

Strengthening Government Effectiveness in Belize

Achievements and Challenges in
Planning, Investment, and M&E
Systems

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Abstract

Since 2007, the Government of Belize made important reforms to enhance public sector management. Most recently, improving planning capabilities has been a key area of attention, with essential strides being made by elaborating a medium-term plan and a long-term vision. However, other areas of public management that are critical to increasing government effectiveness have seen less development in past years, such as public investment management, and monitoring and evaluation (M&E) systems. This Technical Note presents an assessment of the country's current capabilities in terms of results-based planning, public investment, and M&E systems, and makes recommendations to contribute to strengthening these areas. The analysis is largely based on the findings of an assessment known as the PRODEV Evaluation Tool (PET).

JEL Codes: H11, H83, H43

Keywords: Belize, management for development results, MfDR, results-based planning, public investment, monitoring and evaluation, M&E, government performance, public administration

Introduction

Since 2007, the Government of Belize has made significant reforms to enhance public sector management. Recently, attention has been focused on improving the efficiency of public expenditures, specifically by reinforcing budgeting capabilities and public fiscal management.¹ In more recent years, the government has increased its attention on strengthening its planning capabilities, taking an important step by elaborating a medium-term plan and a long-term vision. However, there has been less development in other areas of public management, such as public investment management, and monitoring and evaluation (M&E) systems. The main objectives of this Technical Note are (i) to assess the country's current capabilities in results-based planning, public investment, and M&E systems; and (ii) to make recommendations that could help Belize continue to improve in these areas. The analysis in this note is largely based on the findings of an assessment known as the PRODEV Evaluation Tool (PET).²

Country Context

Belize is a small economy in Central America. Its per capita gross domestic product (GDP) was US\$4,983.90 in 2013 (World Bank, 2015a). The Inter-American Development Bank's (IDB) Country Strategy 2013–2017 (IDB, 2013) notes that Belize has the second smallest population and the smallest economy of IDB's borrowing members. The country is highly vulnerable to hurricanes, tropical storms, and flooding. Development progress slowed between 2003 and 2012. Real GDP growth averaged only 3.2 percent from 2003 through 2012, per capita income has remained broadly unchanged in real terms since 2004, and poverty remains high at 41 percent. Belize's rich natural resources provide significant potential for economic growth based on tourism and agriculture, but growth is constrained by distortions in the trade and tax policy regime, the high cost of financing, and significant transportation bottlenecks. Maintaining fiscal sustainability is a key challenge given the country's 71% debt-to-GDP ratio, which implies that Belize needs more efficient and effective public services and better control over discretionary spending. In terms of the efficiency of public services, the gap between high spending levels and development results is particularly acute in the education sector, where poor outcomes are associated with persistent poverty and growing crime and violence.

Under the leadership of the Ministry of Finance and Economic Development, the Government of Belize has undertaken important reforms to modernize the public management

¹ For more detail see the *Country Context* section following.

² The PET measures the level of institutionalization and degree of progress in management for development results (MfDR). For more detail see the *Conceptual Framework and Methodology* section.

systems to make them more effective, transparent, and accountable, and more able to contribute to the goal of fiscal prudence.³ An important part of these reforms has been supported by a series of IDB interventions in Belize since 2007 (loans and technical cooperation operations),⁴ which are listed in Annex 1. Belize has also received technical assistance from Supporting Economic Management in the Caribbean (World Bank, 2015c), an initiative funded by the Canadian International Development Agency, the World Bank,⁵ and the International Monetary Fund. The focus of reforms has been on budget formulation, including developing a medium-term fiscal framework, classification, and execution; cash management; accounting and financial reporting; a procurement system; a legal framework for public fiscal management; information and communication technology (ICT); and human resource management and training.

In recent years, the government has developed plans for the medium and long term, namely Horizon 2030, the National Poverty Elimination Strategy and Action Plan 2009–2013, and the Medium-Term Development Strategy 2010–2013. For the most part, a results-based management (RBM) framework, with objectives, goals, and targets, has been included in these plans and almost all have a defined M&E process.⁶ Strong and sustainable institutionalization of planning and M&E systems should follow naturally in the near future.

A pending task, which is recognized in Horizon 2030 (the national long-term plan), is to translate long-term planning into investment programs that prioritize projects based on efficiency and social returns.⁷ To achieve this, the government has started promoting modernization of Belize's public expenditure management by supporting strengthening the procurement, public financial management, and public investment management systems.

Conceptual Framework and Methodology

Conceptual Framework

One of the major responsibilities of the modern state is managing public resources. From this perspective, a government's goal is to create the greatest public value, which can be achieved

³ More details about the medium-term fiscal strategy for 2011–2014 can be found in Government of Belize (2011).

⁴ The IDB has been Belize's main development partner in this area. The Caribbean Regional Technical Assistance Centre has provided technical assistance, most notably "Belize: A Plan to Reform Government Expenditure Management"; the Caribbean Development Bank supported the modernization and revision of financial regulations; and the European Union (EU) financed the Belize Public Expenditure and Financial Accountability (PEFA) assessment. See World Bank (2011).

⁵ The World Bank has provided technical assistance only through "Supporting Economic Management in the Caribbean (SEMCAR)" but had plans to work on auditing and procurement in fiscal year 2012.

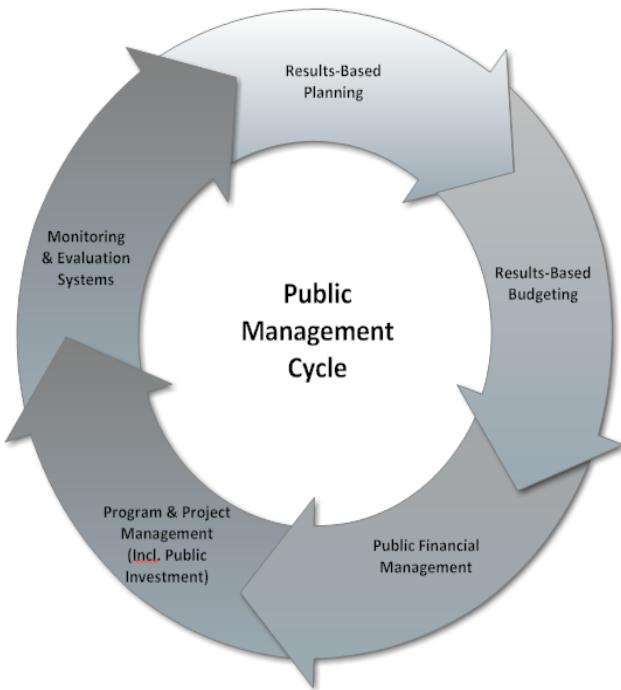
⁶ One exception is the medium-term development strategy for 2010–2013.

