MULTILATERAL CLIMATE FINANCE IN SUPPORT OF BELIZE' NDC IMPLEMENTATION

May 2021

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List of Acronyms

BCUL	Belize Credit Union League
BEDC	Belize Economic Development Council
BEST	Belize Enterprise for Sustainable Technology
BNCCC	Belize National Climate Change Committee
BRFP	Belize Rural Finance Programme
CAEP	Climate Action Enhancement Package
CALC	Climate Action Line of Credit
CCCCC	Caribbean Community Climate Change Centre
CARICOM	Caribbean Community
CATIE	Tropical Agricultural Research and Higher Education Centre
CC	Cross cutting
CCRIF	Caribbean Catastrophe Risk Insurance Facility
CDB	Caribbean Development Bank
CERs	Certified Emissions Reductions
CF	Climate Finance
CFAH	Climate Finance Access Hub
CFAN	Climate Finance Access network
CFS	Climate Finance Strategy
COAST	Caribbean Oceans and Aquaculture Sustainability Facility
CPD	Country Programme Document
CPF	Country Partnership Framework
CRF	Caribbean Resilience Fund
CRI	Credit Risk instrument
CSP	Country Support Programme
CTF	Clean Technology Fund
DAI	Development Alternative Incorporated
DRM	Disaster Risk management
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
EE	Energy Efficiency
EIB	European Investment Bank
ER	Emergency response
EU	European Union
FAO	Food & Agriculture Organisation
GBN	Green Bank Network
GCCA	Global Climate Change Alliance
GCF	Green Climate Fund
GEF	Global Environmental Fund
GoB	Government of Belize
GSDS	Growth and Sustainable Development Strategy
IADBG	Inter-American Development Bank Group
ICC	International Chambers of Commerce
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IMF	International monetary Fund

LAC	Latin America & Caribbean
MDBs	Multi-lateral Development Banks
MIGA	Multilateral Investment Guarantee Agency
MSMEs	Micro Small Medium Enterprises
NDCs	Nationally Determined Contributions
OECD	Organisation for Economic Co-operation and Development
ODI	Overseas Development Institute
OLADE	Latin American Energy Organisation
OTC	Over the Counter
PACT	Protected Areas Conservation Trust
PPCR	Pilot Programme for Climate Resilience
RE	Renewable Energy
SCD	Systematic Country Diagnostic
SDG	Sustainable Development Goals
SIF	Social Investment Funds
SISRI	Small Island States Resilience Initiative
UNDP	United Nations Development Programme
USGAAP	United States General Accepted Accounting Principles
UNEP	United Nations Environmental Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
WBG	World Bank Group

1.0 Context of this Consultancy

The Windward Islands Research and Education Foundation (WINDREF) is an independent non-profit organization. Since 2013, WINDREF has partnered with the United Nations Framework Convention on Climate Change (UNFCCC) to establish the Caribbean Regional Collaboration Centre (RCC).

Under the UNFCCC's Needs Based Finance Programme, the Caribbean RCC, together with key partners, the Commonwealth Climate Finance Access Hub (CFAH) and the NDC Partnership are supporting the Government of Belize in updating its climate finance strategy. The Hub is also placing a long-term Adviser in the Office of Climate Change in Belize. Under this initiative, the 2016 NDCs have been revised, an NDC Implementation Plan prepared as well as an overarching Climate Finance Strategy (CFS), under the Climate Action Enhancement Package (CAEP). Support is being provided by the Rocky Mountain Institute and Vivid Economics.

This Needs Based Finance Project for Belize aims at facilitating access to and mobilization of climate finance for the implementation of priority mitigation and adaptation projects to address the priority NDCs identified in the updated CFS. This Project is being implemented in partnership with the Ministry of Sustainable Development, Climate Change & Disaster Risk Management of Belize and has an expected six-month timeline starting in January 2021.

The updating of the NDCs was informed through national consultations. It includes priority actions, an estimate of resource requirements (costs), financing options and an implementation plan. A CFS has also just been completed and is being submitted to the GoB this month. The CFS is seeking among other things, to implement the NDCs without incurring additional financial debt to the GoB.

'NUADA Consulting' (Trinidad & Tobago) has been engaged to support the CFS by reporting on the:

1. Identification and assessment of strategies in which Multilateral Development Banks can support Belize with co-finance for the country to mobilize or 'leverage' climate finance. This includes outlining the support strategy linkages, identifying barriers with possible solutions, and strategies to enhance collaborations and;

2. The potential investments from the domestic and private sector for climate action in Belize, including identification of barriers and possible solutions to enhance private sector investment.

   This document is the first report.

2.0 Introduction

The 'bottom up' formulation of the nationally determined contributions (NDCs) under the Paris Agreement is an opportunity for countries to promote synergies between climate action and other development priorities. The updated NDCs recognise that Belize is exceptionally vulnerable to natural disasters and climate change. It faces hurricanes, flooding, sea level rise, coastal erosion, coral bleaching, and droughts, with impacts likely to intensify given expected increases in weather volatility and sea temperature. Consequently, planning for resilience-building, and engagement with development partners on environmental priorities, have been central to Belizean policymaking for many years, well before Belize submitted its Nationally Determined Contribution (NDC) to the Paris Accord in 2015.

One of the main goals of the CFS is to encourage matchmaking with potential investors and provide an opportunity for MDBs, international development partners, potential investors and local stakeholders to network with a view to establishing new partnerships and catalysing investments.

NUADA Consulting has approached this task by carrying out an extensive review of documents available on the internet relevant to the purpose of the assignment. Given the limiting desk- based aspect of the work, every effort has been made to provide practical, actionable advice by highlighting key activities which could remove barriers to private sector investment into Belize's nascent Green Economy. The recommendations made in the concluding chapter of the first report have been made based on Belize specific data as well as NUADA's experience of capital raising in other emerging economies in Latin America.

The Key Findings of the Report are presented in Chapter 3. The MDB support strategies to Belize are introduced in Chapter 4 by summarising global climate investments, their financing mechanisms and target sectors of delivery, with a focus on 'middle income' countries with economies similar to Belize. Information on MDB interventions in the Caribbean is also presented.

Chapter 5 provides a synthesis of current MDB Country Support Programmes (CSPs) including the Inter-American Development Bank, The World Bank Group, the Caribbean Development Bank, the Central American Bank for Economic Integration (CABEI) and the European Investment Bank. The CSPs are unpacked to identify the main projects underway, their objectives, budgets, sources and types of finance, delivery partners and beneficiaries. Where co-financing arrangements are in place, these are identified along with partner contributions. Also included are lessons learned, and opportunities for increasing collaboration with other MDBs and development agencies documented in previous programming. Chapter 6 provides similar information for other development 'partners' like UNDP, IFAD and UNEP who channel climate and development finance to Belize.

Chapter 7 provides an analysis of the CSPs. The IADB is the major investor in Belize. Its 2013 – 2017 CSP has been updated to 2021. The WBG's runs 2017 – 2022, while the CDB CSP ran from 2016 – 2020. No information is available on MDB country programming through 2025. Linkages and support strategies between existing MDB country programming and the updated NDCs and CFS, is presented in Chapter 9, while Chapter 10 examines ways to consolidate these strategies. Linkages and strategies are therefore constrained to current MDB CSPs as well as those of other development partners like UNDP, IFAD. The potential for support for the NDCs from MDBs is determined by estimates of undisbursed sums from active projects, approved projects yet to commence, as well as from reporting by Vivid Economics and Rocky Mountain Institute.

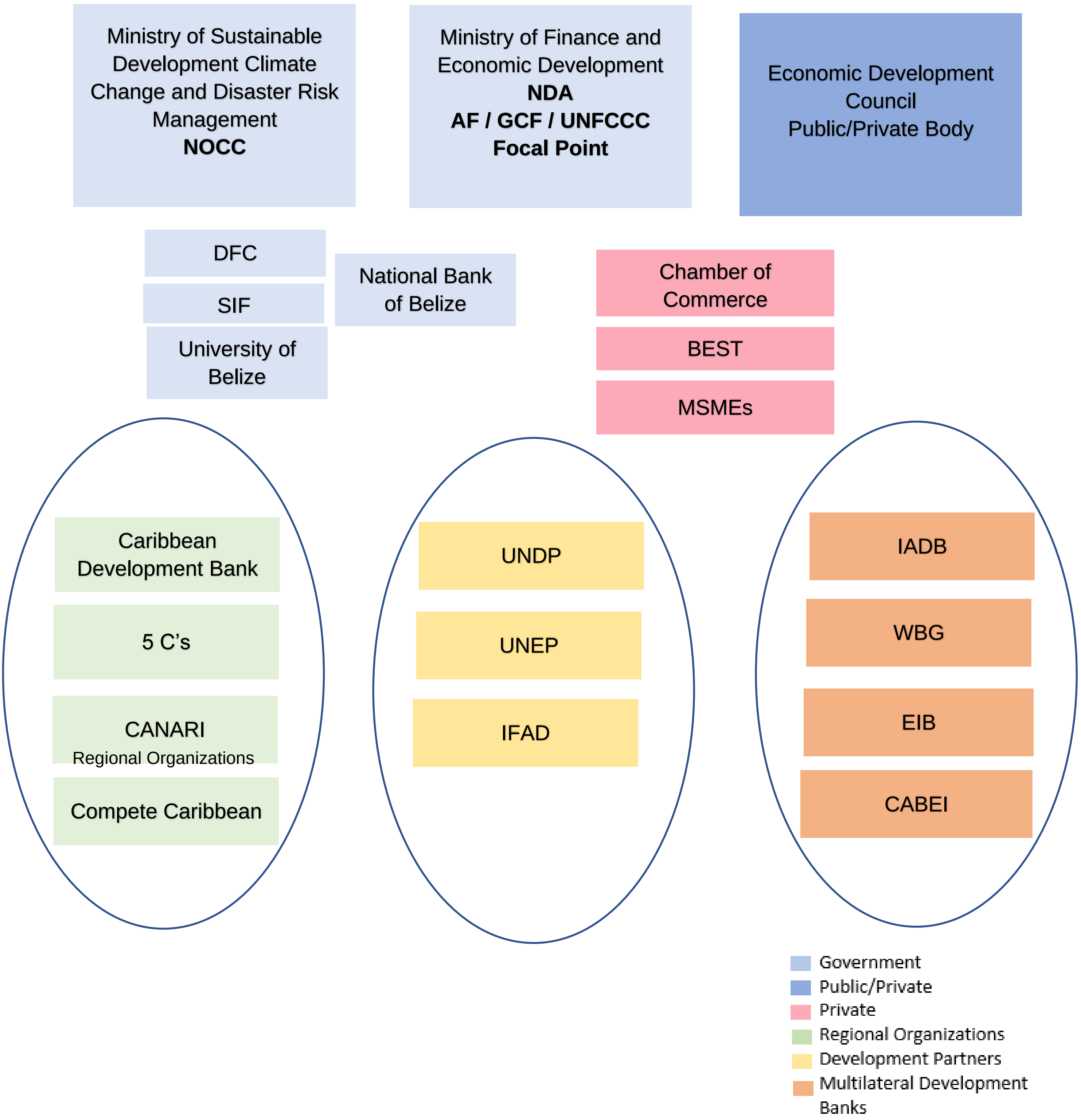
It is assumed that the next round of CSP negotiations through 2025/26 between the GoB and MDBs will build on the current CSPs, include the updated CFS and prioritised NDCs and remain consistent with existing levels of support, depending on implementation success.

Chapters 11 through 14 are analytical. In Chapter 11 we review various potential sources of climate related finance for Belize. In our context, in addition to the simple concept of co-financing – where development partners pool resources - leverage generally implies that public (MDB) finance attracts money that would not otherwise have been invested. We also consider the leverage ratios achievable in current market conditions. Chapter 12 covers key impediments to attracting and disbursing climate funds into Belize, while Chapters 13 and 14 identify these barriers and practical ways to overcome them.

The impact of CV19 like everywhere else in the Region has been profound. In 2020, budgeting for the tourism sector from IADB loan agreements had to be reassigned to the health sector's response to CV19. The resulting constraints on travel have delayed the arrival of the CFAH Adviser in Belize and presented some challenges to information gathering.

The following is a snapshot of key climate related development partners operating in Belize.

