

Belize – European Union ACP Partnership

Annual Report 2002

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Table of Contents

1. Executive Summary.....	3
2. The Policy Agenda of Belize.....	4
3. Update on the political, economic and social situation	6
3.1 POLITICAL UPDATE	6
3.2 RECENT ECONOMIC PERFORMANCE.....	8
3.3 PRODUCTION, AGRICULTURE, EXPORTS AND TOURISM	11
3.4 SOCIAL SECTORS AND POVERTY REDUCTION	13
4. Overview of past and ongoing cooperation.....	22
4.1 FOCAL SECTORS	22
4.1.1 Focal Sector Consolidation of Infrastructure Development.....	22
4.1.2 Focal Sector Development of Human and Natural Resources	24
4.2 UTILISATION OF RESOURCES FOR NON-STATE ACTORS (NSA)	28
4.3 OTHER INSTRUMENTS OF FINANCIAL AND TECHNICAL CO-OPERATION	28
4.3.1 The European Investment Bank.....	28
4.3.2 Regional co-operation	29
4.3.4 Community Budget Lines.....	30
4.3.5 Special Framework of Assistance to the Banana Industry	30
5. Programming Perspectives for the following years	34
6. Specific themes for Operational Review	34
6.1 ADVANCING THE USE OF PREVIOUS EDF RESOURCES	34
6.2 SETTING INDICATORS AND TARGETS FOR MEASURING RESULTS IN THE FOCAL SECTORS.....	35
6.3 DIALOGUE IN COUNTRY WITH THE NAO AND NON-STATE ACTORS	35
7. Conclusions	36
ANNEXES	40
Annex I - Intervention Framework	41
ANNEX II - CHRONOGRAMME OF ACTIVITIES	44
ANNEX III - INDICATIVE TIMETABLE FOR COMMITMENTS AND DISBURSEMENTS.....	45
ANNEX IV - FINANCIAL SITUATION.....	46
ANNEX V – PROJECTS FUNDED FROM THE BUDGET OF THE EUROPEAN COMMUNITY	50
ANNEX VI - EUROPEAN INVESTMENT BANK	57
ANNEX VII – PROJECT SHEETS	58
ANNEX VIII – AGRICULTURAL SECTOR PERFORMANCE.....	75
ANNEX IX – MAJOR ECONOMIC INDICATORS	78

1. Executive Summary

The present report on the Belize – European Union ACP Partnership¹ during 2002 starts off with a brief description of the policy agenda of Belize, summarising the country's economic and development strategies and goes on to provide an update on the political, economic and social situation for the period covered by the report.

Subsequently a review and assessment of co-operation under the 8th European Development Fund (EDF) are given, scrutinising results and activities in the two focal areas of co-operation - Consolidation of Infrastructure Development and Development of Human and Natural Resources.

Thereafter the other instruments of EU co-operation in Belize are highlighted. They include notably projects funded by the European Investment Bank (EIB), activities financed under the Caribbean Regional Indicative Programme (CRIP) and funding from the Budget of the European Commission, with a special focus on the Banana Support Programme (BSP). The report thereafter provides an update of programming under the 9th European Development Fund during 2002.

As the programmes and projects under the 8th European Development Fund are being concluded, the Government and the Commission are working on the conceptualisation and implementation of the programme of cooperation agreed under the 9th EDF Country Support Strategy and National Indicative Programme (CSS/NIP), which was signed in Belmopan in March 2002. An amount of € 7 million is foreseen for the creation of rural development programme (focal programme), while €800.000 have been earmarked for capacity building and institutional strengthening of the public sector (non-focal programme). For the rural development programme a feasibility study was prepared during 2003. Given a successful adoption of the Programme, activities under the programme could start in the first half of 2004.

The draft Annual Report for 2002 was reviewed in the context of the Annual Operational Review Meeting, which took place in Belmopan on 19 August 2003, bringing together officials from Belize and the European Commission. The Annual Review included the following specific topics: an outlook on the upcoming 2004 Midterm Review, the question of the use of residual EDF resources, the refinement of indicators and targets for measuring progress in rural development, the focal sector under the 9th EDF, and an assessment of the dialogue between Commission Delegation, National Authorising Officer and non-state actors.

¹ The Partnership Agreement between the African, Caribbean and Pacific (ACP) Group of Countries and the EU was signed in Cotonou (Benin) on 23 June 2000

2. The Policy Agenda of Belize

Belize's Medium Term Economic Strategy continues to focus on achieving sustained and balanced growth while at the same time reducing poverty and protecting the most vulnerable members of society. The Government is committed to implementing sound and comprehensive strategies aimed at consolidating Public Finance to generate surpluses for capital investment, while at the same time providing the enabling environment necessary for continued private sector investment.

Key policy initiatives include actions on the Fiscal and Monetary fronts, Investments in Rural Development and in Agriculture, continued focus on Poverty Reduction.

Fiscal Policy

In the short to medium term, the Central Government has committed itself to a programmed reduction in the fiscal deficit. Extra-budgetary expenditure is being curtailed and improvements in tax administration and elimination of Ministerial waivers of taxes on imports, with the exception of requests by religious and charitable organisations, are expected to improve collections of revenue. Capital investment will concentrate on high quality; high yield projects particularly the provision of infrastructure in support of the productive sector.

Monetary Policy

Another major plank of the strategy is the prudent use of domestic monetary instruments aimed at sterilizing any excess liquidity in the banking system thereby dampening the demand for foreign currency in the short term. The Government has publicly pledged to refrain from further commercial borrowing on the international capital markets and to concentrate on sourcing lower cost funds from more traditional sources and new bilateral partners.

In the medium term, Government aims to achieve growth of 5%-6% per annum without sacrificing investment in the social sector and in poverty elimination programs. In the monetary sector, Government is committed to pursuing policies and programs which facilitate a further lowering of the interest rates in order to fuel private sector investment and economic growth.

Social Investment

Investments in health and education are seen as critical to long term growth and development. In education, the focus will be on improving both the quality of education and equity of access. Strengthening of management within the sector is key to the success of this strategy. In the health sector, issues of quality and equity of access are also important. The gains made in the social and environmental health area, in malaria eradication, for example, have to be maintained and the focus on HIV/AIDS strengthened in order that real and sustained inroads are made in containing the spread of the disease. The multi-sectoral approach to addressing the HIV/AIDS crisis is central to this effort.

Poverty Reduction and Agricultural Development

The issue of poverty is high on the agenda of the Government of Belize. Notwithstanding the high rates of economic growth, which Belize has been experiencing, there remains significant work to be done to reduce poverty in the rural areas as well as the urban areas. Poverty reduction is being approached in several strategic ways. Rural poverty will continue to be addressed through the promotion of small-scale agricultural development and the implementation of rural community-based projects to improve social infrastructure in the villages. The overall aim is to make the agricultural sector more efficient and competitive, while at the same time, contributing to the improved social well being of the population. In the urban areas, attention will continue to be paid to urban renewal.

Small, medium and micro enterprises are key to job creation and achievement of sustainable livelihoods by the poor. Therefore, in both urban and rural areas, access to skills training for employment and entrepreneurship, support for institutions providing credit and advisory services to small and medium enterprises and advocacy and assistance programmes for micro-enterprise development are key elements of the poverty reduction strategy.

Trade

Belize as a member of the Caribbean Community (CARICOM) is currently engaged in several multilateral and hemispheric negotiations simultaneously in addition to the regional CARICOM Single Market and Economy (CSME). The negotiations as mandated by the Doha Development Agenda, under the World Trade Organization (WTO) are progressing very slowly but nevertheless Belize is engaged in the process to ensure that the rule-making system will accommodate special and differential needs of small developing economies.

The Free Trade Area of the Americas (FTAA) negotiations continue to dominate the hemispheric trade discussions and although there remains several areas of divergence in the negotiations and a finite time frame within which to complete the negotiations, Belize is fully engaged in the process and contributes to the regional coordination mechanism executed by the Caribbean Regional Negotiating Machinery (CRNM).

Belize as a member of the Caribbean Group (CARIFORUM) is cognizant of the need to negotiate new WTO compatible trading arrangements (EPA's) and the need to engage in such negotiations gradually, as provided pursuant to Article 37 of the Cotonou Partnership Agreement. In addition, it is recognized that Belize needs to take into account the levels of development and the potential negative socio-economic impact of this new trading arrangement and contingent adjustment of the economy as a result of the liberalization process.

Belize is committed to engaging in substantive negotiations with the EU but limited resources hinder the pace of negotiations. In addition it is imperative that Belize carry out the required impact assessment studies to formulate negotiating positions. Belize is cognizant of the adjustment cost associated with engaging in and implementing WTO-compatible reciprocal trading arrangements with the EU and will lobby for the establishment of a fund to assist with this fundamental process.

Belize's experience with the reform of the EU Banana regime has not been very encouraging. As a relatively efficient ACP banana producer it views that implementation of market access rules favour the trading companies at the expense of producers. It appears to Belize that similar policies are being enforced under the EU sugar regime.

The formulation of appropriate and well informed policy positions to guide Belize's participation in the various international trade negotiations will continue to be of strategic importance to the future of Belize's major commodities as well as to the emerging services sector. Trade policy, investment promotion and productivity/competitiveness in the global markets go hand in hand. Greater effort will continue to be brought to these areas, which are vital to economic growth.

3. Update on the political, economic and social situation

3.1 Political Update

INTERNAL POLITICS AND GOVERNANCE

In September 2002, the Government of Belize introduced in Parliament a Bill to amend the constitution of Belize which would abolish appeals to the Privy Council in respect of convictions for murder of police and prison officers, as well of murders committed in furtherance of a crime, which are deemed to be particularly senseless and cold blooded. This was in response to public clamour for stiffer penalties against the growing incidence of such crimes. At the end of 2002 the matter was still pending before Parliament.

In August, 2002, a New Telecommunications Act was passed which sets out the legal framework to promote competition in the Telecommunications Sector. Since then the Public Utilities Commission has granted individual licenses to two service providers thereby ending the monopoly of enjoyed by the Belize Telecommunications Limited over the last fifteen years. It is widely expected that the introduction of competition in the telecommunications sector will result in lower operating costs and increased competitiveness to many service based industries in Belize.

Also in 2002, the Government granted approval for implementation of the controversial "Challio Project". The Project which involves the construction and operation of a dam in the Macal River Area by the Belize Electricity Company (BECOL) has attracted much criticism by local and international environmental groups which claim that valuable habitat for rare wildlife would be destroyed. The approval was contested in the courts by a consortium of local environmental NGOs with support from several international environmental NGOs. In December, 2002 the Supreme Court of Belize ruled that the approvals were in good order and that after undertaking more public consultations, the Belize Electricity Limited, the parent company of BECOL, could proceed with the project. The local NGO community responded by signalling their intention to appeal the ruling.

Proponents of the Challio Project argue that it is the least cost source of meeting future demands for electricity in Belize. They also state that the Project will decrease Belize's dependency on power purchased from Mexico or generated from the burning of imported fossil fuels.

Town Board Elections and National Elections are due by March and August 2003 respectively. By the end of 2002, both main political parties had held their conventions to select national and municipal candidates clearing the way for the calling of the elections early, should the Government want to do so.

For the first time, a significant number of independent have declared themselves as potential candidates in both sets of elections indicating a departure from the traditional dominance of the political landscape by only the two main parties. The emergence of the independents is being interpreted by some analysts as dissatisfaction with the status quo.

EXTERNAL POLITICS

In September, "Facilitators" working to resolve Guatemala's long-standing claim to Belize under the auspices of the Organisation of American States submitted proposals for the resolution of the Claim. Among the key points is the proposal for Guatemala to relinquish its claim to Belize territory, recognizing Belize's land boundaries from the 1859 Treaty. In exchange, slight border realignment will be made that will give Guatemala about 3 square miles of land near Garbutt's Falls. More importantly, Guatemala will gain important maritime rights off southern Belize. Both major Belize political parties have come out in support of the accord, as have most civic groups in Belize. However, in Guatemala, reception has been much cooler, with public sentiment apparently overwhelmingly against it. The agreement must be ratified by voters of both countries in simultaneous referenda. At the present there is no set timetable for the holding of the proposed referenda.

Officials from the Organisation of American States arrived in Belize to make arrangements for establishing an OAS office in the Adjacency Zone, within one kilometre of the border with Guatemala. This OAS presence will be able to verify any transgression by the parties of the confidence building measures (CBMs), carry out activities to improve relations among the inhabitants of the zone, and provide information to the residents of the zone about the confidence building measures.

In July, 2002 Prime Minister Said Musa and other CARICOM leaders held a three-day summit in Guyana. The leaders discussed a Caribbean Court of Justice to replace the Privy Council, and new efforts to stop the rise in violent crimes in several member states, including Guyana, Jamaica, Trinidad and Tobago, Barbados, and Saint Lucia. Caribbean Community Secretary-General Edwin Carrington said Caribbean leaders were updated on efforts to raise start-up funds for a regional court, which is also considered key in setting up a European-style single market by 2004. The Free Trade Agreement of the Americas takes effect in 2005. Officials believe the movement to a single market will lead to trade disputes that will require a regional court to settle.

SECURITY

As in the entire region crime is on the rise in Belize, but the Police Department has been making improvements to combat crime including recruiting of additional police, upgrading of police stations and substations, the construction of new stations, and the upgrading of the vehicle fleet. Investment has also been made in infrastructure including a new Joint Intelligence Gathering Centre and new equipment and staff for a Forensics Lab.

The Police have also been aggressively monitoring deportees recently returned from the United States of America, patrolling special police zones, promoting neighbourhood watch groups, improving communication systems and working with private security firms.

3.2 Recent Economic Performance

The most recent statistical figures indicate that general economic activity in 2002 recorded respectable growth of 3.8% over 2001. This increase was driven by substantial gains in the tourism and tourism-related sub sector, particularly from a steep rise (564.4%) in cruise-ship passenger arrivals. It was similarly bolstered by higher (5.3%) output in agriculture and forestry activities most notably from increased production in the sugarcane (9.5%), papaya (68.5%) and to a lesser extent, livestock industries.

Growth was restrained, however, by a slowing of activity in the production of food, beverages and textiles, water, electricity and construction services.

The higher cruise ship arrivals mainly reflect a continuing customer preference to air travel following the September 11 incident in the US and intensive promotion of Belize as a cruise-ship destination by the Belize Tourism Board in recent years.

Better performance in sugarcane production was linked primarily to continuing recovery from the effects of Hurricane Iris in 2001. The growth in papaya production reflects recent investment in significantly more acreage under cultivation, largely a response to higher demand in the US.

At 2.3% the rate of inflation remained low in 2002, despite representing a marginal increase of 1.1% over 2001. The rise came mainly from higher prices particularly for transport and communication services, recreation, education and cultural services and, medical and care services.

Unemployment rose marginally from 9.5% in 2001 to 10.6% in 2002. The number of employed persons actually rose in 2002. However, there was a greater increase in the number of persons comprising the labour force. The increase in the number of persons employed was seen primarily in the tourism, construction and public administration sub-sectors.

Fiscal Performance

In 2002/03, Central Government's fiscal performance continued to improve as the overall deficit declined by 5.5% to USD42.2 M, compared to 2001/02. The overall deficit was financed primarily from external sources, reflecting an excess of disbursements over repayments on loan funds from foreign sources. Disbursements were significant because Central Government had embarked on a debt-refinancing and consolidation program to reduce the debt-service burden.

The improvement in the overall balance mainly reflected a solid improvement in the current account surplus from USD18.3 M to USD29.1 M during the fiscal year. This improvement was due primarily to an increase of 11.3% to USD205.8 M in current revenues that overshadowed a smaller increase of 6.6% to USD176.8 M in current expenditures. Current revenues increased largely as a result of the continued

positive impact of the 1999 tax reforms designed to broaden the tax base, simplify the determination of tax liabilities, and improve tax collections.

Capital revenues declined by 53.4% in 2002/03. This was largely because there were no additional privatizations in 2002/03. Privatization has been a major source of capital revenues in recent years. Grants declined from USD10.3 M to USD7.9 M in 2002/03.

In addition, Capital II expenditures or local counterpart funding by Government increased by 17.0% to USD39.2 M in 2002/03. However, Capital III expenditures fell by 21.1% to USD52.5 M during the same period mainly reflecting a significant contraction of 82.0% in expenditures from the Emergency Relief Fund (ERF). The ERF was established to fund reconstruction projects undertaken after Hurricanes Keith and Iris. In 2002/03, expenditures from the ERF fell to USD3.5M from USD19.5 M in the previous year as the various hurricane reconstruction projects neared completion. It is expected that funding for these projects will be eliminated in 2003/04.

External Sector

In 2002, Belize's balance of payments recorded a slightly larger deficit of USD4.9 M compared to USD3.5 M in 2001. The deficit in 2002 stemmed mainly from a reduction of 16.3% to USD143.7 M in the surplus from financing transactions, mainly reflecting a decline in foreign direct investments, an acceleration of payments abroad to holders of securities and loan repayments by Central Government as part of its debt-restructuring program.

The current account recorded a modest improvement as the deficit contracted by 12.0% to USD162.8 M, compared to 2001. This improvement stemmed from a decline of 11.1% in the deficit in merchandise trade, reflecting a higher rise in the value of exports (due to improved commercial free zone activity) than that of imports.

Capital transfers improved similarly, from USD0.8 M in 2001 to USD9.8M in 2002.

Public Sector Debt

Domestic Public Sector Outstanding Debt

The domestic public sector debt was USD126.2 M at December 31, 2002 or 14.2% of GDP. The 2002 level represented a decrease of 9.5% over the USD139.6 M at the end of 2001 which was 16.4% of GDP. The figures reflected a deduction of USD40.8 M in 2001 and USD6.2 M in 2002 from the total domestic debt. These amounts were reclassified as public sector external debt of the Central Bank as a result of the refinancing of short term loans by the Government of Belize and the Central Bank.

Domestic Public Sector Debt Service

During 2002 the aggregate amount of principal payments of domestic public sector debt paid by Belize to Commercial Banks and the Development Finance Corporation (a development bank) totalled USD0.7 M. Interest payments by the Central Government for the period amounted to USD5.8 M and included interest payments of USD2.8 M on overdraft facilities, USD1.3 M on Treasury Bills, USD0.5 M on Treasury

Notes, USD0.2 M interest payment on Defence Bonds and USD0.8 M interest on several small loans. The ratio of domestic debt service payment was in the region of 3% of GDP.

External Outstanding Debt

At the end of 2002 the public sector external debt was USD 550.9 M which was 61.8% of GDP. This was an increase from the USD485.9 M at the end of 2001, which in turn was 60.4% of GDP. The Central Government External Debt was U.S. \$449.00 or 81.5% of the total external public debt, the non-financial public sector's share was USD8.1 M or 1.5%, and the financial public sector's share was USD93.9 M or 17%.

During 2002 USD0.6 M of Central Government's debt was converted to domestic public sector debt as part of the debt for nature swap arrangement that exists between the Government of the United States and that of Belize.

External public sector debt disbursements totalled approximately USD239.0 M while the external public sector principal payments totalled USD146.6 M. Approximately 79.3% of all disbursements were to Central Government. The proceeds were used to facilitate the refinancing of short term debt and enhance the maturity structure of Central Government Debt. Of this amount USD47.0 M was disbursed to the Development Finance Corporation (DFC) to refinancing of debt also. The rest were used for infrastructure and housing projects.

External Public Sector Debt Service

During 2002 the Central Government's principal payments on external public sector debt was USD76.9, the financial public sector paid USD68.1 M and the non-financial public sector paid USD1.6 M for a total of USD146.5 M.