⁷ Horizon 2030 (page xxviii) points out that "The most appropriate option is likely to include long- and medium-term planning requirements in the Public Sector Investment Programming law, which is currently under consideration in the Ministry of Economic Development."

with country management systems that operate efficiently, effectively, and transparently.⁸ One approach to improve efficiency, effectiveness, and transparency of public expenditures is implementing management for development results (MfDR), “a management strategy that guides the actions of the public actors of development to generate the greatest public value by using management tools that, in a collective, coordinated, and complementary manner, are implemented by public institutions to generate fair and sustainable social changes for the benefit of the population as a whole” (García López and García Moreno, 2010).

MfDR is based on the concept that there are five main intervening elements in the process of public value creation, known as the five pillars of the management cycle (Figure 1).

Figure 1: Managing for Development Results: The Public Management Cycle



Source: Authors' elaboration based on García López and García Moreno (2010).

Results-based planning, public investment management, and M&E systems play a key role in nurturing and strengthening the public management cycle. If planning, public investment, and M&E systems are deficient, governments may not be able to define and prioritize their objectives, make adequate decisions to invest their resources, take measures to correct the course of institutions, or evaluate the impact of their interventions. Ultimately, if these systems

⁸ Improving the effectiveness, efficiency, and openness of governments is crucial to solve key difficulties faced by Latin American and Caribbean (LAC) countries in enhancing service delivery to its citizens. For more details, see Santiso, Von Horoch, and Veyra (2014).

are not properly in place, governments may not be able to cost effectively provide the goods and services that the population needs. Therefore, these systems are crucial to government performance. Figure 2 illustrates how each of these systems contributes to the public management cycle.

Figure 2: Results-Based Planning, Public Investment Management, and Monitoring and Evaluation Systems and their Contribution to the Public Management Cycle

Results-Based Planning	Public Investment Management	Monitoring & Evaluation
<ul style="list-style-type: none"> Analyze the issues affecting the population. Define the medium- and long-term goals. Design programs and projects to achieve those goals. 	<ul style="list-style-type: none"> Make investment decisions based on priorities and profitability. Evaluate projects considering their contribution to the objectives of the national plan and the budget. 	<ul style="list-style-type: none"> Generate information for the planning, budgetary, and other institutional decision-making processes. Have a mix of on-the-go information (monitor) and causality analysis (evaluation).

Source: Authors' elaboration based on Martínez Guzmán (2013) and García López and García Moreno (2010).

Results-based planning should be strategic, operational, and participatory. Strategic planning should start with an exercise in *la prospectiva* (future studies or foresight),⁹ defining a vision of the medium and long term, and proposing a set of prioritized objectives through an objective analysis, with empirical evidence of the political, economic, and social factors. The operational nature of planning should consider the design of the products and processes, calculate the inputs that will be needed to bring about the results proposed in the strategic exercise, and coordinate¹⁰ the actions of the institutions and entities involved. Finally, to ensure the legitimacy, ownership, and credibility of a government plan, decision-making should be participatory, taking into account the opinion of relevant social actors, such as civil society and the legislature.

In this note, we analyze public investment management through ex-ante evaluation and prioritization of investment projects. For a more comprehensive assessment of public investment management, we would need to make a more in-depth review of other elements, such as legal frameworks, organizational structures, coordination mechanisms between central and municipal government levels, and managerial and fiscal arrangements of the public

⁹ For more information on the concept *la prospectiva*, see Godet (2006).

¹⁰ For more information on the function of coordination among government entities, see Alessandro, Lafuente, and Santiso (2014).

investment management system. However, given the limitations of the PET methodology (explained in the *Methodology* section following), those elements will not be reviewed in this note. The main goal of ex-ante evaluations is to provide criteria to determine which projects have the most impact on the population in terms of the change in their living conditions. Furthermore, ex-ante evaluations should be linked to planning and budgeting. Links to planning ensure that the elements evaluated will be related to the objectives of the national plan. Links to the budget force public administrators to give more importance to the quality of budgetary projects to ensure budget allocations.

The M&E process of public management is carried out, mainly, on the basis of three components: the national statistics systems, the monitoring systems, and the evaluation systems. The first component—the systems that provide primarily socioeconomic statistical data—supply information about the current situation for the population and the evolution of the conditions in which they live. Monitoring is the continuous systematic gathering of information on specific performance indicators to provide public managers data regarding the advancement and accomplishment of objectives, and the use of allocated funds at a given point in time. Evaluation is the systematic and objective assessment of a project, program, or policy in progress or completed. Evaluation assesses design, implementation, and results to determine relevance and accomplishment of the objectives, as well as efficiency, efficacy, impact, and sustainability for development (OECD, 2002).

It is important to note that these systems are interrelated, and related to other elements of the public management cycle. For example, part of the successful implementation of planning, public investment, and M&E systems is good design and formulation of programs and projects, using quality and reliable statistical data to produce high-quality indicators under basic institutional arrangements among the ministries and/or public agencies involved. Also, the budget should be adequately linked to the objectives of the plans, and budget execution should be monitored and evaluated using performance indicators.

Methodology

The analysis in this note is based on the results of the PET, which is a tool to measure the level of institutionalization and degree of progress in MfDR. It uses a set of indicators with scales of 0 to 5 points that provide a comprehensive and comparative overview of MfDR in the public sector. It is important to note that, since the review of the management cycle is based on information on a wide range of subjects, the PET focuses only on those elements directly related to MfDR or that measure the capacity of MfDR. Therefore, this instrument cannot

analyze each element with the depth and detail that other instruments specialized in a single topic can.