LANDSCAPE OF KEY ACTORS OPERATING IN CLIMATE FINANCE IN BELIZE



3.0 Key Messages

<u>The GoB should consider the following:</u>

- Internal climate investment networks must be streamlined to be effective and capable of engaging with external financing institutions and potential investors
- Ministry of Finance must have clear sight of all financial flows into Country and strong input into design of financial packaging of projects for optimal Country benefits (Co-finance & leverage)
- Developing specialised insurance products, credit & banking facilities and a Belize stock market
- Domestic financial architecture could be significantly improved by recapitalising & upskilling National Bank of Belize with support from the WB Group
- It is possible to transit to a blue-green economy using well established MDB partners to attract financial capital from cash rich climate impact investors
- Pursuing a Belize Blue Bond is recommended

4.0 Overview of Multi-lateral Development Banks and Climate Finance

4.1 Special Purpose

MDBs are distinctively placed to address global and regional challenges. They facilitate financing and provide advisory services for developing countries. While commercial banks provide financing services with the sole objective of making a profit, MDBs are generally expected to provide lower-cost financing than commercial banks with the goal of improving economic conditions in developing countries. MDBs are unique in that they do not seek to gain substantial profits but rather, set objectives and development goals to reduce economic inequality in partner countries.

MDBs are key in setting the conditions that would attract private capital to the provision and operation of public infrastructure. To accomplish all this, MDBs have to remain well capitalized as they have to co-lend and co-invest with the private sector, as well as work on the development of enabling private sector conditions. Historically, MDBs in LAC managed to lend their expanded credit capacity. This is because they have been able to offer more competitive credit conditions than the international financial markets and create new financial products and complementary services catering to the changing needs of their clientele.[1]

The basic financial model of MDBs is to leverage their capital resources through the issuance of debt and to provide loans on more favourable conditions (relative to international financial markets). MDBs leverage their capital through the issuance of highly rated bonds and other debt securities they sell in the international financial markets. These securities are purchased mainly by institutional investors such as pension funds, commercial banks, insurance companies, and corporations around the world, and by governments. The funds obtained are used to finance borrowing countries under financial terms more favourable than what would

[1] Financing development in Latin America and the Caribbean: The role and perspectives of multilateral development banks, (ECLAC 2019)

be available to them under market conditions. In this way, countries in need of investments can use savings accumulated throughout the world.[2]

The new development agenda has imposed a refocus of the mandates of the MDBs toward greater collaboration between MDBs and the United Nations (UN) to achieving first the Millennium Development Goals (MDGs) and later the SDGs. As a result, MDBs new mandates pay special attention to sustainability, social and environmental safeguards, climate change, and gender equality related projects. Nowadays, a substantial percentage of operations in MDBs is aligned with SDGs. In parallel, there has been a growing focus on providing "value for money"; a concept that includes making better use of MDBs balance sheets, mobilizing greater amounts of private finance, and improving the coordination and collaboration among institutions.

4.2 Climate Finance Flows

Belize is characterised as a Small island developing state (SIDS). These are countries that are considered to face specific and increasing challenges due to their geographic characteristics, remoteness, small landmass, small populations, small size of economy, high exposure to external environmental and economic shocks, especially climate change. Belize's economy is classified by the World Bank as '*Upper-middle-income*' based on Gross National Income (GNI) per capita ($US 4,046 TO $12,535)[3]. GNI is the total amount of money earned by a nation's people and businesses. It is used to measure and track a nation's wealth from year to year. The number includes the nation's gross domestic product plus the income it receives from overseas sources.

The Joint Report on Multilateral Development Banks' Climate Finance is an annual collaborative effort to make public MDB climate finance figures, together with a clear explanation of the methodologies for tracking this finance. Contributing MDBs operating in Belize include *the European Investment Bank (EIB), the Inter-American Development Bank Group (IDBG) and the World Bank Group (WBG).*[4]

According to the 2019 Joint Report, the net total MDB global climate finance and climate co-finance totalled US$ 164,245 million with US$ 102,683 million coming from MDB resources for that year[5].

Collectively, these MDBs committed US$ 61,562 million in climate finance to Low, Middle- and high-income countries in 2019. US$ 46,625 million or 76 per cent of this total for climate change mitigation and US$ 14,937 million or 24 per cent for climate change adaptation actions.

The suite of instruments used by MDBs to channel CF to countries for adaptation and mitigation vary depending on economic performance and sectoral allocation. Tables 1 and 2 below show the instruments used by MDBs for both adaptation and mitigation.

[2] Ibid

[3] https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups

[4] Full list (African Development Bank (AfDB), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank Group (IDBG), the Islamic Development Bank (IsDB) and the World Bank Group (WBG).

[5] Joint Report MDBs, 2019

Table 1: MDB Adaptation Finance by Instrument

Instrument Type	Low & Middle Income Economies	High Income Economies	Total ($USm)
Equity	513	10	523
Grant	1,752	1	1,753
Guarantee	888	-	888
Investment Loan	8,762	625	9,387
Line of Credit	122	67	190
Policy based Financing	1,781	16	1,797
Results based Financing	49	19	68
Other Instruments	68	263	332
TOTAL	**13,936**	**1,001**	**14,936**

Table 2: Mitigation Finance by Instrument (2019)

Sector	Low & Middle Income economies	High Income Economies	Total ($USm)
Equity	711	731	1,442
Grant	711	22	985
Guarantee	1,668	367	2,035
Investment Loan	19,968	15,546	35,515
Line of Credit	588	1,972	2,560
Policy based Financing	2,917	11	2,928
Results based Financing	480	-	480
Other Instruments	237	445	682
TOTAL	**27,532**	**19,094**	**46,625**

Investment Loans are the largest type of instrument used for both adaptation and mitigation financing. These are followed by policy-based financing, guarantees and grants. Investment loans are transfers for which repayment is required. They can be used for any development activity that has the overall objective of promoting sustainable social and/or economic development, in line with the MDBs' mandates.

Policy based financing instruments support a programme of policy and institutional actions for a particular theme or sector of national policy. For example (i) remove barriers to investment, trade and entrepreneurship; (ii) move towards a more efficient, sustainable and inclusive energy sector; and (iii) promote greater economic and social inclusion through the provision of budgetary support for implementing a series of policy actions.

Guarantees are instruments provided by an MDB to cover commercial and non-commercial risk. Guarantees support private sector investments, commercial borrowing by sovereign or state-owned enterprises, and/or commercial borrowing by the sovereign for budget financing and to support reform programmes. Guarantees are extended for eligible projects that enable financing partners to transfer certain risks that they cannot easily absorb or manage on their own. Guarantees cover equity and a wide variety of debt instruments and support financial sector projects (including those of capital market investments and trade financiers and nonfinancial-sector business activities corresponding to activities across sectors).

Grants are transfers made in cash, goods or services for which no repayment is required. They provide for investment support, policy-based support and/or technical assistance and advice.

Finance provided by select MDBs to public and private sectors in 'Low and middle-income countries' are shown in Table 3 below. The WBG is the largest global contributor to both adaptation and mitigation for both public and private sectors.

Table 3: Select MDB CF investments according to Sector

MDB	Adaptation	Mitigation	Total ($US million)	Private Sector	Public Sector
EIB	387	3,170	3,558	927	2,631
IDBG	1,887	2,531	4,417	1,000	3,418
WBG	7,329	11,108	18,437	3,378	15,059

Climate finance allocations to the Caribbean from 2015 to 2019 are shown in Table 4. Significant fluctuations are observed rather than steady increases. The largest climate finance intervention was received by Guatemala and the smallest by Trinidad & Tobago. Belize is reported to have received some $US 90 million over the five-year period.

Table 4: Climate finance allocations to the Caribbean from 2015 to 2019

Country ($US M)	2015	2016	2017	2018	2019
Belize	51	4	20	2	13
Bahamas	1	1	44	100	4
Barbados	1	5	-	-	53
Dom Rep.	1	137	3	509	258
Grenada	-	-	1	12	-
Guatemala	-	3	22	31	334
Guyana	1	7	2	15	15
Jamaica	21	57	52	290	3
St. Lucia	-	-	2	35	1
St. Vincent & Grenadines	-	-	9	-	11
Suriname	1	8	26	32	95
Trinidad & Tobago	1	1	-	-	-

Source: pg, 50, Table A.G.4. Climate finance by economy, for 2015, 2016, 2017 and 2018 (in US$ million), Joint Report, MDBs, 2019 (Ref #5)

4.3 Future Commitments

MDBs are scaling up climate investments. In 2019, the EIB Board committed to align all its financing activities with the principles and goals of the Paris Agreement by the end of 2020, a commitment that "greens" all EIB Group's financing activities[6].

[6] https://www.eib.org/en/about/priorities/climate-action/index.htm

Last year the World Bank Group announced an ambitious target for 35% of its financing to have climate co-benefits, on average, over the next five years. It replaces an earlier target of reaching 28% by 2020[7].

Also in 2020, the IDB Group set climate-related financing at an annual floor of 30% until 2023, including the IDB, IDB Invest and IDB Lab. In particular, the IDB has set the goal that 65% of its annual project approvals include investments in adaptation and mitigation to climate change; that 100% of projects categorized as high risk include risk analysis and resilience measures by 2023; and that 100% of country strategies take into consideration nationally determined contributions (NDCs) or long-term decarbonization strategies[8].

5.0 Mapping MDB Country Support for Belize

The identification and assessment of strategies by which multilateral development banks can support Belize with co-finance for the country to mobilize climate finance, begins with an overview of the current partnership frameworks, diagnostics, support strategies and specific programmes under implementation. Programming takes place over four-to-five-year periods. While it was anticipated that estimated projections of finance for the 2020-25 period might have been available this is not the case. Only information on current programmes is included.

5.1 Inter-American Development Bank

The Inter-American Development Bank Group (IDBG) Country Strategy Update 2020-2021 provides an update of the 2013-2017 Country Strategy (CS) with Belize. The IDBG and the Government of Belize have agreed the CS Update will be valid until the end of 2021[9].

The Updated CS will maintain the current strategy's four priority areas:

(i) education,
(ii) tourism,
(iii) transport and
(iv) trade and tax policy

In addition, the IDBG and the Government have identified climate change and disaster risk management, and citizen security, as two further areas of focus during the expanded CS period. The indicative financial envelope for the 2020-21 period will be consistent with the indicative lending framework proposed in the Strategy.

Climate change and disaster risk management were included in the 2013-2017 strategy as a cross-cutting theme and identified as a risk factor for its implementation. The Bank-financed rehabilitation of the George Price Highway (BL-L1019 and BL-L1029) which incorporates measures to contain flooding, which is predicted to become more frequent with climate change, while the Solid Waste Management Program II (BL-L1021) will continue improving solid waste collection, transport, recycling and final disposal practices across the country.

In 2017, the Bank approved the Climate Vulnerability Reduction Program (BL-L1028) for US$10 million to further improve Belize City's drainage infrastructure and install nature based

7 https://www.worldbank.org/en/news/press-release/2020/12/09/world-bank-group-announces-ambitious-35-finance-target-to-support-countries-climate-action
8 https://www.iadb.org/en/news/idb-group-sets-climate-related-financing-annual-floor-30-until-2023
9 IDBG Country Strategy Update 2020-2021

coastal initiatives in Caye Caulker and Goff's Caye, both popular tourism destinations. In 2019 the Bank approved the Contingent Loan for Natural Disaster Emergencies (BL-O005) for US$10 million, aimed at alleviating the impact that a severe disaster could have on public finances.

In line with the objective of strengthening the governance systems for managing environmental and social issues, the Bank will make available its various instruments to support Belize in strengthening and improving the performance of environmental and social governance systems in terms of their regulatory, institutional, and budgetary frameworks at the national, subnational, and sector levels. The Bank will support the country mainly through the existing loan portfolio[10].

Investments also are also being made to strengthen the country's DRM governance through improvements in five areas to be monitored through the Comprehensive Natural DRM Program: (i) DRM governance; (ii) risk identification; (iii) risk reduction; (iv) disaster preparedness; and (v) financial protection. The Bank will moreover support Belize in reducing the impact of a natural disaster on the country's public finances by increasing the availability, stability and efficiency of contingent financing for emergencies.

In a 2007 study, the Bank examined the vulnerability of Belize's public finances to the occurrence of hurricanes and the potential impact of insurance instruments in reducing that vulnerability and found that catastrophic risk insurance significantly improved Belize's debt sustainability. The use of contingent financing is advised by the IMF as a best practice in risk management in its latest climate change policy assessment for the country[11].

The above efforts will be complemented by measures that reduce consumption and promote the adoption of energy efficient lighting and equipment, and by encouraging private investments in renewable energy (RE) at competitive market prices, to support the national RE target of 85% by 2030, and by promoting the achievement of Belize's NDC goals through innovative business practices.