In regards to interest, during 2002 the interest payment on external public sector debt decreased from USD30.1 in 2001 to USD28.1 M. The Central Government share of the interest payments was approximately 73.7%. Interest payments were made to commercial banks, multilateral and bilateral creditors and holders of Notes. Total debt service payments of principal and interest amounted to 19.4% of GDP in 2002.

International Reserves

Net official international reserves held by the Central Bank decreased by 5.4% to USD111.4 M at the end of 2002. Gross official international reserves stood at USD114.4 M by the end of 2002, representing approximately 13 weeks of merchandise import cover. The gross reserve position at the end of 2002 also represented a decline of 4% from the position at the end of 2001.

Exchange Rate

The Belize dollar has been pegged to the US dollar at a rate of BZD2.00 to USD1.00 since 1976. No change was made to the rate in 2002.

3.3 Production, agriculture, exports and tourism²

Preliminary figures indicates that production expanded by 3.8% in 2002, largely, due to significant growth in industries catering to the domestic/tourist sectors (fruits/vegetables & livestock), the sugar sector and the non-traditional export sector (papayas, grapefruit squash); papaya export expanded to \$15.2 million (48.8% increase due to 75% increase in unit exports) while grapefruit squash reached \$11.3 million (five-fold increase due largely to four-fold increase in unit exports). In contrast, exports (\$320.5 million) showed no growth due, mainly, to reduced earnings for citrus and bananas which are still in the process of recovering from the aftermath of hurricane Iris.

Citrus continues to remain the most important export earner (\$ 85.5million) for Belize in spite of a 16% reduction in export earnings, caused by 40% reduced exports of concentrate attributed to three factors: the cyclical nature of the industry, continued low/stable prices and the aftermath of hurricane Iris; all of this contributed to a substantial decrease in orange (26 %) and grapefruit (11%) production; however, in 2002/2003 it is forecasted that production will once again be around the record level (7.5million boxes) which was achieved in 2000/2001; thus in 2003 export earnings should approach \$110 million (roughly 37% increase).

Production and export from the sugar sector expanded by 11% (long tons) and 9.9%, respectively. The increase in production and exports (\$ 66.0 million) is explained through increase acreage of 3.7%, improvement in acreage yield productivity of 5%, and a 62% increase in molasses exports together with improved prices for molasses.

Fish exports decreased by 0.2% to \$70.4 million; shrimp represents the main fish export with \$51.4 million. (The small aggregate increase in export is attributed to a 34% & 14% decrease in lobster and shrimp exports.) This statement is therefore not true because lobster decreased by 12.7% and shrimp earnings increased by 11%. Earlier forecasts of shrimp output and exports were not met due to the impact of the taura virus which reduced production by more than 45% of the forecasted amount (13.4 million lbs of tails) and by constraints in hatchery capacity which limited farm production to just one crop per year for some of the farms without their own hatchery; production of shrimp tails only reached 7.1 million lbs while exports were limited to 6.1 million lbs.

In 2003 it is expected that shrimp production and exports will almost triple converting it into the most important export earner (\$125-\$150 million). Factors which will contribute to this substantial growth are as follows: some of the farms which only did one crop in 2002 are expected to do two crops in 2003, most farms have brought species resistant to the taura strain (reduced mortality rate and return to yield rates of the pre-taura period), three new farms are expected to commence production and prices are not expected to experience wide variations.

The banana sector continues to experience production/export decrease due to the aftermath of hurricane Iris in October 2001. Production and exports earnings declined to 43,000 metric tones and to \$ 33.5 million (4.6% decrease). However, the industry has now fully recovered from the impact of hurricane Iris

² All \$ figures are in USD for which the exchange rate is 2 BZD = 1 USD.

and in 2003 it is expected that production and exports will reach a record level of 80,000 tonnes while export earnings will almost approach pre-Iris levels (\$ 67.7 million)³.

An assessment of Belize's export dynamic pre-Iris shows that total exports and agriculture exports were expanding at around 5.0% and 4.0% p.a., respectively from 1990-2000. Growth was coming from citrus at 17% p.a., from banana at 10% p.a., from marine products at 13.0% p.a., from non-traditional agriculture exports at 20.0% p.a. and from other non-traditional exports at 2.0% p.a.; during this time period sugar exhibited a decrease in export earnings of 2.0% p.a. In 2000 a record in agriculture export earnings was achieved at \$ 430.7 million, largely, due to record exports for all the traditional agriculture export earners (except sugar) and for the major non-traditional agriculture export earners (papayas and black-eye peas except red-kidney beans).

Export performance from 2001-2002 has not been good for several reasons: the aftermath of Hurricane Iris which reduced banana exports by more than 24.8%; citrus production was reduced due to Hurricane Iris, the cyclical nature of citrus plus low prices which impacted on farm management/yields, the appearance of the taura strain in the shrimp industry and its aftermath); the continued decline in sugar prices in 2001 and a reduction in prices for papaya exports.

For 2003-2005 it is projected that agriculture exports (Additional information on Agriculture Sector Performance is given in Annex VIII) will once again surpass its record amount of \$ 430.7 million which was achieved in 2000 for the following reasons: prices for citrus products for the coming 7 years look stable, production is expected to commence growth based on current acreage, recovery programs in the aftermath of Hurricane Iris and the restructuring of the processing plants for increasing efficiency; the banana sector has now fully recovered and the continued support from the European Union continues to impact on productivity thus production should reach a record level in 2003 and may approach the target 100,000 metric tons by 2005; the impact from the taura virus on the shrimp farms has now been brought under control and productivity levels should now return to pre-taura in 2001; furthermore, the increased investments in the shrimp farms should also contribute to making 2003 a record level for exports of shrimp and for continued growth in the coming 3 years. Sugar production is expected to exhibit the same performance as the last 20 years of almost no growth/ little change in productivity and most of the fluctuations in export earnings being explained by fluctuations in export prices.

In 2002 the tourist expenditure expanded to \$265.6 million (10% increase) while tourist arrivals totalled 199,521 visitors representing a 1.8% increase; all this indicates that the average tourist coming to Belize is, now, spending more money. The main factor for the slowdown in tourist arrivals has been the September 11, 2001 attack on the twin towers and the impact of Hurricane Iris on the Placencia Peninsula in October 2001.

Prior to September 11, the tourist sector was expanding at an average rate of 8%. Factors which have mitigated the impact of September 11, have been an aggressive promotion campaign in the main USA market plus additional airline capacity from US Airways through Charlotte, North Carolina, USA, from Air Jamaica through Montego Bay, Jamaica (services were stopped in June 2003), plus additional flight from Miami through American Airlines and from Newark, New Jersey through Continental Airlines. Overall the tourist sector is robust as demonstrated by its capacity to easily rebound from natural disasters such as Hurricane Keith in 2000 on San Pedro (the main tourist destination), from Hurricane Iris in 2001 on

³ Projections at time of finalisation of report (September 2003); causes for increase still subject to analysis.

the Placencia Peninsula (the fastest growing tourist destination) and be able to sustain growth in the aftermath of September 11, 2001.

Cruise tourism continued to lead growth in the tourist/service sector. Cruise ship arrivals expanded from 48,116 to 319,690 visitors in 2002 (564% increase). The main factors contributing to this growth were an increase in cruise ship calls from 48 to 200 (four-fold increase), the impact of September 11 which re-directed call for cruise ships from the Middle east to more secure destinations such as Belize, the year-round arrival of cruise ships, the development of infrastructure by the private sector (tourism village) and the diversity of Belize's tourism product: cave tubing, biking, swimming, diving, snorkelling, bird watching, archaeology

3.4 Social sectors and poverty reduction

Belize commenced a new Living Standards Measurement Survey which will provide updated information regarding the incidence of poverty in Belize. The Survey will be available in November 2003. The last Country Poverty Assessment (CPA) conducted in Belize was over the period 1995/96 under the auspices of the National Assessment Team for Poverty (NAT), with technical and financial assistance provided by the Caribbean Development Bank (CDB), the UK Department for International Development (DFID), the Canadian International Development Agency (CIDA) and the Organisation of American States (OAS).

The major findings of that CPA showed that 25.3% of households or 33% of the total population fell below the national poverty line of \$1,287.48 per annum for an adult, an amount sufficient only for the procurement of food, shelter, clothing and basic necessities. Of the population defined as poor, 13.4% were deemed to be 'indigent' or 'extremely poor', that is, they existed on resources valued at less than \$751.32 per annum, sufficient only for basic subsistence.

Included in the Millennium Development Goals is the ambition of halving the world's population living in extreme poverty by the year 2015. The Government of Belize (GOB) places high priority on the issue of poverty reduction and intends to contribute to the global goal through incremental six-year plans that strategize the national objectives, methods and actions to be employed in the fight against poverty.

The GOB has committed itself to investing in projects that in the long run benefit the poor. In this context, the GOB produced its first six-year National Poverty Elimination Strategy and Action Plan 1998–2003, which seeks to focus poverty interventions in the following areas:

1. Supporting economic growth/income generation and sustainable livelihoods;
2. Promoting human capital through education & training;
3. Strengthening health service and health care delivery;
4. Addressing housing shelter and human settlement;
5. Catering for social vulnerability and safety nets;
6. Ensuring protection & conservation of the environment.

Accomplishments:

Investment in human capital through education and training

For any country, including Belize, education provides the ladder of opportunity out of poverty. Government has been investing in the people to better the education level, along with expanding the educational budget more than 60% from \$50m in FY2001/02 to \$84m for FY2002/03. Additionally, dozens of new school buildings have been constructed throughout the country. Furthermore, Government has expanded Centres for Employment Training to prepare students with skills for life, work and social integration.

Housing shelter and human settlement

Housing is one of the areas in which the government has had the greatest positive impact in terms of increasing the quality of livelihood experienced by people. Along with the combined efforts of DFC and private sector building and financial institutions, GOB has made substantial progress in the construction of new homes. Over the period 1998-2002, approximately 8,000 houses were added to the existing stock as a result of the Government's commitment to provide affordable housing to Belizeans. Included in this estimate is a major housing reconstruction program that was implemented in southern Belize following the destruction wrought by Hurricane Iris.

In the area of hurricane and disaster preparedness, the Government has retrofitted some 73 buildings countrywide, and carried out extensive drainage works in Belize City to reduce its vulnerability to flooding.

Social vulnerability and safety nets

To strengthen the social safety net, GOB has also committed itself to a review of the Social Assistance Scheme, particularly: criteria for eligibility; the adequacy of financial support; recommendations for any necessary improvements; and special emphasis on dependent children, the disabled and the elderly. GOB also allocated some \$150,000 to the former Sister Cecilia Home for the elderly and \$185,000 for the Golden Haven Rest Home in the 2002-03 budget.

Government recognises that in order to combat poverty it is necessary that poor people themselves have access to the decision-making processes which affect them. There is also the need to strengthen mechanisms for local government such as municipalities and village councils as a means of empowering communities. Government has carried out programs for these issues.

Protection and conservation of the environment

The GOB continued the implementation of the Land Management Program (LAP), which follows up on Government's commitment to develop and implement strategic and rational land management plans for urban development. The objective of this project, co-financed by the Inter-American Development Bank, is to bring some 35,000 parcels of land under the *Registered Lands Act* through survey and adjudication, as well as transformation.

Belize also benefited widely from programs funded by the Global Environmental Facility (GEF) which was established to forge international cooperation and finance actions to address four critical threats to the global environment: biodiversity loss, climate change, degradation of international waters, and ozone depletion. Related work to stem the pervasive problem of land degradation is also eligible for GEF funding.

Social Investment Fund (SIF)

The Social Investment Fund (SIF) is a statutory body created by the Government of Belize to respond to the basic human needs of the poor in Belize in an efficient, transparent and ethnically sensitive manner using an approach that is participatory, collaborative and demand-driven.

Projects for 2002 funded through the Social Invest Fund included: six sub-projects in the social services, four sub-projects in the health sector, nineteen sub-projects in the water and sanitation sector, eight sub-projects in the education sector, two sub-projects in the economic infrastructure sector, three sub-projects in the housing/hurricane shelter sector, and continued implementation of the micro-enterprise credit program.

In January 2002, SIF assumed the operations of the Basic Needs Trust Fund (BNTF) IV, which is also geared towards providing basic services for the poorest of the poor. BNTF IV is focused on constructing and/or rehabilitating health, water and sanitation, education, and retail facilities; in addition to road networks and drainage systems.

Type	Indicator	2000	2001	2002	2003	2004	2005
Impact	1. Proportion of Population below \$1 per day*	N/A	N/A	N/A	N/A	N/A	N/A
	2. Prevalence of underweight children (under-five years of age)	N/A	N/A	N/A	3.2	3.1	3.0
	3. Under-five mortality rate	26.0	21.5	21.9	21.6	21.3	21.0
Outcome	4. Net enrolment rate in primary education	96.2	95.6	97.0	97.5	98.0	98.5
	5. Primary completion rate	33.0	33.5	35.0	40.0	50.0	55.0
	6. Ratio of girls to boys in						
	- primary education	0.95	0.95	0.95	0.98	1.00	1.00
	- secondary education	1.09	1.04	1.04	1.02	1.00	1.00
	- tertiary education	N/A	N/A	N/A	N/A	N/A	N/A
	7. Proportion of births attended by skilled health personnel	95.4	96.2	96.4	95.7	96.0	96.3
	8. Proportion of 1 year old children immunized against measles	96	93	88	88.5	89	89.5
	9. HIV prevalence among 15-24 year old pregnant women	NA	NA	.58%	.56	.54	.52
	6. Proportion of population with* sustainable access to an improved water source.	N/A	N/A	N/A	N/A	N/A	N/A

*A poverty assessment was carried out for period 1995/96 and an assessment was done in 2002/2003. Updated information not available with regard to access water source.

Policy Objectives and assessment of activities linked to the Millennium Development Goals

Health Sector

Listed below are Millennium Development Goals statistics in the area of Health and Education that is being used by the Government of Belize to assess its status in improving poverty alleviation:

Prevalence of under weight children (<5 years)

A year projection based on a quarterly report from the year 2002 would give us an approximate of 3.2% prevalence in one year. The prevalence is greater in the rural area being 4.2%. The Government of Belize in February 2001 approved the Food and Nutrition Security Policy and one of its first principles is to have a multi sectoral approach in addressing the under-nutrition problem. The Ministry of Health, through the child health program monitors the physical and psychological development of the children under five years. Through outreach programs it extends its services to those with difficult access, allowing them to update the children immunization schedule, providing counselling to parents, in child care, nutrition, preventive measures, general hygiene and early treatment seeking behaviour.

Under five mortality

The under five mortality rate has had a decreasing trend: being 26.4 in 1997 to 21.9 in 2002 for every 1000 live births. The proportion of infant deaths of the total under five deaths range from 79 up to 87% in the last 6 years with an average of 82%. The causes of death in children under one year are mainly those related to the prenatal period (slow foetal growth, hypoxia/birth asphyxia and others). Almost 60% of the infant deaths correspond to the neonatal period. Strategies being implemented to reduce the under five mortality include: a nation wide immunization program, coordination between primary care providers and hospitals for referrals of patients, home visits to defaulters of the child health program, health education to parents and community.

Proportion of births attended by skilled health personnel

In 1997, 95.4% of the total number of deliveries was attended by skilled personnel. This has increased to 96.2% in the year 2001. There is a smooth coordination with traditional birth attendants (TBA) at the health facilities and throughout the mobile clinics' activities. The health workers at all levels promote the deliveries at the hospitals in the different districts. The proportion of births attended by TBAs is decreasing. In 1999 and in 2001 of the total number of deliveries, they attended to 12% and 8.5% respectively.

Proportion of one year old children immunized against measles

The Expanded Program on Immunization (EPI) has successfully increased the coverage against measles from 21% in 1980 to 93% in 2001. Last year the coverage fell to 88%. As part of the elimination strategies of measles implemented by WHO, every four years children and adults are targeted for reinforcement of their immunity against measles. This is done by providing a dose of MMR to the population 5-35 years female and male.

HIV prevalence among 15 – 24 yrs old pregnant women

A Mother to Child Transmission (MTCT) Prevention and Control Project was launched by the Ministry of Health in December 2000. A positive impact is already been observed. The percentage of pregnant women voluntarily testing for HIV went from 26.6% in 2001, 69.2% in 2002 up to 85.4% by the end of June 2003. The percentage of pregnant women aged 15 to 24 years in 2002 who tested positive for HIV is 0.58%.

The MTCT project is geared towards preventing the newborn from being infected with the maternal HIV. Addressing the prevention of mothers being infected forms part of the overall strategy of influencing a behavioural change to reduce risk factors.

The Ministry of Health in improving the health sector has identified the following key sector objectives:

1. Strengthening health promotion efforts, targeting prevalent non-communicable diseases by advocating for lifestyle changes, and restoration of primary health care facilities;
2. Providing universal, quality, and affordable health care through expansion of the National Health Insurance scheme countrywide;
3. Continuing to upgrade public health facilities and encourage the expansion of private health facilities;
4. Ensuring higher quality standards in health centres;
5. Reducing the infant mortality rate;
6. Strengthening of the multisectoral response to the HIV/AIDS epidemic through the National AIDS Commission;
7. Expanding HIV/AIDS antiretroviral drug programs;
8. Expanding HIV/AIDS awareness campaign and institute HIV/AIDS education programs in schools;
9. Creating the enabling environment to foster people empowerment and facilitate a change in attitudes and behaviours for the prevention of HIV/AIDS and sexually transmitted infection (STI) transmissions;
10. Developing a coordinated multisectoral response to the HIV/AIDS epidemic target groups;
11. Designing & providing social, economic, and health support programs and services for persons with HIV/AIDS and their families.

Accomplishments:

With respect to secondary healthcare services, the Ministry of Health has refurbished all regional hospitals in the following areas: (i) critical systems such as generators and incinerators; (ii) medical equipment; (iii) drainage and sewage systems; and (iv) porous roofs.

The National Health Insurance scheme continued to be implemented as a pilot project in selected economically disadvantaged communities in Belize City. The MOH is in the process of reviewing the administrative and operational effectiveness of the pilot, with a view to making recommendations on how to improve its design and implementation for roll-out on a national scale.

In July 2002, the official inauguration of the National AIDS Commission (NAC) Secretariat along with the launching of the NAC website took place. Also, a nation-wide awareness billboard campaign was launched focused on heightening awareness around the themes of breaking the silence, personalizing HIV/AIDS, and eliminating stigma and discrimination.

Other accomplishments achieved over 2002 include: (i) a collaborative effort by the MOH and the Pan American Health Organization (PAHO) launching a prevention of mother-to-child transmission program; (ii) the MOH secured an inaugural HIV/AIDS program budget from central government; (iii) the MOH completed protocols for post-exposure prophylaxis, clinical management of HIV/AIDS, and control and prevention of tuberculosis guidelines.

The NAC also successfully lobbied central government for duty and tax exemptions on HIV/AIDS antiretroviral (ARV) treatments imported into Belize. The elimination of these duties and taxes will benefit those in need of ARV treatment by making it more affordable, which contributes to the sector policy of expanding the accessibility of health care.

Regional efforts to combat HIV/AIDS were also strengthened through increased networking and collaboration with regional institutions such as CARICOM, CAREC, Group for horizontal technical cooperation, and NGO's such as PASCA, PASMO, REDCA (the regional network of persons living with HIV/AIDS).

The non-governmental organization Alliance Against AIDS (AAA) established a first-ever support group for and of persons living with HIV/AIDS, in addition to establishing a Helpline, and counselling and home care for persons living with HIV/AIDS.

HIV/AIDS in Belize:

The first case of AIDS was diagnosed in Belize in 1986. The HIV/AIDS epidemic has claimed a reported 381 lives from 1986-2002, 2,297 acquired HIV and a reported 560 developed AIDS in this same time period resulting in a total of 2,476 Belizeans living with the virus at the end of 2002.