The PET was applied for the first time in Belize in 2007 and was conducted again in 2013.¹¹ The comparison of Belize's PET results from 2007 and 2013 is presented below.

Diagnostic: PET Results in 2007 and 2013

Contrary to assessments of fiduciary systems (public fiscal management and procurement),¹² there are few instruments to evaluate the effectiveness of development systems (planning, M&E, and statistical systems) (IDB, 2009d). For planning, public investment, and M&E, one of these instruments is the PET. The pillars are rated on a scale from 0 (less degree of RBM institutionalization) to 5 (more RBM institutionalization). The comparison and analysis of Belize's PET results in 2007 and 2013¹³ for results-based planning, M&E, and public investment management are presented below.

Results-Based Planning

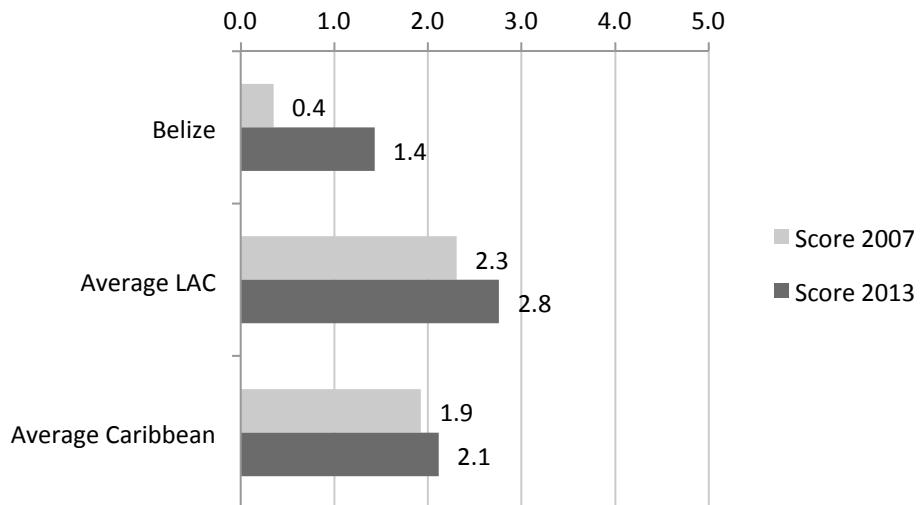
For the results-based planning pillar, in 2007, Belize scored 0.4 compared to the average score for LAC countries of 2.3 and for Caribbean countries of 1.9. In 2013, the situation had improved substantially, Belize having increased its score (+1 point) to 1.4 compared to the average score for LAC of 2.8 (+0.5) and for the Caribbean of 2.1 (+0.2).

¹¹ The 2007 analysis is summed up in García López and García Moreno (2010). The 2013 analysis is presented in García Moreno, Kaufmann and Sanginés (2015).

¹² For example, the Public Expenditure and Financial Accountability assessment and OECD/DAC's Methodology for Assessing Procurement Systems.

¹³ The cutoff date for information analyzed for the 2013 assessment was December 2012; however, some work that was in progress and completed in 2013 is mentioned.

Figure 3: PET Scores for Results-Based Planning (2007 and 2013)



Source: Authors' elaboration.

Horizon 2030: A Long-Term Development Framework

Between 2007 and 2013, there were no legal or regulatory frameworks enacted to establish mandatory planning for all government institutions. Regardless, by the end of 2007, the Government of Belize had begun developing a long-term national development framework, Horizon 2030, which has since been completed (Barnett, Catzim-Sanchez, and Humes, 2011). Horizon 2030 was established in 2010; however, it has not been applied widely as a planning instrument at the central or line ministries because it was not ratified by cabinet until recently.

Horizon 2030's timeline is 20 years, spanning more than one government administration. The intent was that it would be a vision that would guide the work and objectives of the Ministry of Finance and Economic Development and the line ministries. The document uses a bottom-up approach to provide a comprehensive situational analysis to identify the issues facing the country. The result was thematic areas that flowed from the outputs of stakeholder consultations. The goals and objectives provide the intended results or impact but are not a quantitative expression of the objectives.

Horizon 2030 devoted special attention to developing an RBM framework to monitor implementation and achievement of its goals. In that sense, the importance of identifying performance targets that could be monitored during the implementation process was emphasized. The framework articulates goals or objectives, and strategies, and in some cases, such as health and education, there is evidence that objectives have been translated into

projects and activities. However, establishing a proper RBM framework has been a long and difficult process. In the most recent Horizon 2030 document (available on the government website¹⁴ as of May 2015), the results framework showed many indicators, but almost all without baselines or targets.¹⁵

Medium-Term Development Strategy 2010–2013

In 2007, Belize had no national medium-term strategic plan and had only one sector plan in place.¹⁶ Further, the country had no medium-term targets for the administration's term of office. In 2010, the government prepared the Medium-Term Development Strategy 2010–2013 (Ministry of Economic Development, Commerce and Industry and Consumer Protection, 2010). This strategy included public sector institutional strengthening and improved governance systems as cross-cutting areas. Also, three sector plans were elaborated: the Education Sector Strategy,¹⁷ the Tourism Master Plan,¹⁸ and the Energy Strategic Plan¹⁹; a Health Sector Plan is currently being developed, supported by the Pan-American Health Organization. By 2013, the government was preparing a new medium-term development strategy, the Growth and Sustainable Development Strategy.

