax base, which were consistent with Belize’s fiscal sustainability challenges (persistent fiscal deficits and high levels of debt). In addition, the objectives addressed a key development challenge, as fiscal sustainability was identified by several studies as a constraint to growth.⁴⁰
- d. **In the climate and disaster risk management (DRM) and citizen security areas, the objectives that were added in the CS1 update (2020-2021) addressed key development challenges, but the rationale behind dropping them in CS2 was unclear.** Adding climate change and DRM objectives in the CS1 update was aligned with Belize’s key challenges, given the significant threat of natural disasters to infrastructure, livelihoods and growth. However, CS2 changed climate and DRM from a priority area to a cross-cutting theme. Similarly, adding citizen security as a priority area in the CS1 update was consistent with Belize’s high levels of crime, which negatively impact social and economic development, including the tourism industry. CS2 reframed citizen security as a dialogue area, building on prior Bank support to address urban safety. While this shift was more in line with the feasibility to contribute given limited progress under CS1, CS2 did not clearly explain the rationale for this shift or how the IDB Group planned to engage on the issue despite its ongoing importance (Belize’s homicide rate decreased from 34.73 per to 26.12 per 100,000 between 2019 and 2020 due to mobility restrictions associated with the COVID-19 pandemic, but the homicide rate had rebounded to 31.62 per 100,000 by 2021).⁴¹ Moreover, the rationale for including or excluding citizen security objectives in the CSs was inconsistent. CS1 (2013–2017) did not prioritize citizen security, citing limited absorptive capacity and its perceived lack of impact on growth. However, a subsequent update to CS1 elevated it to a priority area—only for CS2 to drop it, despite the 2021 IDB CDC and the 2019 IMF identifying citizen security as a key constraint on economic activity.
- 3.3. **The relevance of the CSs was also affected by limitations in the feasibility of the IDB Group’s contribution to CSs’ objectives.** The excessive breadth of the CSs posed a feasibility challenge given the IDB Group’s and the country’s execution capacities. While the CS1 update and CS2 broadened the scope of the strategies by adding some priority areas and objectives relevant to addressing key development challenges in Belize, the size of the indicative lending framework did not proportionately expand.⁴² This discrepancy affected the feasibility of achieving all

⁴⁰ Hausman & Kinger (2007), Araujo 2015, IMF -Vasilyev (2019). See Annex I.II.C

⁴¹ UNODC (<https://dataunodc.un.org/dp-intentional-homicide-victims>).

⁴² The indicative lending framework for CS1 foresaw a low and a high scenario, with the low scenario planning for average annual approvals of US\$21 million (considering approvals from 2014-2017 since CS1 was approved in December 2013) and the high scenario being US\$33.75 million per year. For CS2, the indicative lending framework of annual approvals was US\$23.8 million, slightly above the low scenario of CS1 (yet, if adjusted for inflation, it would be below the low scenario of CS1).

objectives, particularly given that execution capacity challenges persisted. The CS1 update and CS2 also did not specify how, if necessary, the IDB Group's capacities would be developed to support new objectives, nor how the IDB Group planned to concentrate its efforts in each priority area.

- 3.4. **Although both CSs anticipated collaboration with various partners, they did not clarify how the IDB Group would complement their work to build on the IDB Group's comparative advantages.** Various multilateral development banks (MDBs) and donors have been supporting Belize across several development areas (Table 3.2). The Caribbean Development Bank (CDB) and the IDB were Belize's two largest development partners during the evaluation period, accounting for 38% and 26% of multilateral debt, respectively. In addition to providing support in the productive area together with CDB, the IDB also engaged, together with most donors, in education, health, infrastructure, and climate change and disaster risk management. While both CSs anticipated IDB coordination with other donors in several areas,⁴³ neither indicated that IDB had excluded (or included) some areas of work based on the engagement of other donors, nor how its CS objectives would complement the objectives of other partners involved in the same area.⁴⁴ The CSs did not, for example, mention support from other donors as a reason for excluding social investment from the IDB's strategic focus. The inclusion of health, climate change, productive finance and infrastructure could have been better justified by specifying how the objectives that the IDB Group was pursuing complemented the objectives of the several other partners involved. The rationale for excluding citizen security from the second CS and narrowing trade measures to a diagnostic for creating a single window is also unclear, given the limited number of partners involved in these areas (only one partner supports citizen security). In addition, the CSs did not specify that the IDB Group had selected areas of focus based on its comparative advantages, which, according to interviews with stakeholders, are its in-country presence (it is the only international financial institution with an office in Belize) and its teams' responsiveness during project implementation (including through progress tracking). In 2024, a group of donors created a Belize Development Partner Network (BDPN), which can serve as an anchor to articulate the future role of the IDB Group vis-à-vis various partners in the country.

⁴³ Education with the Caribbean Development Bank (CDB) and European Union (EU), tourism with the EU, transport with the CDB, EU, World Bank, OPEC Fund for International Development (OFID), Central American Bank for Economic Integration (CABEI), and Korea, solid waste management with OFID, and trade and tax policy with the EU. See Annex III for more details on collaboration in education, tourism and trade.

⁴⁴ More recently, to improve coordination with other development partners, a Development Partners Network (BDPN) was created in Belize in 2024. BDPN 2024 data indicates that grants and technical cooperation operations accounted for about half of the BDPN operations.

Table 3.2. Donor activities by sector identified in CS documents and the Development Partners Network in 2024

<i>Donors covering sector by CS/source</i>									
Sector	IDB	CDB	EU	OFID (OPEC)	Chinese Taipei	UK Gov	US Gov	WB	Donors (No.)
Education	CS1; CS2	CS1; CS2; DPN	CS1		DPN		DPN	DPN	6
Health	CS2	CS1	CS1; CS2; DPN		DPN		CS1; DPN	CS1; CS2; DPN	7
Tourism	CS1; CS2		CS1						2
Road Infrastructure	CS1; CS2	CS1; CS2; DPN	CS1	CS1; CS2	CS1			CS1; CS2	6
Productive Finance and Innovation	CS2	CS1; DPN	CS1		DPN	CS1		CS1	6
Trade	CS1; CS2		CS1			CS1		CS1	4
Fiscal sustainability	CS2	CS1	CS1; CS2; DPN				DPN	CS1	5
Climate change and disaster risk management	CS1	CS1	CS1; DPN		DPN	CS1; DPN	DPN	CS1; CS2; DPN	7
Citizen security	CS1						DPN		2
Social Investment		CS1; CS2; DPN		CS2	DPN	CS1; DPN	CS1; DPN	CS1	6
Agriculture and Rural Development		CS1; DPN	CS1		CS1; DPN			CS1; DPN	4
Energy		DPN	CS1; CS2; DPN			CS1	DPN	DPN	5
Water and Sanitation		CS1; CS2; DPN	CS1	CS1		CS1	DPN	CS1	6

Source: OVE based on 2013-2017 and 2022-2025 Country Strategies and information from the Development Partners Network in 2024.

Notes: CS1 = information from Country Strategy 2013-2017; CS2 = information from Country Strategy 2022-2025; DPN = information from database provided through the Belize Development Partner Network (EU values from DPN include only national operations, excluding regional operations). Disaster Risk Management and Response is merged with Environment, Natural Resources Management, and Climate Change in the DPN database. Infrastructure includes only transport sector projects. Productive Finance and Innovation includes activities related to Private firms and SME Development and Financial Markets. Fiscal sustainability and public financial management include activities from the Reform and Modernization of the State, as well as the governance sector. Social investment includes Poverty and Social Protection. IDB information is only from CS objectives.

B. Quality of the CSs' design

3.5. **The design quality of the CSs was generally strong, though weaknesses in the theory of change articulating how IDB Group intended to contribute still affected about a third of the CSs' objectives.** The CSs' results matrices had relatively solid foundations overall. However, about one-third of the connections between expected outcomes (EOs) and strategic objectives (SOs) had

weaknesses in their theory of change⁴⁵ (Annex I.III). These weaknesses stemmed primarily from a lack of specificity and, to a lesser extent, from inverted logic. Specificity issues arose with objectives defined as outputs —instead of results— and objectives that were too broad or imprecise to serve as guidance. For example, *Medium-term Transport Master Plan* (EO1.5.1) lacked specificity as to the stage to which such a plan would need to be advanced, and, more importantly, what results were expected from its application. Similarly, *increasing total overnight visitor demand and expenditures* (EO 1.2.2) was almost identical to the corresponding SO (1.2), providing little guidance for expected interventions. Inverted logic arose when SOs appeared to be the most natural drivers of EOs, reversing the intended CS logic by which EOs (meant as entry points to guide future interventions) should be the means to advance the corresponding higher-level objectives (SOs). For example, *reduction of crime rate in identified hotspots nationally* (EO 1.9.1) was an unlikely entry point to guide interventions to *increase access to targeted crime and violence prevention programs for youth* (SO 1.9), its corresponding SO. In fact, the more plausible logical connection would have been the reverse.

- 3.6. **The CSs anticipated a growing role for the private sector, but the lack of a unified strategic focus and limited public-private articulation of priorities weakened the IDB Group’s potential contribution.** CS1 indicated that the non-sovereign guarantee (NSG) windows would focus on tourism and MSME financing, but did not explain the respective roles of IDB and IDB Invest and the complementarities between sovereign guarantee (SG) and NSG instruments to support development in these areas. CS2 included a general mention regarding expectations for coordination among the IDB, IDB Invest, and IDB Lab to mobilize private sector financing and support legal, regulatory and business reforms through SG operations. CS2 identified sectors such as tourism, transport, and MSME financing – as well as others not covered by the CS objectives, like clean energy and energy efficiency – as areas for public-private collaboration. However, it lacked guidance on how these efforts would be prioritized and how IDB and IDB Invest would coordinate to address development needs.
- 3.7. **The monitoring of CSs’ results was challenging due to deficiencies in their evaluability.** About one-third of the CSs’ results matrix indicators, corresponding to 11 EOs from both CSs, faced evaluability issues. Of the 44 indicators from both CSs, 11 did not measure their respective EOs well, while for four others, the planned monitoring frequency was insufficient to track progress within the CS timeframe. While all indicators in CS1 were relevant for assessing the achievement of objectives,⁴⁶ the CS1 update and CS2 included some indicators that did not fully capture the desired outcomes, particularly in the productive and fiscal areas. For example, the approval of a law was used as the only indicator of fiscal institutional strengthening. While this represents an important milestone, it is not sufficient in

⁴⁵ A CS theory of change defines how the IDB Group expects to contribute to advancing CS objectives. This theory is documented in the CS’s results matrix, in such a way that the progress of lower-level objectives (EOs), through the planned interventions, leads to progress in the corresponding next-level objectives (SOs) and, in turn, that progress contributes to the advancement of the priority areas of the CS.

⁴⁶ For example, to measure the tourism objective “1.2 Increase overnight visitor demand and expenditures in a sustainable manner” the indicators were “% of overnight visitors in emerging destinations / total overnight visitors” and “Total overnight visitor expenditures” covering both demand and expenditure aspects.

itself to demonstrate meaningful institutional change. Similarly, infrastructure quality was assessed using enterprise perceptions from a survey, which may not fully capture objective conditions. Moreover, at the time this XCPE was conducted, it was not possible to measure progress (ex-post) for 15 indicators (mostly in the productive area), due to methodological changes in measurement approaches (shifts in data sources or points of measure), and low measurement frequency or reliance on ad hoc surveys that were either not conducted or still pending.

- 3.8. **The CSs included more specific and adequate measures to face execution and climate risks, but the proposed mitigation measures for macroeconomic and fiscal risks had shortcomings.** While CS1 and CS2 identified key risks – macroeconomic, implementation, natural hazards, and in CS2, fiscal, financial, and social risks related to COVID-19 – their mitigation strategies focused more on country-level responses than program-specific actions. In addition, no specific risks were identified for IDB Invest operations. The CSs proposed more specific mitigation measures for risks related to IDB operation implementation (planning and execution capacity and inter-agency coordination) and climate (exposure to natural disasters), including coordination with government entities, training and support for project execution, enhanced monitoring of political and social patterns, and access to the Bank’s climate instruments to address these events. CS2 included mitigation measures for social risks through civil society engagement and social media monitoring to detect unrest and guide timely responses. Yet, the CS proposed mitigation measures for macroeconomic, and fiscal and financial risks through the implementation of operations as part of the same Country Program. However, it is unlikely that the relatively longer time needed for the achievement of these Country Program results could serve as a mitigant to address the relatively rapid emergence of these risks. Finally, the breadth of the CS objectives left little space for adapting the program to respond to the risks associated with external shocks, to which the country is highly exposed.

IV. COUNTRY PROGRAM RELEVANCE

- 4.1. **This chapter assesses the relevance of the Country Program (CP) on the basis of two dimensions: its feasibility of contribution to the CSs’ objectives (alignment) and the elements of the CP design that affect this feasibility (CP design).** The chapter describes the CP in terms of its mix of instruments and annual approvals. Then, it assesses the feasibility of the contribution of the CP to each one of the objectives set in the CSs. This is done by aligning the CP operations to CS objectives and judging whether, ex-ante, those subsets of operations have a strong or weak likelihood of contributing to the respective objectives. Then, the chapter assesses the characteristics of the CP design that affect its feasibility of contributing to the CSs’ objectives. This is done by comparing the scope and ambition of the objectives with the mix and purpose of the CP’s operational instruments, the inclusion of cross-cutting themes, among other characteristics, that could make the CP more or less conducive to advancing the CSs’ objectives.

A. Description of the Country Program

- 4.2. **The CP—corresponding to the review period (December 2013 to December 2024)—comprises 158 operations totaling US\$442.3 million, most of which were approved during this period.** The CP includes 140 IDB operations

amounting to US\$298.6 million (84% of which are investment loans), and 18 IDB Invest operations totaling US\$143.7 million (91% of which are senior loans) (Table 4.1).⁴⁷ It also included a Contingent Credit Facility (CCF) of US\$10 million and a Guarantee Investment Loan (GUI) of US\$2.1 million. The CP includes all operations approved during the evaluation period, which represent 94% of the CP, as well as “legacy” operations, i.e., operations approved in previous periods but with pending balances at the start of the evaluation period, which represent 6% of the total CP amounts. Annex I.V, provides a complete list of the CP operations.