The prevalence rate of HIV/AIDS for the total population in 2002 was 0.2% (2.03 per 1,000 inhabitants). In 2002 the adult prevalence rate (15-49 years) was 0.33% (3.3 per 1,000 adults); for women (15-49 years) the rate was 0.31% (3.1 per 1,000 women) and for children (0-14 years) living with HIV/AIDS the prevalence rate was 0.04% (4 per 10,000 children).

According to a National HIV/AIDS Accounts Report, Belize expends about \$2.2 million dollars in HIV/AIDS related activities. The main source of funds is the government, which contributes approximately 44.7% of the expenditure. Other important sources are households and other private sources (30%) and external sources (24%).

Most of the resources (47%) are currently devoted to preventative activities, especially information, education, and communication (IEC); STI treatment; and condoms. A mother-to-child transmission prevention program has recently been introduced, albeit with a modest coverage area at present. Expenditures in treatment increased, from BZD 432,000 in 1999 to BZD 737,000 in 2002. There is a growing demand for health care and analysis of the figures indicate that approximately 32% is expended on diagnostic tests; 30% goes to in-patient care; 21% on antiretroviral treatment, 10% on mitigation, and 7% on ambulatory care.

It is important to point out that the above data represents reported HIV Infections, AIDS Cases and AIDS Deaths. The real magnitude of the epidemic is affected by several factors which include the lack of diagnoses and report, incomplete reports of the notification forms, failure to report AIDS on the death

certificates and especially underreporting, in particular, the infections detected in private laboratories. These factors affect the integrity of the statistics and reduce the quality of the information for the analysis and characterization of the epidemic in the country.

Education Sector

As stated in the Education Sector Strategy (ESS) 1999-2003, “the highest policy objective is to positively transform Belize’s education sector through institutional strengthening and technical capacity building initiatives for Equitable Access, Sustainable Quality, and Management Efficiency.” The ESS also identifies nineteen specific but interrelated targets that have been elaborated to achieve this aim. These are listed below:

1. Building 1,000 new classrooms and repairing existing classrooms in greatest need.
2. Developing a national network of pre-schools and providing incentives for private pre-school investment.
3. Instituting a school nutrition canteen programme for needy children.
4. Establishing a national standardised textbooks programme and ensuring that students are provided with basic textbooks.
5. Establishing minimum class standards for Belizean Studies, African and Mayan History, Languages, Mathematics, Scientific and Skills Training, Computer Technology and the Creative Arts.
6. Increasing trained teachers at the lower levels and ensuring the equitable urban/rural distribution of trained teachers.
7. Giving experienced teachers the option of late retirement.
8. Taking effective measures to ensure that all school-age children attend school, including disabled children and children with special needs.
9. Ensuring that every child regardless of family income will be able to attend secondary or vocational schools or receive skills training.
10. (a) Promoting schools specialising in the Arts, Music and Sports and
(b) Establishing a Centre for Employment Training in every district.
11. Establishing an effective National Apprenticeship System.
12. Establishing a National Service Program to enable students to participate in approved community service and earn money for college and training.
13. Equipping every school and library with computers.
14. Establishing a unified system of tertiary education, and ensure that the University of Belize (UB) serves the development needs of Belize in research and teaching through more comprehensive, relevant and flexible courses.
15. Providing university scholarships at home and abroad in a fair and transparent manner.
16. Working closely with teachers and managers to develop rules and policies for teacher training, standards, improved terms of employment, security and recognition.
17. Launching a national literacy crusade to eradicate illiteracy in Belize by the turn of the century, involving tertiary students.
18. Building more teachers housing in rural areas.
19. Establishing the Regional Language Centre.

Accomplishments⁴:

School Access

During the period 2001-2002⁵, 9 new schools were inaugurated; 8 of which were primary and 1 secondary. A total of 106 school transportation routes were in operation during the year, costing \$979,817. There were 79 classrooms constructed and 10 rehabilitated in 3 districts namely the Belize, Cayo, and Corozal Districts. As a result of the Truancy Intervention Program, 122 students were placed back in schools over the year. Financial assistance valued at BZD21,382 was awarded to 99 students through the Education Access Fund.

Development/Curriculum

A Secondary School Initiative was launched by Quality Assurance Development Services (QADS) and other participating units within the Ministry of Education. A Child Friendly Initiative was launched by School Health and Physical Education Services (SHAPES) and UNICEF. Two Information Technology (IT) curricula were developed; one for the teaching of the intermediate course and the other for the training of IT technicians in trouble-shooting and computer maintenance. A handbook of grade level expectations was developed by QADS for education stakeholders. District Supervisory Teams were set up in each district to monitor the implementation of the new comprehensive curriculum and to offer technical assistance where necessary. There were 273 tertiary level scholarships administered during the year. There were 4 public officers who went on study leave during the year.

Programs and Plans

A Centered Career Education Program was established in the Stann Creek District with the objective of providing technical assistance to out-of-school youths. School Performance Improvement Plans was implemented during the year. Over 300 students countrywide benefited from special education services provided by the Special Education Unit.

Resource Allocation

Textbooks, furniture and equipment were donated to schools throughout the country.

Projects

A major project intervention in the education sector is the Enhancement of Technical and Vocational Education and Training (TVET) Project. The primary objective of the project is to improve the quality and capacity of the education and training delivered in the technical and vocational sub-sector. This will help ensure that institutions in the TVET sub-sector are able to satisfy Belize's need for skilled manpower in various priority economic sectors. The project's total cost is estimated at BZD 40,629,000.00.

The project consists of the following components: (1) land acquisition; (2) construction, rehabilitation, and expansion of Centres for Employment Training; (3) provision of equipment, furniture, and fixtures; (4) technical assistance to assist in: (a) establishing a National Training Council and a National Apprenticeship Program; and (b) strengthening the Employment Training and Education Services Unit in

⁴ Source: Ministry of Education, Youth and Sports (2003) Department of Education National Report 2001-2002 on The State of Education in Belize

⁵ School year – September to June

the Ministry of Education and Sports; (5) staff recruitment and training; and (6) curricula design and development.

Over the course of 2002, the TVET Project established its project office in Belize City. In September, the PCU conducted an inception workshop, the objective of which was to publicize the project

Over 200 computers were donated to schools countrywide through the SWAN project. Approximately 10 UB buildings were constructed under the Makiber Project.

Research

A school financing study entitled “The Cost and Financing of Secondary education in Belize” was published by the School Finance Task Force.

Education Budget

Recurrent spending on education has increased to over \$2,000,000 for the period under review while capital spending has shown an increase of over \$10,000,000.

Net enrolment rate

Net enrolment rates measure the proportion of primary school aged children (5-12 years old) that are actually enrolled in the primary school system. The net enrolment rates for primary school aged students indicate that some 95.0% of this portion of the population was enrolled in primary school during the 2001-02 school year. The proportion of females enrolled (95.4%) was slightly higher than that of males (94.6). Both figures indicate, however, that the majority of students who are within the expected age range for primary school students are, indeed, enrolled at that level of education. The accuracy of the population estimates used to calculate it might be under stated as it does not include private schools. Future projections are to be realized by reductions in drop out rates and vigorous retention and enrolment programs.

Primary school completion rate

This statistic estimates the proportion of students entering Infant 1 who completed their primary education within the prescribed 8 years. Data indicated that only 32.7% of all students entering Infant 1 in 1993/94 were able to complete their primary education in the 8 years ending 2000-01. This suggests that some 67.3% of this group either repeated at least once during the primary cycle or was unable to complete it. Reductions in repetition rates and improvements in language teaching should result in increased completion rates.

Ration girls to boys

Primary: Ratio of girls to boys should be a number closer to one as it is calculated as the number of girls enrolled by the number of boys enrolled. The proportion of females enrolled at the primary level (95.4%) was slightly higher than of males (94.6%). The ratio of boys to girls does reflect male to females in the population at primary age but not so with secondary where there are more females than males. While transition rates for males from primary to secondary is higher than females males tend to drop out more than females at the secondary level.

4. Overview of past and ongoing cooperation

Under the National Indicative Programme for the 8th EDF signed on 26 February 1997, for the period 1997-2001, the European Commission originally made available to Belize, an indicative envelope of €9.5 million. Following the Mid-Term Review of Belize – EC Co-operation of September 1999, this allocation was increased to 11.5 million euro.

Under the 8th EDF, the focal areas of cooperation are: (1) “the Consolidation of Infrastructure Development” and (2) “the Development of Human and Natural Resources”. The first focal area absorbed approximately 72.17% of the resources (8.3 million euro) and the second focal area, 26.09% (3 million euro), as can be seen in the following table, which includes a breakdown of the interventions and projects funded under the 9th EDF.

8th EDF National Indicative Programme			
Allocation of resources			
Sectors of Intervention	€	BZD	%
1. Consolidation of Infrastructure Development	8,300,000	14,940,000	72.17
- Upgrading of the Hummingbird Highway (HBHW)	4,700,000	8,460,000	40.87
- Remedial measures and activities at the Karl Heusner Memorial Hospital (RMKMHM)	1,600,000	2,880,000	13.91
- New Bridge on Sibun River (HBHW)	2,000,000	3,600,000	17.39
2. Development of Natural and Human Resources	3,000,000	5,400,000	26.09
- Social Investment Fund (SIF)	1,600,000	2,880,000	13.91
- Conservation and Sustainable Use of Barrier Reef Complex (CSUBRC)	600,000	1,080,000	5.22
- Integrated Drug Demand Reduction Programme (IDERP)	300,000	540,000	2.61
- Financial Management Development Programme (FMDP)	500,000	900,000	4.35
3. Reserve	200,000	360,000	1.74
Total	11,500,000	20,700,000	100

4.1 Focal Sectors

4.1.1 Focal Sector Consolidation of Infrastructure Development

a) Results

The specific objective of the first focal area, “*the Consolidation of Infrastructure Development*”, is to facilitate the Government’s efforts to improve the country’s infrastructure in support of the productive and social sectors of the economy. Within this specific area, the European Union is to contribute to the completion of infrastructure development already started under previous EDF, and to the improvement of the maintenance and operation of existing infrastructure. In this context, efforts concentrated on the Road and Health Sectors.

Road Sector

The Hummingbird Highway was completed in March 2000. The project has contributed to the enhancement of transport between Belmopan and Dangriga, in the main citrus production of Belize and a region with growing potential for eco-tourism development, as well as for agricultural production. It also complemented previous EDF contributions for the rehabilitation of downstream sections of the same road. For the populations living along the road, the upgrading of the Hummingbird Highway has improved their access to health services, to centres of employment; and to the administrative and social services available in Belmopan and Dangriga.

In 2002 the construction of the new bridge over the Sibun River has been launched (€ 1.99 Million) in order to bring this structure located along the Hummingbird Highway to the same standard of the road (width and safety protections).

Health Sector

The execution of Remedial Measures and Activities at the Karl Heusner Memorial Hospital, are financed by the 8th EDF. These contribute in improving the functionality of the buildings, plants, plans and equipment, hence consolidation of prior investments in the Hospital under previous EDF. The implementation of the works has allowed keeping open different sectors of the hospital to the benefit of patients.

b) Activities

Road sector

During the first half of 2000 the Government of Belize completed the design and the tender dossier regarding the "Construction of the new bridge over the Sibun River". The works are divided in two lots. Lot n.1 regards the construction of a provisional wooden bridge necessary for the traffic diversion during the construction of the new bridge and is financed by the Government of Belize (BZD 272,281). The lot n.2 financed by the 8th (BZD 2,576,968 ~ 1,289,00 euro) regards the demolishing of the existing bridge and the construction of the new bridge. The tender for the selection of the Contractor was launched in May 2002 (accelerated procedure). Four bids were received and the contract was awarded and signed in October 2002. In December 2002 the Contractor's site installations were completed and the construction of the provisional wooden bridge was almost completed.

Health sector

The activities funded for KHMH by the 8th EDF are carried out through a work program. In August 2002 a rider to the work program was established in order to extend its duration up to 31st December 2002. All activities foreseen in the rider n.2 of the work programme under EDF financing have been completed during the year 2002, more than 18 months behind schedule. Some minor works (cantilever roof over the main entrance) financed by GoB are still in progress.

The final evaluation of the project has been launched in December 2002 through a framework contract.

4.1.2 Focal Sector Development of Human and Natural Resources

a) Results

The specific objective of the second focal area, “ *the Development of Human and Natural Resources*“, is to create an enabling environment in order to achieve sustainable development and promote a more equitable distribution of the benefits of such development.

The execution of the EC funded activities of the **Social Investment Fund** (see below) contributed in improving access of poor communities to education and in supporting the development of small scale productive projects through a micro-enterprise credit scheme, specifically designed for the poorest communities. As such, the Social Investment Fund (SIF), supported sustainable development and a more equitable distribution of benefits to the poor.

The ongoing execution of the **Integrated Drug Demand Reduction Programme (IDERP)** is contributing to an enhanced enabling environment for development activities. IDERP is attempting to improve the health and well being of the most vulnerable groups to drug abuse.

The project aiming at the Conservation and Sustainable Use of Belize’s **Barrier Reef Complex** is being implemented on the basis of a multiple stakeholder approach through the use of integrated coastal zone management, with a view to generate increased benefits for coastal communities, fishers and tourist operators, whilst promoting the conservation of the unique biodiversity and ecosystem of the Barrier Reef. The project contributes to two of the major components of a larger GEF/UNDP Project. Amongst its main outputs is the completion of a Coastal Zone Policy Framework, which divides the coastal regions according to category and intensity of use.

In terms of *sectoral policy commitments*, the Government of Belize is engaged in a continuous effort to improve the formulation and implementation of policies, strategies and measures aiming at sustainable development, with focus on poverty reduction. As such, the Government is meeting its commitments under the 8th EDF NIP.

A National Poverty Elimination Strategy and Action Plan 1998-2003 was adopted in 1998, a Land Use Policy Reform Programme was launched in 1998, the same for A Biodiversity Conservation Strategy and a Tourism development Master Plan. The implementation of these strategies and plans is supported by various donor and lending agencies, with several activities currently ongoing. The impact of these plans and of their implementation needs to be assessed in order to enable a real appreciation of their respective and cumulated effects on poverty reduction. In this context, an updated poverty assessment was conducted in 2002, the results of which are expected to be available in 2003.

Whilst attempts have been made by the Government to enhance a consultative process and approach with multiple stakeholders and local partners for private sector and civil society, with mixed success, no efforts were made to establish systematic donor coordination at any specific sectoral levels or on a broader development policy basis. Poor availability of performance indicators and data, combined with communication problems between executing agencies and ministries, prevent efficiency analysis and conduct to duplication and ineffective allocation of resources.

b) Activities

All financing decisions related to the execution of projects under the second focal area (health) of the 8th EDF were made in accordance with the revised schedule of implementation of the NIP. For three projects out of four, progress has been satisfactory, and within schedule.

The depreciation of the euro towards the Belize Dollar has affected the execution of the four projects included in this area of concentration, as less financial resource was available in local currency, with no available alternative source of funding. In all four projects, activities had to be scaled down to adjust to the depreciation of the euro.

The main project activities for the education component and the micro-enterprise credit scheme component of the **Social Investment Fund** were completed by December 2001. The final evaluation of the project remains to be undertaken.

For the project on the Conservation and Sustainable Use of Belize's **Barrier Reef Complex**, a second work programme for the period January 2002 – June 2003 was signed in December 2001. The project has made significant progress in establishing the Network of Marine Protected Areas. A GEF/UNDP Mid-term Independent Evaluation completed in December 2002 stated that these MPA's are successful in deterring illegal fishing and other activities detrimental to the reef system.

The progress of activities under the **Integrated Drug Demand Reduction Programme** has been slow especially the component, Treatment and Rehabilitation. Changes in the management staff and a lack of human and financial resources in the National Drug Abuse Control Council have also put the implementation of this project at risk (see below under IDERP).

c) Integration of cross cutting themes

Gender issues have been fully integrated in **SIF**, and **IDERP**. More than 55% of the beneficiaries of the SIF micro-enterprise credit scheme are women, whilst they also play an active role in the Drug Reduction Task Forces, established by IDERP in the communities and districts of Belize.

The CSU **Barrier Reef** project fully integrates environmental matters related to biodiversity conservation and sustainable management of coastal ecosystems, with the development of socio-economic opportunities for local communities.

The institutional capacity of the SIF and of Belize Enterprise for Sustainable Technology (BEST) improved substantially during the implementation of the two components funded by the EC. The **Coastal Zone Management** Authority and Institute also improve their policy making, planning and managerial capacity as a result of the execution of CSU Reef. IDERP, to some extent, improved the capacity of schoolteachers and of various task force volunteers in contributing in drug abuse prevention and counselling.

d) Overview of project activities under focal sector Development of Human and Natural Resources

8 ACP BEL 003 Social Investment Fund (SIF) €1,600,000

The overall objectives of SIF are to contribute to the alleviation of poverty and to the improvement of the living conditions of the most vulnerable groups of the society. The EC contribution to SIF has two purposes: (1) to improve the access of poor communities to basic social infrastructure through improving education and training centres, and (2) to support small scale productive projects in the poorest communities through a micro-enterprise credit scheme. Accordingly, a total amount of €1.6 million was allocated to the Social Investment Fund towards an education component of €400,000 and a micro-enterprise credit component of €1.2 million.

Under the education component, seven schools and one training centre benefited from the project, two in Cayo District, two in Belize District and four in Toledo District. Works, in the seven schools and the centre for employment training have been completed. All improved facilities have been handed over to the communities and appropriate school management associations.

The Micro-Enterprise Credit Scheme (MECS) is being implemented by the local NGO, Belize Enterprise for Sustainable Technology (BEST), which received a total of BZD 1,433,022 for the delivery of credit. The demand for loans is quite high especially amongst women as this is the only facility giving such small loans in Belize. Commercial Banks usually lend much larger amounts and at a higher rate of interest. The current delinquency rate is at 22% and BEST is trying to find ways to decrease this rate. The problem is mainly due to the shortage of staff at BEST and therefore they are not able to go out in the field for collection.

The progress in the execution of both the education component and MECS component has been very satisfactory. The demand for loans for low-income household and entrepreneurs remains high especially from women.

Owing to the depreciation of the Euro to the Belize Dollar, the original budget of the Work Programme of BZD 3,520,000 was reduced to BZD 2,968,545. Whilst funding of the education component was not affected and remained at BZD 880,000 as originally foreseen, the MECS allocation was reduced from BZD 2,596,000 to BZD 2,044,545

SIF and BEST submitted a final project completion report in the first quarter of 2002, as well as audited accounts. An ex-post evaluation of the project is to be undertaken shortly.

The total disbursements under the project amounted to €1,575,145.83 leaving a balance of €24,854.17 to conduct the ex-post evaluation.

8 ACP BEL 002 IDERP €300,000

The main overall objective of the Integrated Drug Demand Reduction Programme (IDERP) project is to improve the health and well being of the Belizean society at large, and of groups most vulnerable to drug

abuse. The project purpose is to strengthen the capacity of the public and private sectors to perform sound and effective drug demand prevention and reduction activities, at various levels, throughout the country.

The total cost of IDERP was estimated at €725,000, including a contribution of €300,000 from the 8th EDF and €425,000 counterpart funding from the Government. The Ministry of Health is acting as executing agency while the National Drug Abuse Control Council (NDACC) assumes co-ordinating responsibility for the day-to-day implementation. The project IDERP includes the following activities: (1) Institutional strengthening and research, (2) Preventive education, (3) Treatment and Rehabilitation Programme and (4) Community Empowerment.