IDB Lab (Innovation Laboratory of the IDB Group, known before as Multilateral Investment Fund-MIF) and its Eco-micro Program are supporting an operation aimed at creating innovative green products by implementing renewable energy and energy efficiency investments in the manufacturing sector. Other business practices are also be explored, particularly the use of the ocean as part of a solution to climate change, both in terms of mitigation and adaptation activities].

In the updated CSP, the IDBG is also seeking to support climate-resilient infrastructure and sustainable tourism and agribusiness projects led by the private sector. In this regard, IDB Invest is supporting the country's vital sugar industry through a US$15 million loan and technical assistance aimed at promoting higher value-added exports, improve market access, and increased yield by focusing on climate smart agricultural practices, and improved livelihood. IDB Lab has also contributed to the productivity and competitiveness of the sugarcane industry in Belize through technical assistance for sustainable farming practices and production enhancing technologies (BL-M1012, IDB Lab contribution US$ 1.3 million, project total US$4.9 million).

In addition, IDB Lab has worked with livestock producers to improve the livestock sector's productivity and climate resilience to reduce environmental impacts such as deforestation, soil degradation and unsustainable water consumption (BL-T1094, IDB Lab US$0.2 million, project total US$0.3 million). Finally, IDB Lab is supporting Belizean MSMEs in the agricultural

[10] https://www.iadb.org/en/countries/belize/overview
[11] *Belize: Climate Change Policy Assessment IMF. 2018*

and fisheries sectors to create innovative green finance products through its Ecomicro Program and develop practical business models and tools to anticipate and prepare for climate-related threats to their assets, value chains and local communities, through its Proadapt Program[12].

5.1.1 Active Projects

ID: BL-T1118 Sector: DRM + Emergency Response / Adaptation Title: Support for the Implementation of a Climate Risk management Plan Objective: Conduct diagnostic consultancies to support CDRMP – NEMO National Operating Committees, existing tracking system and for the creation of an Emergency Fund Finance: Value: $0.1M, Tech Cooperation Grant/ Counterpart 0 Approval Date August 2020 (duration 24 months)	1

ID: BL 1028 Sector: Tourism / Env & Nat. Dis. Adaptation Title: Climate Vulnerability Reduction Programme Objective: Climate risk reduction in Tourism Sector (Flood control Belize City, Investments in Caye Calker and Goff's Caye (coastal monitoring – erosion, coral), flood management plans. Governance of CC and DRM – risk information system, design of Building Codes, climate risk financing strategy for tourism and agricultural sectors. Project management/audit and evaluations Finance: Total: 10M (Loan), Counterpart Funding 0, Status: Dec 2017 (duration 36 months)	2

ID: BL-1098 Sector: Agriculture / Env. & Nat Dis, Adaptation Title: Capacity Building for Climate Vulnerability reduction Objective: Capacity Building (Disaster risk profile of the agriculture sector in priority watersheds, adaptation planning with focus on water management,//Civil Eng. designs for flood control investments in Belize City) Finance: Amount: 800K, Tech Cooperation grant, counterpart finance 0, Status: Approved Aug 2017	3

ID: BL TT1106 Sector: Tourism Title: Reinforcing the Sustainability of the Sustainable Tourism Program II Investment (made under BL-L1020 by ensuring quality of pre-investment studies) Objective: Strengthen feasibility studies on tourism enhancement investments (Corozal Bay, Heritage Plaza and Toledo Welcome Plaza, Mountain Pine Ridge Forest Reserve, Caracol Archaeological Reserve Finance: Amount: 200K, Type Tech. Coop. Grant, Counterpart 0, Approval: Dec 2018 Status: Approved Dec 2018	4

ID: BL 1020	5

[12] IADB Country Strategy 2013 -2017

Sector: Tourism Title: Sustainable Tourism Project II Objective: Increase the tourism sector's contribution to national sustainable and resilient development by increasing tourism expenditures, employment and income in targeted destinations through product diversification, stakeholder capacity enhancement, institutional strengthening, infrastructure & product development and promotion of disaster resilience and environmental sustainability, improvement of sector governance and enable conditions for private sector MSME investment in overnight tourism (Toledo, Caracol, Corozal, Caye Calker, Mountain Pine Ridge in Cayo District). <u>Finance:</u> Amount: Total $15.5M, Country counterpart 500K (management), Loan $15M *NB $6.2M of funds from uncommitted balance of $9.3m, redirected towards Ministry of Health in response to CV19.* Status: Approved October 2015	

ID BL T1125 Sector: Title: Design of Wastewater Treatment Solutions in Coastal Areas Objective: Feasibility and design of a sanitation system for Caye Caulker, wastewater collection and treatment services in northern and southern islands (detailed design for South and preliminary designs for north. <u>Finance:</u> Type tech Corp, Grant/ Total $ 0.25M, $0.2M Grant/ 0.05M GoB Status: Approved Dec 2020 *NB: Belize also received financing from the UNEP managed First Caribbean Regional Fund for Wastewater management (CReW) in the form of a revolving fund of $US 5m. Some $3.8M has been used to upgrade the sewerage collection and treatment works in Belmopan.*	6

ID: BL T1105 Sector: Solid Waste Mgmt. /Sewage Treatment Title: Innovation in the Solid Waste Management Sector in Belize Objective: Reduce environmental pollution through the designs of improved SWM practices in emerging tourism destinations in northern and southern Belize, as well as in the Capital Belmopan. Specifically, transport, recovery and disposal in towns and villages in Orange Walk, Corozal, Stann Creek and Toledo Corridors and in Belmopan. Strengthen lead SWM Agency SWaMA. Dump sites to be closed include Corozal Town, Orange Walk, Belmopan City, Dangringa Town, Placencia and Punta Gorda Town. Transfer stations are to be built. Objectives being met through pilots, waste reduction practices and route improvements for final disposal at Mile 24 regional sanitary landfill. *This project is extension of previous work in the sector (BL1021 - 10M$)* <u>Finance:</u> Total Amount $0.52M, $0.5M GoB (in Kind) and $0.02M country counterpart financing Status: Approved May 2019	7

ID BL 1021 Sector: Solid Waste Mgmt. /Sewage Treatment Title: Solid Waste Management Project II Objective: Closure of 6 dump sites, land acquisition and construction of 6 transfer stations, construction of a new cell at Mile 24, engineering designs and drawings. Institutional strengthening, capacity building and a cost recovery system for SWaMA, regulatory guidelines, recycling, hazardous waste management, public outreach and education, social inclusion planning and ESMS	8

Finance: Loan Operation: Total $10,2M, $10M loan, $0.2M GoB finance Status: Approved May 2016	

IDBL T1122 Sector: Energy /Mitigation Title: Eco Micro – Green Finance for RE and EE for MSMEs Purpose: Pilot and test Green finance for RE/EE using Energy Performance Contracting in partnership with Energy Service Companies. Project to benefit 100MSMEs and train 34 management and technical staff at DFC Finance: Total Amount: $0.55M, 0.35M (Tech Corp. Grant), $0.2M199 in kind and cash from country counterpart Development Finance Corporation Status: Approved July 2019. Duration 36 months	9

5.1.2 Coordination with Development Partners

Formal coordination mechanisms among development partners in Belize began with the establishment in 2011 of a Justice and Security Coordination Group, organized by the UNDP. In 2013, a broad-based Development Partner Group was established, along with a series of thematic groups related to citizen security, economic development, human development, environment, and public administration for efficiency.

While approximately 20 development partners have active programs in Belize, many of these institutions lack a physical presence in the country, a factor that has contributed to the challenges of formal donor coordination efforts in the country.

The IDB Country Strategy (2013 -2017) with Belize was developed with careful consideration of current and projected investments by other development partners operating in the country, with a view to focusing resources on priority areas where the Bank offers most value added.

Given the incipient nature of donor coordination efforts in Belize, the Bank uses both formal and informal mechanisms for coordinating with the primary donors in the country. The IDB has a track record of successful collaboration with several major partners in Belize and will continue to coordinate with these and other partners to leverage potential synergies and avoid duplication of efforts.

Coordination with the CDB will be especially important given its position as one of the largest providers of development assistance to Belize. In particular, the Bank will coordinate with the CDB in supporting the implementation of the government's education strategy. The IDB will also seek close collaboration with the EU (the only development partner with programs in all four of the IDB's priority areas for action), particularly with respect to its trade capacity building activities in Belize.

5.1.3 Lessons Learned

Following the conclusion of the 2008-2012 CSP a number of lessons learned were documented including the need to:

(i) work within the limits of the country's absorptive capacity, in terms of institutions and human resources, (ii) study the country's institutions, regulations, and human resources endowment to help it strengthen the weaker parts and avoid overloading them with operations; only engage in areas where the country's capacity is not going to be overloaded. Institutional strengthening requires close coordination with other development agencies to avoid a "tragedy of the commons" type of problem. Most importantly is a coordinated approach to selecting and prioritizing operations, (iii) The Bank should try to measure how costly it is for Belize to execute Bank-financed operations and work to reduce those costs. Cost reduction is possible through improved coordination, both among IDB operations and with other development agencies.

While coordination among development agencies is the responsibility of the GoB, the IDB should assist if the GoB is not able to do it—of course, keeping the GoB involved in the process and (iv) be particularly careful to avoid delays in project execution.

5.2 The World Bank Group

The WBG's current Country Partnership Framework (CPF) for Belize covers the period from July 2017 to June 2022 (FY18-22). It presents the on-going program and anticipated results framework. It is built on the results and lessons of Belize's first Country Partnership Strategy (CPS) that covered the period FY12-15. This CPF is well aligned with the Government's long-term development vision, Horizon 2030: National Development Framework 2010-2030, and the thematic priorities emerging from the 2016 Belize Systematic Country Diagnostic (SCD).

The CPF is organized around two Focus Areas:

(a) Fostering Climate Resilience and Environmental Sustainability; and
(b) Promoting Financial Inclusion and Social Resilience.

To support these focus areas, the CPF envisages the implementation of a program that could reach up to US$30 million in new loans, subject to how program performance evolves in the course of the CPF period, continued Government interest in IBRD financing, and on IBRD's lending capacity and demand from other borrowers. It will also be supported by non-lending instruments, notably Analytics and Advisory Services (ASAs), regional initiatives and trust fund resources. These services include advising government as well as private sector actors on a variety of topics, for instance how to improve their investment climate and strengthen basic infrastructure.

The Belize Systematic Country Diagnostic (SCD) analysed challenges and opportunities for Belize to reduce poverty and increase growth and shared prosperity, it concluded that Belize's development depends on multiple reinforcing enabling factors such as better competitiveness, higher savings, and investments, and strengthening institutions.

The SCD further identified three thematic priorities, including: (a) strengthening resilience to climate change and natural disasters; (b) improving education and skills; and (c) addressing crime and violence. Additionally, the SCD identified three cross-cutting areas that are critical for the achievement of the twin goals in Belize: (a) safeguarding fiscal sustainability; (b) improving the availability and quality of data; and (c) increasing financial inclusion.

Within the GSDS framework, the GoB has requested WBG engagement in two broad areas. First, the Government confirmed the relevance of ongoing programs supported by the WBG which includes infrastructure resilience to climate change and natural resource management and requested continued support in this area, including in building resilience of the agricultural sector to adverse weather events, which has been affected by land-use changes and deforestation. Second, the Government has requested WBG support for enhancing financial inclusion and social resilience.

While the GoB recognizes the critical priority of financial sector strengthening, the request, initially, is focused on enhancing financial inclusion, an area in which the World Bank and the International Finance Corporation (IFC) have provided technical assistance during the FY12-15 CPS period.

The SCD reveals that interventions to support Belize's resilience to climate change and natural hazards have a multi-sector dimension requiring strong coordination across a wide range of ministries and agencies. Therefore, increased project management, including financial management and procurement capacity, is essential to ensure efficient implementation of programs.

During this CPF program, the WBG will continue to support Belize in enhancing the resilience of road infrastructure against extreme weather. The Bank is currently supporting the implementation of the NCRIP road network through the Climate Resilient Infrastructure Project, a US$30 million initiative.

Under the CPF FY18-22, the WBG will continue supporting infrastructure resilience through this project, collaborating closely with other partners, including the European Union and CDB, who also provide financing to Belize in this area.