Table 4.1. Country Program: US\$ million (number of operations), 2013-2024

Instrument	Legacy operations ^a	Evaluation period approvals ^b	Total
IDB	\$ 25.1 (18)	\$273.5 (122)	\$298.6 (140)
Reimbursable operations	\$22.6 (5)	\$228.9 (21)	\$251.5 (26)
<i>Investment loans (INV)</i>	\$22.6 (5)	\$228.9 (21)	\$251.5 (26)
Non-reimbursable operations	\$2.5 (13)	\$44.6 (99)	\$47.1 (112)
<i>Grant investment loans (GIN)</i>	\$0(0)	\$10.8 (6)	\$10.8 (6)
<i>Investment grants (IGR)</i>	\$0.4 (1)	\$6.2 (5)	\$6.6 (6)
<i>Technical cooperation (TCP)</i> ^c	\$2.1 (12)	\$27.6 (88)	\$29.7 (100)
Memo items ^d			
Contingent credit facility (CCF)	\$00.0 (0)	\$10.0 (1)	\$10.0 (1)
Guarantee investment loan (GUI)	\$00.0 (0)	\$2.1 (1)	\$2.1 (1)
IDB Invest	\$0.0 (0)	\$143.7 (18)	\$143.7 (18)
Senior Loans ^e	\$0.0 (0)	\$131.0 (8)	\$131.0 (8)
Trade Finance Facilitation Program (TFFP) lines (loans and guarantees)	\$0.0 (0)	\$11.8 (1)	\$11.8 (1)
Memo items			
Advisory services	\$0.0 (0)	\$0.9 (9)	\$0.9 (9)
Total	\$25.1 (18)	\$ 417.2(138)	\$ 442.3 (158)

Source: OVE, with data from the IDB (2024b) and IDB Invest (2024b).

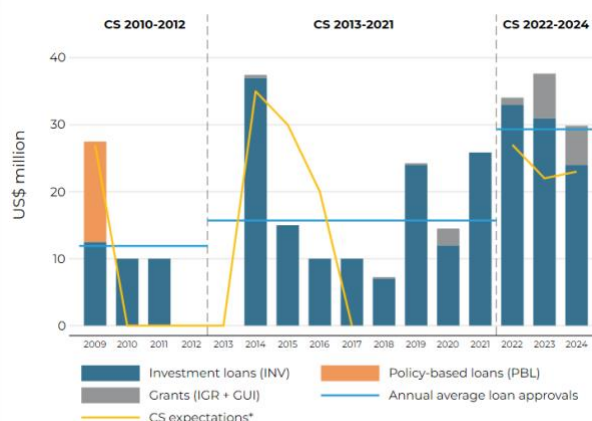
Notes: Data as of December 31, 2024. ^a Pending balance at the start of the evaluation period. ^b Original approved amount. ^c TCP include 12 C&D action plans (11 approved during the analyzed period and 1 legacy), which are excluded from the analysis. ^d Counted in the total number of operations but not in the total approved amount, as these are approved lines with a maximum limit that can be utilized at the country's request but do not commit additional resources until they are used. ^e A US\$30M NSG loan was approved on December 10, 2024 (signature date: 06/04/2025). This loan is not included in the CP analysis.

4.3. **The review period was preceded by two years of no IDB lending approvals, followed by a significant re-engagement with growing IDB annual approvals, driven by investment loans.** IDB annual average approvals have grown by 60% since the previous period (2009-2012), increasing from US\$11.9 million to US\$19.1 million, with CS1 approvals falling slightly short of indicative lending framework expectations while CS2 approvals exceeded them. The IDB approved 21 investment loans (INVs) during the evaluation period, amounting to US\$228.9

⁴⁷ The program under analysis was defined based on OVE's Protocol criteria (document [RE-348-8](#)), as was the evaluation period (from 12/17/2013 to 12/31/2024). According to the Protocol, 12/18/2013 marks the approval date of CS1, while 12/31/2024 was selected by OVE as the cutoff date to align as closely as possible with the expiration of CS2.

million, representing 87% of total IDB new approvals in Belize. Seventeen of the INV were specific investment loans, three were multiple works programs (which allow for more flexibility in project design),⁴⁸ and one was a global credit program.⁴⁹ Unlike the previous period (2009–2012), no policy-based loan operations were approved during the evaluation period, due to a preference of the Government of Belize for investment loans. According to interviews, this preference for INVs over PBLs was due to the technical expertise and accompaniment involved in the execution of INV and the ease to use blended financing options with INV. On the other hand, the use of grants expanded, particularly in CS2, with grant annual average approvals growing more than seven times since 2009-2012 from 0% of SG approvals in 2013 to 17% in 2024, in line with the growing importance of mobilizing concessional resources and co-financing given fiscal constraints in Belize. The CP also included 88 technical cooperation projects (TCPs), which amounted to 10% of the amount approved in the period (US\$27.6 million). IDB operations were deployed in support of the CSs' objectives in all CS priority areas.

Figure 4.1. IDB lending and grant approvals



Source: OVE, with data from the IDB (2024b).

Note: Data as of December 31, 2024. Figures reflect approvals by calendar year (January 1 to December 31). The annual average loan approvals only include INV and PBL approvals. * The 2013–2021 CS did not define expectations for 2018, 2019, 2020, and 2021 (nor in its extension and subsequent update).

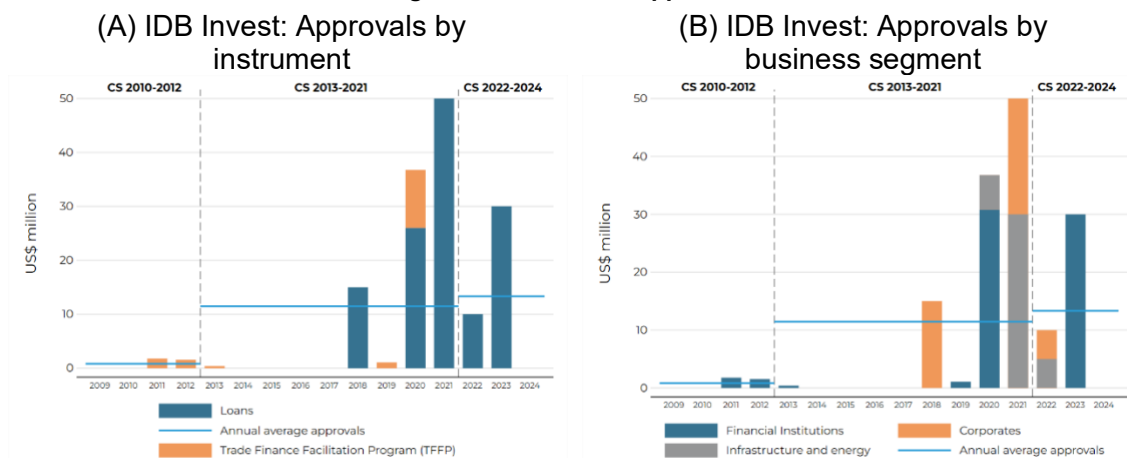
4.4. **IDB Invest annual average approvals have grown to US\$11.9 million, driven mostly by senior loans to financial institutions.** Before 2018, IDB Invest had minimal engagement in Belize due to limited brand recognition and market constraints, with only two long-term private sector operations approved under the Inter-American Investment Corporation (IIC) between 2002 and 2006. Annual average IDB Invest approvals increased from US\$0.8 million (1 operation) in the previous period (2009–2012) to US\$11.9 million (for 8 operations, totaling US\$131 million) in the evaluation period (Figure 4.2 panel a). The increase was primarily

⁴⁸ Multiple works operations are a type of investment loan that finances groups of similar but physically independent works. Because not all projects are identified at the time of loan approval, the borrower must specify a representative sample of subprojects in advance. During implementation, funding for individual works is contingent on meeting predefined eligibility criteria.

⁴⁹ Global credit operations are a type of investment loan that provides funds to second-tier public institutions, which then channel them to first-tier financial institutions to lend to specific types of final clients, such as MSMEs.

driven by loans with financial institutions, which accounted for 43% of total IDB Invest approved amount (35% from loans and 8% from the Trade Finance Facilitation Program, TFFP) (Figure 4.2, panel b). IDB Invest approvals consisted mostly of senior loans — which represented 91% of total IDB Invest total approved amount—along with underlying transactions under one TFFP line and nine advisory services.

Figure 4.2. IDB Invest approvals



Source: OVE, with data from IDB Invest (2024b).

Note: Data as of December 31, 2024. Figures reflect approvals by calendar year (January 1 to December 31). IDB Invest had a US\$35million total cancellation of a 2021 project. Excludes regional operations.

4.5. **The IDB Invest has primarily supported the productive area and is making significant efforts to address obstacles in generating transactions.** Long-term operations have focused on improving access to finance for MSMEs and expanding the operations of agribusiness companies. Two senior loan operations – totaling US\$41 million or 29% of IDB Invest approvals – were aligned with the infrastructure objective, as their main goals were to develop a liquefied petroleum gas terminal and support working capital and infrastructure for an electricity company. However, significant obstacles to generating transactions remain, as evidenced by the cancellation of a US\$35 million loan in 2021 in an energy project. Belize’s small market size, high liquidity, and a limited number of large-scale firms constrain IDB Invest’s ability to diversify and increase approvals. According to interviews with stakeholders, limited loan sizes and more stringent requirements imposed by IDB Invest, compared to local financial institutions, have constrained demand for its products, even though these practices are consistent with those of other international financiers. Since 2018, IDB Invest has significantly expanded its business in Belize through a variety of efforts, including the S&I action plan (Box 4.1).

Box 4.1. Examples of IDB Invest efforts to increase its loan portfolio in Belize

Since 2018, IDB Invest has implemented measures to address the main barriers to investment. To address common challenges across S&I countries, IDB Invest developed the S&I Action Plan in 2017, revised in 2020, with a target of allocating at least 10% of total approvals to these countries.^a The plan also emphasized increasing local presence, delegating more authority to originate smaller transactions, and using advisory services to build upstream capacity and improve project preparation. According to interviews with IDB and IDB Invest staff, the hiring of a multi-segment investment officer in 2020 in Belize improved market engagement, client relationships, and visibility. In addition, IDB Invest has reduced ticket sizes, offered technical assistance to help clients meet institutional requirements, and enhanced ESG compliance support. According to interviews, clients value IDB Invest's credibility, competitive financing terms, and access to US dollar loans, which are often unavailable through local banks. Clients acknowledged that IDB Invest's involvement enhanced their visibility and strengthened their engagement with the government, providing reputational benefits beyond financing.

Source: OVE.

Notes: ^a S&I countries: Bahamas, Barbados, Belize, Dominican Republic, Guyana, Haiti, Jamaica, Suriname and Trinidad & Tobago. The 2017 Action Plan set a target of 10% of IDB Invest's total approvals for S&I countries.

B. CP alignment with the CSs

4.6. **The CP was better aligned with the CS objectives on the human capital and climate change areas than with those on productive development, fiscal, and citizen security.** CP's alignment measures how feasible it is for the set of operations related to a CSs' objective to contribute to its advancement. A CP is strongly aligned to an objective if it has a direct focus on advancing it and its scope matches the ambition of the objective. By contrast, weak alignment implies that the CP has insufficient scale or focus to achieve meaningful contributions to the CSs' objectives. Overall, the Belize CP was strongly aligned with all Strategic Objectives (SOs) in four of the nine Groups of Objectives (GOs) (education, health, climate, and infrastructure) (Table 4.2).⁵⁰ Alignment was weaker in the remaining five GOs (tourism, productive finance and innovation, trade, fiscal, and citizen security), reflecting the difficulty of covering all objectives given the broadness of the CSs.

- a. **In the *human capital area***, the CP was strongly aligned with the CSs' objectives both in education and in health. In *Education* (GO1), the CP aimed at improving teaching quality, monitoring education outcomes, and increasing student enrollment in STEAM fields. The program included 18 coordinated IDB operations—comprising three investment loans, two grants, and 13 TCPs—which piloted initiatives and scaled them up upon demonstrating positive results.⁵¹ Similarly, the CP was strongly aligned with the objectives in *Health* (GO 2), which had SOs and EOs aimed at enhancing health system capacity and supporting COVID-19 immunization coverage. The program included seven operations that aimed at supporting maternal and infant health, malaria elimination, and overall health system

⁵⁰ The alignment analysis consists of three steps, starting with the design of the operations, followed by aggregating the findings at the EO level, and finally aggregating them at the SO level. See Annex II for a detailed description of the methodology.

⁵¹ The Education Quality Improvement II Program (EQUIP II, BL-L1030/2019 and BL-J0002/2020) expanded primary school teacher training to schools not covered under the first program, EQUIP I (BL-L1018/2014), further building on the initial program's foundation. Similarly, the Skills for the Future Program (BL-L1044/2023 and BL-G1008/2023) aims to replicate and expand STEAM lab facilities to additional regions of the country, leveraging the successes and lessons learned from EQUIP II's STEAM Lab school.

strengthening, as well as two COVID-19 pandemic response programs focused on vaccine acquisition and improving vaccination processes.