A three-year work programme was signed in January 1999 however due to several staff changes at NDACC, lack of suitable resource persons (locally and regionally) and insufficient counterpart funding, the progress of implementation has been very slow. Despite the limited counterpart funding received for activities (A major portion of counterpart funds is earmarked for staff salaries, BZD 606,000, some of which has been forthcoming), there has been some progress made in the Institutional Strengthening, School Prevention Programme and the Community Empowerment components. The treatment and Rehabilitation component has suffered due to lack of suitable expertise. A rider to the work programme was signed in 2002 to facilitate changes in activities due to the depreciation of the EURO to the BZD. Some activities had to be dropped and some had to be scaled down. The rider also provided for the extension of the Work Programme to June 2003.

The Government and the Opposition have for the first time included Drug Demand Reduction as a priority in their respective manifestos. This indicates that Government support will be forthcoming for activities under the programme.

This programme is very important to Belize as they have had increases in drug use especially among youth. The project has been very successful in a number of areas especially in schools since as a result of the education and sensitisation that has been carried out, drug education now forms a part of the primary school curriculum and the Ministry of Education is now proceeding with including it in the Secondary School Curriculum as well. One aim is to educate the students so that they can in turn educate their parents and the community as a whole.

From the EC contribution, €194,586 has been disbursed, corresponding to BZD 386,056.

8 ACP BEL 005 Conservation and Sustainable Use of the Barrier Reef Complex €600,000

The project started in September 1999 to promote conservation and sustainable use of the Belize Barrier Reef Complex through integrated marine and coastal area management. This important ecosystem is comprised of the second longest barrier reef in the world, hundreds of patch reefs, three offshore atolls and over 1,000 cays. With its mangrove forests and extensive beds of sea grass, it is home to several endangered species including the West Indian manatee, American crocodile, marine turtles and several birds.

The project contributes to two of the major components of the larger GEF/UNDP Project. Amongst its main outputs is the completion of a Coastal Zone Policy Framework, which divides the coastal regions according to category and intensity of use. As part of this, Coastal Advisory Committees (CAC's) have been established in Caye Caulker, Turneffe Islands and Placencia/Laughing Bird Caye. Members of these are being trained in leadership, planning, conflict resolution and consensus building, and are preparing detailed regional guidelines with wide community participation. A further two CAC's will be made operational in early 2003.

The project has made significant progress in establishing the Network of Marine Protected Areas. These were marked with demarcation buoys and continue to be patrolled by Rangers. A GEF/UNDP Mid-term Independent Evaluation completed in December 2002 stated that these MPA's are successful in deterring illegal fishing and other activities detrimental to the reef system.

Several items of equipment were purchased to support the monitoring activities of water quality, flagship species and condition of the reef. Specific attention was given to the Manatee Research Programme, which continued its tagging and monitoring activities in conjunction with Wildlife Trust International. A sophisticated data centre has been equipped with up-to-date Geographical Information System. This processes and disseminates the scientific and technical data gathered from these monitoring activities, thereby greatly increasing the baseline knowledge available for decision-making.

The Public Outreach and Education Programme continued to be an important project activity. This promotes public awareness through audiovisual materials, quarterly newsletters, training workshops and seminars, as well as through education campaigns for communities and schools. A notable example was the public awareness campaign on the Manatee Research Programme, which culminated in a 'Manatee, Crocodile and Turtle Week' in November 2002.

The project is being implemented by the Coastal Zone Management Authority (CZMAI), and has received €444,747 to date from the European Union. The project is funded primarily by the (GEF/UNDP).

4.2 Utilisation of resources for non-State Actors (NSA)

A possible involvement of NSA is being assessed in the context of feasibility study for the 9th EDF CSS/NIP focal area programme on rural development (see section 5).

4.3 Other instruments of financial and technical co-operation

4.3.1 The European Investment Bank

Total EIB operations in Belize amount to €20.8 million (from Lomé II to Lomé IV), of which 63% has been provided to the DFC for on lending to a wide range of small and medium sized enterprises. The remainder consists of loans to Belize Electricity Limited and to the Citrus Growers Association. Of the total €20.8 million, 66% has been from risk capital and 34% from own resources. Under the Second Financial Protocol of Lomé IV, the total amount of approved loans so far is €8.8 million including the transfer of €0.1 Million from the 6th EDF Lomé III for the Citrus Industry, which consists of €5

Million to DFC for financing of citrus groves and €3.8 Million to CGA for an equity participation in Del Oro Belize.

In addition, €5 million were financed indirectly by the EIB through an existing credit arrangement with the Commonwealth Development Corporation, which have been used in modernising and improving the citrus processing industry.

An overview of EIB operations can be found in Annex VI.

4.3.2 Regional co-operation

a) Regional Cooperation

In the context of the Caribbean Regional Co-operation supported by the European Community, Belize benefited from various programmes and activities.

Special mention is made of the Fisheries Component of the Integrated Caribbean Agriculture and Fisheries Development Programme (ICRADP). The CARICOM Fisheries Unit (CFU), which is based in Belize, is directly involved in the implementation of in close association with the Ministry of Agriculture and Fisheries, acting as Deputy Regional Authorizing Officer.

7 ACP RPR 385 Integrated Caribbean Regional Agriculture and Fisheries Development Programme – Fisheries Component €2,858,000

Major activities and results achieved in 2002

The purposes of the *Fisheries Institutional Development Component* are two-fold: a) to strengthen the planning and management capacity of the national Fisheries Departments in CARIFORUM countries, with specific action in Haiti, the Dominican Republic, Suriname and the Bahamas; to enhance the effective participation and support of fishing communities in the planning and management process of the fishing industry, whilst having regard for the sustainable use of the coastal and marine fishery resources.

The 2nd Work Programme related to the execution of the second cycle of the project, from November 2001 to March 2003, was approved in December 2001, for an amount of USD 1,535,100. During this second cycle, project activities shall continue to focus on the following: Project Management support, Fisheries Data Management, Fisheries Resource Assessment and Management, Community Involvement/Education, Human Resource Development (Training), Post Harvest Handling, Processing and Marketing, as well as Fisheries Development Planning. The four “focus” countries include Suriname, the Dominican Republic, The Bahamas and Haiti.

In October 2002, the European Commission carried out a monitoring mission. The Report was in general positive. It stated that CFU activities are highly regarded by national Fisheries Departments, and that the profile of fisheries has been dramatically raised among governments within the region. The most important evidence that governments within the region are now prepared to support sustainable

management is that they have agreed to support a CARICOM Regional Fisheries Mechanism (CRFM). This is intended to deepen regional integration and cooperation, and to confer sustainability.

b) All ACP Regional Co-operation

Belize directly or indirectly benefited from projects implemented in the context of the "All ACP Regional Co-operation", in particular within the Natural Resources Sector, one of the most important programme for Belize is:

FED/REG/70021/000 “Strengthening Fishery Products Health Conditions in ACP/OCT Countries”

The Financing Agreement for the Programme was signed in February 2002. It aims to improve the capacity for sustainable export health controls as well as to improve production. In September 2002, Belize Agricultural Health Authority (BAHA), Competent Authority for the implementation of the Programme, submitted to the European Commission a Project Proposal with the priorities areas for action. This was requested by EC Headquarter in order to establish the list of Competent Authorities for receiving assistance within the Programme. The Delegation has not yet received any feedback from HQ on the above.

4.3.4 Community Budget Lines

In addition to the European Development Fund, the European Commission offers direct support to Jamaica through various lines from its annual budget. In the following lines the purposes of the different budget lines are explained and descriptions of the various projects being implemented under these in Jamaica are provided. Details of the projects funded from the Budget can be found in Annex V.

4.3.5 Special Framework of Assistance to the Banana Industry

Prior to commencement of the Special Framework of Assistance (SFA), the Belize banana industry had received a total allocation of €3,288,00 under the Special Programme of Assistance (SSA) to Traditional Suppliers of Bananas⁶. This programme was first implemented by the Commission in the context of the then prevailing trade arrangements for exports of bananas to the EU. When these trade arrangements were modified again in 1999 to become compatible with WTO rules, a Special Framework of Assistance (SFA) was established for a period of maximum 10 years starting with the allocation Year 1999. Under this new SFA, EURO 13,150,000⁷ has been allocated to Belize, from 1999 to 2002.

This Programme is being implemented by the Banana Growers Association (BGA) through a Project Management Unit (PMU) that will be in charge of the day-to-day implementation of the Project through

⁶ Two projects were executed under the SSA: The assistance to Belize’s Banana Industry Project (EUR 2,200,000) was executed between 1997 and 1999. This project included the supply of equipment for road maintenance, packing stations and transport; the upgrading of the Savannah Airstrip and of the port storage facilities; the study of the extension of Toledo port and a Water Management and Irrigation Survey. The second, the Farm Housing and Infrastructure Project (EUR 1,088,000) was executed from 1997 to 2000 and contributed to the improvement of banana farm housing and social infrastructure, through the provision of water supply, electricity, housing for 300 single workers and 75 workers with families.

⁷ Since the inauguration of the SFA in 1999 four Financing agreements have been approved for 1999 (EUR 3,1 million), 2000 (EUR 3,1 million), 2001 (EUR 3,45 million) and 2002 (EUR 3,5 million)

Annual Work Programmes (AWP), while the National Authorizing Officer (NAO)-Office will have overall responsibility for the implementation, and approve contracts and payments.

In accordance with the requirements related to the implementation of the new SFA⁸, a strategy document - *Banana Industry Development Strategy Document: Increasing Productivity & Enhancing Competitiveness* (June 1999)- was prepared to form the basis of interventions under SFA⁹. The strategy was premised on the key assumption that Belize would be able to export 100,000 tons a year of bananas to the EU by 2004, reaching a production level allowing for economies of scale and productivity gains. However, even if in the long run this approach could be shown to be viable in liberalised European market industry, in the short run (i.e. before 2006) it faces twin constraints that:

- a) the Belizean industry is not yet competitive even with a higher cost Latin American producer such as Costa Rica (regarded by the Banana Growers Association as their benchmark), and
- b) the license for imports of Belize bananas into the EU under the present regime (currently held by Fyffes, which has divested its plantation interests in Belize) is currently for a maximum volume of 80,000 tonnes.

As a result of changing trade conditions and of the impact of Hurricane Iris¹⁰, Belize submitted a draft *Updated Banana Industry Development Strategy*, in the course of the first semester 2002. The revised strategy also includes the consolidation of a Rural Development sub-component for the bananas growing communities in the future design of Financing Agreements. However the document still focuses on the commercial needs of the industry, with particular stress to the need to set up a direct marketing presence for the BGA in the UK and elsewhere in Europe from 2003, which reflects Belize's increasing dependency on Fyffes, the designated monopoly importer of Belize bananas the under current licensing system, which is seen to be inhibiting high levy for the right to access the license.

In the framework of the 1999 strategy, the status of execution of projects is as follows:

1999 SFA: Drainage and Irrigation Project - Phase I (€3,100,000), BEL/B7-8710/1999-01

As stated in the banana country strategy, low per acre yields had been identified as one of the primary hurdles that continue to frustrate Belize's efforts to increase efficiency and competitiveness. The Financing Agreement SFA 1999, signed in August 2000, funded programme – also referred to as “Drainage & Irrigation Project” – is primarily designed to increase per acre yields to at least 1,000 boxes per acre over a three-year period of time.

The Work Plan (2 years allocation 2000-2002, signed in December 2000) covers the following activities:

- a) Baseline studies of the drainage and irrigation systems that currently exist in Belize;
- b) the setting up of a Revolving Fund for the rehabilitation and construction of the drainage and irrigation systems;
- c) workshops to train BGA's staff and farm employees in management of drainage and irrigation systems and
- d) overall project management.

⁸ Regulation no. 1609/1999

⁹ The strategy is aiming at increasing productivity and enhancing competitiveness by improving yields, driving down operating costs, rehabilitating plantations, upgrading quality control and packing sheds, exploring diversification alternatives and mitigating any adverse impacts on the environment.

¹⁰ In October 2001, Hurricane Iris, a category 4 hurricane, destroyed 85 % of Belize's banana industry. The banana growers quickly reacted and organised themselves to rehabilitate the plantations and infrastructures, which were damaged by the hurricane. The industry was confronted however with the need for additional investment in rehabilitation and reconstruction which were not anticipated in the strategy to achieve higher competitiveness.

Because of the late start in the flow of funds (the initial appropriation of EURO 1,725,220.53 was made available in March 2000, the second appropriation of EUR 572,514.94 followed nine months later in December 2001 and the final appropriation of 571,071.57 by December 2002) and the destruction of fields caused by Hurricane Iris in October 2001, no direct impact of the 1999 SFA programme can be recorded with respect to its impact indicators. A six-month extension is to be granted through Rider 1 to the Work Plan and so to facilitate the completion of the activities

It was expected that banana production might recover and reach again “normal” levels of export volumes and quality by the end of 2002. The combined effect of drainage and irrigation improvements will, however, not become visible before end of 2003. The recovery of funds disbursed under the credit scheme was discontinued after Hurricane Iris in October 2001.

SFA 2000: Plantation Rehabilitation and Quality Improvement (€3,100,000), BEL/B7-8710/2000-01

The Financing Agreement SFA 2000 was signed in April 2001. The overall objectives of the project and its purpose are similar to those of the Drainage and Irrigation Project. The same prevails with respect to the project management and monitoring arrangements.

Project activities include: the setting up of a credit scheme and revolving fund to finance the rehabilitation of diseased plantation, whilst using the most updated plant technology (meristem tissue culture) for replanting; the setting up of a specific credit revolving fund for the turn key construction of a cold storage facility to increase fruits quality scores and training related to the introduction and practice of the new plantation technology. The Work Programme related to the execution of the project was signed in October 2001 for an amount of BZD 5,580,000, and covers a period of two years. The Memorandum of Understanding related to the establishment of the Rehabilitation and Cold Storage Revolving Fund was also signed in October 2001.

Due also to the disruptions caused by Hurricane Iris in October 2001, programme implementation has delayed, but in December 2001, the PMU had started preparatory work and arrangements for the implementation of project activities, including a consultation process with contractors and further specifications for the construction of the cold storage facility.

2001 SFA: Drainage and Irrigation Phase II (€3,450,000), BEL/B7-8710/2001

The Financing Agreement SFA 2001, signed in April 2002, builds upon the “Drainage & Irrigation Project” financed under SFA 1999 budget lines. The management and monitoring modalities shall remain the same as for the two above-mentioned projects. The Annual Report under Financing Agreement SFA 1999 made clear the fact that the funds under SFA 1999 were insufficient to complete all requirements improvements.

Almost 60% of the total funding available under Financing Agreement SFA 2001 was directed toward completing the drainage and irrigation works which began under SFA 1999. Therefore the First Annual Work Plan and MoU cover the above activities to be implemented from 1st August 2002 to 31st July 2003. The second major component of this First AWP seeks to create a social safety net for those who may be

affected by an anticipated process of labour rationalising in the banana industry, through the establishment of a Grand Fund for social infrastructure.

The first appropriation of EUR 1,430,874.43 funds under this First AWP was made available in December 2002, so that activities could not start as foreseen in August 2002

The Micro-credit diversification Fund under FA SFA 2001 will be set up under the Second AWP (2003-2004). As recommended by the “Monitoring Consultancy of the Banana Budget Line Mission Report of April 2002” once CARD project mid-term evaluation has reported its findings and conclusion, the SFA 2001 programme management should be re-assess its engagement in a possible cooperation with CARD Project.

The **Financing Agreement SFA 2002 (EUR 3,5 million)** was submitted to EDF Committee in December 2002. Further support is planned for:

- Rehabilitation of aged and diseased plantations with the introduction of Tissue Culture Plants.
- Reinforcement of Disease Management and Monitoring Programme Post Hurricane Iris.
- Rural Development Programme will support demand driven sub-projects in the areas of production of alternative crops, product development (agro-processing), marketing as well as others rural development activities. An expanded rural development net for workers laid off in the industry, their families and communities.

Degree of integration of cross-cutting themes:

Economic appraisal

The benefits of the banana industry to Belize’s economy are substantial. In 1999, the banana industry brought in BZD 56.2 Million in hard currency. Industry growth in 2000 increased banana hard currency earnings to BZD 65.0 Million. Banana earnings declined sharply in 2001 to BZD 48.1 Million due to Hurricane Iris, adding to existing pressures on the local hard currency market. Improvements in industry yields, which this project supports, will translate into the safeguarding of foreign exchange earnings and employment in southern Belize.

The private sector’s ability to diversify in southern Belize is heavily reliant on the existence of shipping lines. The banana industry has created the only shipping link to Europe through the Big Creek Port in southern Belize; it has established the infrastructure for any meaningful diversification programme in southern Belize.

Gender

Most of the workers in the packing sheds are women. It is anticipated that as improvements in industry yields are realized additional women will be employed on the farms. Within the 2001 SFA, the PMU is to collect employment data as a part of the Social Recovery Programme. With this information in hand the PMU will be able to speak more authoritatively on the employment and economic status of women in the industry.

Environmental impact

The BGA and the local regulatory authority have concentrated much effort on training industry players to enhance the safe use of chemicals. There still exists a need for a more systematic monitoring of the environment. The BGA has a unit that is mandated to monitor baseline data that has been collected on rivers, for example, in the banana industry. An environmental management project forms a part of Belize's Banana Country Strategy, which will be submitted to the EC

5. Programming Perspectives for the following years

The Country Support Strategy/National Indicative Programme (CSS/NIP), 2002-2007 was signed by the Prime Minister and the Head of Delegation in November 2002. In this document the Government of Belize and the European Commission agreed on the following areas of intervention:

Programmable resources (A-Envelope)

Under the A-Envelope 7.8 million euro have been earmarked for a rural development programme with focus on Agriculture (7 million euro), as well as a non-focal programme for public administration (0.8 million euro). A consultant was contracted in May 2003 with the task to prepare a feasibility study and financing proposal for the rural development programme. A financing proposal could be considered by the EDF-Committee at the beginning of 2004.

Allocation to cover unforeseen needs (B-Envelope)

Under the B-Envelope 1 million euro have been earmarked for unforeseen needs. Belize submitted a request in June 2003 to obtain funds for addressing damages and associated costs from recent hurricanes. A financing proposal should be sent to Brussels before the end of 2003.

Special Framework for Assistance for ACP Traditional supplier of Bananas 2003 Allocation (SFA)

On 14 March 2003 the Commission adopted a Decision allocating an amount of 3,2 million euro to Belize under the SFA. After application by the NAO a Financing Proposal should be elaborated, this is expected to be submitted for consideration by the EDF-Committee in October 2003.

Chronogram and timetable

A chronogram for the programming of 9th EDF resources, as well as an indicative timetable for commitments and disbursements is provided at Annex.

6. Specific themes for Operational Review

6.1 Advancing the use of previous EDF resources

Belize has disbursed all commitments made under the 6th and 7th EDF resources. Under the 8th EDF 2,383,621 euro remain to be disbursed under ongoing projects.

It was agreed that the NAO would submit official requests for closure for those projects where activities finished some time ago: Upgrading of the Hummingbird Highway (8-BEL-11 & 12, Remedial measures for the Karl Heusner memorial hospital (8-BEL-8), Social investment fund (8-BEL-3) and the Financial Management Development Programme (FMDP).

6.2 Setting indicators and targets for measuring results in the focal sectors

The framework of intervention provided in the CSS/NIP finalised in March 2002 and signed in November 2002, has been reviewed. The new intervention frameworks the rural development programme is at Annex.

6.3 Dialogue in country with the NAO and non-State actors

Since the closure of the Commission office in Belize, the NAO and Kingston based Delegation have made strong efforts to maintain a good dialogue and day to day cooperation. The absence of the Resident Adviser's office, which was closed in April 2002, was felt strongly by the office of the NAO, which experienced this situation as a vacuum in terms of direct frequent supervision and knowledge of the Belize environment. Non-state actors who are implementing projects have also experienced difficulties.