The strategy for 2010–2013 identified the need to develop an M&E system to follow the strategy's progress. The Ministry of Finance and Economic Development is responsible for M&E; however, no information is available regarding the results framework for the strategy, nor have any indicators related to the plan been established. Nevertheless, the strategy for 2010–2013 does include a table that identifies areas of need, corresponding issues, and agencies responsible for these areas.²⁰

One consequence of elaborating Horizon 2030 and the Medium-Term Development Strategy 2010–2013 was the emergence of the Ministry of Finance and Economic Development as the institution responsible for planning; however, those new responsibilities do not appear to have been formalized with any new legal or institutional arrangement. In the same way, while result frameworks for these plans have been proposed, there is no evidence that performance targets have been set, thus M&E activities were not carried out. Also, the emergence of

¹⁴ <https://www.mof.gov.bz/index.php/downloads/finish/29-publication-and-research/105-horizon-2030>

¹⁵ During the PET interviews, many people noted that Horizon 2030 only received cabinet approval in May 2013, and that all work on establishing baselines and targets was halted until it was officially accepted.

¹⁶ The Agricultural Development Management and Operational Strategy, 2003.

¹⁷ Belize Education Sector Strategy 2011–2016 (Ministry of Education, Youth, and Sports, 2011).

¹⁸ National Sustainable Tourism Masterplan for Belize 2030 (Belize Tourism Board, 2011).

¹⁹ Strategic Plan 2012–2017 (Ministry of Energy, Science & Technology, and Public Utilities, 2012).

²⁰ At mid-2013, the Government of Belize was defining the terms of reference and negotiating with a development partner to elaborate a new medium-term growth and poverty reduction strategy.

sectorial planning is clearly commendable, but how these plans and strategies really fit with Horizon 2030 is something that should be further analyzed.

Medium-Term Fiscal Framework and the Annual Budget

There is no clear linkage between the national or sectorial plans and the Medium-Term Fiscal Framework or the annual budget. This articulation is indispensable for MfDR because it aligns the financial resources (inputs) with the desired outputs and outcomes envisioned in the national and sectorial plans. The lack of articulation between budget and planning undermines the capacity of government institutions to successfully achieve the objectives and goals of the plans. Also, there is no programmatic structure with a proper MfDR approach, neither in the medium- and long-term plans nor the budget.

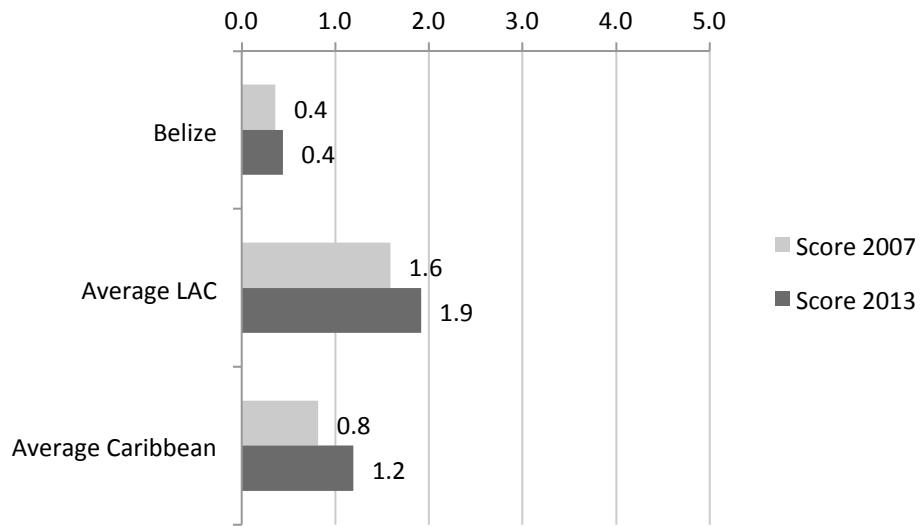
Finally, with respect to the participatory nature of planning, there was little advancement in the 2007 to 2013 period, since there is no legal framework that promotes it. However, during the formulation of Horizon 2030, there was broad participation from civil society and the legislature.

Monitoring and Evaluation of Public Management

For the M&E of public management pillar,²¹ in 2007, Belize scored 0.4, compared to the average score for LAC countries of 1.6, and the average for Caribbean countries of 0.8. In 2013, the situation had not improved. Belize's score remained at 0.4, while the average score for LAC increased to 1.9 (+0.3) and the average for the Caribbean increased to 1.2 (+0.4).

²¹ This system analysis should include monitoring and evaluation of civil service and public policies. However, given the extensive nature of these subjects, they are not included in the PET. Therefore, they have not been included in this technical note. For an analysis of civil service in Belize, see Lafuente (2013).

Figure 4: PET Scores for M&E of Public Management (2007 and 2013)



Source: Authors' elaboration.

In 2007, M&E was not in place in Belize and this had not changed by 2013. There was still no unit prescribed by law to be responsible for M&E of government plans and objectives. The country lacked both legal and institutional frameworks to evaluate government policies, and there were no standards or methodologies to carry out evaluations. Further, the government needed to train personnel in evaluation. Therefore, it would take some time before a system to evaluate noncompliance of objectives could be in place.

As discussed in the *Results-Based Planning* section of this note, the long- and medium-term plans (Horizon 2030 and Medium-Term Development Strategy 2011–2013) identified the need to develop M&E systems to follow the progress of the plans. However, neither plan properly defined a results framework that included baselines and targets expressed quantitatively.

At the time of the end of the PET study in 2007, with support from the Caribbean Development Bank, the former Ministry of Finance and Economic Development had hired a consultant to look into strengthening public sector investment in Belize. The consultant made several recommendations in its final report, “Formulating an Effective Public Sector Investment Program” (Ministry of Finance, 2010). One of the recommendations was that the former Ministry of Finance and Economic Development should become the unit responsible for M&E. The report also recommended that standards and methodology handbooks be developed to regulate and assist with M&E. In 2013, the Ministry of Finance and Economic Development was responsible

for developing the medium-term development plan and the public sector investment program. The ministry also tracks compliance of the public sector investment program in relation to the budget but does not carry out M&E based on performance of objectives and indicators. However, the ministry advised that it would shortly be developing a growth and poverty reduction plan and a new medium-term development strategy that would allow it to evaluate the current plan, which expired in 2013.