- b. In the ***climate change and disaster risk management area***, the CP was strongly aligned, with 14 operations aimed at increasing the resilience of coastal infrastructure in tourism areas, and broader support to improving the governance and financial capacity for disaster risk management, including the creation of a National Climate Risk Information System, and the approval of a CCF line to improve the availability of contingent financing to address emergencies.
- c. In the ***productive area***, the level of alignment of the CP with the CSs' objectives was mixed. The CP was strongly aligned with the *infrastructure* objectives (GO 4), which had SOs and EOs focused on improving road infrastructure, strengthening transport sector planning, and supporting resilient infrastructure. The program encompassed 27 operations, 10 of which were dedicated to rehabilitating and upgrading key infrastructure, such as the George Price Highway, and the construction of a pump station in Belize City (Orange Street area) to mitigate flooding and reduce its recurrent impacts. The 2023 CPD's revision of CS2's EO regarding *tourism infrastructure* (EO 2.5.2) allowed the alignment of three infrastructure projects—two water and sanitation and an urban development operation—with the revised broader EO regarding resilient infrastructure. However, the relevance of some of these operations regarding key challenges in the productive sector was less clear.⁵² The CP related to the other GOs in the productive area was also not well aligned with the CSs. While on the Tourism (GO 3) the CP included operations that addressed several challenges in the sector —such as increasing overnight visitor demand and expenditures (SO 1.2) and supporting the reactivation of the tourism sector through the provision of services (SO 2.5) – the CP was fragmented across multiple lines of action and lacked sufficient breadth of coverage for improving tourism sector stakeholder coordination and quality management (SO 1.3). On *productive finance and innovation* (GO 5), the CP focused mostly on targeting MSMEs' access to finance but lacked focus and had limited breadth of coverage on increasing innovation among firms. The CP on *Trade* (GO 6) was strongly aligned with the objectives of supporting a single investment window for FDI (EO 2.8.1) and export growth (EO 1.6.1), the latter combining IDB and IDB Invest operations.⁵³ However, given the broadness of the objectives, the CP was fragmented and fell short (having limited breadth of coverage and focus) in addressing trade taxation and non-tax barriers (EO 1.6.2), which had been identified as key challenges in growth diagnostics.

⁵² The Water Supply and Modernization Program (BL-L1043/2023) was more focused on tourism areas (Placencia, San Pedro, and Caye Caulker). The Water and Sanitation Program for Rural Areas (BL-L1045/2023), and Sustainable and Inclusive Urban Development Program (BL-L1046/2024) aimed to improve water, sanitation, and urban development, but their focus on key economic sector reactivation (SO 2.5) is less clear. Growth diagnostic studies did not identify water and sanitation as key constraints. Belize's drinking water access reached 98% in rural and 99% in urban areas in 2022 (World Bank, 2025).

⁵³ The CP included two IDB Invest loans to boost private sector exports and a TFFP line for trade transactions. Other operations addressed trade bottlenecks, including highway rehabilitation (BL-L1019/2014, BL-L1029/2018) and agricultural capacity development (BL-L1009/2009), along with seven TCPs.

- d. In the **fiscal area**, the CP was strongly aligned with the objectives in GO 7 on *Fiscal Sustainability and Public Financial Management* regarding upgrading public financial management and procurement systems and promoting fiscal discipline with stronger fiscal institutions (SOs 2.2 and 2.4). However, there were alignment weaknesses with EOs regarding broadening the tax base and reducing the burden of public spending, given the focus directly on the SOs (related to issues in the theory of change).⁵⁴
- e. Finally, in the **citizen security area** GO 9 aimed to increase access to targeted crime and violence prevention programs for youth, but the program had insufficient scope, with only two TCPs supporting this objective. One TCP was intended to prepare a loan to reduce violent crime among youth, but the loan was not approved due to shifting priorities given the COVID-19 pandemic.⁵⁵ The other one was indirectly related to the objective as it aimed to strengthen social innovation in the entrepreneurial ecosystem, including initiatives focused on crime-related issues.

Table 4.2. CP alignment with CS objectives: US\$ million (number of operations)

Group of objectives (GO)	Alignment with SOs ● = Strong ● = Weak	Legacy operations		Evaluation period approvals			Total ^b
		IDB Loans	IDB non-reimbursable	IDB loans	IDB Invest loans	IDB non-reimbursable	
Human Capital Area							
GO 1 Education	●●		<\$0M (2)	\$35M (3)		\$10M (13)	\$46M (18)
GO 2 Health	●			\$23M (3)		\$4M (6)	\$27M (10) ^c
Productive Area							
GO 3 Tourism	●●●	\$7.8M (2)	<\$0M (1)	\$50M (4)	\$20M (1)	\$6M (16)	\$78M (24)
GO 4 Infrastructure	●●●	\$8M (1)	<\$0M (1)	\$78M (7)	\$41M (2)	\$10M (18)	\$131M (29)
GO 5 Productive Finance and Innovation	●●			\$47M (4)	\$50M (5)	\$5M (14)	\$103M (23)
GO 6 Trade	●●	\$2M (1)		\$63M (5)	\$52M (7)	\$3M (9)	\$121M (22)
Fiscal Sustainability and Management Area							
GO 7 Fiscal Sustainability and Public Financial Management	●●●●			\$22M (2)		<\$0M (7)	\$23M (10) ^c
Climate Change and Disaster Risk Management Area							
GO 8 Climate Change and Disaster Risk Management	●●		<\$0M (1)	\$62M (5)		\$3M (7)	\$66M (14) ^c

⁵⁴ The CP was weakly aligned with the EO 2.1.1 (*The burden of public spending is reduced*), but was strongly aligned to the corresponding SO 2.1 (on efficiency of public spending), which was less broad (see Annex I.III).

⁵⁵ BL-T1082/2016 supported the preparation of the Community Action for Public Safety II (CAPS II) program (BL-L1023), which aimed to reduce youth violence in Belize by building on CAPS I. However, CAPS II was not approved by the Board of Directors due to shifting government priorities during the COVID-19 pandemic.

Group of objectives (GO)	Alignment with SOs ● = Strong ● = Weak	Legacy operations		Evaluation period approvals			Total ^b
		IDB Loans	IDB non-reimbursable	IDB loans	IDB Invest loans	IDB non-reimbursable	
Citizen Security Area							
GO 9 Citizen Security	●					<\$0M (2)	<\$0M (2)
Other COVID-19 and non-aligned		\$4M (1)	\$1.4M (7)	\$12M (1)	<\$0M (5)	\$3M (13)	\$22M (27)
Total ^{/a}		\$22.6M (5)	\$2.1M (12)	\$228.9M (21)	\$143.7M (18)	\$41.1M (88)	\$438.31M (146) ^c

Source: OVE, with data from the IDB (2024b) and IDB Invest (2024b).

Notes: The color of each row indicates whether there is a weakness in alignment: yellow (weakness present) and green (no weakness). Each colored circle represents an SO. Evaluation period approvals reflect the original approved amount, while legacy operations represent the undisbursed balance at the beginning of the period. ^a Operations aligned with more than one GO are duplicated in each row but counted only once in the total. ^b The operations aligned exclude 12 TC operations (Action Plans C&D). ^c The contingent credit facility (CCF) aligned with Climate Change and Fiscal Sustainability, as well as a guarantee investment loan (GUI) aligned with Health are included in the total number of operations but not in the total amount.

4.7. **The IDB showed flexibility by providing additional support to Belize’s response to the COVID-19 pandemic and natural disasters.** In addition to the COVID-19 support channeled through health-related operations, the CP included operations not aligned with any of the CS objectives that also supported the COVID-19 response, amounting to US\$12 million (2.7% of the CP). The CP also included US\$0.6 million (0.1% of the CP) in operations supporting Belize’s response to natural disasters (Box 4.4 and Annex II.II). The CP included operations (US\$4.1 million) providing direct support for cross-cutting themes and dialogue areas identified in the CSs (0.9% of the CP). Finally, US\$5.1 million (1.2% of the CP) corresponded to operations that did not align with any objectives, cross-cutting themes, or dialogue areas defined in the CSs, COVID-19, or natural disaster support.

Box 4.2. IDB support to COVID-19 and natural disaster emergencies

COVID crisis support. In 2020, the IDB approved a US\$12 million loan (BL-L1034/2020 – Support to Safety Nets for Vulnerable Populations Affected by Coronavirus in Belize) to fund the Unemployment Relief Program (URP). The operation provided rapid income support (through a mix of bank accounts and pre-paid bank cards) to nearly 30,000 beneficiaries, exceeding initial projections (original target: 26,500).

Natural disaster support. Following the approval of a Contingent Credit Facility for Natural Disasters (CCF, BL-O0005/2019) to provide stable and efficient emergency financing in 2024,^a the government of Belize requested the inclusion of the Principal Payment Option (PPO) in all loans, which allows deferral of up to two years of principal payments on IDB loans after a severe natural disaster.^b The Government of Belize also used TCPs (including provision of essential supplies and technical support) to mitigate the impacts of natural disasters on affected communities for Hurricane Earl (BL-T1086/2016), Hurricane Lisa (BL-T1155/2022), and forest fires (BL-T1186/2024).

Notes: ^a The CCF line, approved in 2019, was designed to alleviate the fiscal impact of severe or catastrophic disasters. It is aligned with SO 8 (Climate Change and Disaster Risk Management) and SO 7 (Fiscal Sustainability and Public Financial Management). ^b Eligible loans are only those funded by ordinary capital. Eligibility depends on predefined triggers, such as the disaster’s economic impact relative to GDP, providing governments with liquidity for recovery and reconstruction.

C. CP design and integration of cross-cutting themes

4.8. **The mix of instruments in the CP was generally supportive of the objectives set in the CSs, combining INV, TCP, and NSG operations, though it had shortcomings in its support to trade, innovation, and citizen security**

objectives. During the evaluation period, investment loans (INV) represented the largest share of approved financing; however, the country program’s design included technical cooperation projects (TCPs), grants, and non-sovereign guaranteed (NSG) operations to complement them. TCPs, which accounted for 10% of the total CP—double the average among IDB borrowing countries—were primarily used to provide operational support to investment loans (47%) and client support (51%)⁵⁶, with a smaller share dedicated to research and dissemination (2%). This allocation reflects an emphasis on strengthening project execution, considering Belize’s execution capacity constraints. In the *human capital area*, the combination of INV, grants, and TCPs enhanced the CP’s feasibility of contribution to education and health objectives through pilot studies (later scaled up), and well-targeted technical studies, regional expertise transfer, and implementation support. In the *productive area*, the mix of instruments—including IDB Invest operations—was well-aligned with the needs of key issues like tourism and infrastructure development. Trade and productive finance objectives benefited from a blend of NSG and SG instruments (including a Global Credit Operation). However, the absence of policy-based lending to support reform-intensive trade and fiscal measures (reduction of trade barriers and a single investment window for FDI) reduced the CP’s feasibility of contribution. Moreover, the innovation and digital transformation objectives could have benefited from a stronger presence of private-sector-oriented instruments. In the *fiscal and climate change areas*, the instrument mix was appropriate, combining TCPs and INVs to support reform groundwork and resilience-building efforts. Finally, in the *citizen security area*, the CP started adequately with TCP support to promote consensus on the approach to be taken, but the CP’s feasibility of contribution was diminished by the lack of needed follow-up through investment lending.

- 4.9. **The IDB and IDB Invest mobilized and attracted US\$58 million from public and private institutions to strengthen its support for six of the nine GOs.** Of the 158 operations in the program, 26 (16%) attracted third-party resources supporting health, education, infrastructure, tourism, trade, and productive finance and innovation objectives. IDB Invest contributed US\$50 million of its own resources and mobilized an additional US\$20 million by engaging two insurance companies to mitigate financial risk and enhance lending capacity in two IDB Invest operations that supported financial institutions. This structure enabled the transfer of risk to insurers, supporting financing for the GOs of productive finance and innovation, as well as tourism. The IDB contributed US\$197 million of its own resources in 24 operations while attracting US\$38 million in non-reimbursable co-financing or blended financing (US\$26 million in grants and US\$12 million in concessional lending resources) from eight government institutions and international organizations.⁵⁷ Notably, 28%

⁵⁶ The share of client support TCPs was below the 68% average across all borrowing member countries. Of the 45 client-support TCP approved in the period, most did not generate new investment loans or business lines. To date, only four supported the preparation of investment loans, and one generated a new business line in tax policy reform.

⁵⁷ IDB Invest excludes mobilized amounts from total approval amounts, so the mobilized US\$20 million is not included in the US\$442.3 million country program total. In contrast, US\$21 million of the US\$38 million attracted by IDB came from co-financing from IDB-administered funds and is included in the country program total.

of the IDB's mobilized resources came from the IDB Grant Facility, playing a crucial role in addressing migration-related challenges in Belize in the education, water and sanitation, agriculture, health, and urban development sectors.⁵⁸

- 4.10. **Synergies between IDB and IDB Invest are nascent, as there have been recent coordination efforts between IDB, IDB Invest, and IDB Lab to support productive development objectives.** While IDB and IDB Invest approved operations supporting access to finance for MSMEs (*productive finance GO*), their efforts have targeted similar client segments through a sovereign-guaranteed (SG) global credit program with Belize's Development Finance Corporation and NSG transactions with one of the country's largest financial institutions. However, there was no evidence of a clear coordination strategy or engagement to define areas in which the two windows would work jointly, with a clear understanding of who would do what and which instruments would be deployed (which would have been important as the two windows targeted the same market segment). On the other hand, the IDB has been supporting the government of Belize since 2019 on the update and implementation of the first draft of the PPP Policy that was approved by Cabinet in 2021, including an institutional framework proposal and a new Unsolicited Proposal Section of the PPP Policy. Moreover, IDB has recently explored potential public-private partnership opportunities in Ambergris Caye with support from a TCP, so IDB Invest can identify potential new operations.⁵⁹ IDB and IDB Invest also supported the 2023 Belize Investment Summit with technical expertise and sponsorship to explore investment opportunities in Belize. Furthermore, the IDB country office highlighted some collaboration between IDB Lab, IDB, and IDB Invest operations (Box 4.3), and the 2024 Country Program Document (CPD) pipeline included potential areas for IDB Invest and IDB Lab cooperation.⁶⁰ Despite these efforts, results have yet to be achieved since these efforts are recent.

⁵⁸ The IDB Grant Facility (GRF), authorized in 2019 and expanded in 2022, provides non-reimbursable financing for projects supporting migrants, returnees, and host communities. Belize is one of ten countries that have benefited from MGF resources and the only one to have utilized the facility in four of its six active years. Six investment loans received MGF funding, with an additional operation (BL-J0009/2025) currently in the pipeline.