The effects of the closure were felt strongly also during the preparation of the focal and non-focal programmes under the 9th EDF. On 19.8.2002 the NAO transferred to the Head of Delegation the function of authorising payments related to all EDF projects, pursuant to Article 312.2 of the Lomé Convention. This has proved helpful to ensure an efficient execution of payments.

It was agreed during the operational review meeting that an organizational review of the functioning of the office of the NAO was needed. The Commission suggested that the office could be strengthened with two additional local staff and that technical assistance should be contracted to provide training on EDF rules and procedures. For its part the Delegation would be prepared to consider posting permanently in Belize a local agent (ALAT) under its direct authority.

The need for a closer cooperation with non-state stakeholders is recognised by both the Government and the Delegation. Moreover, the Government recognises the need to further strengthen efforts to ensure a broader co-ordination of Development Partners in Belize, including the multilateral financing institutions and UN agencies.

The Government of Belize has extensively included non-state actors as a part of its consultations and decision-making processes in the implementation of EU-Belize cooperation and as a part of its standard operating procedures. During the preparation of EU Country Support Strategy non-state actors were involved in the consultation process through the setting-up of a Steering Committee. The Belize Enterprise for Sustainable Technology (BEST) has benefited from EU-Belize Cooperation through the implementation of the Micro-Enterprise Credit Scheme and the Banana Grower's Association has also benefited by way of the Banana Support Programme. In both instances Government has shown

commitment to include non-state actors as beneficiaries and implementation agencies for EU Projects. In addition, non-state actors have also benefited from funding from European Community Budget Lines.

7. Conclusions

Macroeconomic Environment

The key objective under 9th EDF country support strategy, i.e. the reduction of poverty in rural areas, is based on the assumption that the Government applies sound macro-economic policy and management. This has been endorsed both by the Belizean authorities and the Commission. The Commission notes the outcome from the Art. IV Consultations concluded with the IMF on November 1, 2002 and encourages the Government to intensify efforts to implement sustainable macro-economic policies, notably a reduction of the fiscal and current account deficits.

Poverty Reduction

During 2002 Belize conducted a living standards measurement survey, which will provide an update of the Country Poverty Assessment (CPA) conducted in 1995/96, according to which 25.3% of households, or 33% of the total population, fell below the national poverty line (BZD 1,287.48 per annum. Data from the new study will be used, along with district level consultations, to prepare an updated national poverty elimination strategy and action plan 2003 – 2008. A poverty map and a monitoring and cooperation mechanism will also be developed.

The investments proposed in the Budget 2003/04 include:

BZD 9 million for Hurricane Preparedness, for retrofitting 350 schools and public buildings, constructing 9 new buildings for shelters and strengthening NEMO (National Emergency Management Organisation). A total of BZD 7.8 million will be spent for projects specifically targeting disadvantaged and poor rural areas, in initiatives such as potable water, classrooms, rural housing, income generating projects and feeder roads. The agricultural sector will be strengthened with a BZD \$3.8 million investment in order to improve the variety, quality, packaging and promotion of the Belizean products. Also BZD 9.5 million will be spent on the Southern Highway, BZD 5 million on the Orange Walk Bypass, and BZD 3.9 million to improve streets and drains in the municipalities.

BZD 4.5 million will be invested on expanding and improving the secondary education system, on teaching the youths a trade by extending nationwide Centres for Employment Training Programs and on curriculum and classroom expansion. Other projects include the building of low cost housing, the paving of the Blue Creek Road, and the building of the San Pedro Pier and the Young Bank Bridge.

The government intends to introduce the NHI (National Health Insurance) package of health care benefits to the North side of Belize City in 2003, and to subsequently roll out the NHI to all districts, as the public sector health reform projects near completion. Government intends to accomplish this by utilizing the Social Security mechanism, without introducing any new taxes. According to plan all Belizeans will have

access to specialist doctors and equipment, benefit from quality medicines and have a choice in health care providers.

To tackle the HIV/AIDS epidemic the Government will continue the special program for anti-retroviral medications and step up AIDS awareness programs.

The grants that the Social Development and Social Security offer for the most needy will be doubled. Also, elderly women over the age of 65 will be given non-contributory Social Security benefits.

Main results achieved in focal sectors of cooperation under the EDF

Focal Sector Consolidation of Infrastructure Development

In the Road Sector, in 2002 the construction of the new bridge over the Sibun River was launched (€1.99 Million) in order to bring this structure located along the Hummingbird Highway to the same standard of the road (width and safety protections). The Hummingbird Highway was completed in March 2000. The whole project has contributed to the enhancement of transport operations between Belmopan and Dangriga, in the main citrus production of Belize and a region with growing potential for eco-tourism development, as well as for agricultural production. It also complemented previous EDF contributions for the rehabilitation of downstream sections of the same road. For the populations living along the road, the upgrading of the Hummingbird Highway has improved their access to health services, to centres of employment; and to the administrative and social services available in Belmopan and Dangriga.

In the Health Sector, the execution of Remedial Measures and Activities at the Karl Heusner Memorial Hospital, financed by the 8th EDF contribute to improving the functionality of the buildings, plants, plans and equipment, hence consolidation of prior investments in the Hospital under previous EDFs.

Focal Sector Development of Human and Natural Resources

The execution of the EC funded activities of the Social Investment Fund (SIF) contributed in improving access of poor communities to education and in supporting the development of small scale productive projects through a micro-enterprise credit scheme, specifically designed for the poorest communities. As such, the SIF supported sustainable development and a more equitable distribution of benefits to the poor.

The ongoing execution of the Integrated Drug Demand Reduction Programme (IDERP) is contributing to an enhanced enabling environment for development activities. IDERP is attempting to improve the health and well being of the most vulnerable groups to drug abuse.

The project aiming at the Conservation and Sustainable Use of Belize's Barrier Reef Complex is being implemented on the basis of a multiple stakeholder approach through the use of integrated coastal zone management, with a view to generate increased benefits for coastal communities, fishers and tourist operators, whilst promoting the conservation of the unique biodiversity and ecosystem of the Barrier Reef. The project contributes to two of the major components of a larger GEF/UNDP Project. Amongst its main outputs is the completion of a Coastal Zone Policy Framework, which divides the coastal regions according to category and intensity of use.

In terms of sectoral policy commitments, the Government of Belize is engaged in a continuous effort to improve the formulation and implementation of policies, strategies and measures aiming at sustainable development, with focus on poverty reduction. As such, the Government is meeting its commitments under the 8th EDF NIP.

A National Poverty Elimination Strategy and Action Plan 1998-2003 was adopted in 1998, a Land Use Policy Reform Programme was launched in 1998, the same for A Biodiversity Conservation Strategy and a Tourism development Master Plan. The implementation of these strategies and plans is supported by various donor and lending agencies, with several activities currently ongoing. The impact of these plans and of their implementation needs to be assessed in order to enable a real appreciation of their respective and cumulated effects on poverty reduction. In this context, an updated poverty assessment was conducted in 2002.

Programming of Cooperation under the 9th EDF

An amount of €7 million is foreseen for the creation of rural development programme (focal programme), while €800.000 have been earmarked for capacity building and institutional strengthening of the public sector (non-focal programme).

Focal Sector – Rural Development

The NAO and the Commission agree that the elaboration of the rural development programme provided for as focal area of cooperation under the CSS/NIP, deserves primary attention. A feasibility study for the rural development project was prepared during 2003. Once approved, activities under the programme could start in the first half of 2004.

Institutional capacities to implement the programmes

Both parties agreed that efforts would have to be undertaken to further improve management performance, especially as far as project execution is concerned. Under the 9th EDF CSS/NIP a specific capacity building component is foreseen. The NAO and the Commission will elaborate before year end a project for technical assistance and training of the offices of the NAO.

Outcome of the Operational Review and key perspectives for the future

The draft Annual Report for 2002 was reviewed in the context of the Annual Operational Review Meeting, which took place in Belmopan on 12 August 2003, bringing together officials from Belize and the European Commission. The Annual Review included the following specific topics: an outlook on the upcoming 2004 Midterm Review, the question of the use of residual EDF resources, the refinement of indicators and targets for measuring progress in rural development, the focal sector under the 9th EDF, and an assessment of the dialogue between Commission Delegation, National Authorising Officer and non-state actors. Key outcomes of the Operational Review Meeting can be summarised as follows:

- **Mid-term Review in 2004**

The Mid-term Review with Belize is expected to take place during 2004. The procedure was explained and discussed. The scope of the review may include a review of the strategy in the CSS/NIP, a possible revision of the resource allocation under the 9th EDF, depending on an assessments of needs and performance (i.e. financial performance and progress in the focal sector), as well as an assessment of the participation of non-State actors (NSA).

▪ **Use of residual EDF resources**

It was agreed that the NAO would submit official requests for closure for those projects where activities finished some time ago: Upgrading of the Hummingbird Highway (8-BEL-11 & 12, Remedial measures for the Karl Heusner memorial hospital (8-BEL-8), Social investment fund (8-BEL-3) and the Financial Management Development Programme (FMDP). Subsequent to the meeting the request was submitted by the NAO.

▪ **Refinement of indicators and targets for the measurement of progress under the 9th EDF**

Following the meeting, the Belizean authorities elaborated indicators for measuring progress in the focal sector of rural development. The updated intervention framework is annexed to the present report (Annex 1). It replaces the intervention framework of the CSS/NIP.

▪ **Assessment of the dialogue between Commission Delegation, National Authorising Officer (NAO and non-state actors (NSA)**

It was agreed that the NAO will formalize the dialogue with NSA in order to prepare for the mid-Term Review Process.

▪ **Functioning of the office of the National Authorising Officer (NAO)**

Following the closure of the Commission's office in Belize in April 2002, the office of the NAO has been challenged to continue the implementation of EDF projects in direct contact with the Delegation in Jamaica.

It was agreed that an organizational review of the functioning of the office of the NAO was needed. The Commission suggested that the office could be strengthened with two additional local staff and that technical assistance should be contracted to provide training on EDF rules and procedures. For its part the Delegation would be prepared to consider posting permanently in Belize a local agent (ALAT) under its direct authority.

ANNEXES

Annex I - Intervention Framework

Sector Rural Development	Performance Indicators	Status 2002	Target 2003	Target 2004	Target 2005	Sources of Information	Assumptions
National Sector Target - To contribute to the reduction of poverty in the rural areas of Belize *	1. Evolution of number of people below poverty line in rural area	42% of rural population according to CPA 1996	41%	40%	37% of rural population	Central Statistical Office (CSO) - Country Poverty Surveys	Poverty rate in 2002 is not greater than in 1996 - Political & macroeconomic stability - Rural Development Policy focus on poverty reduction
Intervention Objective: - To improve the social/economic conditions of rural households by supporting the development of the agriculture sector and other productive activities in the rural areas	2. Change in the incidence of rural unemployment 3. Change in the amount of average median monthly rural income	9.4%	9.3%	9.2%	9.0%	CSO CSO – Trade Report	- GOB continued investment in rural areas: infrastructure, health, education, extension services - GOB remains committed to poverty elimination strategy and empowerment of rural populations
Results - Small scale rural producers have access to markets for both products and services - Sustainability of Rural Productions Systems improved - Small scale rural producers have better access to credit	4. Change in the level of primary non-traditional agricultural output 5. Non-traditional Agriculture Exports 6. Food Imports 7. Credit for non-traditional sector ¹¹	\$152.4M \$20.8M \$120.6M ¹² \$27.1M ¹³	\$156.9M \$22.9M \$135M \$22.8M	\$164.8M \$25.2M \$148.5M \$23.9M	\$173M \$27.7M \$160.4M \$26.3M	CSO – Trade Report Central Bank Annual Report	- Rural households willingness to invest / be recipient to diversification / improvement in their economic activities (agriculture and non-agriculture)

¹¹ This refers to credit from commercial banks and from the Development Finance Corporation

¹² This refers to food imports for 2001 since 2002 has not yet been released

¹³ This refers to credit for 2001 since figures for 2002 has not yet been released

*Result Indicators 4,5,6 & 7 are nominal values

Justification for Rural Development (ASWAP) Indicator/Targets – 9th EDF

Indicators/targets have been divided into 3 sections¹⁴:

Project implementation will commence in the second quarter of 2004, while the Project Management Unit should be fully set up towards the beginning of the last quarter in 2004. Therefore, impact from the Rural Development Project will start to be felt until early 2005.

i. **National Sector targets** which is essentially a **reduction in rural poverty** from 42.5% to 37.5% consistent with the Cotonou Agreement and Government of Belize Poverty Elimination strategy/Action Plan and the millennium development goals;

ii. **Intervention Objective** or **impact indicators** arising from the results in the ASWAP. In this case rural unemployment and income are being proposed. From 2005 and onwards it is expected that unemployment will decrease by 5% on an annual basis and that rural income will increase by 8% on an annual basis.

iii. **Results** arising from the interventions of the Rural Development Project:

Four parameters that more or less can be linked to the project activities have been devised in order to measure project results: primary non-traditional agriculture output, non-traditional agriculture exports, food imports and credit allocation for the non-traditional sector.

In primary non-traditional agriculture output, a significant source of growth in the last 4 years was based on Government's policy of promoting local products in the domestic market; this policy is still in place but it has now been rationalized given the small size of the market and the need to be competitive; therefore, growth in this sector will now need to come from other sources; the project is expected to contribute to a 10% growth/annum in primary non-traditional agriculture output from 2005 onwards.

In non-traditional agriculture exports, all the growth in the last 4 years has been coming from papaya exports which more or less have stabilized. Consequently, most of the 10% in increase exports/ annum for the sector from 2005 onwards will be attributed to the ASWAP/Rural Development Project.

Annual food import growth of 9% in the last 3 years is expected to increase to 12% in 2003 due to a rationalization of the policy on "*Domestically produced competitive products*" in the agriculture sector. Henceforth, the project is expected to decrease food imports from 12% to 8% on a per annum basis from 2005 onwards; for 2004 there will be minimal impact thus the reason why the decrease growth rate in food imports will be limited to just a reduction from 12% to 10%. Essentially, the impact of the project will be in terms of the food import bill growing at a slower rate than otherwise.

¹⁴ It is important to note that poverty reduction together with rural unemployment and rural income will depend on many variables and other players in the rural sector; the ASWAP will play a complementary role. Therefore, to a large extent reaching these targets will depend on all these factors not undermining the achievements of the ASWAP.

Credit for the non-traditional sector represents the variable that is least linked to the project since it refers to credit from commercial banks and the Development Finance Corporation. The project is expected to make a contribution in terms of increased credit demand in the rural areas in the amount of 5%. Thus the increase credit allocation from 5% to 10% in 2005 and onwards. For 2004 there will be minimal impact thus the reason why just a 5% increase in non-traditional credit allocation.

Annex II
Chronogram me of Activities

Titles	Amounts	Identification	Appraisal	Financing decision
Programmable Resources (A-envelope)				
Rural Development (focal sector)	7.0	July 2003	September - October 2003	March 2004
Public Administration with focus on capacity building and public administration (non-focal sector)	0.8	September 2003	November 2003	Jan. 2004 to Jan. 2007
Resources for unforeseen needs (B-envelope)				
Emergency Assistance	0.93	June 2003	November 2003	January 2004
Support from EC Budget				
Banana Support	3.2			January 2004

Annex III
Indicative Timetable for Commitments and Disbursements

Project Number (6, 7 and 8 EDF)	Sector Title of Project/Programme	All amounts in €	Situation 31/12/2002		1 st Semester 2003		2 nd Semester 2003		Total 2004	
		Total	Total	Total	Sec. Comm.	Payments	Sec. Comm.	Payments	Sec. Comm.	Paym
		Prim. comm..	Sec. comm.	Paid						
8 ACP BEL 5	CSU Barrier Reef Complex	600,000	599,999	444,679				155,320		
8 ACP BEL 2	Integrated Drug Demand Reduction Programme	300,000	300,000	194,585		105,414				
8 ACP BEL 10	Construction of new Bridge over Sibun River	1,999,000	1,250,000			1,000,000		250,000		
Total 6,7 and 8 EDF		2,899,000	2,149,999	639,264		1,105,414		405,320		

Project Number (9th EDF) ¹⁵	Sector Title of Project/Programme	Total	Total	Total	Sec. Comm.	Payments	Sec. Comm.	Payments	Sec. Comm.	Paym
		Prim. comm..	Sec. comm.	Paid						
N/A	Rural Development Programme (focal sector)	7,000,000								
N/A	Public Administration with focus on capacity building and public administration (non-focal sector)	800,000								
Total 9 EDF		7,800,000								
Budget Line (BL)	Banana Support	3,200,000							3,200,000	
Total 6,7,8 and 9 EDF and BL		13,899,000	2,149,999	639,264		1,105,414		405,320	3,200,000	

¹⁵ Financing Decisions (primary commitments) for Interventions under the 9th EDF are expected for the first quarter of 2004.

(*) - excluding EIB contribution and additional allocation of €URO 2 million for Sibun River Bridge - situation as of 31 March 2001

Unprogrammed Aid (8 EDF)											
8.ACP.BEL.009 EIB	8,700,000	100	8,700,000	100.00	4,537,898	52.16	0	0.00	4,162,102	47.84	ongoing
Citrus Sector Operations											
TOTAL unprogr.	8,700,000	100	8,700,000	100.00	4,537,898	52.16	0	0.00	4,162,102	0.00	
GRAND TOTAL	20,134,191	110.63	17,988,176	89.34	13,435,676	74.69	2,146,015	10.66	6,551,500	36.42	

LOME IV - 7 th EDF - AMOUNT OF N.I.P.: EURO 9,000,000 (*)

Programmed Aid

Project No and ref.	Amounts in €uro					Status 31.01.2002
	Primary Commitment	Secondary Commitment	Disbursements	Uncommitted	Balance	
7.ACP.BEL.01	4,392,964	4,392,964	4,392,964	0	0	closed 21-10-96
HBHW Construction		3,998,382	3,998,382	0	0	
HBHW Supervision		394,582	394,582	0	0	
7.ACP.BEL.02	4,188,010	4,188,010	4,188,010	0	0	closed 10-07-96
KHMH Construction						
7.ACP.BEL.03	48,756	48,756	48,756	0	0	closed 06.04.95
TA MED - NAO						
7.ACP.BEL.04	60,412	60,412	60,412	0	0	closed 28.03.95
HBHW Eco. Study & EIA						
7.ACP.BEL.08	256,907	256,907	256,907	0	0	closed 31-12-97
HBHW Design Phase 2						
7.ACP.BEL.10	13,833	13,833	13,833	0	0	closed 06-01-97
T.A. MED - MIS						
7.ACP.BEL.12	17,483	17,483	17,483	0	0	closed 12-08-98
Technical Expertise KHMH						
TOTAL progr.	8,978,364	8,978,364	8,978,364	0	0	
Uncommitted (balance) 7 EDF		21,636				

Unprogrammed Aid						
7.ACP.BEL.05 KMH Construction	3,500,000	3,500,000	3,500,000	0	0	closed 22-08-96 trf.EDF5
7.ACP.BEL.06 EIB Quasi Capital BEL	3,500,000	3,500,000	3,500,000	0	0	closed 10-02-99
7.ACP.BEL.07 Aid to Refugees Rural Areas	500,000	500,000	500,000	0	0	closed 17-09-97 Art. 255
7.ACP.BEL.11 Bonif. Interest DFC	456,844	456,844	456,844	0	0	closed 12-07-2000
7.ACP.BEL.14 SIF Appraisal Study	57,860	57,860	57,537	0	323	5/9/2001
7.ACP.BEL.15 ECHO - Hurricane Keith IFRC ECHO - Hurricane Keith PAHO	850,000	850,000	595,259	0	254,741	ongoing
TOTAL unprogr.	8,864,704	8,864,704	8,609,641	0	255,064	
TOTAL prog+unpr	17,843,068	17,843,068	17,588,005	0	255,064	

(*) excluding 2.5 MECU E.I.B Risk Capital for DFC

Annex V
Projects funded from the budget of the European Community

**B7-6000/PVD/2000/854/GR Sustainable Community Development Programme
in Belize €223,000**

In January 2001, the Greek NGO “Development and Education Centre European Perspective” (DECEP), received a grant of €223,000 for the co-financing of the above-mentioned project, in a total amount of €457,000, to which DECEP is contributing €234,000 (51.2%). The project is implemented in Belize, in partnership with the “Society for the Promotion of Education and Research” (SPEAR), a local NGO. The overall objectives of the project are to promote social justice, democracy and sustainable development at the community level in Belize. The project purpose is to support five Belizean communities for the development of their constitutional rights, with provision of education, community organisation and advocacy, empowerment and enhanced income generation.