Implementing M&E requires a robust national statistics system. Good M&E is not possible if the information that feeds the decision-making process is not reliable or produced in a timely manner. The government needs statistics systems that make it possible to know the situation in the country. This information is useful to diagnose and analyze the causes and the factors affecting the performance of programs and projects, and to define objectives and goals.

The PET analysis of Belize's statistical systems reflected that, while there was some progress between 2007 and 2013 (the score increased to 2.2 from 1.8), there were still several deficiencies. The analysis noted progress in producing data about the social situation and found that the Statistical Institute of Belize had a reasonable level of independence. Further, the institute was transforming given that in 2013 it was governed by the *Statistical Institute of Belize Act*. However, challenges remained. The government needed to establish a more comprehensive legal framework to regulate a comprehensive national statistics system and improve the periodicity of generating social, economic, and environmental statistics.

In December 2014, the IDB published a technical note entitled "Improving the Quality of Statistics in Belize" (Perfit, Russell, and Muñoz, 2014). This note, a more in-depth analysis of Belize's statistical system, provides an assessment, policy options, and recommendations. The assessment includes the following statement: "...the country is characterized by the absence of a statistical system; as such, the agencies that produce data based on administrative registries and surveys usually do their work independently; there is no regulation that governs statistical production in any institution outside the [Statistical Institute of Belize]; and there is no common set of classifiers, norms, and definitions based on good practices that meet international standards. Since the [institute] does not audit and regulate the production of data in the country, statistical production is disintegrated and there is room for improvement in timeliness and quality. Moreover, Belize's National Statistics System does not have any effective mechanism to reach users."

The World Bank has a study regarding the statistical capacity of several countries. The Statistical Capacity Indicator²² provides individual country scores for statistical capacity on average, as well as for three sub-categories: methodology, source data, and periodicity. In 2014, Belize's overall score on a scale from 0 to 100 was 55.6, which is low compared to the average for the LAC region, which was 77.1 in the same year. The study points out that the bigger deficiencies are in methodology and source data.

Public Investment Management

In Belize's budget, public investment is reflected in lines Capital II and Capital III expenditures²³ (commonly referred to as Cap II or Cap III expenditures). According to a 2010 study entitled "Formulating an Effective Public Sector Investment Program" (Ministry of Finance, 2010), "...these expenditures have amounted to about 5 percent of GDP in recent years. This figure probably overstates the volume of gross fixed capital formation, as Capital II and Capital III expenditures consist not only of expenditures on gross fixed capital, but also of transfers and net lending to government agencies. A quick estimate, based on the names of the line items, suggests that current expenditures and transfers amount to about 12 percent of total Cap II and Cap III expenditures, indicating that [gross fixed capital formation] still represents a substantial percent of GDP."

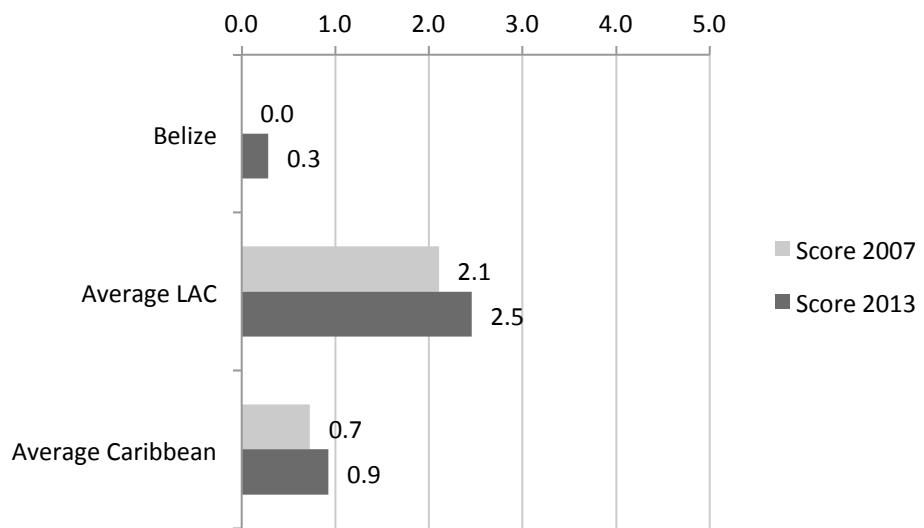
As explained in the *Conceptual Framework and Methodology* section of this note, the PET analyzes elements of the management cycle only through the lens of their contribution to MfDR; it does not delve into details of each component.²⁴ Therefore, public investment management is analyzed in the PET through the "ex-ante evaluation and prioritization of investment projects" component. For this component, in 2007, Belize scored 0 compared to the average score for LAC countries of 2.1 and for Caribbean countries of 0.7. In 2013, the situation had improved slightly, with Belize scoring 0.3 (+0.3) compared to the average score for LAC of 2.5 (+0.4) and for the Caribbean of 0.9 (+0.2).

²² For more information, see World Bank (2015b).

²³ Capital II refers to capital (or investment) projects financed from the surplus of Recurrent Revenue minus Recurrent Expenditure. Capital II projects are conceived and designed by the line ministries and would be small given the limited resources available. Capital III, for which there is no pre-set limit, refers to projects for which funding has been secured. The approved allocation depends mostly on how quickly the conditions for disbursement of loans and grants are satisfied. Most projects do not disburse more than BZ\$7.0 million per year, hence any amount above that can be reduced. See Ministry of Finance and Economic Development (2013).

²⁴ To have a more comprehensive view of public investment management, it would be necessary to include an analysis of the coordination mechanisms among central and municipal government levels, and the managerial and fiscal arrangements. However, given the limitations of this note, those subjects are not reviewed.

Figure 5: PET Scores for Ex-ante Evaluation and Prioritization of Investment Projects (2007 and 2013)



Source: Authors' elaboration.

The Figure 5 shows that ex-ante evaluation and prioritization of investment projects is an area that needs strengthening across the Government of Belize. In the 2007 PET analysis, there was no evaluation of any kind regarding investment projects, except for some limited evaluations that were conducted on externally funded projects, as per donor or development partner requirements.