⁵⁹ The IDB supported the development of a strategic plan for the Sustainable Development of Ambergris Caye through a TCP (BL-T1150/2022), identifying investment opportunities and public-private partnerships. According to interviews, based on this plan, IDB began working on a business case for a potential public-private partnership (PPP). This effort is being complemented by a regional TCP (RG-T4220/2024) under the One Caribbean initiative, which aims to strengthen Belize's regulatory and institutional PPP framework by developing a complementary PPP regulation.

⁶⁰ Collaboration planned in knowledge sharing for health service delivery, sustainable urban development, and public-private partnerships. BL-L1048/2024 aims to improve health services with potential collaboration with the Mesoamerica Health Initiative, Regional Malaria Elimination Initiative, and IDB Lab for HealthTech solutions. BL-L1046/2024 focuses on enhancing urban services and attracting private investment in northern Belize. Regional TCP RG-T4220 and RG-T4199 support PPPs and sustainable infrastructure in the Caribbean.

Box 4.3. IDB Lab in Belize, and examples of coordination with IDB and IDB Invest

From 2013 to 2024, IDB Lab supported Belize through thirteen operations totaling US\$5.7 million. IDB Lab focuses on piloting high-impact solutions to foster entrepreneurship, innovation, and inclusive growth through grants, loans and equity investments, particularly for underserved populations. A key challenge for Belize is the limited market demand for financial support at the levels IDB Lab typically provides, with many clients seeking amounts as low as US\$50,000. Despite these obstacles, according to interviews with the IDB Country Office staff, IDB Lab can offer significant value to clients through its expertise in ecosystem building, regional knowledge and guidance in securing alternative funding. The approved operations have focused on enhancing agricultural productivity, promoting climate resilience, supporting digital transformation, and strengthening access to finance for micro, small, and medium-sized enterprises (MSMEs). Several projects targeted the agricultural sector, such as improving the productivity of small-scale sugar cane farmers through new technologies (BL-M1012/2015) and promoting sustainable livestock practices to address climate change adaptation (BL-T1094/2017). IDB Lab operations also focused on climate resilience, including climate adaptation (BL-T1096/2017), MSME-focused technologies in agriculture and fisheries (BL-T1112/2018), and sustainable marine practices (BL-T1123/2019; BL-T1151/2022). Others focused on digital innovation, such as COVID-19 response tools built on existing health infrastructure (BL-T1136/2020) and MSME digitalization for business continuity (BL-T1152/2022).

Some IDB Lab operations have complemented IDB loans by addressing targeted aspects of broader projects. For example, a TC (BL-T1152/2022) supported MSME digitalization training, thereby complementing the IDB loan “Digital Innovation to Boost Economic Development in Belize” (L1039/2022). Similarly, a TCP (BL-T1151/2022) supported the recently approved Blue Economy loan (BL-L1042/2023) by advancing conservation and adaptation efforts in the Turneffe Atoll Marine Reserve, a key area for tourism and fishing.

IDB Lab may serve as an entry point for IDB or IDB Invest operations. In one instance, IDB Lab, IDB Invest, and the Compete Caribbean Initiative IDB provided complementary support to the sugar industries in Belize. The support included an IDB Lab operation (BL-M1012/2015) aimed at improving the competitiveness and productivity of small-scale sugar cane farmers by strengthening the technical and managerial capacities of farmers and integrating technology to enhance decision-making and coordination through a cane parcel dataset, cane farmer registry, and barcode traceability system. An IDB Invest senior loan with a large company in the sugar industry was approved (12295-01/2018), focused on increasing the export of higher value-added products and expanding and diversifying market opportunities. In addition, a Compete Caribbean TCP (BL-T1135/2020) complemented the support by aiming to design, develop, and implement a blockchain-based solution to improve the management practices and climate resiliency of 2,000 small-scale farmers connected to one of Belize’s sugar mills. The latter was executed in partnership with IDB Invest, which contributed additional resources, and IDB Lab, which supervised the development of the blockchain solution, “Smart Grow”, launched in 2024. **Recent country programming underscored the IDB Lab’s potential to enhance IDB operations.** The Belize 2024 CPD identified potential synergies with IDB Lab in sovereign guaranteed operations, such as BL-L1048/2024, which could leverage their experience with health tech solutions for vulnerable populations to improve the access, quality, and efficiency of health services in Belize.

Source: OVE.

- 4.11. **The CP incorporated the cross-cutting themes (CCTs) identified in the CSs into the design of three-quarters of operations.** The *climate change and disaster risk management* and *gender and diversity* CCTs, which were present in both CSs—were incorporated into 47% and 37% of operations, respectively.⁶¹ However, the *institutional capacity and rule of law* CCT, and the *digital transformation* CCT—which were introduced in CS2 – had lower incorporation rates, at 32% and 22%. Integration varied by GO, and in some cases, there were gaps between actual mainstreaming and what was expected in the CSs. The *gender and diversity* CCT was widely incorporated in operations under the education GO (72%), in line with CS expectations. Gender and intercultural health issues were expected to be mainstreamed across the health GO in CS2. In practice, 60% of health operations incorporated this CCT in their objectives and

⁶¹ OVE analyzed the integration of CCTs in operations considering the inclusion of the CCTs in loan proposals and TC document’s diagnostics, objectives, activities and result indicators.

diagnostics – those that did not were primarily focused on the COVID-19 response. The *climate change and disaster risk management* CCT was the most consistently mainstreamed theme, particularly in the Climate Change, Infrastructure, and Tourism GOs, with all investment loans in these GOs incorporating the issue.⁶² In contrast, the two themes introduced in CS2 have lower levels of incorporation in comparison to CS expectations. For example, although the *institutional capacity* and rule of law CCT was expected to be central in the Fiscal and Productive areas, only 56% of operations under the Fiscal Sustainability GO integrated it. The *digital transformation* CCT, which CS2 expected to be supported by bank interventions across all areas, had the lowest integration with variation across GOs. It was higher in the fiscal GO (56%), but lower in other GOs such as productive finance and infrastructure, where only 39% and 7% of aligned operations incorporated this CCT, respectively (Annex I. IX).

V. COUNTRY PROGRAM IMPLEMENTATION

- 5.1. **This chapter examines program implementation and the extent to which it supported CS objectives and its capacity to adapt.** The program implementation is assessed starting with its annual programming, considering the effects of cancellations, reformulations, speed of disbursements, and the timing and cost of operations execution. Based on this, the main execution challenges and the actions that the IDB has taken to try to address them are identified.
- 5.2. **Annual programming significantly improved from CS1 to CS2, reflecting an enhanced dialogue with the country.** In CS1, only 33% of SG loans were anticipated in Country Program Documents (CPDs), largely due to fiscal uncertainty and the COVID-19 pandemic, which required adaptability and approval of operations that were not foreseen in the CPD. In addition, a few planned operations during CS1 —such as a PBL or an NSG hotel development loan⁶³—did not materialize, affecting objectives in tourism, trade, and citizen security. By CS2, predictability improved, demonstrating increased dialogue and coordination with the country: all SG loans and 71% of grants were foreseen in CPDs. However, technical cooperation operations remained less predictable, and only 25% of NSG loans were anticipated.
- 5.3. **About ten percent of the CP was cancelled, affecting its feasibility to contribute to the productive area (infrastructure and trade).** From the 10% of the CP that was canceled, the largest cancellation (representing 8% of the CP) corresponded to an NSG operation. This cancellation affected the CP's support of infrastructure objectives. Additionally, to a lesser extent, two of five SG INV cancellations affected support for the objectives in the tourism and trade GOs: 98% of the resources of a project aligned with tourism objectives aimed at increasing access to wastewater treatment in Placencia (BL-1015/2010) were cancelled,⁶⁴

⁶² Nearly all operations (93%) under the Climate Change and Disaster Risk Management GOO incorporated this theme in their objectives or activities, going beyond the diagnostic stage in their design

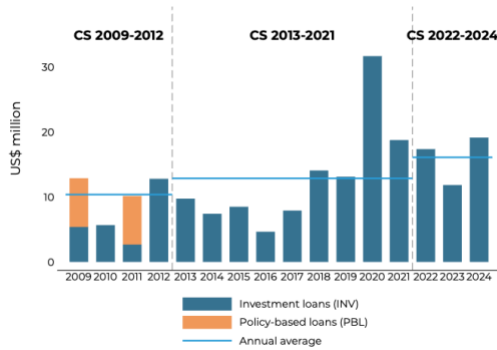
⁶³ One SG operation that was planned and not approved was a PBL (US\$15 million) seeking to support economic recovery and export diversification through digital transformation and business climate reforms that promote exports and attract foreign investment. The other operation was an INV (US\$ 10 million) seeking to contribute to the reduction of homicides and serious crimes in Belize. An NSG loan to a hotel was planned and did not materialize.

⁶⁴ The cancellation occurred in 2015 after several delays in identifying the site and strong public opposition to a wastewater treatment plant

and 26% of an agriculture service program (BL-L1009/2009) aligned with the objective of *promoting exports*, was canceled due to limitations in execution capacity. The operations affected by these cancellations had low contributions to their objectives in part because the cancellations curtailed their scope.

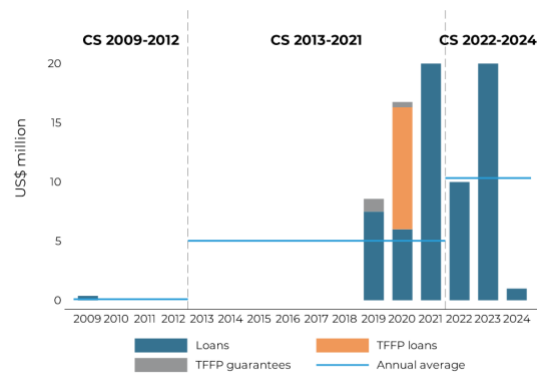
- 5.4. **Reformulations reflected the IDB’s adaptability to support Belize’s COVID-19 response, which was essential; however, they affected the CP support for long-term tourism and climate resilience objectives.** The Bank demonstrated its ability to adapt by reformulating the Sustainable Tourism Program II (BL-L1020/2015), which became the principal instrument to support the health sector’s response to the COVID-19 pandemic in Belize. Through this reformulation, 41% of the original budget (US\$6.2 million of US\$15 million) was redirected to strengthen key areas such as testing capacity, medical equipment, human resources, medical waste management, communication efforts, and vaccine deployment. While this reformulation showed the Bank’s adaptability, it also limited the CP’s feasibility to contribute to tourism diversification and climate resiliency objectives, as planned outputs such as coastal infrastructure improvements were canceled, technical studies on biodiversity and coastal resiliency studies went unused, and 34% of the originally budgeted resources for visitor facilities were redirected.
- 5.5. **SG and NSG loan disbursements grew over the period but remained below the CS projections.** SG disbursements increased from an average of US\$12.9 million in 2013-21 (CS1 + update) to US\$16.2 million during 2022-24 (CS2) (Figure 5.1). This increase is in line with higher approvals and is partly attributable to support for the COVID-19 response. While the average SG disbursements in CS1 surpassed the baseline scenario of US\$11.2 million, they remained below the CS1 high scenario of US\$21.2 million; similarly, the CS2 average fell short of the anticipated US\$23.4 million per year. Meanwhile, NSG disbursements, which were virtually nonexistent until 2018, grew significantly from 2019 onward (averaging US\$10.8 million between 2019-24), driven by senior loans for financial institutions and agricultural producers (excluding TFFP disbursements) (Figure 5.2). TFFP contributed to these disbursements in 2019-20, totaling US\$11.8 million.

Figure 5.1. SG loan disbursements



Source: OVE, with data from IDB (2025b)

Figure 5.2. NSG disbursements



Source: OVE, with data from IDB Invest (2016b, 2025b).
 Note: SG disbursement data is only validated by the Finance Department from 2017 onward.

5.6. **IDB investment loan preparation and execution times significantly improved compared to the previous period (2009-12) and are lower than the IDB average.** The average preparation and execution times for investment loans in CS2 took only 63% of the time for the average IDB loan (Table 5.1 and Annex I.VIII), and project extensions one-third of the IDB average. Improvements in execution times, which were recommended by the previous CPE (document [RE-420-1](#)), were driven by two factors. First, the Bank expanded the in-country IDB team to provide hands-on support and deliver targeted training in areas such as procurement and project management. Second, several projects during the CS2 period built on existing reforms, which allowed for smoother execution due to established relationships and institutional knowledge.⁶⁵

Table 5.1. Time and cost for project preparation and execution

	Belize			IDB (2022-24)	Country Department Central America (2022-24)
	2009-12	CS1 (2013-21)	CS2 (2021-24)		
Preparation time (months)	13	11	12	16	13
Execution time (months)	90	60	52	86	74
Project extensions (months)	42	6	8	25	16
Preparation costs in US\$ (per million approved)	22,704	22,205	30,009	6,767	7,408
Implementation costs in US\$ (per million disbursed)	54,700	53,509	90,236	24,326	24,343

Source: OVE with data from IDB (2025b).

5.7. **Preparation and implementation costs were higher than IDB averages due to Belize’s relatively lower loan sizes and the cost associated with managing cofinanced operations.** Preparation and implementation costs for Belize were significantly higher than the IDB and IDB Regional Country Department Central America (CID) averages during both CS periods. Between CS1 and CS2, these costs nearly doubled, making implementation in CS2 about 3.75 times more expensive per million US\$ disbursed than the IDB and CID averages. One reason

⁶⁵ Examples include the Education Quality Improvement Program (EQIP) I transitioning to EQIP II and the Solid Waste Management Program (SWMP) I to SWMP II.

for the high cost per dollar disbursed is the smaller loan amounts. Belize's SG loans are the smallest on average among IDB member countries, about a third of the size of those in Suriname, Barbados, and Jamaica. Regardless of the loan size, IDB operations require the same rigorous due diligence and monitoring processes. In addition, the share of costs linked to consultancies increased (from 12% in 2009-2012 to 20% in 2013-2024). Another factor explaining higher costs per dollar disbursed is the presence of significant co-financing in part of the CP. In some cases, the IDB manages the entire implementation of an operation even though it partly funds it, increasing the cost per dollar disbursed by the IDB.