At the end of 2001, SPEAR was working with three communities: Succotz in the Cayo District, Hopkins in the Stann Creek District and Big Falls in the Toledo District. Of these three communities, Succotz in the Cayo District was eliminated in February of 2002 due mainly to lack of interest on the part of the leaders in the community. In replacement, Cow Pen Village, located in the Stann Creek District, was added. SPEAR has had a long-standing relationship with this community since the early 1990s and considers its inclusion in the project a necessary step to further its development. As a result of the change, the three communities now included in the project are Big Falls in the Toledo District; and Hopkins and Cow Pen in the Stann Creek District.

In all three communities, a SPEAR/Development Partnership Agreement was signed stating the collaboration necessary to meet the objectives of the project. Before signing the agreement, participants were given a detailed, step-by-step explanation of the SPEAR/DECEP project, including the sharing of planned activities. The agreement states the roles and responsibilities of SPEAR and the communities involved in the project.

Needs Assessments for training purposes were carried out with members in each of the groups to determine their present capacity and training needs. A community baseline survey of each of the communities was carried out focusing on updating community profiles. SPEAR has also been networking with several Government and Non-Government Organizations working in each of the respective communities.

The results achieved to date have been rewarding in terms of building the trust between SPEAR and the groups in the communities. It has convinced the villagers that the

DECEP project is not “just another Project” but rather, it is one that seeks to have a lasting effect on the development of the communities taking part. In all the three communities, respect and appreciation for the groups have increased from both the local government officials and the community members at large.

A summary of the activities undertaken in 2002 in each community is given below:

(a) Hopkins

A strategic planning workshop was conducted and the Hopkins Community Development Group prepared a project proposal to conduct a youth summer camp, which attracted BZ\$5,000.00 in local donations.

On the occasion of the awareness building campaign on the Belize-Guatemala Territorial Referendum in November, the Hopkins Community Development Group hosted a forum to afford villagers the opportunity to raise concerns on the Proposal from the Facilitators. It must be noted that Hopkins was the first village to have held a session, apart from district towns and cities countywide.

Networking was undertaken in Hopkins with the following: The village council, the Parent Teachers Association, the community school, the Ministry of Youth and the Ministry of Foreign Affairs. This provided resources for the implementation of the Summer Youth Camp and the Workshop on the Belize-Guatemala Referendum.

In Hopkins Village, the capacity of the members of the group has increased and their confidence in leadership is growing. This is portrayed by the activities the group was involved in since its inception. The focus has been mainly on youth issues on personal development and increased awareness on national issues like the Belize-Guatemala Referendum. Members of the group are also heading other organizations within the community as a result of a Strategic Positioning session held during one of our meetings.

The beneficiaries in Hopkins are indigenous Garifuna people. They are mostly teachers and youth. Both males and females participate in the activities.

(b) Big Falls

In Big Falls, two training sessions were held on steps in project proposal writing that resulted in the implementation of two short-term project activities. In both instances, an evaluation session was conducted to look at experiences and lessons learnt to improve on future endeavours. The two activities are outlined below:

1.) Hurricane Iris (which hit the south of Belize in October of 2001) had a devastating effect on the river that runs through the Big Falls Village. It created hazardous conditions along the path where villagers traditionally recreate. In response to the community's need to have a clean and safe environment, the group developed a proposal to clean the portion

of the river in their immediate vicinity. SPEAR provided some financial support that served as a start-up fund for the group. At the peak of the Dry Season in May, the community group organized a clean-up campaign. Both young and old, male and female came to participate in the activities that featured competition and prize-winning events after the actual cleaning of the river.

2.) The other activity was a fund-raiser in which the Big Falls Development Group catered for a meeting of the Maya Leaders Association which held its Annual General Meeting in the village of Big Falls.

Networking took place with: The Toledo Institute for Development and the Environment (TIDE), the Protected Areas Conservation Trust (PACT), the village council, the Many Women's Council and the National Emergency Management Organization (NEMO).

Participants are indigenous Maya and Mestizo people. They are men and women. The men are mostly farmers or NGO leaders. The women are NGO leaders and teachers.

(c) *Cow Pen*

A training session was held in the village of Cow Pen with the participation of members of the Village Council and the Lots Committee. This session was conducted with a view to sensitise members about their role and responsibilities in relation to the laws that governs the institutions of which they are members. Additionally, it served as the basis whereby the Cow Pen Development Alliance was formed. This alliance will be our partner for implementing the project in Cow Pen Village. Using participant-centred or 'popular education' techniques, the groundwork was laid for future training. Help for Progress, another NGO that SPEAR invited to partner us in the project participated in this session and forms part of the alliance.

Two project-development training sessions were conducted with the Cow Pen Development Alliance. In the first session held in May 2002, a project was developed with the participation of the village council and the Lots Committee to survey 265 house lots in the community. This activity will afford them more economic security. Due to the fact that the village developed from Squatting Rights, the full and active participation of the villagers is necessary to arrive at acceptable measurements per house lot. The leadership provided by the alliance has made this tedious work possible for the benefit of the entire community.

In July, another session was conducted, this time to develop a proposal for the construction of a Potable Water System. The final technical information is being added and some funding has been identified both locally and internationally. Members attending the sessions are very much enthused and look forward to the upcoming training sessions in 2003.

Networking took place with: Help for Progress, the Ministry of Rural Development, the Lands Department, and the Area Representative which represents that community in the House of Representatives. This networking took place to ensure that infrastructure development took place in the community, for example, the surveying of lots, the construction of the community centre, the implementation of the water project, the planting and harvesting of crops for economic development, and the training of community members.

Participants are immigrants from Honduras, El Salvador and Guatemala. They are mostly men. Both the men and women work in the Banana Industry as farmers, pickers or packers. In addition, several members of the community development groups are members of various civic, community, school and church based organizations such as: Scouts, Parent Teacher Association, Village Council, Cane Farmers' Association, Toledo Maya Women's Council, District Village Council Association, etc.

The project is currently suffering due to a lack of sufficient funds. DECEP submitted a report to Headquarters in April 2002 however since the NGO had not spent 75% of the first draw-down, they could not receive a payment at that time. They submitted another request on December 6, 2002, however they have still not received a payment as the report was not in the correct format.

As a result, project activities have been on a go-slow since September 2002 although SPEAR opened an over-draft facility at their bank. This has proven too expensive however, and as such they will have to end it very soon.

Environment Budget line

In the context of protection of the environment and natural resources, the aim is to put into action the principle of sustainable development by providing financial and technical assistance in developing countries for activities intended to integrate environmental protection and notions of sustainable development into everyday life.

B7-6200/00-10 Belize Barrier Reef – Changing Land-Use Practices and their impact on Near Shore Environment - Phase 2, Project

In March 2001, €206,200 was allocated by the Commission for the implementation of the second phase of WRISCS¹⁶, for a total cost of €376,200 and with a contribution of €170,000 from Raleigh International.

The purpose of this Second Phases was to increase local capacity to incorporate watershed-reef connectivity considerations into policy, planning and management dialogue and decision-making. In this context, the project concentrated on activities

¹⁶ Phase I (Project B7-6200/97-02) (EUR 790,000) was executed from 1998 to 2000, in close collaboration with the Belize Coastal Zone Management Authority and Institute, the Fisheries Department, the National Hydrological and Meteorological Services, the Department of Environment, as well as the University of Belize.

aiming at involving resource managers in coastal zone management and monitoring, hydrological monitoring, and land use planning. Data access and processing systems have been developed from satellite imagery, enabling low cost water-quality monitoring of Belize's coastal waters. Formal training in remote sensing has been provided to local institutions and familiarisation with monitoring systems.

The project was designed to deliver a land management policy proposal to control erosion, a report on soil erosion and sediment delivery in the Stann Creek district of Belize, the conclusion and recommendations of a pilot study of the use of ocean colour satellite imagery for water quality monitoring in optically shallow tropical coastal environments. The final report submitted to the Commission in May 2002 was approved and the project subsequently closed.

**B7-6200/1999-10 Development of Cockscomb Basin and Crooked Tree Wildlife Sanctuaries as Centres for Co-management of Protected Areas
€1,302,690**

Started in December 1999, this project aims to promote biological diversity and ecological integrity of Belize's ecosystems through stakeholder participation in sustainable development. Two ecologically important Protected Areas, the *Cockscomb Basin Wildlife Sanctuary* and the *Crooked Tree Wildlife Sanctuary* were selected as centres for co-management. Local and Regional Advisory Committees were established, with representatives from the communities themselves, as well as from Government, NGOs and other institutions. This mechanism therefore permits local communities to input into the development of management practices and policies.

Although in its third year of implementation, project implementation was seriously hindered by Hurricane Keith in 2000 and Hurricane Iris in 2001. The two project sites, *Cockscomb Basin Wildlife Sanctuary* and *Crooked Tree Wildlife Sanctuary*, were heavily affected. Communities therefore focused on rebuilding their homes and providing food for their families, rather than on the project's objectives. In light of this, the project was granted an 18-month extension until September 2004.

However, in spite of this slower start, the project achieved much in 2002. Considerable effort was focused on building relationships of trust within the communities. With the implementation of capacity building activities, the initial resistance of the communities was replaced by a more positive relationship with the project. Seeing the need to support buffer communities around these Sanctuaries to manage their natural resources, a Model for Co-Management was established for each site. Three of the six Economic Demonstration Projects were made fully operational: a Cashew Cooperative, a Honey Cooperative and a new Craft Shop for the Maya Centre Women Group. The remaining three Projects are projected to start in 2003.

There have been numerous field visits organised for community members to other Protected Areas, both in Belize and in the neighbouring countries of Mexico, Costa Rica

and Guatemala. This has generated interest too, in alternative income-generating projects as well as in developing tourism-based projects not originally planned in the project.

As part of the Education for Sustainability Programme, Environmental Educators were trained within the communities. The project also produced much environmental educational information for use in both primary and secondary schools. Additionally, it promoted linkages with formal education sector as evident in its collaboration with the University of Belize. The Visitor and Training/Conference Centres in both Sanctuaries were made more interactive, and informative brochures were designed and published.

The project is being implemented by the Belize Audubon Society, and has received €665,819 from the European Union.

Tropical Forest in Developing Countries Budget line

This appropriation is intended to cover financing and technical assistance for developing countries' and regional organisations' efforts to promote the conservation and sustainable management of tropical forests. The following project is funded from this budget line:

Actions in favour of Tropical Forests in Developing Countries

B7-6201/2000-09 Development and Demonstration of Sustainable Forest Management Techniques applied by community and other non-governmental forest managers in Belize

The Development and Demonstration of Sustainable Forest Management (€1,595,115) is a follow-up of the previous EC funded "Rio Bravo Area Experimental Forestry and Micro-propagation Project"¹⁷. The project aims to ensure that sufficient area of natural forest is conserved in Belize, to maintain biodiversity, basic environmental services, supply of forest products for domestic needs and forest resources contributing to the national economy.

The principal objective is the development of viable approaches to resource use in forest areas by communities and private entities that are compatible with the conservation management goal of the particular sites, whilst providing for sustained benefits in terms of revenue generation, continued access to needed materials, and the new opportunities for enterprises supporting the local economy.

The contract was signed on January 2, 2001, and is valid 48 months after date of signature. The implementation of the first phase was initiated in June 2001.

¹⁷ In 1995, the Commission, through the World Land Trust (United Kingdom), allocated a financial contribution of €1.4 Million for the joint implementation with Programme for Belize (PFB), of an Experimental Forestry Management and Micro propagation Project in the Rio Bravo Conservation and Management Area of Belize (the Rio Bravo Conservation and Management Area [RBCMA – 240,000 acres] is owned in trust for the people of Belize by "Programme for Belize", a local Non-Governmental Organization). The purpose of the project was to develop environmentally sound and economically viable revenue-earning activities in the field of forestry and plant propagation in the Rio Bravo Area. Project activities were completed from 1995 to 1999.

In January 2000, Programme for Belize (PFB) was granted € 1,595,115 for the implementation of the above-mentioned project, in a total amount of € 1,985,635, to which it is contributing € 390,520 (19.67%). The overall objective of the project is to ensure that sufficient area of natural forest is conserved in Belize, to maintain biodiversity, basic environmental services, supply of forest products for domestic needs, and forest resources contributing to the national economy. The project purpose is to develop viable approaches to resource use in forest areas managed by communities and private entities that are compatible with the conservation management aims of the particular sites, whilst providing for sustained benefits in terms of revenue generation.

Project activities include: the analysis of sustainable forestry resource management and development approaches tested in Belize and neighbouring countries with identification of successful elements; initiation and implementation of five demonstration projects in partnership with local communities and private managers, compatible with sound management practices; institution building of at least five local management organisations, including training workshop programmes; development of small businesses adding value to forest products and returning part of revenues to sustained forest management; research of further options for resource use, and monitoring of environmental impacts of management approaches; assessment of project results and production of a training/reference manual for community and private sector managers of protected areas. These activities are to be carried out over a period of four years.

Annex VI - European Investment Bank

Region /	Project Name	Status	Convention	Contract	Amount signed (m)		Date of	Amount outstanding (m)		Beginning
Country				number	OR	RC	signature	OR	RC	Repayment
Caribbean										
Belize	DFC BELIZE P.G.	Disbursed	Lomé - 2	70405		0.60	12/12/83		0.24	10/12/92
	DFC BELIZE II PRET GLOBAL	Disbursed	Lomé - 3	70641		0.50	15/1/87		0.29	30/9/95
	BELIZE ELECTRICITY	Disbursed	Lomé - 3	70971		0.20	5/10/94		0.16	31/5/00
		Disbursed	Lomé - 4	70972		3.50	5/10/94		2.88	31/5/00
	DFC GL III	Disbursed	Lomé - 4	18989	2.50		2/10/96	2.11		31/3/01
	BELIZE CITRUS SECTOR OPERATION	Signed	Lomé - 4 - Bis	20711		5.00	29/8/00		1.00	15/7/07
	BELIZE CITRUS SECTOR OPERATION	Signed	Lomé - 3	20728		0.10	14/9/00		0.09	15/7/15
		Signed	Lomé - 4 - Bis	20728		3.70	14/9/00		3.47	15/7/15
	Total				2.50	13.60		2.11	8.13	

Annex VII – Project Sheets

IMPLEMENTATION OF REMEDIAL MESURES AND ACTIVITIES AT KARL HEUSNER MEMORIAL HOSPITAL

Project Authority: Ministry of Health

Time Frame: Financing Agreement: March 2000
Estimated End of Project: December 2002

Accounting Situation: All figures in euro

Account No	8 ACP BEL 001	Total
Decided	1,600,000	1,600,000
Contracted	1,589,799	1,589,799
Disbursed	1,573,415	1,573,415

SUMMARY OF THE STATE OF PROGRESS:

An amount of € 1.6 Million was allocated in March 2000 for the implementation of remedial measures and activities at the Karl Heusner Memorial Hospital in Belize City. The Steering Committee and Project Management Unit were established on 21st March 2000. The project co-ordinator funded from a separate Technical Assistance contract started her work on 15th March 2000.

An initial work programme (WP) related to the execution of the project was signed in May 2000 for a total amount of BZD 3,208,057 including a contribution from the Government of Belize of BZD 397,137. Owing to the depreciation of the euro, the total amount of the WP was reduced with the rider n.2 to BZD 2,834, 628 (~1,600,000 EUR) while the GoB contribution to the project remained unchanged. Because of the depreciation of the euro and cost overruns only some of the original activities were implemented.

In December 2002 all activities to be implemented under EDF financing were completed. Some minor works under GoB financing were to be completed.

CONTEXT AND OBJECTIVES:

The overall objective of the project is to contribute to improving general health standards in the country. The project purpose is to increase the quality of the KHMH health services delivery in a sustainable manner, through the restoration of the functionality of the buildings, plants and equipment and through the development of an adequate maintenance service.

The project includes activities for the rehabilitation of works, the rehabilitation of plants, restoration of equipment, maintenance training programme, local consultancy and technical assistance for project co-ordination.

ACTIVITIES CARRIED OUT DURING 2002 AND RESULTS ACHIEVED

In August 2002 the rider n.3 has been established in order to extend the duration of the work programme up December 2002. The total amount of the work plan has been reduced to 2,789,160 BZD because the activity related to the final evaluation has been taken out from the WP. The final evaluation has been launched in December 2002 through a framework contract. All works to be implemented under EDF financing have been completed in 2002.

CONSTRUCTION OF THE NEW BRIDGE OVER THE SIBUN RIVER ON THE HUMMINGBIRD HIGHWAY

Contracting Authority: Ministry of Public Works and Transports

Time Frame: Financing Agreement: January 2002
Estimated End of Project: December 2004

Accounting Situation: All figures in euro

Account No	8 ACP BEL 001	Total
Decided	1,999,000	1,999,000
Contracted	1,289,000	1,289,000
Disbursed	0	0

SUMMARY OF THE STATE OF PROGRESS:

During the first half of 2000 the Government of Belize completed the design and the tender dossier regarding the “Construction of the new bridge over the Sibun river”.

The works are divided in two lots. The lot n.1 regards the construction of a provisional wooden bridge necessary for the traffic diversion during the construction of the new bridge and is financed by the Government of Belize (272,281 BZD). The lot n.2 financed by the 8th (2,576,968 BZD ~ 1,289,00 EUR) regards the demolition of the existing bridge and the construction of the new bridge.

The works started in November 2002.

CONTEXT AND OBJECTIVES:

The overall objective of the project is to promote economic growth by enhancing the road infrastructure serving the main citrus areas in the southern part of Belize.

The project purpose is to make uniform and consistent the standard of the rehabilitated Hummingbird highway with a safe and reliable crossing of the Sibun Bridge.

To achieve this purpose a new bridge is being built over the Sibun Bridge 91m long with a width of 7.2 m plus walkway. This arrangement will allow two traffic lanes and unrestricted pedestrian access. The construction of the new bridge will be implemented on the same emplacement of the existing bridge that is to be demolished. A provisional wooden bridge will allow the diversion of the traffic. The cost of the provisional wooden bridge is borne by the Government of Belize.

The supervision of the works is carried out by a British Consultant under GoB financing.

ACTIVITIES CARRIED OUT DURING 2002 AND RESULTS ACHIEVED:

The tender for the selection of the Contractor that is in charge of the works was launched on 30th of May 2002. Four bids were received on 30-7-2002.

The contract with the selected contractor was awarded and signed in October 2002.

By the end of December 2002 the Contractor's site installations were completed and the wooden structure for the diversion of the traffic was almost completed.