5.2.1 Active Projects

Project ID: P130474 Sector: Forestry & Biodiversity / Adaptation Title: Protection of Key Biodiversity Areas Objective: Sustainable Forest Management, Institutional strengthening and enforcement of Environmental Regulations, Capacity building to enforce regulations and for Project management monitoring and assessment <u>Finance:</u> Project Grant GEF $6.09M (GEF ID: 4605) Co-finance from GEF Trust Funds 16m (specific investment loan) GoB: $1M, Total: 22.09M IA: World Bank Status: Start 2015, Ongoing	1

Project ID: P131408 Sector: Coastal & Marine / Adaptation Title: Marine Conservation & Climate Adaptation Objective: To implement priority ecosystem-based marine conservation and climate adaptation measures to strengthen the climate resilience of the Belize Barrier Reef System. <u>Finance:</u> AF $ 5.53M (grant) GoB: 1.78M Total project 7.31M IA: WBG EA: PACT Status: Start 2015, (Closed 2020?)	2

ID: P127338 Sector: Land Use, Human Settlements & Infrastructure /Adaptation Title: Climate Resilient Infrastructure (roads) Objectives: To (a) enhance the resilience of road infrastructure against flood risk and impacts of climate change; and (b) to improve the borrower's capacity to respond promptly and effectively in an eligible crisis or emergency, as required. Finance: GEF Special Climate Change Fund $30M	3

Type: Loan Status: Start 2015, Active (closing 2021?)	

ID GEF 5687 Sector: Land Use, Human Settlements & Infrastructure (electricity distribution) /Adaptation Title: Energy Resilience for Climate Adaptation Objective: To demonstrate solutions that enhance the resilience of the energy system to adverse weather and climate change impacts and support the subsequent implementation of priority adaptation measures <u>Finance:</u> GEF - Special Climate Change Fund, $8M (grant) Co-finance 3.9M GoB: (1.8M in-Kind) Total 11.9M IA: World Bank EA: Belize Electricity Limited Status: Start 2016, (Closed?)	4

5.2.2 Lessons Learned

Past country programming experience shows implementation of community-based activities requires a long gestation period, especially in the first years of implementation, as significant time is needed to mobilize, sensitize, and build basic skills of targeted groups.

In a small state context like Belize, with multiple development challenges and capacity constraints, a deeper engagement in few areas is appropriate to avoid fragmentation of support. Therefore, fewer objectives integrated across multiple sectors can be more effectively managed and more closely monitored.

In a weak capacity context, project management, especially procurement, is a significant bottleneck for project implementation. This challenge can be addressed through training of project implementation personnel (procurement, safeguards, and monitoring and evaluation) and intensive implementation support. Another effective way to address weak capacity in procurement is through simplification of procurement processes, especially for smaller-scale community-based projects.

Although weak financial management capacity can be addressed effectively through established entities outside government ministries, it then becomes a challenge to capture project budgets and expenditures in government accounts.

Using established entities (Social Investment Fund, Protected Areas Conservation Trust, and Belize Enterprise for Sustainable Technology) to handle financial management across projects typically leads to a satisfactory performance of the IBRD portfolio. Looking forward, reporting lines must be strengthened between these entities and the government for adequate budget reporting[13].

5.2.3 Coordination with Development Partners

The role of other development partners was considered in view of: (a) limited absorptive capacity and institutional constraints within small states which hinder their ability to manage donor resources; and (b) opportunities to create synergies and avoid duplications between

[13] WBG Country Partnership Framework FY18-22 (April 28, 2017)

development partners, and thus maximize our collective contributions to Belize's development efforts.

For example, many partners, including the CDB, European Union (EU), and IDB, are involved in social sectors, including education quality and access, health, and social protection. Similarly for crime and violence prevention, CDB, IDB, and the United Nations Development Program (UNDP) are providing a combination of financing and technical assistance support.

Various development partners are also providing financing in agriculture sector competitiveness (e.g., EU, the UN Food & Agriculture Organization, and IDB) and financing for SMEs (the Central American Bank for Economic Integration, and CDB). In infrastructure sectors, the WBG along with IDB, CDB, IDB and the OPEC Fund for International Development (OFIC), have supported Belize in improving key road infrastructure, among other cross-sectorial infrastructure improvements.

On the macro-fiscal front, the IMF has an ongoing dialogue as part of its Article IV consultations and the WBG will seek opportunities to support fiscal sustainability. Finally, on the data front, the CDB and IDB are supporting Belize in conducting a national poverty assessment. The WBG will coordinate closely with other development partners as needed.

5.3 Caribbean Development Bank

CDB's engagement with Belize spans more than four decades. CDB overall loans to Belize amount to three hundred and ninety-five point eight million United States dollars ($US395.8M), making Belize CDB's third largest borrower. Belize is also the fourth largest recipient of grant funding from CDB, with cumulative grant approvals amounting to $US41M as of June 2016.

The Country Strategy Paper outlines the assistance strategy of the CDB for Belize over the period 2016-2020. The *CDB is in the process of updating their Country Strategy Paper.* Among the areas identified for support are (i) water management, (ii) credit and (iii) SME development. Presently, CDB is working with the EU and Government of Belize in implementing credit programmes targeting the sugar cane industry and the wider agriculture sector.

Specifically, the proposed programme rests on three strategic pillars: inclusive social and economic development; environmental sustainability; and governance and institutional development.

In particular, the Strategy supports a programme of assistance that is designed to help achieve the following development outcomes: (a) Increasing Competitiveness and Productivity; (b) Improved Quality and Access to Education and Training; (c) Improved Social Sector Outcomes; (d) Enhanced Environmental Management and Reduced Vulnerability to Natural Disasters; and (e) Improved Governance and Development Planning.

Gender equality, regional cooperation and integration, as well as energy security and citizen security considerations, will be mainstreamed in CDB's interventions. An indicative resource envelope of $US 200.5 million, made up of $US126.5 M in loan resources and $74 M in grant funds (including the United Kingdom Caribbean Infrastructure Fund), was estimated to support the programme of assistance over the strategy period, including a possible Policy-based Loan.

5.3.1 Active Projects

ID ? Sector: Disaster RR / Agriculture Title: Building Adaptive Capacity and Resilience to Climate Change in Toledo, Southern Belize Purpose: The project will strengthen the capacity of vulnerable community members in 11 villages in the Toledo District to adapt to natural hazard and climate change impacts. This is being achieved through: improving physical infrastructure and early warning systems; increasing awareness across communities of climate change adaptation and disaster risk reduction methods; improving agriculture farming systems and expanding the "Farmers Club" model. Finance: Total $0.74M ($0.65M from CDRRF grant, $0.088M from Implementing Agency IA: Humana People to People Belize Status: Approved March 2017 The Community Disaster Risk Reduction Fund (CDRRF) is a multi-donor trust fund established by the Caribbean Development Bank (CDB) in March 2012 with resources being provided by the Government of Canada acting through *Global Affairs Canada*, the Government of the United Kingdom of Great Britain and Northern Ireland acting through its *Department for International Development* and the European *Union (EU)* through resources provided to CDB under the African Caribbean Pacific-EU-CDB Natural Disaster Risk Management in *CARIFORUM Countries Project*. The purpose of CDRRF is to provide grant funding for disaster risk reduction (DRR) and/or climate change adaptation (CCA) initiatives at the community level in CDB Borrowing Member Countries (BMCs), except for Haiti. The DRR/CCA initiatives undertaken at the community level should seek to enhance livelihoods, resilience, and sustainability within the community.	1

ID ? Sector: Land Use, Human Settlements & Infrastructure /Transportation Title: Coastal Highway Upgrading - Purpose: Feasibility Study and Preparation of Detailed Designs Finance: Total £1M (UK), grant from UK Caribbean Infrastructure Partnership Fund IA DFID EA Ministry of Works Status: Approved December 2016, active	2

ID? Sector: Land Use, Human Settlements & Infrastructure / cross cutting Title: Belize Social Investment Fund III Purpose: to increase gender-equitable and inclusive access to climate-resilient infrastructure, and quality and basic social services for poor and vulnerable communities. Finance: €10M European Investment Bank, loan through CDB IA: Belize Social Investment Fund Status: Approved 2018, active	3

ID? Sector: Land Use, Human Settlements & Infrastructure / cross cutting/(including RE / EE & Agricultural projects) Title: Consolidated line of credit in Belize	4

Purpose: Continue to enable the DFC to continue financing, on affordable terms, market segments that are not readily catered for by the commercial banks and other financial institutions such as small and medium size enterprises, student loans, rural agriculture, low income housing and energy efficiency / renewable energy projects. Technical grant of for institutional strengthening and capacity building, as well as supporting due diligence for climate risk assessment of sub projects. Finance: CDB line of credit $20M, grant 0.19 (GoB sovereign guarantee) IA Development Finance Corporation, Belize Status: Start December 2016, active	

ID? Sector: DRM + Emergency Response Title: Immediate Response – Hurricane Earl Purpose: assist the Government of Belize in financing the cost of clearing and cleaning in the affected areas and the emergency restoration of essential services in the aftermath of Hurricane Earl. Finance: TOTAL $US 0.75M, grant IA: Ministry of Works, Transport & National Emergency Management Organization Status: Start October 2016, active	5

5.3.2 Lessons Learnt

Lessons from previous country strategies with Belize suggest that the following are important to maximising the development impact of CDB's assistance to Belize: (a) robust results monitoring; (b) capacity building and institutional strengthening; (c) built-in flexibility to allow for changes in socioeconomic circumstances and in strategic priorities; and (d) strong collaboration with other development partners and key decision-makers in country.

5.4 CDB Regional

In 2017 the CDB signed a new financing agreement with EIB accessing $US110M agreement to support investment projects in the Caribbean under CDB's climate action policy. The Climate Action Framework Loan II builds on the USD 65 million Climate Action Line of Credit (CALC) signed between EIB and CDB in 2011, and which supports nine projects in seven countries across the Caribbean. The EUR 100 million climate action initiative is the EIB's biggest loan to the Caribbean.

Eligible investments under the Climate Action Framework Loan II include climate change mitigation, adaptation and resilience projects in renewable energy, energy efficiency, road transport, water infrastructure and community-level physical and social infrastructure that reduce greenhouse gas emissions and improve resilience to the impacts of climate change.
The EIB has supported development and economic activity in the Caribbean with loans and equity investment worth EUR 1,6 billion[14].

5.5 European Investment Bank

EIB priorities in the Region are private sector development, including the financial sector and micro, small and medium-sized enterprises (MSMEs); basic infrastructure, such as power, water, transport and telecommunications; and climate action, comprising both climate change

[14] https://www.eib.org/en/press/all/2017-129-usd-110-million-of-new-support-for-climate-change-mitigation-adaptation-and-resilience-projects-across-the-caribbean-as-eib-and-cdb-sign-new-financing-agreement#

mitigation and adaptation. *CDB and DFC Belize function as financial intermediaries for EIB in Region.*

Addressing Financing Gaps
The Bank has invested EUR 40m in the Caribbean and Pacific Impact Financing Facility (CPIFF), which is the first Impact Financing Envelope operation of its kind in these regions. Credit from the facility has been drawn by Banco Adopem in the Dominican Republic and the Development Bank of Jamaica to boost funding for microfinanciers in these countries.

Credit through financial intermediaries will be available to the following groups: micro, small and medium-sized enterprises, including self-employed individuals, low-income households, and community-based organisations. The latter include non-profit associations and cooperatives of members with common interests. They could be smallholder farmers, for example, or people of the same gender, or perhaps a group representing one single village. What they have in common is difficulty in accessing finance. This facility will address that issue, providing longer-tenor microfinance loans and allowing initial steps to be taken by small businesses in the target countries. The facility is especially geared towards women.

5.6 CABEI

Country Strategy Programme 2015 -2019 (no projects budget found/listed in table)

The Country Strategic Guidelines for Belize link CABEI's management efforts with national development priorities and the main elements of the global development agenda. In order to increase CABEI's presence and create relevance for its value proposition for the country, this strategy takes as a reference the Long Term Horizon 2030 Plan and the 2016-2019 Belizean Strategy for Growth and Sustainable Development. In addition, it takes into account the 2015-2019 CABEI Institutional Strategy: Integrating Sustainable Competitiveness and Development, which defines the long term strategic approach to the Bank's management, especially through its strategic axes of Social Development, Competitiveness, Regional Integration and Environmental Sustainability.

The country strategy is strengthened through the incorporation of the principal elements of the global development agendas, particularly in relation to the Sustainable Development Goals (SDGs).

CABEI's value proposition for Belize will focus on interventions that contribute to improving the country's supply of productive infrastructure, principally highways; improving health sector infrastructure; as well as promoting energy generation and citizen safety. In the framework of its management efforts, the Bank recognizes the challenge of maintaining a capacity for adaptation and continuous operational flexibility, mainly as a mean to achieve its goal to increase its presence and relevance in the country as a multilateral source of resources for development.