In 2013, some progress had been made, hence the slight increase in the score. While there was still no integrated public investment system (i.e., no ex-ante [pre-investment stage] evaluations or evaluations of public expenditures being conducted), a clear normative framework was established for the public sector investment program. Efforts were made during 2012 to improve the governance, transparency, and accountability of all major projects in the public sector investment program.²⁵ Among other measures, the planning and public investment functions were integrated with budget formulation and implemented by amalgamating the Ministry of Finance with the Ministry of Economic Development, Commerce, Industry and Consumer Protection (Government of Belize, 2012).

The Government of Belize negotiated support from the IDB to strengthen public investment management. In the 2010 IDB technical cooperation BL-T1039, some of the

²⁵ Steering and oversight committees were established for the projects to “strengthen ownership of projects and project management practices, and to enhance procurement, financial, and accounting practices.” (Government of Belize, 2012, page 29).

aforementioned tasks were to be addressed (enhanced institutional framework; new legislation; preparation of procedures, guidelines, and technical methodologies to improve project formulation and appraisal; criteria for project selection and prioritization; and a training program).

Recommendations and Action Plan

Recommendations

In recent years, Belize has made important reforms to set up a more efficient public expenditure system. The government created a more robust planning system, instituted a better structure for budgetary decision-making, and established better fiscal management practices. However, there will be significant challenges implementing these reforms. The most significant challenge is the absence of a reliable M&E system to provide performance-based information to update planning and budgeting documents. Other important challenges are the lack of a proper results framework within the national medium- and long-term plans, and the need to translate medium- and long-term planning objectives into investment programs that are prioritized and evaluated based on efficiency and social returns.

Results-Based Planning

To continue the progress achieved in planning in recent years, it is important to focus on what was planned in Horizon 2030. On one hand, this means examining the results framework (vertical logic, baselines, and performance indicators), setting intermediate and final goals, and monitoring compliance. On the other hand, it means establishing a list of priority investment projects according to clear and measurable criteria and seeking efficient and prompt implementation.

Unquestionably, these proposed tasks are not easy. They require reliable, regular, and timely information (i.e., quality indicators) and high-level government coordination to choose priority investment projects that meet the objectives identified in Horizon 2030. Procedures to detect and fix problems also need to be determined, which may involve making improvements in other management systems, such as budgeting, accounting, and purchasing. Under this proposed scheme, a legal provision to set out the requirements for planning, to establish responsibility for such planning, and to create the framework for M&E would need to be adopted.²⁶

²⁶ See Horizon 2030. In particular page xxvii from Barnett et al. (2011).

Public Investment Management System

The agenda for continuing to strengthen the public investment management system is extensive. First, any attempt to improve the effectiveness of the public investment management system must be accompanied by a strengthened planning system and a better linkage between these two systems. In addition to integrating capital expenditures with medium- and long-term planning and with the budgeting process, the government needs to adopt a comprehensive standard procedure to prioritize investment expenditures.²⁷ This implies legal and institutional modifications; methodologies to prepare and present pre-feasibility studies; guidelines for project evaluation, training, and operational changes; and so on.

In 2010, with support from the Caribbean Development Bank, the Ministry of Finance and Economic Development arranged for a consultant to assess how to strengthen public sector investment in Belize. The final report, entitled “Formulating an Effective Public Sector Investment Program” (Ministry of Finance, 2010), included several recommendations. The following highlights elements of those recommendations:

- Based on expected annual return rates on capital expenditures, the assessment determined that “proper selection of Belize’s public capital expenditures may add anywhere from 0.5 to 0.7 points of GDP growth” (Ministry of Finance, 2010, page 5).
- In addition to putting in place a new legal framework to define the roles of the various entities involved in public sector investment, the report proposed a 10-item agenda. Some of the items were close to being achieved (e.g., a medium-term development strategy, sectorial strategies, and a medium-term fiscal framework). For other items, progress was being made, such as identifying short- and medium-term budgetary constraints for the line ministries.
- Even though little progress had been made on most agenda items, efforts had begun for the seven items directly related to the public investment management system, including guidelines to economically evaluate projects, and procedures to control the quality of the economic evaluations, to prioritize projects, and to ensure that the projects included in the public sector investment program receive sufficient capital and recurrent funds.
- Finally, the study highlighted the need to determine the overall resource envelope available for public investment within a sustainable fiscal framework; the roles of the different institutions involved; and the requirements for success, which include organizational considerations, training, personnel, and the elaboration of an action plan.

²⁷ It is necessary attend to the entire investment cycle, including monitoring and ex-post evaluations.

One of the most important elements in any public investment management system is the so-called project bank, a computer application used to store, update, publish, and view relevant and standardized summary information on public investment projects in their preliminary stage. An example of other computer applications that a public investment management system should have is shown in Box 1.

Box 1: Web Applications Developed by the National Public Investment System of Peru

- Project bank: a record of the formulation and evaluation of public investment projects.
- A multi-year investment program.
- Public investment monitoring.
- Information center: thematic content to identify, formulate, and evaluate public investment projects.
- Access to information on geo-referenced investment projects.

Source: Ruiton (2010).

Finally, it is important to emphasize the utility of a multi-year investment program, which should be consistent with the Medium-Term Fiscal Framework and come directly from the medium- and long-term national development plans.

Monitoring and Evaluation Systems

M&E systems are virtually nonexistent in Belize; therefore, implementing a sound and comprehensive M&E system is one of the biggest challenges the government needs to address to achieve more efficient, effective, and transparent public management.

Strengthening monitoring is important for Belize because it will allow the country to have accurate reports of the advances made toward the objectives and goals of government projects. Additionally, because monitoring planning is closely linked to budgeting, the information will also allow the government to monitor resources (inputs) and achievements (outcomes/results) for the annual public budget. Besides monitoring results, strengthening the ex-post evaluation system would allow the government to determine the factors affecting results and to decide whether changes are needed in some policies, programs, or projects.

The information reported by M&E systems is of particular usefulness in budget preparation. Information about the performance of existing government programs and the expected performance of new programs is important to allocate budget resources. That is especially true given Belize's current economic and financial situation, where scarce fiscal resources need to be prioritized and allocated to the best programs in terms of efficiency and effectiveness.