DEVELOPMENT OF COCKSOMB BASIN AND CROOKED TREE WILDLIFE SANCTUARIES

Project Number: B7-6200 / 1999-10

Project Authority: Belize Audubon Society
European Commission Delegation, Jamaica

Time Frame: Financing Agreement: Four and half years (54 months)
Start date of Project: December 1999
Estimated End of Project: September 2004

Project Sites: Cockscomb Basin Wildlife Sanctuary, Stann Creek District, Belize
Crooked Tree Wildlife Sanctuary, Belize District, Belize

Accounting Situation: All figures in euro

Account No	1999	2000	2001	2002	TOTAL
Decided	1,302,690				1,302,690
Contracted	-	347,384	-	318,435	665,819

CONTEXT AND OBJECTIVES

Background:

The two project sites are of significant ecological importance. The *Cockscomb Basin Wildlife Sanctuary*, Belize's flagship park, covers 100,000 acres and supports an abundance of hardwood vegetation and diverse fauna. The *Crooked Tree Wildlife Sanctuary* contains an important network of waterways and is a critical habitat for resident and migratory birds, in particular the Jabiru Stork.

These sites, however, face the same threats as many of Belize's ecosystems including land reclamation, increased rural poverty and unsustainable agricultural practices. Such pressures are further compounded by lack of adequate knowledge and equitable participation of local communities in the management of their resources. In light of this, the project encourages sustainable economic activities, raises environmental awareness, promotes decentralized management and empowers civil society.

Objectives:

The overall objective of the project is to promote biological diversity and ecological integrity of Belize's ecosystems through stakeholder participation in sustainable development. In both project sites, co-management and capacity systems are established with local communities using socio-economic incentives.

ACTIVITIES CARRIED OUT DURING 2002 AND RESULTS ACHIEVED

A **Model for Co-Management** has been established which allows communities participate at advisory levels, and input into the development of management practices and policies. Thus, a Local Advisory Committee was established in each community and a Regional Advisory Committee in each site.

Three **Economic Demonstration Projects** are now operational: the **Cashew Cooperative** was established and its processing plant completed; the **Honey Cooperative** has already started production, and will receive further assistance in product development and marketing; the **Craft Shop for the Maya Centre Women Group** was completed and may now be expanded to incorporate a training facility for young women to learn the art of the Mayan culture. Additionally, several individuals from local communities received **micro-enterprise loans** to start their very own initiatives in alternative income-generating projects as well as in developing tourism-based projects not originally planned in the project.

Various field visits were arranged to expose communities to the various management practices of other protected areas within the region. Thus, members from the *Crooked Tree Sanctuary* visited several sites in Mexico; key community leaders attended the regional seminar “Involving Communities in Protected Areas Management”, held in Costa Rica; and teachers from the buffer communities participated in an exchange programme with the *Old Woman Creek Natural Estuarine Research Reserve* in Ohio.

Through the **Education for Sustainability Programme**, a cadre of Environmental Educators from the various buffer communities has been established to train community members. Working with the Ministry of Education, the project has designed and distributed educational materials to all primary and secondary schools nationwide. Most notable was the “Conservation Carnival Kit”, for which teachers were also trained.

Both the **Visitor and Training Centre** at *Crooked Tree Wildlife Sanctuary* and the **Conference and Training Centre** at *Cockscomb Basin Wildlife Sanctuary* are now fully operational. Informative brochures have been designed, printed and distributed, and a slide presentation will be developed for each community.

The pilot **Water Quality Monitoring Programme** and an **Enforcement Scheme** are being developed with the University of Belize, and these will be implemented in 2003.

PROBLEMS FACING IMPLEMENTATION

The damage of the two hurricanes to the project sites greatly affected the timeframe for project implementation. There was also a slight delay in community outreach activities following the change of project staff, Community Liaison Officer and Project Coordinator. Similarly, activities were also affected by the relocation of several key members to urban areas. The project had to identify new individuals who were equally committed to the sustainable development of their communities, and foster new relationships.

CONSERVATION AND SUSTAINABLE USE OF THE BARRIER REEF COMPLEX

Project Number: 8 ACP BEL 005

Project Authority: National Authorising Officer (NAO)
Implementing agency: Coastal Zone Management Authority (CZMAI)
Time Frame: Financing Agreement: 6¼years
Start date of Project 1st September 1999
Estimated End of Project: 31st December 2005
Accounting Situation: All figures in euro

Account No	CZMAI/01/1999	CZMAI/02/2001	TOTAL
Decided	-	-	600,000
Contracted	311,878.80	288,121	599,999.80
Disbursed	311,878.80	132,867.89	444,746.69

SUMMARY OF THE STATE OF PROGRESS

The *National Integrated Coastal Management Strategy* prepared in 2000 has still not been approved by Cabinet. This document is one of the most notable outputs of the project at large, and will be resubmitted in 2003. However, it is interesting to note that some of its recommended actions are already being implemented. Both the EC Monitoring Mission and the GEF/UNDP Mid-term Independent Evaluation noted problems arising from the institutional arrangement of the project. Given that environmental monitoring is a long-term activity, there is also concern about the sustainability at the end of project. Indeed, according to the GEF/UNDP Evaluation, the greatest challenge will be the transition from “project” to a permanent and effective coastal management “programme” for Belize. A solid and financially sustainable institutional framework is needed, with the Protected Areas Conservation Trust helping to create a dedicated coastal fund.

CONTEXT AND OBJECTIVES

The coastal zone of Belize is a complex ecosystem, and is comprised of the second longest barrier reef in the world, hundreds of patch reefs, three offshore atolls and over 1,000 cays. The Belize Barrier Reef Complex is home to several endangered species. There is increased threat of degradation from economic activities including poorly controlled exploitation, offshore dredging and land reclamation, coastline development, industrial effluents and agricultural run-off. The **Coastal Zone Management Authority (CZMAI)** and supporting technical Institute were established under the Ministry of Agriculture, Fisheries and Co-operatives. The overall objective of the CZMAI is to develop a national Coastal Zone Policy Framework that coordinates all coastal activities, in particular of the Belize Barrier Reef System.

The purpose of this project is to promote the use of integrated marine and coastal area management with a view to establishing a framework for addressing the human impacts on marine and coastal biodiversity. Additionally, it will promote conservation and sustainable use of this biodiversity through generation of benefits for stakeholders.

The project is funded primarily by the Global Environment Facility/United Nations Development Programme (GEF/UNDP). The EC contribution represents about 9% of the total cost of the project, and is allocated specifically to the provision of equipment, a vehicle and associated costs, workshops and communication activities. Amongst its main outputs is the completion of a Coastal Zone Policy Framework, the establishment of Coastal Advisory Committees (CAC's) in at least eight coastal regions and a network of Marine Protected Areas (MPA's). Additionally, the project will conduct basic research on flagship species, including manatees, crocodiles, sea turtles and the Nassau grouper. It will also strengthen and expand monitoring programmes of the reef and water quality.

ACTIVITIES CARRIED OUT DURING 2002 AND RESULTS ACHIEVED

Caye Caulker was selected as the first of eight coastal sites for the formation of a **Coastal Advisory Committee (CAC)** and the production of development guidelines through wide community participation. To date, CAC's have also been established in Turneffe Islands and Placencia/Laughing Bird Caye and are expected to be established in a further two regions in early 2003. An **EC Monitoring Mission** of the project in October 2002 noted that the CAC's show high potential for building good alliances and allowing in-depth stakeholder consultation for formulating development plans. Additionally, their facilitating and non-controlling role is widely appreciated.

The project has made significant progress in establishing the **Network of Marine Protected Areas**. To date, MPA's have been established on Sapodilla Cays, Laughing Bird Caye, South Water Caye, Glover's Reef, Turneffe Islands, Caye Caulker and Bacalar Chico. These are marked with demarcation buoys and patrolled by Rangers using outboard motors. A **GEF/UNDP Mid-term Independent Evaluation** completed in December 2002 stated that these MPA's are successful in deterring illegal fishing and other activities detrimental to the reef system. Additionally, the MPA staff promotes education of both users and visitors on more sustainable interactions with the natural environment.

The **monitoring equipment** purchased through the EC contribution has supported monitoring activities of water quality, flagship species and condition of the reef. Additionally, a sophisticated data centre was equipped with good geographical information system to process and disseminate data. The scientific and technical data gathered has greatly increased the baseline knowledge available for decision-making.

An integral activity of the project is the **Public Outreach and Education Programme**. This has promoted public awareness through audiovisual materials, quarterly newsletters, training workshops and seminars, as well as through education campaigns for communities and schools. The **Sibun Watershed Education Project** successfully merged community participation with technical assistance and public education, and may

be replicated in other communities. Another notable example has been the public awareness campaign on the **Manatee Research Programme**.

PROJECT SHEET: EU BANANA SUPPORT PROGRAMME BELIZE (BSP)

Project Authority: National Authorizing Officer (NAO), Ministry of Finance
Implementation Agency: Banana Growers Association

Time Frame:

- **Special Framework of Assistance (SFA) 1999:** Financing Agreement: August 2000
Estimated End of Project: December 2004
- **Special Framework of Assistance 2000**
Financing Agreement: April 2001
Estimated End of Project: December 2004
- **Special Framework of Assistance 2001**
Financing Agreement: September 2002
Estimated End of Project: December 2006
- **Special Framework of Assistance 2002**
Financing Agreement: March 2003
Estimated End of Project: December 2007

Accounting Situation (all figures in euro)

	SFA 1999	SFA 2000	SFA 2001	SFA 2002	TOTAL
Decided	3,100,000	3,100,000	3,450,000	3,500,000	13,150,000
Contracted	2,868,807.04	2,856,111	2,031,000	-	9,176,660
Disbursed	2,868,807.04	2,064,725.48	1,430,874.43	-	6,364,406.95

STATE OF PROGRESS OF SFA IN BELIZE:

The EU Banana Support Programme aims at improving the competitiveness of the Belize banana industry through continued support to the Banana Growers Association Company (BGA), a private company owned by all Belize banana growers. The Programme Management Unit has responsibility for day-to-day implementation of activities through Annual Work Programmes.

An evaluation of the Banana Budget Line of Bananas was conducted by Landell Mills in September 2002. The most important report statements on the EU Banana Support Programme in Belize are:

- In terms of the major purpose of the SFA -enhancing the international competitiveness of the banana sector- the Banana strategy may be judged relevant. However, it is not clear that the assumption of the strategy -that competitiveness with Costa Rica is achievable on the basis of a minimum annual export volume of 100,000 tonnes- be realistic in terms of market access.

- Given the doubts referred to the above-mentioned long-term validity of the strategy, a prior in-depth analysis of possible alternatives based on detailed and realistic cost and market information should have been carried out. With regards to the process of allocating programme funds there is no doubt that the one adopted by the PMU (Revolving Fund) is one of the best.
- Thanks to the greater degree of efficiency in implementation, there has already been a significant degree of output delivery.
- It is clearly premature to assess the SFA's overall impact in terms of enhancing the sector competitiveness.
- The key factor determining the sustainability of the country strategy is the ability of Belizean growers to secure access to the EU market on reasonable terms under the more liberal regime that is emerging.

They recommended redesigning the SFA on the basis of identified potential and need, as well as programming future SFA's under a single multi-annual Financing Agreement. Simplification of procedures for procurement and disbursement of funds is also needed.

CONTEXT AND OBJECTIVES:

The SFA for traditional ACP Suppliers of Bananas (SFA)¹⁸ was introduced in 1999 to provide financial and technical assistance to twelve traditional ACP exporter countries to help them adjust to the progressive liberalisation of the European Union's banana regime. The overall purpose of the SFA is to improve competitiveness of ACP banana production and where this is not possible or sustainable, to support diversification. The SFA implementation period will not exceed ten years. It started with the 1999 allocation. The SFA is financed through a budget line (B7-8710) allocated on an annual basis. The assistance should be temporary and from the year 2004, a maximum reduction coefficient of 15% will be applied to the level of assistance available.

A transitional Tariff Rate Quota (TRQ) System¹⁹ became effective in July 2001, with Phase II of this being implemented from January 2002 onwards. This reduced TRQ 'C' but also reserved this for bananas of ACP origin only, and as such continues to guarantee access of Belizean bananas to the European market until 2006. Accompanying changes to the import license system were not so favourable and reduced the overall income of Belizean banana producers through limiting sale of "dollar" licenses. After 2006, a flat tariff system will open the European market to non-traditional exporters, although a discriminatory tariff will be enforced. In the long term, ACP exporters will no longer benefit from any guaranteed share of the EU market and instead will have to compete on with non-ACP exports, primarily from Latin America.

¹⁸ Council Regulation (EC) No. 856/1999 and Commission Regulation (EC) No. 1609/1999.

¹⁹ EC Regulation No. 896/2001.

ACTIVITIES CARRIED OUT DURING 2002 AND RESULTS ACHIEVED:

Since the inauguration of the SFA in 1999, the Belize Banana Industry has experienced significant improvements in the areas of drainage and irrigation (SFA 1999 and SFA 2001), quality of plants, plantation rehabilitation and disease management (SFA 2000 and SFA 2002), cold storage facilities (SFA 2000), and input management (all previous SFA allocations. However the social and economic recovery of the banana growing communities (SFA 2001 and SFA 2002)) as it moves along the track to greater competitiveness are experienced great delays.

DEVELOPMENT AND DEMONSTRATION OF SUSTAINABLE FOREST MANAGEMENT

Project Number: B76201 / 2000-09

Project Authority: European Commission

Executing Agency: Programme for Belize

Time Frame: Financing Agreement: B7-6201/2000-09

Start date of Project: January 2001

Estimated End of Project: December 2004

Accounting Situation:

Commitment: €1,595,115 02/01/01;

Disbursement to date: €478,764.47 25/04/01

SUMMARY OF THE STATE OF PROGRESS:

The contract was signed on January 2, 2001, and is valid 48 months after date of signature. However implementation of the first phase was initiated in June 2001, two months after funds were received in late April, 2001. The development of the demonstration projects initiated in May 2002 is ongoing.

The second phase of this project takes on an interdisciplinary approach during the development of each demonstration project. This requires careful planning and is dictated by the availability of the consultants. Their lack of availability at some junctures has created some problems with workshop scheduling and in maintaining constant presence with the partner. This causes significant delays in project in project progress. In addition, the availability of the partner organizations for workshops presents similar problems with respect to planning. The members of the partner organizations in the rural areas have temporal jobs, thus their availability is limited, and presents a great logistical and scheduling challenge. The delays in demonstration project planning and execution owes to this.

A series of setbacks have progressively delayed project development. Late disbursement of funds (the project was initiated *de facto* 4 months after the contract was signed) and staff turnover has contributed significantly in this regard. Despite these setbacks from the onset, and regardless the issues and problems mentioned above, the project has made significant progress. However, there may be the need for a possible extension.

CONTEXT AND OBJECTIVES:

The project is designed around the context of ensuring that sufficient area of natural forest is conserved in Belize, to maintain biodiversity, basic environmental services, supply of forest products for domestic needs and forest resources contributing to the national economy

The principal objective is the development of viable approaches to resource use in forest areas managed by communities and private entities that are compatible with the conservation management aims of the particular sites, whilst providing for sustained benefits in terms of revenue generation to sustain management, continued access to needed materials, and new opportunities for enterprises supporting the local economy. It thus reinforces sustainability by addressing its social and financial components as well as the environmental considerations contained within the site management regime

ACTIVITIES CARRIED OUT DURING 2002 AND RESULTS ACHIEVED:

Activity 1: The final report on the analysis of forest management approaches implemented in Belize, Petén and Quintana Roo has been completed. A synopsis, which will serve as the public document has also been completed. This first phase identified the five demonstration projects that will be developed in Northern Belize.

Activity 2: Five principal project ideas have been identified through the review and analysis of the forest management initiatives in Belize, Petén, and Quintana Roo. Project profiles for five of the project ideas have been developed using information and lessons learnt from the analysis exercise. They are: *1. Community based Ecotourism for income generation and conservation, 2. Integrated forest management, 3. Field research, ecotourism and education services, 4. Production processing and marketing of medicinal plants and extractives and, 5. Agroforestry.*

Presently one demonstration project is being developed and is scheduled for implementation in April. A thorough analysis (economic, financial and market) of the project activities is being conducted to determine the project's short and long-term viability.

Activity 3: Partners for development and implementation of the demonstration project have been identified and assessment has been conducted for two partners. The training needs have been identified; these include training in small business management, budget preparation, reporting, and project monitoring to strengthen institutional capacity.

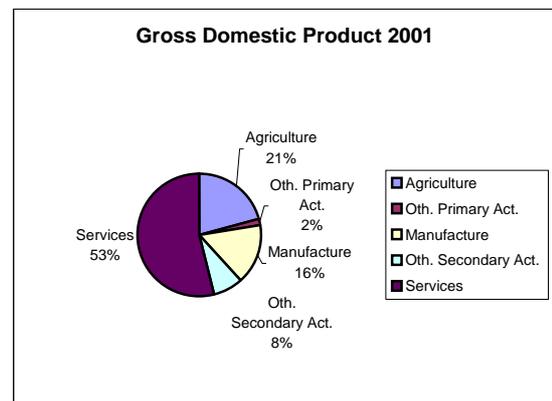
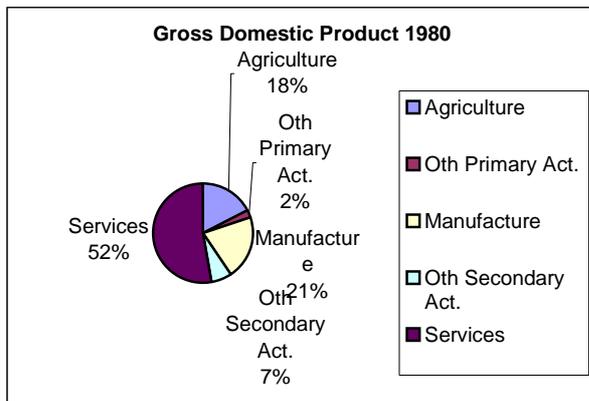
The partner selection was based on the needs of the projects, the capacity and goals of the potential partners, and the elements for successful project implementation as outlined in the first phase of the project.

Activity 4: Planning sessions have been conducted with partners to identify products and services to be offered by the small business. The products and services are being analyzed for viability and long term sustainability. Subsequently, a business plan will be developed with the partner for the chosen product and services.

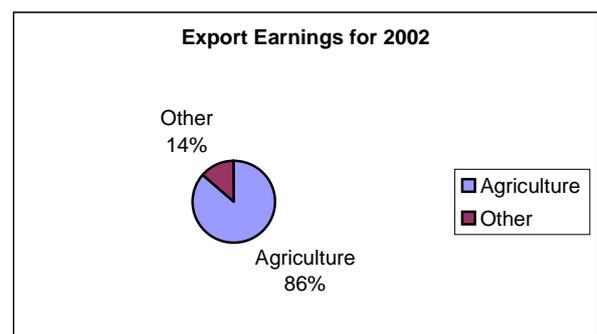
Annex VIII – Agricultural Sector Performance

Agriculture still continues to form the foundation of the productive sector and the rural economy of Belize. At least, 35% of GDP (\$338 million at constant prices) and 41% of total employment is directly dependent on agriculture, fisheries & forestry. This is so because 90% of all manufacturing (which constitutes 17% of GDP and 12% of employment) is based on input (sugar, citrus concentrate, animal feed, agriculture chemical, furniture, jams, jellies, chips, juices, milk, ice cream, sausages, packaging etc) from/for the primary sectors of agriculture, fisheries and forestry. Primary agriculture and fisheries are responsible for 29% of employment and more than 21% of GDP (constant prices).