- 5.8. **Execution capacity constraints, along with procurement challenges, continued to be the most important implementation bottlenecks in Belize.** About half of operations (52% of IDB operations and 50% of IDB Invest operations) encountered at least one implementation challenge. The most common challenge was limited execution capacity – among SG investment loans, 74% identified the capacities of executing agencies as the most frequent implementation challenge, it was the leading issue found in loan operations with execution delays (89% of all delayed loans identified capacity issues), and it affected 25% of IDB Invest projects. High turnover rates⁶⁶ and limited staff capacity within executing agencies (in general due to overburdened staff⁶⁷) caused delays and inefficiencies and increased the need for intensive support from the IDB, which contributed to high implementation costs. Challenges in procurement (which affected 48% of investment loans) were also linked to difficulties in finding and retaining qualified staff, as well as the country's limited number of qualified vendors and the prevalence of small projects that are unattractive to international bidders. These types of execution capacity issues have been historically problematic in Belize, as reflected in the previous ICPR and CPE, and are, in great part, structural and inherent to a small-state context. Challenges stemming from external shocks, such as COVID-19 (affecting 22% of investment loans), and project design issues were also identified.
- 5.9. **To address these implementation challenges, the IDB supported the creation of a centralized executing unit (CEU), increased country office staff, supplied training on procurement, and used TCPs to provide operational support.** The creation of the CEU (Box 5.1) aligns with the previous CPE recommendations regarding working within the country's absorptive capacities and reducing costs imposed on the country. Additionally, the Country Office doubled the number of staff and increased the number of in-country consultants (see Annex I.VIII). This was in line with the previous CPE recommendation regarding increasing in-country presence. Moreover, a procurement specialist position was created to tackle procurement bottlenecks, a "Procurement Week" was organized by the IDB to enhance knowledge of procurement processes, and the IDB offered training for

⁶⁶ The portfolio review indicated that this was related to two factors: remuneration constrained by national salary scales and short-term contracts

⁶⁷ These execution capacity challenges were often tied to a scarcity of skilled personnel in the country, leading to overburdening a few well-qualified staff members assigned with many responsibilities. In addition, according to interviews, some of the projects' scopes exceeded available financing and stretched government counterparts' capacity, particularly in complex components like demand-driven skills-based training and voucher programs

counterparts on IDB procurement policies and processes. Lastly, TCPs were extensively used to provide operational support, with the number of TCPs per loan increasing significantly.⁶⁸

Box 5.1. Belize's Central Executing Unit

A central executing unit (CEU) was established in 2020 and became operational in 2021 with the objective of managing the design, execution and monitoring of IDB-financed projects while adhering to government-defined policies and strategic planning. Acting as the central agency responsible for all administrative tasks related to IDB projects, the CEU (which operates within the Ministry of Finance) aims to enhance execution efficiency, foster synergies across projects, and ensure alignment with national public policies. The creation of the CEU was inspired by successful models of other CEUs implemented in Argentine provinces during the 1990s, which served as benchmarks. The CEU's organizational structure, comprising executive, fiduciary, and project management, allows dedicated expertise and streamlined processes, enhancing capacity and continuity and reducing staff turnover across multiple projects. The CEU is primarily funded through the project management component of various IDB-funded loan operations, with most positions covered by these funds, except for the director, who is a government-paid public official. CEU staff are hired competitively on multi-year contracts.

Initial results show promise, but challenges remain as the CEU establishes its role. Currently, the CEU manages six IDB SG projects totaling US\$58 million, about one-third of the 15 active loans (see Annex I.VII). These loans were recently approved and have low disbursement rates, making it too early to draw definitive conclusions. Nevertheless, the positive reception from the government and interest from the World Bank and the Saudi Arabia Development Fund suggest it holds promise and warrants further assessment. According to interviews, the intention is not necessarily to have all loans executed by the CEU. Rather, the idea is to focus on those that affect various ministries due to the cross-cutting nature of the operation. OVE has identified some challenges, including a lack of clarity about responsibilities for line ministries. The CEU's separation from line ministries means project managers sometimes have less leverage in expediting decision-making because they are further removed from key decision-makers. This detachment can slow the process, as the CEU often collaborates with technical staff rather than decision-makers. In addition, from the CEU's perspective, involvement in the project design phase would be beneficial for guiding projects more efficiently.

Source: OVE based on CEU proposal documents

- 5.10. **The IDB has taken steps to strengthen country systems, but their use in supporting IDB project implementation has been limited.** Despite efforts to enhance national systems, progress was partial, and the country systems' goals outlined in the CSs were not fully realized. During CS1, the use of fiduciary systems in Belize was limited to the budget and treasury subsystems, with the procurement system deemed unprepared for Bank-funded operations. Training activities and other actions were carried out to modernize procurement systems, but CS1 targets for accounting and reporting systems were not met. In CS2, accounting, audit and procurement system targets also remained unmet (Annex I.IV). The IDB supported drafting a procurement law, launching a government procurement website, digitalizing the budget process with SmartStream, and establishing an internal audit unit. Yet, it is unclear how these have supported IDB CP implementation.
- 5.11. **All recommendations from the previous OVE country evaluation were addressed to some extent, yet some continue to be relevant given that limited capacity, high implementation costs, and country vulnerabilities remain.** The 2008-12 CPE made six recommendations (see Annex I.X). Regional integration and vulnerability (recommendations 1 and 2) were partially addressed because regional integration was included in CS strategic objectives, but it was not

⁶⁸ Almost half of all TCPs (46 TCPs) were used to provide operational support. While in the previous strategy period (2008-12) the bank approved on average 0.75 TCP for each loan, this number increased to 2 TCPs for each loan in CS1 and CS2 (see Annex I.V).

operationalized through the EOs and the corresponding CP. Trade diversification was largely absent. Efforts were made to address implementation capacity and cost concerns (recs. 3 and 5) through the creation of the CEU and use of TCPs, and in-country presence (rec. 6) nearly doubled. Lastly, debt sustainability (rec. 4) was supported through increased use of grants and resource mobilization. However, reducing vulnerabilities (rec. 2) remains relevant given the country's context. Additionally, working within absorptive capacity (rec. 3) and implementation cost reduction (rec. 5) continue to be relevant given ongoing challenges and increased costs.

VI. EFFECTIVENESS AND SUSTAINABILITY

- 6.1. **This chapter provides an overview of the CP contribution to the CS objectives and the continuation of results over time.** About one-third of loan operations implemented in the 2013-2024 period were part of multi-phase programs (e.g. EQIP I and II, Sustainable Tourism Program, Salud Mesoamerica). In addition, around half of the operations that concluded during the period were legacy operations or operations approved at the beginning of CS1. Hence, there has been enough time to assess their progress.⁶⁹ However, about two-thirds of loans (especially those approved during CS2) are still executing, so the XCPE will report their contribution to date. The XCPE also examines whether the results achieved by operations have continued over time and whether the CP's design and implementation have addressed the risks related to the continuity of future results.
- 6.2. **The CP contributed more to the human capital and climate areas than to the productive, fiscal, and citizen security areas.** In the human capital area, the CP had higher contributions to improving teaching quality at the primary level (EOs 1.1 and 2.9.1) and to increasing COVID-19 immunization coverage (EO 2.10.2), but more modest contributions to improving the monitoring of education quality and increasing student enrollment in STEAM. In the climate change area, the CP had significant contributions to both improving the resilience to natural hazards and climate change in Belize City, along coastal areas, and on highways, as well as to strengthening disaster risk management. In the productive area, the CP contribution was mixed, with important contributions in infrastructure (through improvements to the George Price Highway and strengthening transport sector planning capacities via the development of a medium-term transport plan). The CP had lower contributions to tourism, trade, and productive finance and innovation. In the fiscal area, the CP made medium contributions to improving the efficiency of tax collection and strengthening fiscal institutions, but lower contributions to improving the efficiency and quality of spending and upgrading public finance management and procurement system, due to the low maturity of operations, although some outputs have been achieved. In the citizen security area, the CP contribution was low, with only two weakly aligned TCPs and no evidence regarding their contribution. In total, the program had a high contribution to 1 SO, a medium contribution to 11, and a low contribution to 7 SOs (Table 6.1).

⁶⁹ Per the Country Product Protocol, OVE does not seek to demonstrate causal *attribution* of the observed outcomes to the program, but rather to examine the program's *contribution* to objectives. See Annex II

Table 6.1. Country Program contribution to SOs and EOs

GO	SO	Contri- bution	Contribution to EOs ● = High ● = Middle ● = Low
Human capital area			
GO 1 Education	SO 1.1 Improve governance and quality of education relative to investment in the sector	High	●●
	SO 2.9 Support closing the skills gap	Medium	●●●
GO 2 Health	SO 2.10 Improve the provision of basic health services	Medium	●●
Productive area			
GO 3 Tourism	SO 1.2 Increase overnight visitor demand and expenditures in a sustainable manner	Low	●●●
	SO 1.3 Improve tourism sector stakeholder coordination and quality management	Low	●
	SO 2.5. Support the reactivation of key economic sectors through the continued provision of services, improving their resilience to natural hazards and climate change*	Medium	●●●
GO 4 Infrastructure	SO 1.4 Improve Road infrastructure to facilitate trade and integration and access to emerging tourist destinations	Medium	●
	SO 1.5 Strengthen sector planning capacity	Medium	●
	SO 2.5 Support the reactivation of key economic sectors through the continued provision of services, improving their resilience to natural hazards and climate change*	Medium	●
GO 5 Productive finance and innovation	SO 2.6 Enhance access to finance and financial inclusion for firms, especially MSMEs with a gender and diversity lens favoring climate change and adaptation	Medium	●●●
	SO 2.7 Promote digital transformation and innovation among firms	Low	●●
GO 6 Trade	SO 1.6 Foster export-led growth and greater trade integration by strengthening the economic efficiency and simplicity of the tax system and reducing non-tax barriers	Medium	●●
	SO 2.8 Improve connectivity with regional and global markets, promote exports, facilitate investments and trade	Low	●
Fiscal Sustainability and Management Area			
GO 7 Fiscal sustainability and public financial management	SO 2.1 Improve the efficiency and quality of public spending	Low	●
	SO 2.2 Upgrade public financial management and procurement systems	Low	●
	SO 2.3 Improve the efficiency of tax collection	Medium	●
	SO 2.4 Promote fiscal discipline with strong fiscal institutions	Medium	●
Climate change and disaster risk management area			
GO 8 Climate change and disaster risk management	SO 1.7 Improve resilience to natural hazards and climate change in Belize City and along coastal areas	Medium	●
	SO 1.8 Improve disaster risk management at the country level	Medium	●
Citizen security area			
GO 9 Citizen security	SO 1.9 Increase access to targeted crime and violence prevention programs for youth	Low	●

Source: OVE.

Note: Each colored circle represents an EO.

- 6.3. **The CP higher contributions were associated with three factors: the adequacy of the scope and maturity of operations in relationship with the objectives it supported, the leveraging of the established presence and experience of the IDB Group, and the ability to coordinate, sequence, test, or scale up interventions based on evidence.** In areas where the IDB Group helped achieve significant progress towards the SOs (see Table 6.1 and Annex II), the CP had a scope consistent with the ambition of the CS objectives. For instance, in *education* (GO 1), the CP broad scope supported training for teachers in 100% of primary schools through EQIP I and EQIP II operations. CP contribution was higher when there was an established presence, long-term support, and experience, as in the case of the *education*, *health*, and *climate* GOs. Although health was a new objective introduced in CS2, it benefited from the IDB's experience and previous work done during the first two phases of the Salud Mesoamerica Initiative. This allowed the IDB to build upon previous stages of the program to consolidate results and enhance the health system's capacity for maternal and infant care. The education and health CP also included a series of interconnected investment loans, grants, and TCP that built upon one another, expanding or scaling up subsequent operations based on evidence of proven achieved results (see Box 6.1 and Annex III).

Box 6.1. Education: an example of high contribution

In education, interventions were piloted through TCP or smaller-scale operations, which were evaluated for their effectiveness in the Belizean context and then scaled up or transferred the lessons for the approval of new operations. The results of a pilot TC (BL-T1049) were used for the development of a first loan (EQIP I) in CS1, which had positive impact evaluation results regarding the quality of teaching. One key lesson from EQIP I was that simply changing the pedagogy—without increasing instructional time—can significantly boost learning outcomes. These positive results were then used to roll out training programs to the rest of the primary school teachers with a second loan operation (EQIP II). This allowed the CP to have an adequate scope to contribute to the educational quality objectives and to focus on interventions with proven positive results.

Source: OVE based on portfolio review and interviews with counterparts.

- 6.4. **Lower contributions were associated with five factors: weak alignment, low program maturity, implementation problems, effects of external shocks, and lack of evidence.** Several of these factors were evident in each area, although weak alignment, low maturity and implementation problems were the most prominent ones (Table 6.2). First, the lack of approved operations in the CP, or operations with insufficient scope or focus (weak alignment), limited the CP's capacity to contribute to objectives in the productive, fiscal, and citizen security areas. For instance, the CP did not include operations with adequate scope or focus for reducing trade barriers, improving tourism stakeholder coordination, and reducing crime. Second, low program maturity particularly affected objectives introduced in CS2. Third, implementation problems affected the CP contribution to productive area objectives, prompting delays and cancellations. For example, the Sustainable Tourism Program (BL-L1020) faced delays due to staffing gaps and technical capacities, complex design, and COVID-19, leading to a two-year extension; the Agricultural Services Program (BL-1009) faced capacity issues, resulting in the cancellation of a component and reduced progress on trade goals; and the George Price Highway operations faced initially design issues that led to delays. Fourth, external shocks, including natural disasters and the COVID-19 pandemic, affected the contribution to objectives in the productive, human capital,

and climate change areas. For instance, a severe drought in 2019 reduced sugarcane supply, preventing an NSG project from meeting its export targets, and the George Price Highway Project was affected by two hurricanes that led to road flooding in unexpected areas. Lastly, contributions were in some cases negatively affected by lack of evidence (e.g., the impact evaluation on the quality of secondary school education was not yet available at the moment this XCPE was conducted).