In September 2018, US$3.5 million was channelled to Belize to finance the Integral Security Program of Belize, Phase I. The Program consists of the development of actions aimed at the rehabilitation of existing civil works, construction of new works and provision of equipment to the institutions responsible for Belize's national security; the main objective being to strengthen citizen security. The operation falls under the framework of the Strategic Axes of Social Development, Integration and Competitiveness.

6.0 Other Development Partners

6.1 UNDP

UNDP Programme in Belize is guided by the 2017-2021 Country Programme Document, and the United nations Multi-Country Sustainable Development framework which is aligned to national development needs across the Region. This Framework defines how the Agencies, Funds, and Programmes of the UN will pool their comparative advantages within a single strategic framework that aligns with and supports the overarching strategic goals of the Caribbean's governments and key stakeholders.

The framework defines four priority areas: (i) sustainability and resilience (ii) safety, cohesion and justice, (iii) health and (iv) inclusivity, equity and prosperity Caribbean.

The CPD is also aligned with the Belize Growth and Sustainable Development Strategy for the period 2016 to 2019. The CPD has three major priority areas with Gender as a cross cutting theme:

- A Sustainable and Resilient Belize,
- A Safe, Cohesive and Just Belize and
- A Healthy Belize

The Ministry of Agriculture, Forestry, Fisheries, the Environment, Sustainable Development and Climate Change has a lead role in delivering proposed outcomes. In addition, the Ministry of Finance and Economic Development, the Ministry of Labour, local government partners, rural development stakeholders, the Caribbean Community Climate Change Centre, the UNDP Global Environment Facility small grants programme. Environmental NGOs and civil society organizations are expected to play large roles in implementing the portfolio.

6.1.1 Active Projects

GEF ID 9796 Sector: cross cutting/ Forestry & Biodiversity Title: Integrated Management of Production landscapes to Deliver Multiple Global Environmental Benefits Purpose: To mainstream biodiversity conservation and sustainable land/water management into production landscapes Finance: Grants: Project Preparation grant 132K GEF Biodiversity 3,434K (Fees 326K) GEF Land degradation 1,674K (fees 159K) Sub Total GEF 5,108K (Fees total 485K) Co-Finance: Govt: 324K grant 2,179K inkind Friends for Conservation & Development in kind 345K GEF Agency UNDP 575K grant GEF Agency UNDP /GCF grant 3,900K University Belize Economic Research Institute in kind 297k University of Belize ERI 1,000K grant Private Sector Santander Sugar Group grant 15,000K Sub-Total 23,619, 574 TOTAL Project 28,860K IA: UNDP Status: Concept approved 2017. Approval of Project design pending	1

ID: GEF 9991 (GEF6)	2

Sector: Human Health Title: Development of Minamata Initial Assessments Purpose: Ratification and early implementation of the Minamata Convention. Protection of human health and the environment from the risks posed by unintentional and intentional emissions and releases as well as unsound use and management of mercury <u>Finance:</u> GEF Trust Fund grant $US 150,000 IA: UNDP Status: Approved 2018	

ID: GEF 9677 Sector: cc General Capacity Strengthening/Reporting Title: Fourth National Communication and First Biennial Update Report to UNFCCC Purpose: To assist Belize in meeting reporting requirements under Article 12 of the Convention through the strengthening of technical and institutional capacities supporting climate change monitoring and reporting activities Finance: GEF Trust Fund Grant: $US 852,000 GoB Co-finance: $US 215,500 [NCCO $55,000, Ministry of Energy $25500 (both in kind)] UNDP: $20,000 cash, Govt. of Japan $65,000 cash UNDP: GEF SGP (CBA Programme) $50,000 (grant) Agency Fees $80,900 Total 1,067,500 Status: Approved 2017	3

ID: GEF 5094 Sector: Solid Waste Mgmt. + Sewage Treatment Title: Belize Chemicals and Waste Management Programme Purpose: To strengthen national institutional, technical and legal infrastructure and capacity for POPs phase out and sound chemicals management <u>Finance:</u> Project Prep fees $50,000 GEF Project Grant $990,000 Co-finance $6,366,000 [GoB / Solid Waste Mgmt. Authority $5,124,000 (hard loan?) SWMA $205,100 (in kind) Ministry of Forestry Fisheries and Sustainable Dev. $825,000 (hard loan) GEF Agency UNDP $25,000 (cash) GEF Agency $36,000 (in kind) Sugar Industry R&D Institute $150,000 (in kind) GEF Agency fees $94,000 Total: $7,406,000 IA: UNDP EA: Dept of Environment Status: Approved 2014	4

6.2 IFAD

The Country Strategy is aligned with national strategies as contained in Belize's long-term development plan, Horizon 2030, the National Food and Agriculture Policy 2002-2020 and the 2014-2024 National Environmental Policy and Strategy. Objectives and priorities, agreed upon with the GoB, will be harmonized and complementary to the extent possible, with the assistance provided by other development partners. The Strategy is focused on a limited set of priorities where IFAD's assistance would have the greatest impact.

The overall strategic goal is to contribute to improve the livelihood of rural smallholders to gain market access in an economically, socially and environmentally sustainable way.

Strategic objectives include (i) Build, rehabilitate and maintain climate resilient rural infrastructure to enhance productive and marketing activities of the target population; and (ii) create smallholder farmers' capacities to work with market-driven and climate change-adaptive farming practices and technology.

The first objective specifically aims to improve agricultural productivity and marketing through:

- Climate smart rehabilitation or construction of irrigation and drainage systems.
- Reduced dependence on rainfall and improved drainage will contribute to extend the cropping season, increase yields and improve product quality.
- Rehabilitation or improvement of climate resilient Rural roads, improving the economy of rural households (farmers and non-farmers);
- Rehabilitation or construction of agricultural markets, including climate resilient community market facilities, such as construction of commodity collection points (storage points) and improved hygienic conditions.

The Resilient Rural Belize (Be-Resilient) was approved in April 2018. It is financed by an IFAD loan of US$8.0 million, a GCF Grant of US$ 6.08 million, a GCF Loan of US$ 1.92 million, Government's contribution of US$ 3.2 million and US$0.8 contribution from the Programme beneficiaries.

<u>It is expected that an additional US$ 5 million loan contribution from CDB be incorporated into the financing structure of the programme.</u>

6.2.1 Projects

ID 20000001247 Sector: Agriculture Title: Resilient Rural Belize Programme Purpose: The overall strategic goal is to contribute to improve the livelihood of rural smallholders to gain market access in an economically, socially and environmentally sustainable way. 14. Based on this approach, the strategic objectives aim to: Strategic objective 1 (SO1). Build, rehabilitate and maintain climate resilient rural infrastructure to enhance productive and marketing activities of the target population; Strategic objective 2 (SO2.). Create smallholder farmers' capacities to work with market-driven and climate change-adaptive farming (The Programme is operating initially in five priority areas (23 communities, grouped in five clusters): in Orange Walk District, Belize District, Cayo District, Stann Creek District and Toledo District) water infrastructure, better connectivity, higher productivity and better access to markets. <u>Finance:</u> Total $20,000,000, IFAD $8,000,000, Beneficiaries $820,000, GoB $3,180,000, GCF 6,085,200 (i) , GCF $1,914,800, IA: Ministry of Economic Development and Petroleum Status: Start 2018, end 2024	1

6.2.2 Lessons Learned

Past projects have suffered from start-up difficulties, personnel turnover and poor monitoring and evaluation. Other risks are associated with potential delays or interruption of execution due to lack or delays in availability of counterpart funds and fiscal space, political community opposition, poor design and sustainability of infrastructure and external shocks.

When targeting a sizeable number of beneficiaries, design of training and awareness initiatives and inputs must be realistically planned, resourced and budgeted, with clear delineation of roles and responsibilities. In the case of the Belize Rural Finance Programme, the beneficiary training activities would have benefited from being contracted out to a partner service provider organization

The main lessons learnt from previous IFAD projects call for improved support to development projects in Belize including: (i) intensive support at project start-up to ensure that the design is effectively translated into implementation; (ii) more emphasis at the start-up of the project to install and operationalise an appropriate monitoring system that will respond to the management information needs of the implementers, partners, and assist in detecting when a project deviates from its planned approach; (iii) a need for future project initiatives to clearly state intentions and gauge and manage the level of expectations generated.

A public-private partnership approach is an effective way of delivering financial services to rural communities. While the Government of Belize played a vital partnership role in the implementation of the programme, BRFP was largely private-sector driven.

The use of credit unions to channel the programme activities was an effective way of delivering financial services. The programme was able to benefit from a well-established network of credit unions, which had a sound understanding of rural markets and a broad membership of clients from different socio-economic backgrounds. The institutional capacity-building of the credit unions helped reshape their business model and ensured that credit unions were able to expand their operations and develop their services to target the needs of the poor.

Complementary business and enterprise development support must be integrated to ensure sustainable impact. It is crucial that rural financial services are complemented by the provision of business and enterprise development support services to clients. Specific activities related to business and enterprise development were not included in BRFP’s design because they were to be provided in collaboration with a European Union-funded programme. When this strategy failed, it left many clients at risk of default.

6.2.3 Collaboration

Collaboration, synergies and complementarities with other international institutions are being explored as the new project objectives are more clearly identified. In accordance with national strategic priorities, other MDBs financing is focussed mainly on transport, trade and policy, education, tourism, and natural resources management (World Bank, CDB, IADB). The EU provides support to the sugar industry. However, these institutions do not target small farmers, opportunities for co-financing are therefore limited.

IFAD will look into complementarities with the IDB’ “Climate Vulnerability Reduction Program” currently under preparation and possibly the IDB’s ongoing Emergency Assistance due to Hurricane Earl project (approved in 2016). Moreover, opportunities will be explored with the

Green Climate Fund for the co-financing of climate change adaptation activities. CDB was contacted and expressed interest in partnership[15].

6.3 European Union

The EU is now the largest donor to Belize, investing in capacity building of rural producers, improving rural infrastructure, and strengthening policy and institutional services.

The 11th EDF National Indicative Programme (2014-2020) with the EU was signed in 2014, with a total envelope of EUR 27 million. It contains an amount of €13.5 million for supporting Belize in its energy sector, €10.0 million to health, and €1.35 M support to public finance management. An additional sum of €2.2 M is allocated to "crosscutting measures" half of which is expected to benefit NGOs.

Main expected results of the 11th EDF:
(i) improved physical access, communication and transportation efficiency through the rehabilitation of the "Sugar Belt" road network.
(ii) increased competitiveness and economic sustainability of the Belize sugar industry
(iii) rural recovery and economic diversification in sugar dependant areas of Belize

Between 2006 and 2013, Belize received a total of EUR 72.4 million under the Accompanying Measures for Sugar Protocol Countries, which was used to improve the efficiency of cane production and processing, as well as in promoting economic diversification. This helped the sector to also diversify into electricity generation and bioethanol production. During the period 2012-2013 Belize also received EUR 22.7 million under the Banana Accompanying Measures which also included the electrification of several villages and farms through a grid extension.

The Global Climate Change Alliance Plus (GCCA+) is a European Union flagship initiative which is helping the world's most vulnerable countries to address climate change. Between 2012 and 2014 GCCA provided finance for a project 'Enhancing Belize's resilience to adapt to the effects of climate change' with some €2.9M.

6.3.1 Collaboration

Engagement with the Inter-American Development Bank (IDB) is considered the highest priority given the complementarity of proposed interventions. Collaboration with the other international organisations supporting the renewable energy and energy efficiency sub-sectors is also foreseen, including 5Cs, UNDP/UNIDO, and OLADE, the Latin American Energy Organisation, and GIZ. Also with Canada, and the World Watch Institute who are providing support, mainly for the formulation of certain specialised studies.

The Clinton Foundation and the Rocky Mountain Institute are supporting Belize by making available specialised expertise for studies. Within the framework of its regional Programme REETA, the German GiZ has been involved in a number of support measures that also benefitted Belize in the past. EU funding under the Technical Assistance Programme for Sustainable Energy Programme is also continuing and will be providing services to Belize, although under a regional perspective. Close coordination with this programme will be required, in order to achieve the maximum benefit for the country.

6.4 Caribbean Community Climate Change Centre

The "5Cs" coordinates the Caribbean region's response to climate change. Officially opened in August 2005, the Centre is the key node for information on climate change issues and on the region's response to managing and adapting to climate change in the Caribbean.

[15] IFAD Results Series Issue 3, 2018

It is a repository and clearing house for regional climate change information and data and provides climate change-related policy advice and guidelines to the Caribbean Community (CARICOM) Member States through the CARICOM Secretariat.

In this role, the 5Cs is recognised by the United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Environment Programme (UNEP), and other international agencies as the focal point for climate change issues in the Caribbean.