Agriculture Sector Growth (Last 22 Years): Since the 1980s the performance of Belize's agriculture sector (includes fisheries but excludes forestry/logging) was the main source of growth in the Belizean economy; this growth rate exceeded growth rates for neighbouring Latin American and Caribbean countries. During this time period the agriculture sector experienced a real growth rate above 6.0% per annum. Agriculture share contribution to GDP and foreign exchange increased by 3 and 17 percentage points respectively, while employment averaged greater than 26%. This sustained growth was heavily dependent on a few traditional products (citrus and bananas) which are exported to preferential markets together with the exponential growth in the aquaculture sector (mainly shrimp).



AGRICULTURE SECTOR GROWTH (LAST 12 YEARS):



During the 1990s both macro and sectoral trade development had a positive impact on the agriculture sector. From 1990 to 2001 the contribution of agriculture to GDP increased by more than 5% points (from 16.1% to 21.5%); real agriculture GDP grew by 8.0% per annum. The increase is largely attributed to the increase in the fisheries sub sector from 2% to 7% of GDP in 2001. Total agriculture export earnings, at current market prices, have increased from \$177.8 million in 1990 to \$278.1 million in 2002. This represents an increase of more than \$ 100 million (56%) and a per annum growth of 5%. On the other hand food/agriculture imports during the 1990s expanded by 3% per annum from \$106.4 million to \$158.9 million in 2001. The trade flow resulted in an increase in the agriculture trade surplus from \$71.4 million to \$123 million (2001) while the per capita net trade surplus increased from \$386 to \$478 (24% increase). All this indicates sustained growth within the agriculture sector together with strengthened food security supply (increased production) and access (increased exports).

Food & Agriculture Trade Performance 1990-2002

(BZD '000)

Category	1990	2002	% Change	Average Per Annum % Change
Agriculture GDP (1984 constant price)	\$ 104,806	\$ 202,552	93%	8%
Food/Agriculture Exports	\$ 177,830	\$ 278,198	56%	5%
Food/Agriculture Imports*	\$ 106,402	\$ 159,236**	49%	3%
Net Agriculture Trade Surplus	\$ 71,428	\$ 123,000 **	73%	10%
Net Trade Surplus/Capita (USD)	\$ 386.10	\$ 478	90%	
Population	185000	257,310**	39%	2.5%
Tourist Arrivals excl. cruise tourists	86656	199521	130%	8.0 %
Sugar Exports	\$ 92,064	\$ 68,689	-25%	(-2.0%)
Citrus Exports	\$ 43,588	\$ 79,994	83.5%	17.0%
Banana Exports	\$ 19,736	\$ 40,990	107%	10.0%
Marine Exports	\$ 18,172	\$ 67,703	273%	13.0%
Non-Traditional Agriculture Exports	\$ 4,340	\$ 20,852	382%	20.0%
Other Non-Agriculture Exports	\$ 39,010	\$ 44,128	13.1%	2.0%
Total Exports	\$ 216,910	\$ 322,326	48.6%	4.0%

*Includes agriculture inputs (agro-chemical & animal feed)

**Refers to 2001 since data on 2002 not yet available

Source: Policy Unit, Ministry of Agriculture, Fisheries & Cooperatives; Central Statistical Office

IMPACT of NATURAL Disasters (Last 7 Years):

Natural disasters contributed to a reduction in agriculture production/exports and to short-term increases in food imports. The aggregate impact from Tropical Storm Roxanne (1995) and Hurricane Keith (2000) in Northern Belize together with tropical storm Chantal and hurricane Iris (2001) in Southern Belize resulted in more than US \$200 million in losses/damages to the agriculture sector alone. These natural disasters caused short-term shortages of domestic commodities such as rice, corn and beans and contributed to reduced exports of shrimp, lobster, papayas and bananas in the corresponding years, apart from damages caused to infrastructure.

Performance in 2002: The economic value of primary agriculture output in 2002 (income for farmers/fishermen) increased from \$332.7 million to \$337.9 million; this represents an increase of 6% in nominal value (\$5.7 million increase). On the other hand export earnings declined from \$282 million to \$278 million; this represents a decrease of 1.4%.

Annex IX – Major Economic Indicators

	1995	1996	1997	1998	1999	2000	2001	2002 P
CALENDAR YEAR BASIS								
POPULATION AND EMPLOYMENT								
Population (thousands)	216.5	222.0	230.0	238.0	243.0	249.8	256.8	265.5
Annual Population Growth	2.6	2.5	3.6	3.5	2.1	2.8	2.8	3.4
Employed Labour Force (Thousands)	62.6	65	70.7	73.3	77.8	83.7	86.8	90.0
Unemployment Rate (%)	12.5	13.8	12.7	14.3	12.8	11.1	9.5	10.6
INCOME								
GDP at Current Market Prices (BZDM)	1,174.4	1,211.4	1,235.0	1,259.2	1,376.0	1,546.0	1,609.9	1,782.0
Per Capita GDP (BZD, Current Mkt. Prices)	5,424.5	5,456.8	5,369.6	5,290.8	5,662.6	6,189.0	6,269.1	6,711.9
Real GDP Growth (%) (at factor cost)	4.0	1.5	4.2	1.7	6.4	10.5	4.6	3.7
Sectoral Distribution of Constant 1984 GDP(%)								
Primary Activities	20.1%	21.0%	22.7%	21.9%	23.2%	21.7%	23.4%	27.3%
Secondary Activities	25.4%	24.9%	24.3%	23.6%	23.1%	25.5%	24.3%	22.0%
Services	54.5%	54.1%	53.0%	54.5%	53.7%	52.8%	52.3%	50.7%
MONEY AND PRICES (BZD M)								
Inflation (annual average percentage change)	2.9	6.4	1.0	(0.8)	(1.2)	0.6	1.1	2.3
Currency and Demand deposits (MI)	165.0	177.6	186.0	206.1	255.1	310.2	364.8	358.2
Quasi-money (savings and Time Deposits)	448.5	467.8	524.1	561.3	585.1	655.7	676.0	705.2
Money Supply (M2)	613.5	645.4	710.1	767.4	840.2	965.9	1,040.8	1,063.4
Ratio of M2 to GDP (%)	52.2%	53.3%	57.5%	60.9%	61.1%	62.5%	64.6%	59.7%

CREDIT (BZDM)

Commercial Bank Loans and Advances	440.7	480.9	547.3	625.6	654.9	695.4	788.5	904.6
Public Sector	2.7	2.9	5.2	18.9	8.4	11.2	12.9	16.0
Private Sector	438.0	478.0	542.1	606.7	646.5	684.2	775.6	888.6
Net Credit to Central Government	122.5	81.8	111.3	142.7	117.5	42.0	166.0	126.8

INTEREST RATE (%)

Weighted Average Lending Rate	15.7	16.2	16.6	16.3	16.3	15.8	15.4	14.5
Weighted Average Deposit Rate	9.4	6.2	6.7	6.0	5.7	5.0	4.3	4.5
Weighted Average Spread	6.3	10.0	9.9	10.3	10.6	10.8	11.1	10.0

CENTRAL GOVERNMENT FINANCES (BZDM)**CALENDAR YEAR BASIS**

Recurrent Revenue	259.9	276.6	282.9	294.5	327.1	349.8	364.3	411.6
Recurrent Expenditure	239.8	234.7	252.2	260.0	278.8	308.4	333.5	353.6
Recurrent Account Surplus/Deficit	20.1	41.9	30.7	34.5	48.3	41.4	30.8	58.0
Total Capital Expenditure (Cap II & Cap III)	83.2	75.3	81.8	93.6	165.3	247.5	247.7	183.4
Overall Surplus/Deficit	(63.1)	(4.6)	(25.3)	(28.6)	(29.1)	(139.9)	(130.3)	(84.6)
Deficit as % GDP at market prices	-5.4%	-0.4%	-2.0%	-2.3%	-2.1%	-9.0%	-8.1%	-4.7%
Domestic Financing (net)	33.1	-40.9	19.5	27.6	-8.6	-74	58.5	na
External Financing (net)	3.7	45.5	5.8	1.0	37.7	213.9	71.8	na

BALANCE OF PAYMENTS (USDM)

Merchandise Exports (f.o.b)	164.3	171.3	200.0	194.4	263.6	295.0	275.0	310.4
Merchandise Imports (f.o.b)	230.5	229.5	280.8	294.1	366.1	486.7	488.7	500.3
Merchandise Trade Balance	(66.2)	(58.2)	(80.8)	(99.7)	(102.5)	(191.7)	(213.7)	(189.9)

Remittance (Inflows)	25.4	24.4	27.8	31.2	32.2	51.6	40.8	37.0
Tourism (Inflows)	87.1	97.5	101.5	105.4	105.6	117.8	120.2	130.1
Services (net)	56.0	53.1	52.1	49.5	32.9	17.4	38.5	63.6
Current Account Balance	7.3	2.3	(16.6)	(40.9)	(73.1)	(152.9)	(184.9)	(162.8)
Current Account/GDP Ratio	0.6%	0.2%	-1.3%	-3.2%	-5.3%	-9.9%	-11.5%	-9.1%
Capital and Financial Flows	(25.9)	4.9	23.2	17.1	99.1	202.0	172.4	153.5
Gross Change in OIR (- = increase)	(3.1)	(20.9)	(1.0)	(15.4)	27.3	51.7	(3.5)	(4.9)
Gross Official International Reserves	37.4	58.3	59.3	43.9	71.1	122.8	119.3	114.4
Import Cover of Reserves (in months)	1.3	2.7	2.5	1.6	2.3	3.3	3.0	3.3

PUBLIC SECTOR DEBT

Disbursed Outstanding External Debt (USDM)	184.3	219.8	240.7	260.7	252.5	426.7	485.9	550.9
Ratio of Outstanding Debt to GDP at Mkt. Prices (%)	31.4	36.3	39.0	41.4	36.7	55.2	60.4	61.8
External Debt Service Payments (USDM)	29.8	29.7	30.7	33.2	33.7	43.1	65.2	173.2
External Debt Service Ratio (%)	9.9	9.6	9.0	9.8	8.1	9.6	14.7	19.4
Disbursed Outstanding Domestic Debt (BZDM)	164.2	171.9	171.9	180.0	171.6	176	211.3	252.4
Domestic Debt Service Payments (BZDM)	12.0	12.9	18.4	15.7	12.2	22.6	17.7	54.0

Table 2 - BELIZE MAJOR ECONOMIC INDICATORS IN PERCENTAGE OF GDP CALENDAR YEAR BASIS

Population (thousands)	216.5	222.0	230.0	238.0	243.0	249.8	256.8	265.5
Annual Population Growth	2.6	2.5	3.6	3.5	2.1	2.8	2.8	3.4
Employed Labour Force (Thousands)	62.6	65	70.7	73.3	77.8	83.7	86.8	90.0
Unemployment Rate (%)	12.5	13.8	12.7	14.3	12.8	11.1	9.5	10.6

INCOME

GDP at Current Market Prices (BZDM)	1,174.4	1,211.4	1,235.0	1,259.2	1,376.0	1,546.0	1,609.9	1,782.0
GDP at Current Market Prices %	100.00%	100.00%	100.00%	100.0%	100.0%	100.0%	100.0%	100.0%

Per Capita GDP (BZD, Current Mkt. Prices)	5,424.5	5,456.8	5,369.6	5,290.8	5,662.6	6,189.0	6,269.1	6,711.9
Real GDP Growth (%) (from '98 at 2000 prices)	4.0	1.5	4.2	3.5	8.3	11.8	5.4	3.7
Sectoral Distribution of Constant 1984 GDP(%)								
Primary Activities	20.1%	21.0%	22.7%	21.9%	23.2%	21.7%	23.4%	27.3%
Secondary Activities	25.4%	24.9%	24.3%	23.6%	23.1%	25.5%	24.3%	22.0%
Services	54.5%	54.1%	53.0%	54.5%	53.7%	52.8%	52.3%	50.7%

MONEY AND PRICES (BZD M)

Inflation (annual average percentage change)	2.9	6.4	1.0	(0.8)	(1.2)	0.6	1.1	2.3
Currency and Demand deposits (MI)	14.05%	14.66%	15.06%	16.4%	18.5%	20.1%	22.7%	20.1%
Quasi-money (savings and Time Deposits)	38.19%	38.62%	42.44%	44.6%	42.5%	42.4%	42.0%	39.6%
Money Supply (M2)	52.24%	53.28%	57.50%	60.9%	61.1%	62.5%	64.6%	59.7%

CREDIT (BZDM)

Commercial Bank Loans and Advances	37.53%	39.70%	44.32%	49.7%	47.6%	45.0%	49.0%	50.8%
Public Sector	0.23%	0.24%	0.42%	1.5%	0.6%	0.7%	0.8%	0.9%
Private Sector	37.30%	39.46%	43.89%	48.2%	47.0%	44.3%	48.2%	49.9%
Net Credit to Central Government	10.43%	6.75%	9.01%	11.3%	8.5%	2.7%	10.3%	7.1%

INTEREST RATE (%)

Weighted Average Lending Rate	15.7	16.2	16.6	16.3	16.3	15.8	15.4	14.5
Weighted Average Deposit Rate	9.4	6.2	6.7	6.0	5.7	5.0	4.3	4.5
Weighted Average Spread	6.3	10.0	9.9	10.3	10.6	10.8	11.1	10.0

CENTRAL GOVERNMENT FINANCES (BZDM)

CALENDAR YEAR BASIS

Recurrent Revenue	22.13%	22.83%	22.91%	23.4%	23.8%	22.6%	22.6%	23.1%
Recurrent Expenditure	20.42%	19.37%	20.42%	20.6%	20.3%	19.9%	20.7%	19.8%
Recurrent Account Surplus/Deficit	1.71%	3.46%	2.49%	2.7%	3.5%	2.7%	1.9%	3.3%
Total Capital Expenditure (Cap II & Cap III)	7.08%	6.22%	6.62%	7.4%	12.0%	16.0%	15.4%	10.3%
Overall Surplus/Deficit	-5.37%	-0.38%	-2.05%	-2.3%	-2.1%	-9.0%	-8.1%	-4.7%

Domestic Financing (net)	2.82%	-3.38%	1.58%	2.2%	-0.6%	-4.8%	3.6%	na
External Financing (net)	0.32%	3.76%	0.47%	0.1%	2.7%	13.8%	4.5%	na

BALANCE OF PAYMENTS (USDM)

Merchandise Exports (f.o.b)	27.98%	28.28%	32.39%	30.9%	38.3%	38.2%	34.2%	34.8%
Merchandise Imports (f.o.b)	39.25%	37.89%	45.47%	46.7%	53.2%	63.0%	60.7%	56.2%
Merchandise Trade Balance	-11.27%	-9.61%	-13.09%	-15.8%	-14.9%	-24.8%	-26.5%	-21.3%
Remittance (Inflows)	4.33%	4.03%	4.50%	5.0%	4.7%	6.7%	5.1%	4.2%
Tourism (Inflows)	14.83%	16.10%	16.44%	16.7%	15.3%	15.2%	14.9%	14.6%
Services (net)	9.54%	8.77%	8.44%	7.9%	4.8%	2.3%	4.8%	7.1%
Current Account Balance	1.24%	0.38%	-2.69%	-6.5%	-10.6%	-19.8%	-23.0%	-18.3%
Capital and Financial Flows	-4.41%	0.81%	3.76%	2.7%	14.4%	26.1%	21.4%	17.2%
Overall Balance (minus = increase)	-0.53%	-3.45%	-0.16%	-2.4%	4.0%	6.7%	-0.4%	-0.5%
Gross Official International Reserves	6.37%	9.63%	9.60%	7.0%	10.3%	15.9%	14.8%	12.8%
Import Cover of Reserves (in months)	1.3	2.7	2.5	1.6	2.3	3.3	3.0	3.3

PUBLIC SECTOR DEBT

Disbursed Outstanding External Debt	31.39%	36.29%	38.98%	41.4%	36.7%	55.2%	60.4%	61.8%
External Debt Service Payments (USDM)	5.07%	4.90%	4.97%	5.27%	4.9%	5.6%	8.1%	19.4%
External Debt Service Ratio (% of Exports & Services)	9.9%	9.6%	9.0%	9.8%	8.1%	9.6%	14.7%	19.4%
Disbursed Outstanding Domestic Debt (BZDM)	13.98%	14.19%	13.92%	14.3%	12.5%	11.4%	13.1%	14.2%
Domestic Debt Service Payments (BZDM)	1.02%	1.06%	1.49%	1.2%	0.9%	1.5%	1.1%	3.0%

TABLE 3 - BELIZE: BUDGETARY OPERATIONS OF GOB

FISCAL YEAR BASIS	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
INCOME								
GDP at Current Market Prices (BZDM)	1,174.4	1,211.4	1,235.0	1,259.2	1,376.0	1,546.0	1,609.9	1,782.0
Recurrent Revenue	259.2	283.1	287.9	304.0	337.6	339.0	369.8	411.6
Recurrent Expenditure	233.0	242.1	252.7	264.8	291.2	297.4	333.2	353.6

Recurrent Account Surplus/Deficit	26.2	41.0	35.2	39.2	46.4	41.6	36.6	58.0
Total Capital Expenditure (cap II & Cap III)	77.8	79.4	78.3	116.4	191.2	232.4	200.2	183.4
Capital Revenue	7.6	21.5	11.5	44.6	80.4	71.6	53.2	24.8
Overall Surplus/Deficit (before grants)	-44.0	-16.9	-31.6	-32.6	-64.4	-119.2	-110.4	-100.6
Grants	1.1	4.1	17.2	18.6	13.6	23.8	20.6	15.8
Overall Surplus/Deficit (after grants)	-42.9	-12.8	-14.4	-14.0	-50.8	-95.4	-89.8	-84.8
Deficit as % GDP at market prices	-3.65%	-1.06%	-1.17%	-1.11%	-3.69%	-6.17%	-5.58%	-4.76%
External Financing	-1.3	-48.2	0.7	13.2	66.8	198.8	70.6	69.6
Operational surplus/deficit	(45.3)	(65.1)	(30.9)	(19.4)	2.4	79.6	(39.8)	(31.0)
Operational surplus/deficit in % GDP	-3.9%	-5.4%	-2.5%	-1.5%	0.2%	5.1%	-2.5%	-1.7%

Sources: Ministry of Finance, Central Statistical Office, Central Bank of Belize

FISCAL YEAR BASIS

INCOME

GDP at Current Market Prices (BZDM)	1,174.4	1,211.4	1,235.0	1,259.2	1,376.0	1,546.0	1,609.9	1,782.0
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CENTRAL GOVERNMENT FINANCES IN % OF GDP

Recurrent Revenue	22.07%	23.37%	23.31%	24.14%	24.53%	21.9%	23.0%	23.1%
Recurrent Expenditure	19.8%	20.0%	20.5%	21.0%	21.2%	19.2%	20.7%	19.8%
Recurrent Account Surplus/Deficit	2.2%	3.4%	2.9%	3.1%	3.4%	2.7%	2.3%	3.3%
Total Capital Expenditure (Cap II & Cap III)	6.6%	6.6%	6.3%	9.2%	13.9%	15.0%	12.4%	10.3%
Capital Revenue	0.6%	1.8%	0.9%	3.5%	5.8%	4.6%	3.3%	1.4%
Overall Surplus/Deficit	-3.7%	-1.1%	-1.2%	-1.1%	-3.7%	-6.2%	-5.6%	-4.8%
External Financing	-0.1%	-4.0%	0.1%	1.0%	4.9%	12.9%	4.4%	3.9%
Operational Surplus/Deficit	-3.9%	-5.4%	-2.5%	-1.5%	0.2%	5.1%	-2.5%	-1.7%

** Source. Central Bank Annual Report 200, Abstract of Statistics 2001 CSO

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Figures for 2002 are Preliminary