M&E systems would also help managers monitor activities during budget execution, allowing them to learn quickly what is working and what is not; compare different administrative

units and districts; and identify good, bad, and promising practices. Additionally, M&E would enhance accountability among line ministries and between central ministries and the Cabinet Office. Strong accountability may provide the incentives necessary to improve performance, carry out anticorruption efforts, and identify leakages in government spending.

There are other countries in the region that have begun implementing comprehensive M&E systems, such as the Dominican Republic, Jamaica, and The Bahamas. However, as this is a long process, they are still in the early stages of these reforms, and the success of these efforts is yet to be assessed (see Box 2).

**Box 2: Experiences Strengthening Planning and M&E Systems in Caribbean Countries:
Dominican Republic, Jamaica, and The Bahamas**

- For 2007–2011, the *Dominican Republic* undertook an ambitious agenda to introduce RBM in the planning system, public financial management system, M&E, and human resources. Significant advances were made, especially in strengthening the organization of the planning system, implementing a new legal framework, designing and implementing an Institutional Strengthening Plan of the Ministry of Planning and Development, and carrying out related training. Activities leading to the creation of the M&E system were postponed (IDB, 2007).
- In 2008, *Jamaica* undertook a project to strengthen RBM. The project highlighted adopting a medium-term expenditure framework to improve the linkage between planning and budgeting, completing a performance M&E pilot in the Ministry of Transport and Works, and establishing an institutional performance M&E unit in the Cabinet Office (IDB, 2008a).
- *The Bahamas* began implementing RBM in 2010 with a technical cooperation operation primarily to design a public financial management system but that also included improvements in other management systems, such as project management, procurement, and auditing. In results-based planning, this technical cooperation operation considered introducing a methodology to collect and appraise data on the performance of public agencies and programs, establish capacity in the line ministries to monitor and evaluate programs, and establish a system to measure the outcome of outputs of public investment (IDB, 2010b).

Chile, Colombia, and Mexico are examples of LAC countries that have mature, developed, and well-institutionalized M&E systems. These countries have very different contexts and characteristics from Belize, but interesting lessons could be learned when the time comes to design an action plan to modernize Belize's M&E system (see Box 3).

Box 3: LAC's Well-Institutionalized M&E Systems: Chile, Colombia, and Mexico

- In *Chile*, the management control division of the budget office—the Ministry of Finance—has been in charge of the M&E system since the early 1990s. Four kinds of instruments have gradually been put into operation over the years: monitoring and supervision (basically performance indicators), institutional salary incentives, evaluation of programs and institutions, and the public management modernization fund.
- Since the mid-1990s, *Colombia* has developed a national M&E system, called SINERGIA, under the leadership of the National Planning Department. This public entity manages the government system of goals for sectors and ministries, and commissions the evaluations of government programs.
- *Mexico*'s National Council for the Evaluation of Social Development Policies has an executive director who reports to a board composed of academics and the Minister of Social Development. This autonomous institution, which belongs with the executive branch, supervises more than 100 programs, performs evaluations, and sets standards and guidelines for program evaluations.

Source: Adapted from Briceño (2012).

Finally, it is important to emphasize the relevance of having a national strategy to develop statistical capacity that is linked directly to the plans and the budget and has an MfDR approach. The Statistical Institute of Belize should lead this initiative. Also, as mentioned in the *Results-Based Planning* section of this note, reliable, regular, and timely information is necessary, meaning quality indicators, not only to elaborate the medium- and long-term plans, but also to ensure the functionality of the M&E systems. Performance information is the cornerstone of MfDR, and paradoxically there are very few tools to assess the quality of performance indicators in terms of their formulation, goal definition, and quality of source of data, especially administrative records. Regarding the quality of the indicators of the national development plans, it would be important to review three aspects: (i) the formulation of indicators, (ii) the goal definition, and (iii) the quality of source of data of indicators.

Action Plan

Given Belize's current acute fiscal and debt situations, greater emphasis should be placed on improving the quality (i.e., efficiency and effectiveness) of public current and capital expenditures. Any proposals should consider not only the country's current macroeconomic and financial situation and the policy instruments already in operation, but also the structure of government and the restrictions given its size.

As a result of this analysis and given prevailing constraints, the following action plan would develop and deepen the results-based planning, public investment management, and M&E systems in Belize. This plan could be divided into two phases: the first phase, activities within 6 months to 1 year, and the second activities to be conducted between 1 and 3 years.

Short Term (6 months to 1 year)

- **Finalize elaboration of Horizon 2030’s results framework** by selecting a set of indicators with corresponding baseline values (2010), quantitative targets (for intermediate years and for 2030), and a list of government entities or agencies responsible for measuring and achieving each of these targets.²⁸
- **Define clear and measurable criteria to prioritize investment projects.** Determine a set of investment projects consistent with Horizon 2030’s objectives and strategies, and according to the prioritization criteria, establish a list of priority investment projects, with a plan to track their implementation.
- **Include new sections in the medium-term development strategy.** The first section should be an update of the macroeconomic situation, accompanied by a summary of the Medium-Term Fiscal Framework. The second section should be a midterm expenditure framework by sector. This new structure would include a summary of the public investment projects based on macroeconomic, fiscal, and expenditure frameworks, and in line with Horizon 2030.
- **Begin applying a new mechanism to prioritize investment projects** on a pilot basis, using a draft methodological manual to economically evaluate investment projects.
- **Elaborate and propose a legal framework** that will establish the Ministry of Finance and Economic Development as the leader and coordinator responsible for the planning, public investment management, and M&E systems. Special attention should be given to institutional procedures among ministries, particularly those between the Ministry of Finance and Economic Development, and the line ministries and the Ministry of Public Service. It would be appropriate to establish specific guidelines for public agencies to support them in preparing their budgets and programs. These guidelines should be elaborated to help public agencies prepare new annual operative programs and budget projects to introduce the changes in planning, investment, and monitoring processes.
- **Initiate the path toward a joint results-based planning, public investment management, and M&E system by elaborating a medium-term action plan.** This plan should focus on building ex-ante evaluation and M&E capabilities by, among other activities, establishing standards to improve the quality, reliability, and the timeliness of the information collected and designing a training program focused on how to collect and use performance information and evaluation techniques. At this stage, it is important to

²⁸ If the Government of Belize decides to elaborate a new medium-term development strategy, its results framework should be fully consistent with that of Horizon 2030.

define the supply and demand sides of the information to be produced. On one hand, this means identifying the data, number of indicators, and type of evaluations. On the other hand, it means identifying the potential users of this information (ministers, program managers, and members of the Parliament, among others).²⁹ Capacity assessments for ministries, agencies, and other partners would be also required.