Table 6.2. Main factors affecting the program’s contribution

GOs	Weak alignment	Low maturity	Implementation problems	Lack of evidence	Effects of external shocks
Human capital area					
GO 1 Education		✓		✓	
GO 2 Health		✓			✓
Productive area					
GO 3 Tourism	✓		✓		✓
GO 4 Infrastructure		✓	✓	✓	
GO 5 Productive finance and innovation	✓	✓	✓		
GO 6 Trade	✓	✓	✓		✓
Fiscal sustainability and management area					
GO 7 Fiscal sustainability	✓	✓	✓		
Climate change and disaster risk management area					
GO 8 Climate change and disaster risk management			✓		✓
Citizen security area					
GO 9 Citizen security	✓				✓

Source: OVE.

Note: The analysis was conducted for each EO, and the data were then aggregated by the GO. Therefore, the presence of a factor may only apply to one of the EOs and not to all objectives under the GO.

6.5. **Overall, the results achieved have continued over time, mainly supported by institutionalization mechanisms and capacity strengthening, although sustainability risks remain, especially in infrastructure and tourism.** Most results have continued over time (in six of the eight GOs with results). In productive finance and innovation, and fiscal sustainability, it is too early to assess continuation. In most other GOs, results have continued because the improvements introduced by IDB projects have been institutionalized, for example, through systems and organizational changes (creation of units). This occurred in education, health, and infrastructure. Other factors that have facilitated the continuation of results are the allocation of resources and mechanisms for the maintenance of infrastructure (e.g., George Price Highway), capacity-strengthening (education, health, trade, and fiscal), and through sequencing or continuation through new IDB-approved operations (education, health, and access to finance). Sustainability challenges remain in most GOs, but are most prominent in infrastructure and tourism. They are linked to maintenance and funding risks (e.g., solid waste management, infrastructure, and STEAM labs maintenance), institutional capacity gaps (e.g., high-turnover and continuity of teacher training programs), regulatory and policy uncertainties (e.g., pending cost recovery mechanisms for solid waste management), climate resilience concerns (e.g., road infrastructure and unmitigated risks in coastal protection), and project scope reductions due to budget reallocations.

A. Human capital area

GO 1 Education

- 6.6. **The CP had high and medium contributions in education, with a substantial contribution to improving teaching quality.** The CP has notably contributed to *improving the governance and quality of education* (SO 1.1) and *supporting the closing of skills gaps* (SO 2.9), particularly by enhancing the quality of teaching at the primary level. A substantial impact on primary education quality was achieved through several interconnected loan, grant, and TC operations, such as EQIP I and II, which focused on teacher training in the Inquiry and Problem-based Pedagogy (IPP) approach. These initiatives, which aimed to cover 100% of primary schools, resulted in more teachers attaining at least a B grade in content tests, improved pedagogical indices, and better student performance in math and science. These learning gains are relatively high in comparison with science programs in other countries (Bando, Naslund-Hadley & Gertler, 2018). At the secondary level, there has been progress in meeting output and outcome targets, including an increase in the number of students taught by trained teachers, although final evaluations on teaching quality and student outcomes are still pending. In terms of *improving education governance* (SO 1.1), the CP contributed to improving the monitoring of education quality through the development and launch of the Belize Education Management Information System (BEMIS). The BEMIS is a centralized platform for collecting, analyzing, and managing data on student enrollment and resource allocation across schools nationwide. This led to a higher proportion of schools publishing their supervision reports online. The BEMIS reports quality indicators for students (graduation, drop-out, class repetition, survival by grade, and pass rates), teachers (achieved and in-service training), and schools (facility availability and functionality, textbooks, and education technology access). Regarding *closing skills gaps* (SO 2.9), the EQIP II project contributed to increasing enrollment in the STEAM field with the establishment of the first STEAM Lab School (SLS) in 2023, which enrolled 232 students over its first two years. This initiative demonstrated the feasibility of STEAM-dedicated schools in Belize, paving the way for expansion through the approval of a newly approved Skills for the Future loan with the IDB (BL-L1044).
- 6.7. **Education operations have mechanisms to ensure the continuity of results, though concerns remain about the continuation of teaching quality outcomes and STEAM Lab maintenance.** EQIP I established a national training system that remains post-project, and during the project implementation, it trained 32 national teacher coaches for professional development and to support continuous coaching. Recognizing the need for ongoing teacher training, EQIP I also trained both pre-service and in-service teachers. However, instructor turnover and lack of refresher courses may threaten sustainability. For BEMIS, EQIP I trained Ministry of Education professionals, including continuous on-the-job training. The implementation of the BEMIS also prompted the creation of the Belize Education Management Information System Unit within the Ministry of Education, now embedded in the Education Act. Regarding enrollment in STEAM, the SLS requires an annual maintenance budget, and the loan contract includes the Government of Belize's commitment to maintaining the equipment and infrastructure once the project closes. However, the absence of a maintenance plan, concerns about curriculum development for the final two years of high school at the SLS, understaffing, and difficulties in finding qualified teachers to fill open

positions at the SLS pose challenges to sustainability. The new Skills for the Future loan aims to expand STEAM enrollment by establishing similar lab schools in other districts.

GO 2 Health

- 6.8. **The CP had a medium contribution to health objectives by strengthening healthcare services capacity and supporting COVID-19 immunization efforts.** Although with a narrower focus, regional initiatives that began before CS2 included the objective of *improving the provision of basic health services*, and have contributed to strengthening capacities and improving outcomes in certain areas of the health system (maternal and infant care and malaria eradication). The Mesoamerican Health Initiative (SMI) series in Belize, initiated in 2011, comprised three result-based financing grants (BL-G1001/2011, BL-G1002/2014, BL-G1003/2018) that supported the enhancement of maternal and infant health services focused on some of the poorest areas of the country (Corozal, Cayo and Orange Walk). Key achievements include the establishment of a quality improvement system in hospitals and at the ministry level, and the implementation of monitoring tools. These interventions contributed to reducing obstetric complications and improving postpartum and newborn care, and maternal and neonatal mortality substantially decreased. A new loan approved in 2024 has the potential to more broadly contribute to enhancing health system capacities, but it is still in its early implementation stages.⁷⁰ Additionally, the Regional Malaria Eradication Initiative (RMEI) (BL-G1004/2019) supported Belize's efforts to eradicate malaria, and Belize was declared malaria-free by the WHO in 2023. Activities financed by the grant contributed to strengthening vector-borne disease diagnosis, surveillance, and control processes. In response to the COVID-19 pandemic, two operations (BL-L1036/2021 and the reformulated BL-L1020/2015⁷¹) were implemented to strengthen the health system's capacity to manage the crisis. These operations financed medical equipment, improved basic services in health facilities (such as oxygen lines and the establishment of 12 acute healthcare facilities with triage capacity for COVID-19), equipped laboratories, supported the construction of temporary hospital facilities, and enabled the hiring and training of healthcare staff. These operations and associated TCP facilitated COVID-19 immunization coverage (EO 2.10.2) through the support of equipment and personnel, the elaboration of the vaccination deployment plan, and a communication campaign. Although the BL-U0001/2021 guarantee was not used, it enabled Belize to access the COVAX facility. IDB funded vaccination logistics and the purchase of 79,500 vaccine doses, helping achieve full vaccination for nearly 20% of the population.
- 6.9. **The institutionalization of processes and new operations have supported the continuity of the results achieved regarding enhancing the health system's capacity.** The optimization of processes and capacity building implemented by regional operations (SMI and malaria control), remain effective, sustaining the achieved outcomes. Additionally, a new loan (BL-L1048/2024) and its associated TCP, include activities that build upon and consolidate the results of these regional

⁷⁰ BL-L1048/2024 (Improving efficiency, quality, and access in Belize's Health System) with an approved amount of US\$14 million.

⁷¹ The original BL-L1020/2015 project focused on tourism but was reformulated to reallocate US\$6.2 million to the COVID-19 program.

operations. Specifically, the loan seeks to finance the expansion of the Quality Improvement System framework to other healthcare services. Interventions originally designed to address the COVID-19 pandemic emergency have also continued beyond the immediate emergency response (e.g. 93 nurses initially hired on a temporary basis have been permanently integrated to support routine care, and cold chain equipment procured for vaccine storage continues to be used for storing other medical supplies). However, some challenges persist in the use and maintenance of equipment. For instance, waste management units installed in hospitals (autoclaves) to support safer medical waste disposal remained non-operational until the end of 2024 due to the pending procurement of essential supplies required to enable their functionality and due to delays in official arrangements with the waste management authorities.

B. Productive area

GO 3 Tourism

- 6.10. **The CP contributed to tourism, particularly by improving solid waste management and supporting tourism infrastructure, though its contributions to tourism diversification, visitor expenditures, and stakeholder coordination were limited.** Through the SWMP I and II operations, the CP contributed to improving *solid waste management in tourism areas* (EO 1.2.3 and EO 2.5.3), delivering important outputs such as Belize's first sanitary landfill, the closure of open dumpsites, and the construction of transfer stations, thus enhancing environmental sustainability and the appeal of tourism destinations. *Tourism infrastructure development* (EO 2.5.2) was supported by the Climate Vulnerability Reduction Program, which implemented coastal resilience measures in Caye Caulker and Goff's Caye, and by the Sustainable Tourism Program II (STP II), which upgraded visitor facilities at archaeological sites⁷² and natural reserves. The reallocation of 41% of STP II resources to the COVID-19 response, which was very much needed at the time of the emergency, limited its scope and contribution.⁷³ BL-G1007/2022 piloted water disinfection equipment in Caye Caulker,⁷⁴ improving water safety, taste, and pressure, while informing the design of another loan operation in the WASA sector with a focus on tourism areas (BL-L1043/2023, Water Disinfection Program for Belize), and two TCP conducted feasibility studies to identify wastewater solutions for Caye Caulker and policy design through the creation of a Sustainable Master Plan for Ambergris Caye.⁷⁵ Matching grants to 61 SMEs under the STP II helped low-income entrepreneurs adapt to the COVID-19 pandemic, but 34 projects remained incomplete at the project's closure. The CP's contributions to *diversification and increasing visitor demand and expenditures* (EO 1.2.1, EO 2.5.1 and EO 1.2.2) were constrained by

⁷² Five visitor centers were constructed at archaeological sites: Caracol, Santa Rita, Cerros, Rio Frio Caves, and Nim Li Punit.

⁷³ The 2020 reformulation of the loan reallocated 41% of the original resources to support the COVID-19 response, reducing the project's scope. Funding for visitor facilities in archaeological and protected areas was cut by 65.2%, coastal resilience infrastructure was canceled, and vulnerability and risk assessments budgets were reduced.

⁷⁴ BL-G1007/2022 also focused on the villages of San Marcos and Crooked Tree in the Cayo and Belize districts, respectively.

⁷⁵ In addition, the sewer and wastewater master plan for Belize was developed with funding from the Korean Fund and technical support from the IDB. The plan seeks to enhance Belize's sewer and wastewater management systems in key urban municipalities.

COVID-19 pandemic disruptions to tourism and implementation challenges of the main tourism-focused operation (STP II). However, the CP supported diversification by constructing five visitor centers at archaeological sites and one natural reserve in emerging destinations, as well as implementing resilient infrastructure to protect two beaches in Caye Caulker and Goff's Caye.⁷⁶ Additionally, it provided 61 matching grants to low-income entrepreneurs, helping businesses adapt to the pandemic by improving safety protocols and transitioning to digital platforms.⁷⁷ Lastly, the CP's efforts to *improve stakeholder coordination and tourism quality management* (SO 1.3) were insufficient, with only one TC partially addressing this objective.

- 6.11. **Tourism operations implemented sustainability measures, though risks remain in the implementation of cost recovery mechanisms for solid waste management.** Solid waste management results, such as households with access to safe solid waste management and safe waste disposal in tourism areas, have continued and expanded with the SWMP II. Although IDB operations have developed studies on cost recovery mechanisms to cover operational expenses, the Government of Belize has yet to decide on implementing the proposed measures, which are critical for ensuring the sustainability of the infrastructure and the operation of the broader waste management system. Additionally, despite efforts to expand landfill capacity, the landfill's lifespan remains threatened without improvements in waste recycling and separation. An upcoming operation aims to enhance waste management with an emphasis on Caye Caulker, while also covering other tourist areas across Belize, focusing on improving waste separation and engaging the private sector to boost efficiency.⁷⁸ Improvements to the coastal infrastructure in tourist areas, which were achieved through the Climate Vulnerability Reduction Program, have been maintained. Although recently completed, Caye Caulker's beach area has not only been preserved but also expanded through mangrove restoration, and Goff's Caye continues to be maintained as a key tourism destination.⁷⁹

GO 4 Infrastructure

- 6.12. **The CP had a medium contribution in infrastructure, through upgrading road infrastructure, implementing flood mitigation measures, and supporting the development of the Transport Master Plan and the tourism sector with infrastructure projects.** Regarding *improving road infrastructure to facilitate trade and integration and access to emerging tourist destinations* (SO 1.4), the IDB implemented two INV and three TCPs⁸⁰ focused on the design of the rehabilitation of 31.2 km of George Price Highway (GPH) connecting Belmopan to the

⁷⁶ The STP II financed visitor centers at Caracol, Santa Rita, Cerros, Rio Frio Caves, and Nim Li Punit, as well as improvements to Corozal Bay.

⁷⁷ However, STP II, the main tourism-specific project, failed to meet its visitor expenditure targets due to execution challenges, including limited technical capacity, staffing shortages, project complexity, and delays, which led to a two-year extension and reformulation. Moreover, the COVID-19 pandemic impacted tourism, disrupting project implementation and causing a sharp decline in tourism activity, further preventing the achievement of its targets.