5Cs recently completed a GCF funded a $US 694K project in Belize to examine the feasibility of using indigenous fast growing grass 'Arundo donax' as bio-mass for a 'crop based' RE.

5Cs is implementing several regional initiatives including a four-year €12-million project is being funded by the European Union (EU) Commission as part of the Intra-ACP GCCA+ Programme in the Caribbean and aims to strengthen the Climate Risk Management Framework in the 16 CARIFORUM member countries. The project will assist member countries to enhance climate observational and monitoring networks, improve and climate-proof water infrastructures while building the capacity of governments and private sector to integrate risk management techniques into development and planning.

6.5 Tropical Agricultural Research and Higher Education Centre (CATIE)

CATIE cooperates with Belize on R&D support for forest and agroforestry systems, organic cocoa production, and natural resource management; preparing environmental management plans, introducing improved land management practices while supporting crop diversification including varieties for drought; and/or flood conditions;

6.5.1 Collaboration

In 2019, CATIE and the 5Cs began a formal collaboration to develop and promote climate change adaptation and/or mitigation strategies for the Caribbean Community (CARICOM).
The collaboration provides for the development of joint proposals to secure resources to enhance possibilities for collaboration; assistance in the implementation of research and development programs; and the execution of training programs and activities for professionals, officials, producers, etc.

6.6 Food and Agriculture Organization

FAO assistance in Belize is shaped by the 2016-2019 FAO Country Programming Framework (CPF) signed in December 2015, which sets out four priority areas:

- Enhancing trade in agricultural and fisheries products, with an emphasis on supporting the development and implementation of institutional frameworks and arrangements for improved markets, and promotion of a gender-sensitive value chain approach.
- Food and nutrition security, supporting development and implementation of Food and Nutrition Security and School Feeding Programmes and policies, including public purchasing mechanisms, while building technical capacity.
- Promoting sustainable and resilient food systems, with a focus on reducing risks associated with food production systems, value chains and resilience to threats, including drought, while also promoting Climate-Smart Agriculture, particularly among family farmers and other small producers.
- Food safety and quality, providing effective quality systems to farmers, processors, distributors, and food handlers so as to improve quality and safety of produce.

The total resource requirement for the CPF is $US 2,480,000. Of this amount, $US 1,300,000 is already secured through ongoing projects (GCP/BZE/001/EC and TCP/BZE/3502).

ID: TCP/BZE/3601
Title: Developing and Enhancing Small Scale Agro-Processing Capacity in Belize -

Purpose: To develop a national strategy on agro-processing for small-scale entrepreneurs, to support the rehabilitation of the Central Farm Agro-processing Unit (CPU), to provide technical support for the development of the agrifood industry at the national level, and to build the capacities of national technicians and small-scale agro-processors in food production, processing, safety and quality management, marketing and trade.
Finance: ?
Start: 2020

ID: TCP/BZE/3502
Title: Boosting agribusiness development in Northern Belize -
Purpose: The aim of this project was to promote opportunities in onion production and thereby support the development of diversified agricultural production for small farmers in northern Belize by improving efficiency along the onion value chain, strengthening farmers' technical capacities and facilitating access to alternative markets.

ID: GCF/BZE/001/EC
Title: Promoting agribusiness development in Northern Belize
Purpose: Supporting farmers in Northern Belize to diversify their production into market-driven non-sugar cane agriculture.

An additional USD 600 000 is anticipated to be provided through Brazilian south-south cooperation and the Programa Mesoamerica sin Hambre from Mexico.

FAO is a GEF accredited implementing agency. Therefore, it will be important to collaborate with the GEF focal point located within the Ministry of Fisheries, Forestry, the Environment and Sustainable Development for support.

6.7 Environmental Defence Fund

Cuba and Belize are two countries where EDF scientists have worked for many years, to put national fisheries laws into effect. With support from EDF Belize expanded protections for imperilled marine areas, while establishing national fishing rights for small-scale fishing communities.

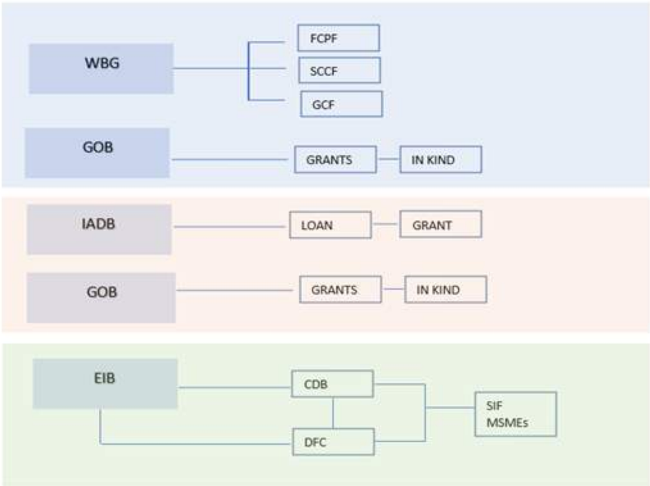
7.0 Analysis of Major MDB Country Support Programming

The IADB is the major investor in Belize. Its 2013 – 2017 Country Support Programme was updated to 2021. The WBG's Programme runs from 2017 – 2022, while the CDB's ran from 2016 – 2020. Both CDB and IDB websites indicate they are updating CSP. No future programming through 2025 was available for this Report. Hence the analysis is limited to the current programming window.

All MDBs and Development Partners operating in Belize are GEF, GCF and AF multilateral Implementing Agencies/Entities. PACT is GCF accredited. SIF and BEST are seeking accreditation from GCF.

The IDB is the leading source of long-term financing for economic, social and institutional development in the country, also assisting with technical cooperation through grants. The IADB loans appear to be from single sources of funds supported by GoB 'in kind' and cash inputs. WBG projects appear to have consistent co-financing (multiple loan sources) supported by government contributions. EIB's intermediaries are CDB and DFC. These are highlighted in Figure 1 below. Recent UNDP projects pending approval have been designed with multiple cofinancing sources. These are discussed in Chapter 10.

Figure 1: Typical Simplified Climate Finance Flows



Collaboration between MDBs began ten years ago with the setting up of the 'Justice and Security Coordination Group. This was flowed by a broader based 'Development Partner group'. The key objective of this group is to leverage potential synergies and avoid duplication. It is not clear how often this group meets but it should certainly review any new Country programming. The GoB need to have adequate representation and support at meetings where country allocations are being rationalised.

The key role of SIF, PACT and BEST was highlighted to be important in supporting on-the-ground implementation.

Country Support Programmes have clearly defined objectives with a multi-sector dimension requiring strong coordination across a wide range of ministries and agencies. They are prepared in collaboration with the GoB and are based on partnership frameworks, diagnostics, strategy, outcomes of previous programming and most importantly, consistency with GoB long and short-term goals.

A review of the CSPs reveal a common theme of the need for and commitment to strengthened coordination between international development partners and increased local capacity for project implementation particularly in the areas of project management and procurement.

<u>Key insights from the WBG CSP are summarised below:</u>

- Increasing project management, including financial management and procurement capacity, is essential to ensure efficient implementation of programs.
- Implementation of community-based activities requires a long gestation period, especially in the first years of implementation, as significant time is needed to mobilize, sensitize, and build basic skills of targeted groups.
- In a small state context, with multiple development challenges and capacity constraints, a deeper engagement in few areas is appropriate to avoid fragmentation of support.
- The CPF results framework can benefit from inclusion of fewer objectives that can be closely monitored

Table 5 below shows country programming areas for MDBs and other key development partners. According to WBG, there are four priority areas: Education, Sustainable Tourism, Transportation, and Trade & Tax Policy. Transportation infrastructure is a key priority area for the MDBs and other development partners. Priority areas are all consistent with prioritised NDC projects.

Table 5: Country Programming by Development Partners

Sectors / Bilateral and Multilateral Institutions		CABEI	Canada Gov.	CDB	CDF	EU	FAO	IDB	IFAD	IMF	KFAED	OFID	PAHO	Taipei China	UNICEF	UNDP	UNFPA	UK Gov.	US Gov.	Venezuela	WB/IFC
Priority Areas for Bank Action	Education			■		■		■													
	Sustainable tourism					■		■													
	Trade and tax policy					■		■										■			■
	Transport	■		■		■		■			■	■		■							■
Other Sectors	Agriculture and Rural Development	■		■		■	■	■	■					■						■	■
	Environment and Natural Disasters		■	■		■		■								■		■			■
	Energy					■												■			
	Financial Markets	■		■	■			■	■											■	■
	Health			■		■		■					■		■	■	■		■		■
	Industry																				
	Private firms and SME Development		■	■	■	■		■										■			
	Reform/Modernization of the State		■	■		■		■		■						■					■
	Social Investment		■	■				■							■	■	■	■	■		■
	Water and Sanitation			■		■		■				■				■		■			■
General budget support														■						■	

Source: WBG, CSP

Projects being executed by the MDBs within current country programmes are summarised in Table 6 below: Most of the project interventions are for adaptation, consistent with Belize's high vulnerability and net carbon 'sink' status.

Table 6: Current country programming by development partners in Belize

	MITIGATION				ADAPTATION								
MDBs	**Land Use & Forestry**	**Energy**	**Agriculture**	**Solid Waste Mgmt. + Sewage Treatment**	**Coastal & Marine**	**Agriculture**	**Water Resources**	**Tourism**	**Fisheries & Aquaculture**	**Human Health**	**Forestry & Biodiversity**	**Land Use, Human Settlements & Infrastructure**	**DRM + Emergency Response**
WBG					[5.53 CF/AF]						[22.09 CC, CF/GEF]	[30/SCCF (road)], [11.9 CF/SCCF (Energy Infra.)]	
IADB		[0.55/DFC]		[0.25], [0.52], [10.2]		[0.8 CC]		[10 CC], [0.2], [15.5 CC]					[0.1]
CDB						[0.74/ CDRRF]						[1.0 (road) DFID], [10 SIF III, cc/EIB] [20.19 cc/ via DFC]	[0.75 ER]
CABEI													
EIB						[8 CC/DFC]						[10M via CDB]	
OTHER DEVELOPMENT PARTNERS													
EDF / EU (11th)		[13.5]								[10]			
UNDP				[7.4 CF/ GEF]						[0.15]	[28.8 CC, CF/GEF], [1.1CC, CF/GEF		
UNEP					[4 CC/AF]								[12.2 REG/AF] [10.0 REG/AF]
IFAD						[20 CC/GCF]							
FAO						[2.8]							
NB: [Numbers indicate total project value in $US. CF: Co-finance. CC: cross cutting. REG: Regional. [Individual projects have brackets]													

8.0 Estimated MDB projections of finances for 2020-25 according to Sectors

MDB CSP finance projections through 2025 were not available. There are three sources of finance potentially available for leveraging CF to support the updated NDCs and CF Strategy
(i) undispersed funds from active projects within existing CSPs
(ii) approved projects concepts which have not commenced (pending projects)
(iii) funds committed in Country programmes currently under preparation

Undisbursed Funds
According to the WBG CSP there were some $US 5M of undisbursed funds in 2017. No information was available on undisbursed funds in the CSPs of IADB and CDB. These three sources of leverage should be investigated and quantified.