- **Prepare an official document outlining the MfDR approach being used by the main agencies involved.** This could be facilitated by a workshop with the cooperation of multilateral donor experts (i.e., IDB) and would strengthen implementation of the medium-term action plan.

Medium Term (1-3 years)

- **Put in place the legal modifications identified previously.**
- **Implement the medium-term action plan to institutionalize the joint results-based planning, public investment management, and M&E systems,** with special emphasis on developing the infrastructure needed to have operational public investment management and M&E systems for all of the public sector. The following are necessary activities.

Monitoring:

- Design agency-specific performance frameworks.
- Define indicators to monitor and design programs and projects.
- Develop a modern computer platform that incorporates geo-referenced data and information in several different ways.
- Enable integration of real information with financial information from the financial management system and other administrative systems.
- Ensure that the information is used in decision-making and define transparent processes for its use.

Public investment management:

- Finish shaping the mechanism to prioritize investment projects.
- Implement guidelines to economically evaluate projects.
- Develop procedures to prioritize projects.
- Develop a project bank.

²⁹ A more detailed analysis is presented in Krause, Mackay, and López-Acevedo (2012).

- Develop a multi-year investment program linked to the medium- and long-term national development plans. The public sector investment program that the Ministry of Finance and Economic Development is developing should assist this process.

Evaluation:

- Develop policies and standards for an evaluation subsystem.
- Support program and project evaluation activities within line ministries.
- Prepare methodologies and manuals to guide execution of program evaluations at the sectorial and national levels.
- Promote evaluations based on statistics and quality administrative records (which also requires actions to strengthen the statistical system).
- Develop different levels of evaluations, such as rapid assessments, desktop evaluations, intermediate evaluations of results, and rigorous impact evaluations.
- Promote a National Evaluation Agenda, defining main topics, and the public policies, programs, projects, and institutions to be evaluated in the next 5 years.
- Take advantage of external assessment capabilities, partnering or contracting universities and research centers.
- Ensure the existence of conditions that allow evaluations to have real consequences in decision-making and define transparent processes for the use of their results.
- **Ensure sustainable results-based planning, public investment management, and M&E systems** by gradually providing adequate human capabilities and skills within the government's overall staffing constraints. A priority is to carry out training programs designed to show, at a minimum, how to elaborate performance indicators, how to produce ex-ante investment project evaluations, and how to carry out ex-post program and project evaluations. This should be complemented by a medium-term training plan to develop capabilities on diverse types of evaluations.

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Appendix 1: Belize's Loan and Technical Cooperation Operations with the IDB, 2007–2012

The IDB has supported four programs to strengthen public management, transparency, and accountability in Belize.

- **BL-T1005.** This technical cooperation operation for US\$450,000 was financed by PRODEV (Subaccount A). The objectives were to improve the quality of public sector investment through better planning, implementing a medium-term performance budgeting system, improving the quality of statistical information, strengthening financial controls, and developing an integrated strategy to advance an RBM agenda. The main activities considered were supporting elaboration of the long-term national plan, the Action Plan for Vision 2025,³⁰ and assisting the Office of the Auditor General with legal and institutional issues. (IDB, 2006)
- **BL-T1034.** This technical cooperation operation for US\$220,000 was from the IDB's Anticorruption Activities Fund. The main objective was to strengthen the government's institutional capacity to promote transparency and to create discipline in fiscal policy. The most important activities were enhancing Belize's legal framework for fiscal transparency and responsibility, and providing training to adopt the Fiscal Transparency and Responsibility Framework. (IDB, 2009a)
- **BL-L1004.** The objective of the fifth component of this policy-based loan for US\$15 million was strengthening Belize's institutional capacity to promote transparency and responsibility for fiscal policy. The goal was to introduce legislation regarding principles of responsible fiscal management and a medium-term fiscal framework, ensure a public fiscal management system consistent with the fiscal framework, and enhance public investment management. As a result of this loan, "by 2010, Belize had in place a medium-term fiscal framework, a framework to guide planning and managing public investment, an action plan for implementation, and a framework and regulations for fiscal transparency and responsibility." (IDB, 2009c, 2012)
- **BL-T1039.** This technical cooperation operation for US\$900,000 was financed by the Japan Special Fund.³¹ The objective was to contribute to modernizing public expenditure management by supporting implementation of Belize's medium-term action plan. The intent of the plan was to strengthen public fiscal management, procurement, public investment management, and governmental internal audit and control systems. Special

³⁰ Later renamed Horizon 2030.

³¹ Initially this operation was going to be financed by PRODEV Subaccount B.

emphasis was given to weaknesses in the budgetary process. The main component of the operation was enhancing the public financial management system, followed by strengthening the public investment management system, and improving the procurement and internal and control systems.³² (IDB, 2010a)

Additionally, recently, a program to improve M&E capabilities in the education sector has been implemented.

- **BL-T1069** (BL-T1057). The objective of this technical cooperation operation is to finance strengthening the institutional capacity of the Ministry of Education, Youth, and Sports in corporate planning, M&E, budgeting, and execution of the redefined roles of the district offices. The institutional capacity support primarily targets the six district offices, Education Support Services, and the Quality Assurance Development Services.

³² Currently this technical cooperation operation has a low percentage of disbursements (less than 15 percent), having started with only activities related to procurement.