

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BELIZE/CID - Isthmus & DR
▪ TC Name:	Design and support to the kick-off of the Sustainable and Inclusive Belize Project
▪ TC Number:	BL-T1148
▪ Team Leader/Members:	LE POMMELLEC, MARION (CSD/RND) Team Leader; BUCARAM VILLACIS, SANTIAGO JUNIOR (CSD/RND) Alternate Team Leader; SALAZAR, LINA PIEDAD (CSD/RND) Alternate Team Leader; SALAZAR, ASTRID DANIELLE (CID/CBL); SANMARTIN BAEZ, ALVARO LUIS (LEG/SGO); REISINGER, UTE (VPS/ESG); ARANGO LAWS, JESSICA (VPS/ESG); RESTREPO, LISA SOFIA (CSD/RND); SUAREZ VAZQUEZ, GINES (CSD/RND); HENRY WADE; BALANI, HERO RANJIT (CID/CBL); WATSON, BRODRICK RAYLANDO (VPC/FMP)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Sustainable and Inclusive Belize - BL-L1041
▪ Date of TC Abstract:	14 Jan 2022
▪ Beneficiary:	Ministry of Economic Development
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$200,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals
▪ Prepared by Unit:	CSD/RND - Env, Rural Dev & Disaster Risk
▪ Unit of Disbursement Responsibility:	CID/CBL - Country Office Belize
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Productivity and innovation; Economic integration; Institutional capacity and rule of law; Environmental sustainability; Gender equality; Diversity

II. Objective and Justification

- 2.1 To support (i) the conceptualization and design of operation BL-L1041, through the preparation of the required feasibility studies; and (ii) the kick-off the future loan, through specialized technical assistance.
- 2.2 The COVID-19 pandemic represented an unprecedented shock for Belize's tourism-dependent economy, by severely hitting this sector which constitutes 39% of GDP, 40% of total employment and 42% of total exports in 2019. As a consequence, the GDP contracted by 14% in 2020. Even before the pandemic, Belize had witnessed years of slow economic growth and stagnant per capita income, with rising poverty rates and limited progress in social development indicators, including the persistence of gender and ethnic disparities. Hurricanes, droughts and flooding have further weakened economic activity. Belize urgently needs to generate faster, sustainable, and inclusive growth to mitigate the effects of the crisis; this requires, among others, efforts to reactivate private sector-led growth. In such a context, supporting Micro, Small and Medium Enterprises (MSMEs), that represent 99% of Belizean enterprises, and are key

for jobs creation and reducing poverty, appears to be a priority. From a sector standpoint, developing the agricultural MSMEs is a special concern, particularly to decrease the excessive dependence of the Belizean economy to the tourism sector. However, MSME's face major challenges that need to be tackled to generate sustainable and inclusive growth. Those include: (i) Weak human capital and innovation, impacting productivity, operation costs and competitiveness; (ii) Difficult access to finance, exacerbated by informality and in case of innovation; and (iii) Difficult access to markets. Those issues are exacerbated for women, youth, indigenous people and Afrodescendants. Poor climate resilience and fragile environmental sustainability represent an additional challenge, especially in agriculture. In this context, the Government of Belize requested the Bank's support through a Specific Investment Loan, to increase opportunities for vulnerable populations, promoting natural resource-based economic activities in the post-COVID-19 context. The objective of the "Sustainable and Inclusive Belize" Project (BL-L1041) will be to maintain and create high quality and decent jobs, as well as to improve incomes in the Agriculture, Tourism and Blue Economy sectors. To reach those objectives, the project will seek to improve MSMEs profitability; access to market; access to credit; and climate resilience/decarbonization and environmental sustainability. To achieve those results, goods and services will be financed, structured under two components. Component 1 "Direct support to MSMEs" will improve quantity and quality of goods produced and services provided in the agriculture and tourism sectors, respectively; the generation of value-added; and reduction of losses and production costs. To this end, the project will support groups or individual MSMEs, through: (i) training and technical assistance in various topics; and (ii) non-reimbursable financial support to finance or co-finance investments. Specific strategies and actions aiming at ensuring women, youth and ethnics inclusion will be designed and financed. Component 2 "Policy and Institutional Strengthening" will support the delivery of public services in the agriculture and tourism sectors to: (i) Improve market intelligence and linkages; (ii) Improve access to information; (iii) Mainstream climate change resilience and mitigation and environmental sustainability in the prioritized sectors.

III. Description of Activities and Outputs

- 3.1 **Component I: Support to the Government of Belize in the design of operation BLL1041.** Preparation of the required feasibility studies, including a Gender, Indigenous People, Afrodescendants gap assessment and management plan.
- 3.2 **Component II: Support to agile Project kick-off.** Technical assistance to support the Executing Agency to comply with the contractual conditions precedent to the first disbursement, and to timely implement Bank's planning and monitoring tools and fiduciary policies

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Support to the Government of Belize in the design of operation BL-L1041	US\$150,000.00	US\$0.00	US\$150,000.00
Support to agile Project kick-off	US\$50,000.00	US\$0.00	US\$50,000.00
Total	US\$200,000.00	US\$0.00	US\$200,000.00

V. Executing Agency and Execution Structure

- 5.1 At the request of the beneficiary, the Bank, through the CSD/RND division, will be the executing agency of the TC. The Bank's Country Office in Belize will be the UDR of the TC. The Bank will contract the services of (i) individual consultants, in accordance with the provisions of Policy AM-650; and (ii) consulting firms, in accordance with the provisions of the Policy for the Selection and Hiring of Consulting Firms (GN-2765-1) and its Operational Guidelines OP-1155-4 that came into effect on January 1, 2017. Information Detailed information can be consulted in the procurement plan. The Bank will execute the TC in close coordination with the Beneficiary, through continuous communication, periodic work meetings, review and mutual agreement of the terms of reference for contracting studies, and joint supervision of activities, reports and products of the consultants. The Bank will monitor the TC, based on a comparison between planned and actual procurement processes; and between the deliverables foreseen in the work plan of each consultant and the ones actually delivered. The TC will not cover the execution costs (fiduciary processes, technical supervision, general monitoring) of the same. These costs will be assumed by the administrative budget of the Bank's staff who are part of the project team.
- 5.2 At the request of the beneficiary, the Bank, through the CSD/RND division, will be the executing agency of the TC, to take full advantage of the Bank's experience and lessons learned in the preparation, supervision and evaluation of similar investments operations (HO-L1010, PN-L1166, or CO-L1166, among others) and minimize the risk that TC products are delayed or do not meet the quality standards required by the Bank's loan proposal review committees.

VI. Project Risks and Issues

- 6.1 The main risk of implementation is associated with the lack of capacity of the national counterparts to address the Bank's requests in terms of participation to meetings, feedback to documents, or data delivery, among others. Indeed, the Bank's pipeline for 2022 includes four new operations that are being designed in parallel, generating a heavy workload for the Belizean counterpart. This risk is being mitigated by the strong coordination led by the Country Office in Belize, aiming at developing synergies between the four design processes and minimizing transaction cost for the client.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "N/A".