List of Trust Funds Supporting Activities in Belize								
TF#	Project Name	TF Type	Program	Grant Closing	Fund Status	Grant Amt. ($K)	Undisb. Amt. ($K)	Percentage Disbursed
TF0A2887	Energy Resilience for Climate Adaptation (GEF/SCCF)	RE	SCCFIA	07/31/2020	PENDING	5,620	0	0%
TF0A2888	Energy Resilience for Climate Adaptation (GEF/SCCF)	RE	SCCFIA	07/31/2020	PENDING	2,380	0	0%
TF0A2517	Climate Resilient Infrastructure	BE	GFDRR	08/31/2017	ACTIVE	170	153	90%
TF018049	Energy Resilience for Climate Adaptation (GEF/SCCF)	BE	ESMAP	10/31/2016	ACTIVE	187	30	16%
TF019409	Energy Resilience for Climate Adaptation (GEF/SCCF)	BE	SCCFIA	12/31/2021	ACTIVE	625	7	1%
TF018448	BZ Marine Conservation and Climate Adaptation	BE	ADPTIA	06/30/2018	ACTIVE	470	9	2%
TF018449	BZ Marine Conservation and Climate Adaptation	RE	ADPTIA	03/31/2020	ACTIVE	5,530	1,974	36%
TF018489	Belize FCPF REDD Readiness Preparation	BE	FCPFR	10/24/2017	ACTIVE	199	50	25%
TF018492	Belize FCPF REDD Readiness Preparation	RE	FCPFR	09/30/2017	PENDING	3,800	0	0%
TF016773	Management and Protection of Key Biodiversity Areas in Belize	RE	GEFIA	09/30/2019	ACTIVE	6,086	1,285	21%
TF012901	JSDF BZ Promoting Sustainable Natural Resource-based Livelihoods	RE	JSDF	11/15/2016	ACTIVE	2,800	1,512	54%
TF014984	JSDF BZ Promoting Sustainable Natural Resource-based Livelihoods	BE	JSDF	11/15/2016	ACTIVE	200	10	5%
TF012584	Climate Resilient Infrastructure	BE	GFDRR	06/30/2016	ACTIVE	1,150	6	0%
						29,217	**5,035**	

Source: WBG CSP 2017

8.1 Pending Projects

Pending Applications (Non-MDB) to be explored for potential leveraging (PACT & UNEP)

Protected Areas Trust (Belize)

ID: BLZ/NIE/CZM/2019/1 Sector: Coastal & Marine Title: Enhancing the Resilience of Belize's Coastal Communities to Climate Change Impacts Purpose: "Enhancing the Resilience of Belize's Coastal Communities to Climate Change Impacts" shows potential to address the high vulnerability of Belize's coastal communities through a multi-sector and systemic approach to building coastal resiliency, including local and national knowledge and capacity building approach for ensuring long-term sustainability. The project aims to this though the following components: 1. Improving coastal land use for resilient habitation and sectoral activities	

2. Coastal vulnerability monitoring 3. Beach stabilisation of high-risk coastal areas 4. Awareness raising, knowledge dissemination and capacity-strengthening <u>Finance:</u> AF $4,000,000 IA: Protected Areas Conservation Trust (PACT) EAs: National Climate Change Office, Coastal Zone Management Authority and Institute Status: Concept submitted August 2019	

ID: AF ? Sector: Regional DISASTER RISK REDUCTION (ADAPTATION) Title: Increasing Climate Resilience through restoration of degraded landscapes in Atlantic Region of Central America in *Belize, Guatemala and Honduras* Purpose: Improve early warning system, harmonize policy responses and coordination of emergency response to disasters and create a pipeline of adaptation type projects, engage private sector participation <u>Finance:</u> AF Grant Total $12,260,000. Implementing Fee $960,000 IA: UNEP EA: World Resources Institute, Tropical Agricultural Research and Higher Education Centre (CATIE) Private Sector letters of Interest: Forestry & Climate Change Fund, Althelia Fund, AndGreen Fund, Root Capital and Pomona Impact Status: March 2019 (application submitted, Pre-Concept Approved)	

ID AF?/ Regional Sector: Disaster Risk Reduction / ADAPTATION Title: Increasing Climate Resilience through restoration of degraded landscapes in Atlantic Region of Central America (*Belize and Guatemala*) Purpose: Implementation of restorative measures, addressing information gaps and improvement of available technical, extension and financial services to support restoration, promote coordination between social organisations and communities. Finance: Execution cost: Total $10,009,125, Implementing Fee: 784,000 Implementing Entity: UNEP Executing Entities: WRI and CATIE Status: Concept submitted March 2018	

The Summary of Rocky Mountain's 'Financing Options for Belize's NDC Resource Requirements' (January 2021) notes "Based on an initial identification of financing options for Belize, a financing pool of $59 – $89 million is available from regional and international funds and financing sources to support Belize's mitigation and adaptation targets". This range will be used going forward to establish leverage potentials. It is not clear how this "pool" of funds was quantified. It is assumed that it comprises undisbursed funds.

Additional work is required here to ID precise quantities of funds available as of 2021. Future Country programming should be based on updated CFS and NDCs.

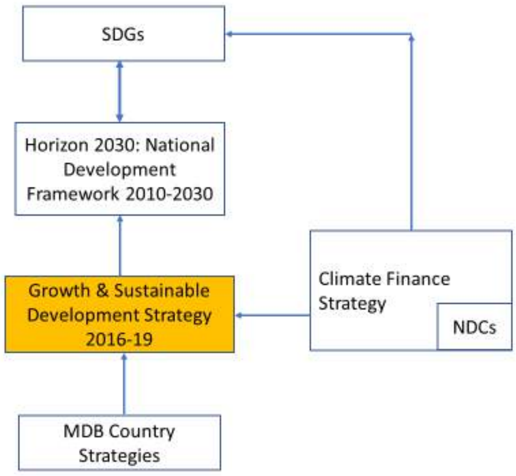
9.0 Linkages of MDB support strategies with the updated NDCs

9.1 Policy Linkages

The 2016 – 2019 Growth and Sustainable Development Strategy (GSDS) for Belize guides overall development for this period and remains relevant today. It adopts an integrated, systemic approach based on the principles of sustainable development, and on three notable drivers that are common to successful developing countries: a proactive role for the state, tapping into global markets, and innovative social policy.

The GSDS encompassed issues covered by previous medium-term economic development plans; but it incorporated, for the first time, both poverty reduction and long-term sustainable development issues. It built on previous documents including especially Horizon 2030: National Development Framework for Belize 2010-2030. This GSDS is the nation's primary planning document, providing detailed guidance on priorities and on specific actions to be taken during the planning period, including actions that contribute to longer term development objectives beyond 2019.

The GSDS is the core strategy which aligns MDB investments with the CFS and NDCs as shown below:



Source: Author

9.2 Linkages between CSPs and NDCs

The NDC Resource Requirement Report (DRAFT, November 2020, Vivid E.) summarises the cost requirements for activities related to the delivery of targets included in Belize's updated NDCs. These costs broken down according to sector for both adaptation and mitigation. A 'total cost estimate' for delivering the suite of NDC actions is identified for each sector. The 'estimated funding requirements' represent the unfunded portion of these costs. These figures are linked to the current MDB Country Programmes.

Each MDB project is assigned a project number in the order that it appears in Chapter 5 above. Undisbursed funds from current projects could be considered to leverage climate finance to cover the estimated funding requirements. Further work is required to identify undisbursed amounts.

Table 7: Linkages between MDBs and NDC

Sector	Total cost estimate *USD m*	Estimated funding requirements *USD m*	MDB	Other Development Partner
Mitigation actions				
Land Use Change and Forestry	174	136		
Energy	798	236 - 797[a]	[IADB (9)]	[EDF (1)]
Agriculture	31	16		
Waste Management (SW & WW)	327	117 - 317[b]	[IDB (6), WW], [IDB (7), SW], [IDB (8), SW]	[UNDP (4)]
Subtotal (mitigation)	1,330	505 - 1,265		
Adaptation actions				
Coastal and marine resources	35	5	WBG (2)	
Agriculture	49	7	[IDB (3)], [CDB (1)], [	[IFAD (1)]
Water resources	10	4		
Tourism	156	68	[IDB (2)], [IDB (4)], [IDB (5)]	
Fisheries and aquaculture	24	12		
Human health	7	6		[UNDP(2)], [EDF (2)]
Forestry and biodiversity	92	2	WBG (1)	[UNDP (1)]
Land use, human settlements and infrastructure	95	38	[WBG (3) roads] [WBG (4), elec. Dist.], [CDB (2) roads], [CDB (3)], [CDB (4) CC]	
Subtotal (adaptation)	469	141		
Total	1,767	645 - 1,400*		
DRM +ER			[IDB (1)], [CDB(5)]	
Capacity Building				[UNDP (3)], [EDF(3)]

NB: (number) refers to the project number on RHS of Active Projects description in Chap 5.
WW: Waste Water SW: Solid Waste
Note: [a]includes total cost of electricity generation of $561 m, which is likely to be recovered through energy tariffs; [b] includes $200 m in collection costs, which may be recovered through waste tariffs
Source: Vivid Economics

10.0 Potential for MDB Investment Support for NDCs

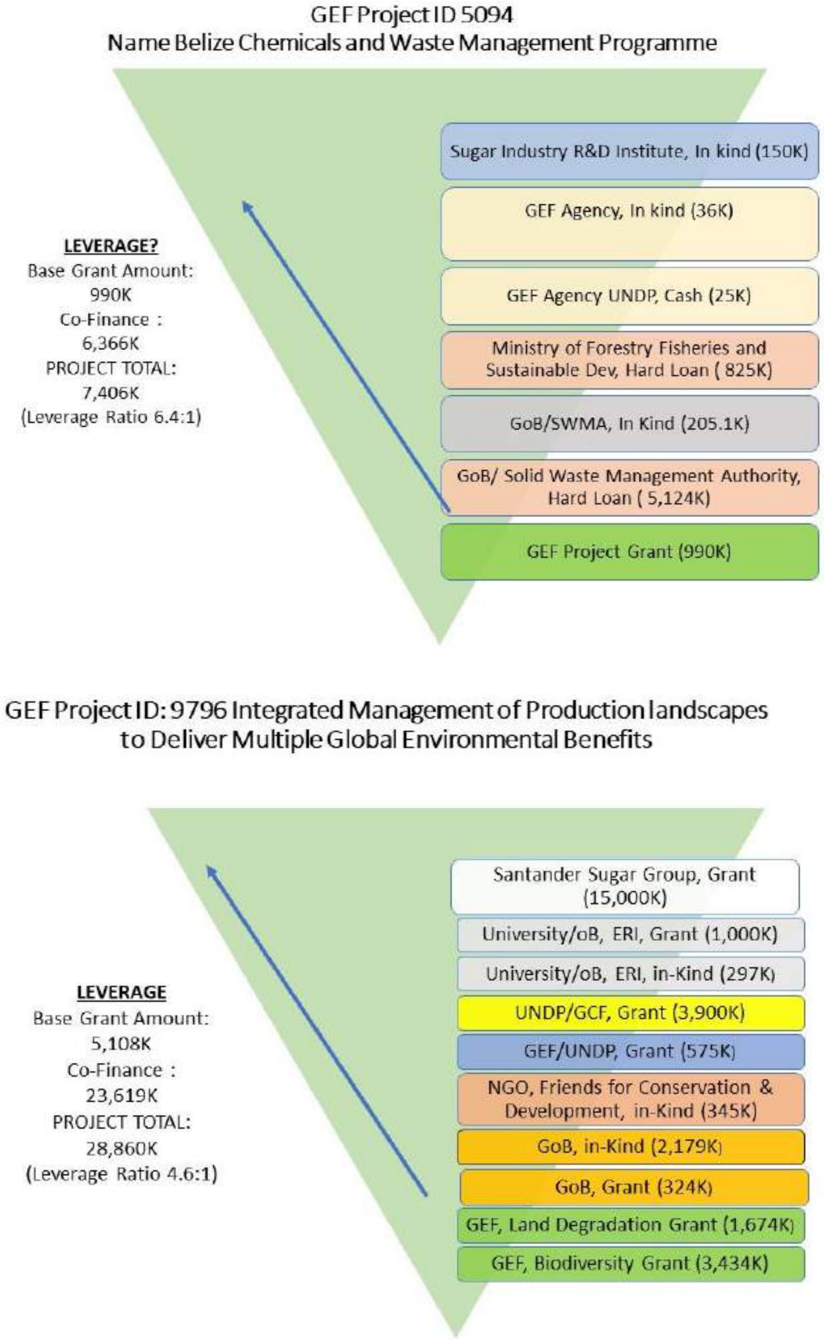
Future MDB Country support programming can be aligned with the estimates for funding requirements on a sector and projects basis. These seed fund allocations can be used to estimate the leverage potential elaborated on below.

When pending projects are approved seed funds can be used to attract co-financing from future MDB CSPs. This two-way leverage potential can be used to scale up projects where they align with CSPs.

Two examples of Co-Financing in UNDP originated active projects using GCF and GEF grants are presented below in Figure 2 below. The second (GEF#: 9796) includes a grant from the

Santander Sugar Group, a local private sector entity involved in sugar production and processing.

Figure 2: UNDP Project with multiple Co-Finance Design



Source: Author's own elaboration NUADA Consulting

11.0 Potential climate finance (leverage and funding) sources for Belize

Identifying potential sources of climate financing from conventional sources is reasonably straightforward as the specialist public sector entities whether national, bilateral, multilateral, regional or global type financial institutions are generally well known and documented.

However, because the term “private sector” hypothetically covers a multitude of alternatives, particularly in a global context, this would be impossible to comprehensively quantify and qualify. As a result, we shall confine our commentary to selected well known international funds or financial institutions which have stated their interest in investing or working in smaller scale climate finance type activities in general with a focus on Central America and Belize in particular.