⁷⁸ The operation (BL-G1010/2025), currently in its design phase, is expected to be approved in 2025 and to be financed by an upcoming US\$7.25 million grant from the Global Environment Facility (GEF).

⁷⁹ According to interviews with the Caye Caulker Village Council and the Coastal Zone Management Authority and Institute of Belize.

⁸⁰ BL-L1019/2014, BL-T1063/2013, BL-T1066/2014, and BL-L1029/2018.

Guatemalan border, a bridge in Belmopan, and the inclusion of safety elements. The operations resulted in a 55% reduction in fatalities and a significant decline in vehicle operating costs. However, vehicle travel time increased on GPH due to the safety measures and an increase in traffic. Additionally, a flood mitigation project (BL-L1013/2011) in the Belama neighborhood of Belize City helped to reduce flood levels by 74% after the improvement of canals (3.5 km), roadside drains (10.4 km), and the urban street drainage system. Yet, the ability to determine the effectiveness of the operation was hindered due to the lack of information on improvements in flood duration.⁸¹ The IDB also contributed to *strengthening sector planning capacity* (SO 1.5) by supporting the drafting of the Transport Master Plan. This plan, which was approved by Belizean authorities in 2018, details short-, medium-, and long-term institutional and infrastructure investments to support the country's economic growth. Lastly, the CP also contributed to *strengthening of quality and resilient infrastructure* (EO 2.5.2) mainly through the rehabilitation of the GPH and infrastructure operations supporting the tourism sector (coastal protection infrastructure in Caye Caulker and Goff's Caye, and the construction of five visitor centers at archaeological sites). In addition, the CP contributed to the *strengthening of quality and resilient infrastructure* by installing a pump station that helps remove floodwater from the center of Belize City. However, the largest NSG loan in the CP in support of Belize's energy utility company to implement smart grid solutions and finance distribution and transmission equipment was canceled and hence did not contribute to enhancing infrastructure. Two water and sanitation infrastructure operations (BL-L1043/2023 and BL-L1045/2023) and the Sustainable and Inclusive Urban Development Program (BL-L1046/2024) are still in the early implementation stages and have not yet achieved results to contribute to the objectives. Moreover, while the water projects were aligned with the reformulated broader infrastructure EO (provision of quality and resilient infrastructure is strengthened), there is a less clear connection between their contribution and the objective to support the reactivation of key economic sectors and with Belize's key development needs.⁸²

- 6.13. **Infrastructure operations incorporated sustainability mechanisms, such as maintenance and financial plans; however, an older project shows that, in the long term, these mechanisms do not always work as expected.** To support the sustainability of the GPH, the project included a two-year maintenance contract with phased cost-sharing by the GoB, a dedicated Road Maintenance Fund, and a requirement for annual maintenance reports to the IDB for five years. Similar measures in past projects—BL-L1028/2017 and BL-L1013/2011—show mixed results. Despite initial investments and systems to support road and drainage maintenance, eight years after the project closed, the project faces sustainability issues as flooding in the area is frequent, and the gravel roads require constant resurfacing. According to PCR and the project engineers, these deficiencies arose due to poor practices of residents, uncontrolled urban growth in the area, and the drenching of the canal outside of the scope of the project, which has led to soil erosion and, consequently, the deterioration of the road and its drainage system.

⁸¹ According to the PCR, indicators to measure improvements in long-term capacities of the drains, canals, and institutional strengthening directly related to the operations were inadequate for measuring progress.

⁸² Growth diagnostic studies did not identify these as key constraints. An upcoming operation (BL-L1051/2025), expected to be approved in October 2025 and cofinanced by GEF, will support sewer and wastewater treatment in Caye Caulker and has a clear connection with the objective to support the reactivation of key economic sectors (as its goal is to improve coastal water quality and support tourism).

The tourism project's PCR (BL-L1020) also raised concerns about infrastructure sustainability due to misalignment with actual demand, affecting the underuse and maintenance risks.

GO 5 Productive finance and innovation

- 6.14. **The CP had a medium contribution to enhancing access to finance, focusing on MSMEs.** The CP has moderately contributed to *reducing the number of firms that consider access to finance a major constraint* (EO 2.6.1), mainly through an IDB Invest senior loan that helped expand the volume and improve lending conditions for MSMEs of one of Belize's major financial institutions. Other operations aligned with this objective were either recently approved or faced implementation issues related to institutional capacities and a slower-than-expected recovery after the COVID-19 pandemic, which affected the achievement of results in the period (BL-L1037/2021 Global Credit Program with the Development Finance Corporation-DFC). With the support of BL-T1144/2022, which helped address some of DFC's institutional capacity limitations, the DFC's global credit program has made some progress in *improving access to finance for women-led SMEs* (EO 2.6.2) by increasing financing for women-led MSMEs in the productive sector. DFC's financing for women-led MSMEs increased with the support of the program, with working capital financing and production-oriented financing nearing the 2025 targets of \$0.75 million and \$3 million, respectively. However, the assessment of progress towards *improving access to climate change adaptation and mitigation financing* (EO 2.6.3) was negatively affected by insufficient evidence, implementation challenges (including weak demand for green finance products), and the early stages of some operations. While the (BL-L1037/2021) experienced a slower-than-anticipated execution pace in its initial phase, which led to the approval of an extension of the disbursement period, it achieved full disbursement in 2025⁸³. While results related to enhancing access to finance correspond to operations that are still being disbursed (and therefore it is too early to assess continuation of results), a series of operations (senior loans and ADV) were approved for a large private financial institution to continue increasing access to credit, and TCPs have supported the DFC's institutional capacity and digital tools so it can continue to increase credit to MSMEs.⁸⁴
- 6.15. **The CP had a low contribution to promoting digital transformation and innovation among firms due to its limited scope, implementation challenges, and the low maturity of operations focused on improving firms' digital adoption.** The CP's contribution to *promoting digital transformation and innovation among firms* (SO 2.7) was low, primarily due to weak alignment with *increasing innovation among firms* and the low maturity of operations. While one loan (BL-L1042/2023) was strongly aligned, it was in the early implementation stages, and other operations were either weakly aligned or in early execution stages, with limited outputs. Yet, a notable achievement by a TCP (BL-T1119/2019) was the design of an Innovation Roadmap, which was referenced by two national strategies approved in 2022: the National Digital Agenda and the MSME Strategy. Moreover, the CP made a low contribution to increasing *digital adoption among firms* (EO

⁸³ Data from the project's January-June 2025 monitoring report (PMR) indicate progress in access to finance for climate change and mitigation outputs, nearing its target.

⁸⁴ The use of technical assistance reflects lessons learnt from CS1, which highlighted the need for upstream support to strengthen private sector interventions, given clients' limited experience working with development banks.

2.7.1) primarily due to implementation challenges (procurement processes that resulted in delays and outputs not achieved as planned) faced by the only operation that was strongly aligned with this objective (BL-L1039/2022). Other operations were weakly aligned, completed limited outputs, lacked information, or were in the early stages.

GO 6 Trade

- 6.16. **The CP contributed to trade by promoting faster growth of exports and the simplification of the indirect taxation system, but faced challenges in reducing trade barriers and developing a Single Investment Window for FDI.** The CP contributed to *fostering export-led growth and trade integration by strengthening the economic efficiency and simplicity of the tax system* (part of SO 1.6), through a loan operation (BL-L1031/2019) and associated TCP that supported the consolidation of tax departments and streamlined processes, facilitating easier tax processing for exporters. Data from the newly created tax agency shows that the tax department is now working more efficiently and allows for online processing, which may reduce the administrative burden for exporters. However, the contributions were limited to one aspect of EO 1.6.2 because the CP had no operations aligned with reducing trade taxation or non-tax barriers. Additionally, the CP had a more limited contribution to the expected outcome regarding the *Single Investment Window (SIW) for key FDI sectors* (EO 2.8.1) because it had insufficient maturity to contribute to the objective. The CP made moderate contributions to *promoting the growth of exports (EO 1.6.1 in CS1 and SO 2.8 in CS2)* through private sector loans focused on agribusiness. IDB Invest operations supported the sugar industry (still in implementation) and a food and beverage company to increase their exports by expanding their production and export capacity, as well as reducing logistics costs (e.g., by upgrading storage capacities and expanding capacities at the Port of Big Creek), which have increased their ability to export. In general, the CP contribution was limited because operations such as the blue economy loan fell short of contributing to the objectives due to low maturity, operations aimed at strengthening the quality and safety of agricultural products did not meet targets due to implementation issues, and the Trade Finance Facilitation Program (TFFP) line was only used for imports. Upgrades to road infrastructure had the potential to indirectly improve trade because the road between the Guatemalan border and the capital Belmopan was upgraded through two loans (BL-L1019/2014 & BL-L1029/2018), though the contribution is unclear given that travel times increased after the road was finished, and there is no evidence on its effects on trade.
- 6.17. **Trade operations have incorporated mechanisms to ensure the continuity of results, particularly through strengthening export supply chains, improving corporate governance, capacity development, and supporting the harmonization of tax systems.** NSG operations have incorporated several measures to ensure sustainability, such as advisory services to enhance sugarcane farmer productivity by capacity building on agricultural technologies and improving their access to credit, expanded shipping and storage capacity to mitigate transport costs, and formalized governance structures to address corporate governance and supply chain risks for the NSG clients in the agro-industry. Yet, considering that support for exports was in traditional agro-industries (including sugar), the continuation of results is still vulnerable to external shocks (performance of trade partners, commodity prices, and natural disasters). Several

measures were also implemented as part of the tax reform project to ensure the sustainability of a more simplified and streamlined indirect taxation system. The measures included a permanent capacity-building training program, contractual clauses for long-term IT system maintenance, and harmonizing information between key government systems—like tax and customs—to help ensure the long-term sustainability of the tax system by improving coordination, reducing duplication of efforts, and enabling more accurate and efficient data sharing. Moreover, a recently approved TC (BL-T1178/2024) aims to foster a user-friendly experience for taxpayers, increase government transparency, and optimize data management of the new tax administration bureau.

C. Fiscal sustainability and management area

GO 7 Fiscal sustainability and public financial management

- 6.18. **The CP contributed to fiscal sustainability and public financial management by supporting improvements in the efficiency of tax collection and the strengthening of fiscal institutions.** The most important contributions to fiscal sustainability were related to *improving the efficiency of tax collection* (SO 2.3)⁸⁵ and *strengthening fiscal institutions* (SO 2.4) mainly through the Strengthening of Tax Administration loan (BL-L1031/2019) and a TCP supporting the strengthening of public expenditure management (BL-T1142/2021). These operations supported the consolidation of two domestic tax departments (income and general sales tax), which marked a pivotal step in modernizing Belize’s tax administration as it enabled the cross-referencing of tax information, helping reduce inconsistencies and duplication of efforts, as well as simplifying the process of tax filing and payment. The loan also supported the implementation of various modules of the new Integrated Tax Administration System. According to tax authorities (January 2025), with the support of BL-L1031, operational efficiency has improved: administrative costs reduced to 1.46% of tax collections,⁸⁶ further than its target (2.09%), and electronic tax payments reached 85%, also surpassing the target (56%). Moreover, BL-L1031/2019 and a TCP have contributed to *promoting fiscal discipline with strong fiscal institutions* (SO 2.4) by strengthening the governance and operational processes of the tax authority, training more than one thousand government employees to increase the efficiency of tax collection, delivering two workshops for the dissemination of the Medium-Term Fiscal Framework (MTFF) activities (support strengthening the macro-fiscal framework), and by financing a consultancy to strengthen debt recovery procedures.
- 6.19. **However, the CP’s contribution to upgrading public financial management and procurement systems and improving the efficiency and quality of public spending was low.** For upgrading public financial management and procurement systems (SO 2.2), two TCPs (BL-T1101 and BL-T1142) completed outputs to support the reform and modernization of Belize’s legal and regulatory framework for the procurement of goods (including a draft public procurement legislation and an electronic government procurement strategy). Yet, these reforms are still

⁸⁵ The CP contributed to the SO of *improving the efficiency of tax collection* (SO 2.3), but not through EO tax base is broadened (EO 2.4.1). As mentioned above, the CS design had weaknesses in the theory of change, which implied in this case that although the CP contributed to improving the efficiency of tax collection, there is no evidence regarding its contribution to broadening the tax base.

⁸⁶ This is the most recent available value covering the 6-month period of January-June 2024. The latest figure for a full year is for 2023 which is 1.86% and still better than the target.

pending approval. In addition, the CP had a limited contribution to improving the efficiency and quality of public spending (SO 2.1) due to the low maturity of the only investment loan (BL-L1038/2021) aligned with these objectives, which is expected to be completed in 2027 and faced implementation delays associated with procurement processes (lack of bidders). Progress supported by the project to date includes the creation of a government data center, the development of a budget classification document, and a Chart of Accounts (COA) to enable asset registration and tracking of climate change and gender-related expenditures. Some outputs have been financed by the supporting TCP (BL-T1142/2021), such as strengthening fiscal analysis and planning capacities through compiling and reviewing historical fiscal data, which contributed to the strengthening of the MTF for Belize. There is, however, no evidence yet of improvements in the efficiency of public spending.

- 6.20. **Fiscal operations have incorporated sustainability measures to ensure the continuity of results, though it is early to assess the continuation of results achieved regarding tax efficiency.** Several measures were implemented to ensure the sustainability of improved efficiency of tax collection and to have strong fiscal institutions. The measures included capacity building and maintenance clauses for system maintenance, as well as interoperability with key government systems such as customs. Moreover, continuous use of the budgetary tracking system for natural disasters, implemented through a TCP (BL-T1118/2020), is incentivized through the CCF (BL-O0005), which is available for up to 10 years.

D. Climate change and disaster risk management area

GO 8. Climate Change and Disaster Risk Management

- 6.21. **The CP had medium contributions to improving Disaster Risk Management (DRM) and the resilience to natural hazards along coastal areas.** The Climate Vulnerability Reduction Program (BL-L1028/2017 with the support of BL-T1098/2017) developed a climate risk information system and communication strategy, and studies that contributed to improvements in the Index of Governance and Public Policy Disaster Risk Management's (iGOPP's) financial protection and risk identification components, thus contributing to *improving disaster risk management at the country level* (SO 1.8). Although the CCF line (BL-O0005/2019) has not been used, it has contributed to strengthening Belize's financial and institutional capacity for DRM through its conditions and TC support. Moreover, the development of a Comprehensive Natural Disaster Risk Management Program (CNDRMP), supported by BL-T1118/2020, facilitated key advancements such as the creation of a contingency fund for public emergencies in 2023. In addition, BL-T1118/2020 supported the development of a tracking system for monitoring disaster response expenditures. Both achievements are also associated with improvements in the iGOPP's index. The CP also contributed to *improving resilience to natural hazards and climate change in Belize City and along coastal areas* (SO 1.7) mainly through the Climate Vulnerability Program (BL-L1028/2017) which supported the reduction of Belize's climate vulnerability by implementing climate-resilient measures in Belize City and Caye Caulker, which could potentially reduce by more than 2,300 the number of people directly affected by flooding in the future. However, the CP's contribution was hindered by weak execution capacities and shifting priorities due to the COVID-19 pandemic. Although two TCPs completed the review and mapping of biodiversity and coastal

resiliency data, the planned coastal infrastructure outputs, which were planned to be completed with BL-L1020/2015, were canceled due to the loan's reformulation to redirect funds needed for the COVID-19 response.

- 6.22. **DRM results continue to date, but the cancellation of key coastal infrastructure outputs, a lack of tourism demand studies, maintenance risks, and the dispersion of the projects represent sustainability risks to the resilience of tourism infrastructure.** Regarding DRM, the climate risk information system, which was a key achievement, continues to operate. Moreover, the implementation of the CNDRMP was achieved as a requirement for eligibility under the CCF line. Even though the line has not yet been used, its establishment continues to contribute by providing a transparent and structured financial mechanism for disaster response, improving Belize's governance and financial capacity for DRM. Results regarding *improving resilience to natural hazards*, mainly through the Climate Vulnerability Reduction Program (BL-L1028), have been sustained,⁸⁷ with Caye Caulker's beach expansion due to mangrove restoration, the works consolidating Goff's Caye as a key tourist area, and the structural design and breakwater of the pumping station in Belize City. Moreover, the Belize City Council has established a Pump Station Maintenance Unit, which supports the continuation of results. Nonetheless, according to the BL-L1020 PCR, the tourism infrastructure built under STP II faces risks due to the 2020 reformulation (which reduced budgets for planned coastal infrastructure improvements, such as sidewalks at Cerros Maya), and due to the dispersion of the works across the country, the lack of tourism demand studies for the intervention sites, and the lack of consideration of other maintenance risks.

E. Citizen security area

GO 9 Citizen security

- 6.23. **The CP's contribution to citizen security was low, with only two technical cooperation operations weakly aligned.**⁸⁸ One TCP (BL-T1082/2016) aimed to support the preparation of the Community Action for Public Safety II program (CAPS II) after promising results from the CAPS I program (Box 6.2). This TCP completed a gang assessment and legal aid feasibility study. Despite being in an advanced project design stage, CAPS II was ultimately not submitted for IDB Board approval due to shifting priorities (changes in government authorities and replacement of CAPS II for a project to support the COVID-19 response). As a result, the CP's contribution to *increasing access to targeted crime and violence prevention programs for youth* was low. The only other citizen security-related operation was a TCP (BL-T1119/2016) supporting social innovation initiatives on crime, but there is no evidence of its contribution to reducing crime.

⁸⁷ Results achieved through the Climate Vulnerability Program that contributed to reducing flooding in Belize City and Caye Caulker have remained since 2023.

⁸⁸ The citizen security strategic objective was only present in the CS1 update during 2020 and 2021. Therefore, only operations active during this period were considered in the alignment analysis.

Box 6.2. IDB support in the citizen security area during the 2013-2024 period

Although citizen security was not a strategic objective in CS1 (2013–2017), the IDB supported it through the CAPS I program (BL-L1014/2012), which aimed to prevent youth involvement in crime via education, training, and counseling for at-risk youth. While attribution is unclear, recidivism declined (youth recidivism rate dropped from 60% to 19% at the Wagner Youth Facility and from 43% to 17% at the Youth Hostel, according to the PCR), national authorities adopted key components, and the PCR rated sustainability as satisfactory. According to interviews, although the Gateway Center closed in 2022, the CAPS approach influenced other initiatives, including CDB-funded projects targeting youth vulnerability. In addition, a TCP (BL-T1056/2013) supported the establishment of the Belize Crime Observatory in 2016, which was an important milestone in improving crime data quality and accessibility.

Source: OVE, based on a desk review, interviews with IDB staff and counterparts, and the CDB website.

VII. CONCLUSIONS AND RECOMMENDATIONS

- 7.1. **The IDB Group CSs' objectives were broadly consistent with Belize's main development challenges, but their excessive breadth diluted their strategic focus.** The CSs included objectives that were relevant to addressing key development challenges and government priorities. However, the CSs included several priority areas and numerous objectives that diluted the potential contribution to Belize's development and posed a feasibility challenge given the country's execution challenges. For instance, in CS2, the productive area lacked a clear focus on the main drivers of productive development. Given the small size of the country, the prominent role played by tourism and agriculture in the economy, a unified strategic vision focused on the main drivers for inclusive growth would have helped better target the IDB Group's CS objectives to more meaningfully contribute to Belize's development. Additionally, the CSs lacked a robust rationale for how the IDB Group would contribute to all CS objectives, particularly as intervention areas expanded while the lending framework and execution capacity challenges remained similar. The CSs also did not select intervention areas based on the IDB Group's advantages vis-à-vis other development partners. Furthermore, issues with CS design – including the structure and definition of SOs and EOs and issues with the indicators for monitoring progress – hindered their ability to effectively guide efforts and the feasibility of contribution, especially in the productive, climate change, and citizen security areas.
- 7.2. **The IDB and IDB Invest deployed a program that expanded significantly during the period, managing to align with most objectives, but its broadness created gaps in its scope and focus that limited its feasibility of contribution, particularly in the productive, fiscal, and citizen security areas.** The increase in approvals, along with mobilization efforts, enabled the IDB to exceed the indicative framework established in the CS2, thereby offering better support to the expanded objectives than initially planned. Both IDB and IDB Invest approvals grew compared to the previous period (2009–2012), with CS2 SG loan approvals exceeding targets, and IDB Invest's average annual approval increasing more than tenfold. Mobilization efforts, the use of grants, and blended financing played a key role, given Belize's tight fiscal space. However, the CS2 expansion into new areas and the limited scope (compared to its ambition) of the CP in both CSs, constrained the CP's ability to provide adequate support across all objectives. This highlighted the inherent challenge of achieving comprehensive coverage given the broad scope of areas and objectives. Productive finance and innovation, fiscal sustainability, and citizen security – areas introduced in CS2 – lacked sufficient coverage and focus through projects to effectively advance all expected outcomes.

- This led to a lower feasibility of contribution to some objectives, including those that addressed key challenges such as trade taxation, high public spending and crime. Moreover, though the mix of instruments in the CP was generally supportive of the objectives set in the CSs, it had some shortcomings in its support to trade, innovation, and citizen security objectives. Lastly, the IDB showed flexibility and ability to adapt by providing additional support to Belize's response to the COVID-19 pandemic and natural disasters.
- 7.3. **The IDB program involved primarily investment loans, whose execution improved during the period, but implementation challenges persist.** Annual programming significantly improved from CS1 to CS2, reflecting an enhanced dialogue with the country. Disbursements in CS1 and CS2 grew over the review period, though they remained below the CS projections. The most prevalent implementation challenges in Belize, which are typical of a small economy, were limited capacity (including the country's limited human resources with technical and managerial skills, overburdened staff, and high turnover), and persistent procurement issues (due to scarcity of procurement specialists, a limited market, and low attractiveness for international firms due to small contract amounts) To address the issues, the IDB implemented several actions, including increasing operational support through TCPs, creating a centralized executing unit, increasing the number of IDB in-country staff, and activities to build capacity in procurement. In part due to IDB efforts and bolstered by faster COVID-19 disbursements in 2020, the execution times declined and are below the IDB average. However, the execution costs per dollar approved, which were already high, further increased, pointing to a likely trade-off between higher implementation costs and faster execution times.
- 7.4. **IDB Invest's program increased more than tenfold on an annual average basis, supporting the productive area, but challenges remain in diversifying IDB Invest operations and strengthening coordination with the IDB.** The CSs only broadly described IDB Invest's role, and potential synergies with the IDB were not clearly defined, limiting their effectiveness as a guide for country programming. While broadly consistent with the standards of other international financiers, IDB Invest's small loan sizes and stricter requirements compared to local institutions have posed challenges to originating operations in Belize's relatively small market. NSG operation approvals, which significantly increased in the period (annual average IDB Invest approvals increased from US\$0.8 million in the 2009–2012 period to US\$11.9 million in the 2013-2024 period), accounted for one-third of the CP. NSG operations were mainly concentrated on access to finance and trade, with minimal synergies and without evident coordination between IDB Invest and IDB. The largest NSG operation in the CP (amounting to 8% of the CP) was canceled, affecting the contribution to the CS2 infrastructure objective. To face origination challenges, in line with the S&I action plan, IDB Invest adapted by focusing on smaller transactions, providing technical support, and establishing an in-country investment officer, increasing its local engagement.
- 7.5. **The CP contributed more to the human capital and climate change areas, but had lower contributions to the productive, fiscal, and citizen security areas.** Higher contributions were associated with three factors: the scope and maturity of operations were adequate for the objectives it supported, IDB Group established presence and experience, and the ability to coordinate, sequence, test, or scale up interventions based on evidence. Important contributions were achieved in the

human capital area, particularly in education and health, where long-term and sequenced support based on proven results facilitated substantial improvements in teaching quality and in maternal and infant health outcomes focused on the poorest districts in the country. In addition, the IDB made a timely contribution to support COVID-19 immunization efforts, which allowed the country to vaccinate 20% of the population. In the climate change area, the CP had significant contributions to both improving the resilience to natural hazards and climate change in Belize City and along coastal areas, and strengthening disaster risk management. Moreover, the IDB contributed to infrastructure through improvements in the George Price Highway and transport sector planning capacities. On the other hand, the CP had lower contributions to the productive, fiscal, and citizen security areas due to weak alignment, low program maturity, implementation challenges, lack of evidence, and external shocks. In the *productive* area, alignment weaknesses and low maturity affected support for tourism, digital transformation and innovation, and trade. Implementation challenges and the COVID-19 pandemic further impacted tourism diversification and climate resilience projects. In the *public financial management area*, while tax collection efficiency improved, alignment weaknesses, implementation delays, and low maturity hindered the contributions to the broader objectives of reducing public spending and improving procurement systems.

- 7.6. **The results achieved have been sustained over time, supported by institutionalization and capacity strengthening, but risks remain, especially in infrastructure and tourism.** Institutional factors have facilitated the continuation of results, with improvements introduced by IDB and IDB Invest projects being institutionalized in their counterparts through systems and organizational changes. Other facilitating factors include resource allocation and mechanisms for infrastructure maintenance, capacity strengthening, and sequencing or continuation through new IDB-approved operations. Despite these efforts, sustainability challenges persist, especially in infrastructure and tourism, linked to maintenance and funding risks, institutional capacity gaps, regulatory and policy uncertainties, climate resilience concerns, and project scope reductions due to budget reallocations.

Based on these findings, OVE recommends the following:

1. **Strengthen the strategic focus and relevance of CS objectives.** The future CS should prioritize selective objectives, clarifying in the CS: (i) what is the unified strategic vision that allowed it to focus on the main drivers for inclusive growth, and how the selection of objectives has been informed by an analysis of the constraints affecting sectors that play a prominent role in the economy and sectors with high potential for growth; (ii) the IDB Group's comparative advantages in contributing to each objective, including its capacities to provide continued and sequenced support, and its ability to strengthen the country's execution capacities in the selected areas; and (iii) expected synergies between the IDB Group and development partners in the selected areas in which both are (or plan to be) involved.
2. **Enhance the CS and CP design to support the IDB Group's feasibility of contribution.** This entails: (i) articulating in the CS how the expected outcomes (EO) contribute to the strategic objectives (SOs), and how the SOs contribute to the priority areas (theory of change); (ii) ensuring consistency between the CS objectives and the expected CP, considering the expected lending framework, the

existing legacy portfolio and the time required for newly approved operations' results to materialize; (iii) monitoring progress in a timely manner throughout the implementation of the CP to facilitate course-correction and adaptation.

3. **Continue working with the Government of Belize to improve project execution, strengthen the country's capacities, and address execution challenges linked to the country's small economy.** This entails that, the IDB: (i) provides technical cooperation to strengthen Belize's institutional and execution capacities, especially to overcome procurement challenges, including those related to the small size of the economy; (ii) enhances coordination with other development partners to avoid overloading the same agencies/key persons with operations; and (iii) monitors and evaluates initiatives, like the centralized executing unit, to assess their effectiveness and long-term viability to help strengthen the country's execution capacities.
4. **Enhance IDB and IDB Invest coordination in the development of future CSs and during programming.** This entails: (i) strengthening the integration of IDB Invest in the development of the future CS to promote synergies in areas where its role is expected to be critical to contribute to CS objectives; (ii) Enhancing coordination in the annual programming exercises to help IDB Invest develop opportunities in these areas; and (iii) continue adapting IDB Invest's approach to the challenges of Belize's small market, including by leveraging IDB Invest's Small and Island Countries Action Plan, providing country-specific technical support to address the complexities related to loan requirements and addressing the need for in-country presence to increase engagement and support market development.

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