A long list of current and potential financial institutions which could be sources of climate funding for Belize are presented in Annex 1. These institutions were picked from three different groups: 1) Public organisations already active in Belize and/or in Less Developed Countries 2) A selection of the privately operated funds which might consider investments in SMEs in a country with Belize’s profile and 3) A handful of Top 20 rated Impact Investors from New Money Global 2020 survey. The Annex lists forty-nine financial institutions ranging from large multilateral development banks such as the World Bank, EIB and IADB which finance large-scale projects, to small equity specialists such as the Rathbone Global Sustainability and Small Enterprise Assistance Funds.

Thus, the scale and scope of financing options from this data set is considerable, namely:

- Grants and Guarantees
- Concessional & non concessional loans
- Climate/green & blue bonds
- Debt Co-financing & debt swaps
- Equity
- Insurance/risk management or Insurance instruments
- Payment for ecosystem services or other results-based climate actions
- Technical assistance

The amounts of money potentially available from these sources represent several billions of dollars, more than enough to amply cover the estimated requirements for Belize’s mitigation and adaptation needs which are estimated at circa US$550 million. Spread over 10 years, this implies an annual bill of about 2.5 percent of GDP. Belize intends its mitigation projects (around 9 percent of GDP over the period) to be covered by private investment (IMF Country Report No. 18/329).[16]

However, these policy targets may be overly ambitious as Belize's public debt is now unsustainable and according to the IMF (1Q 2021) real GDP is not expected to return to 2019 levels until 2025. This is because Belize has been hit hard by the impact of CV19 with a sharp fall in tourism revenue and a rise in spending to combat the pandemic and support households and businesses. Public debt, estimated to reach 133% of GDP in 2021 is projected to remain well above debt sustainability thresholds, with gross financing needs above such levels for the next 10 years. Belize's primary budget deficit is projected to fall gradually from 8.3% of GDP in the 2020-21 financial year to 0.9% from the 2023-24 financial year onward as revenues gradually recover.

In November 2020, Moodys downgraded Belize’s debt rating to Caa3[17], which is considered to be a high credit risk, which in turn implies higher interest rates required by lenders. In this scenario and in the current market context, the options available to Belize are thus constrained.

16 Belize Climate Change Policy Assessment, IMF Country Report No. 18/329 November 2018
17 Caa is considered as “speculative” by Moodys. Obligations rated Caa3 are judged to be of poor standing and are subject to very high credit risk

Therefore, in the present situation, it would be prudent to devise a more modest strategy of accessing climate related finance in the short to medium term by avoiding non concessional debt, improving domestic structures and focusing on sourcing grants and early stage/high risk type equity which can be leveraged. This is particularly so as many of the traditional donor countries may themselves be subject to COVID-19 related spending constraints and consequently may become more risk averse in their donor, lending and investing behaviour.

With regard to leveraging (or mobilising) development capital, See Table 8 which compares National Development Banks versus Multilateral Development Banks in terms of leveraging capital.

Table: 8 Comparison of estimated leverage factors for MDBs and NDBs

Category of Investment		MDB estimated leverage factor	NDB estimated leverage factor
*Tier 1**	Non concessional debt	2-5x	2-5x
	Debt financed via grants	8-10x	8-10x
*Tier 2***	Non concessional debt	n/a	1x
	Debt financed via grants	n/a	4-8x
Tier 1	Direct equity	8-10x	12-15x
	Equity financed via grants	20x	20x
Tier 2	Direct equity	n/a	12-15x
	Equity financed via grants	n/a	n/a
	Guarantee (non-concessional rate)	n/a	4-8x
	Guarantee financed via grants	20x	25x

Source: IDB paper DP-249 Annex VI: Models of leveraging (11/2012)

Note: *Tier 1 is direct lending, or investment ** Tier 2 is lending or investment via another financial institution

Beyond the simple concept of co-financing, in our context, leverage generally implies that public finance attracts money that would not otherwise have been invested. Here there are two main strategies for leveraging:

1) *buying down the incremental cost*: for example, having a greater equity component with funds attracted by a key pledge or anchor investor will reduce the requirement for (high cost) debt as part of the total finance required

2) mitigating risk by the provision of guarantees and or specialist insurance products which make an investment more attractive for privately owned institutions whether as lenders or investors.

The Overseas Development Institute (ODI) likewise summarised a table of financial leveraging multiples in a paper dated April 2011. It is adapted and reproduced in Table 9 below.

Table 9: ODI Summary of Leverage Multiples

Method	Direct public financing or guarantee	Debt/Equity	Risk level	Risks mitigated	Likely leverage ratio (x)
Loan	Guarantee	Debt	High	Many	6-10x
Insurance	Guarantee	Debt	Medium	Limited	>10x
Equity pledge fund	Direct	Equity	Low	Many	10x
Subordinated Equity	Direct	Equity	High	Many	2-5x

Source: Adapted from ODI Background Note 04/2011

In a paper dated 28/01/2021, the Rocky Mountain Research Institute (RMI) identified that there are presently aggregated amounts between $60-$90 million available for current Belize NDC requirements from several "public" funding sources. These are the Adaptation Fund, Clean Technology Fund, Global Environmental Facility, Pilot Program for Climate Resilience, and the Small Island States Resilience Initiative (further detailed in Annex 1).

The range, scale and type of financing instruments from these sources may vary. No precise details of the monetary value breakdown for each funding instrument or type were provided by the RMI analysis of funds budgeted for, but not yet dispersed. **Therefore, as alluded to previously, the leverage calculation of unspent MDB type funds currently available to Belize cannot be precisely calculated.**

Should $60 million in concessionary finance become available from these sources, then it would be reasonable to conservatively assume that it would be possible to achieve leverage ratios between 2-5x of this amount, thereby achieving between $120-$300 million for Belize's NDCs. In the case of $90 million, then $180-$450 million could hypothetically be achieved.

These multiples are consistent with the 2010 UN High Level Advisory Group on Climate Change Financing report which noted that "Each dollar of MDB lending is estimated to generate three dollars of private capital investment." It is worth pointing out that in a report (25/06/2018), the GEF has claimed to achieve average multiples of 6X, however these have been for larger scale projects and recipient countries with larger populations.

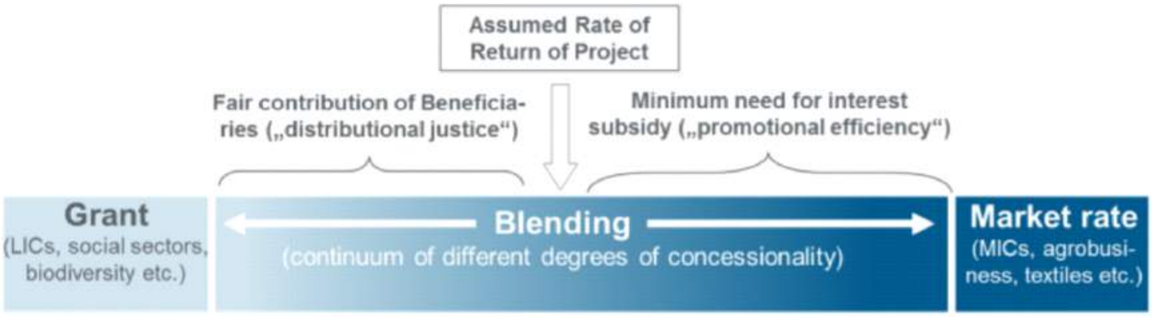
Therefore, we believe that in the case of Belize and in the current global economic climate, that the 2-5x leverage multiplies a safer assumption.

11.1 Leverage potential from the Private Sector

With regard to estimating leverage potential from "private" sector investment funds, it is possible that the list of nine specialist early-stage impact investment type funds mentioned in Appendix 1 would have the capacity to invest in climate change related companies or projects in Belize in the short to medium term. Notwithstanding the challenges facing the absorption of foreign direct investment, some of these funds are used to providing private equity and mezzanine type finance to SMEs. Key names are the Eco Enterprises Fund; Finance in Motion; Mirova and SEAF, which has coincidentally just launched a private equity SME fund for the Anglophone Caribbean.

Should any well-known or high-profile private sector fund agree to anchor equity investor status by pledging funding in any hypothetical investment, this could be a confidence building exercise for other private sector investors. This would be applicable also in the context of debt swaps and debt co-financing via public-private partnerships.

A diagram showing how the continuum between grant aid, concessionary finance and market rates work to make projects viable follows.



Source: KfW briefing paper: Joachim Heidebrecht

In summary, there are a variety of ways of mobilising climate finance and different institutions will have their own preferred methods depending on their respective mandate and articles of association. These preferred methods may include direct interventions such as participating in financing a specific project/programme or investment, to indirect interventions such as funding technical assistance, feasibility studies and funding credit lines.

Different instruments to mobilise climate finance will therefore be appropriate in different circumstances. Presently given Belize's debt levels, grants, equity and concessional loans should be prioritised until the country's debt to GDP levels have stabilised well below 100%. The level and $ value of climate finance mobilised will vary significantly according to context, financing instrument, and the definitions and methods used. The role of the relevant Belize authority will therefore be to match the funding institution to the appropriate project or investment, to mobilise third party finance.

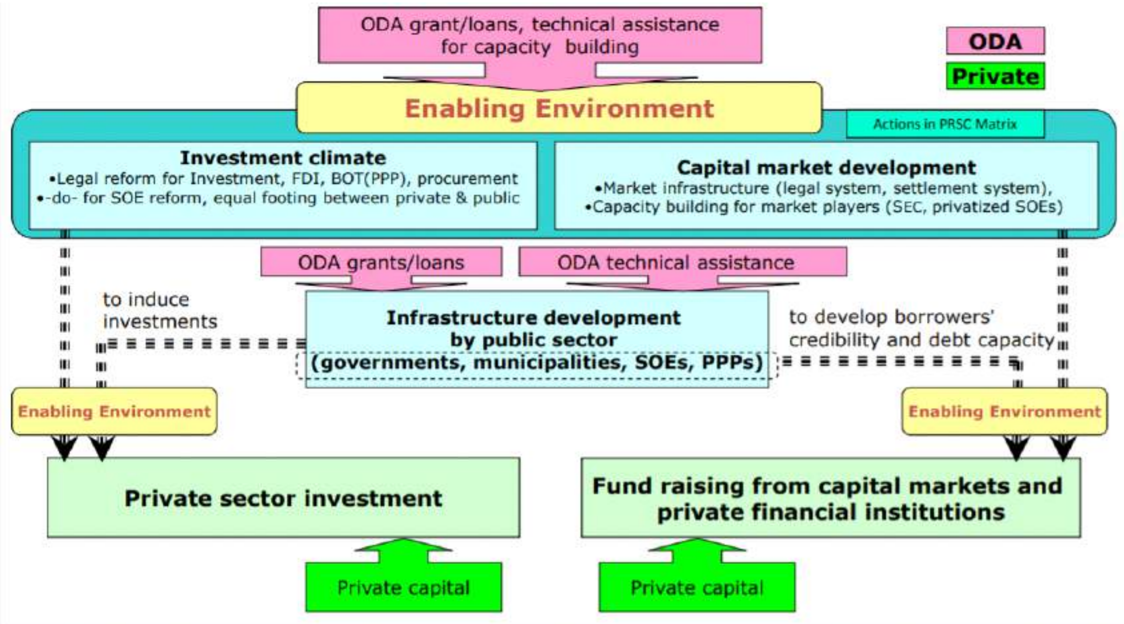
In Annex 1 we have identified a range of institutions which could be approached either directly or indirectly by the Belize authorities to raise finance for their climate related adaptation and or mitigation projects. We have also so far highlighted the fact that the multilateral development banks (MDBs) have been most active within the Belize climate finance arena. This suggests that in terms of climate finance, it will be this group who will play the greatest role in supporting capital raising activities in the coming years. In this context, it will be necessary to "blend" concessional funding elements with market funds, so that overall, the financial burden to Belize is lessened. Without leveraging private funds and without the efficient use of funds by the implementation agents, Belize's climate challenges are unlikely to be met.

12.0 Potential barriers to mobilising capital from donors and investors

According to the Aid Atlas, from 2017 to 2018, donors committed $228 million to Belize. Of this amount, 38% or $87 million was in the form of grants, while about $89 million was in the form of loans. The disbursement ratio for all development finance to Belize in that period was about 58%, while the global average was 84%. The latter differential suggests that there were challenges related to disbursement on the ground or that some of the funds may have been redirected after approval.

In Figure 3 below we are presented with a "snapshot" of the various conditions necessary to mobilise private sector investment. Whilst it is generic, the conditions required are equally applicable to the climate finance sector.

Figure 3: Catalytic Role of Overseas Development Assistance



Source: Tomonori Sudo for JICA

From the diagram above, we can see that the private sector requires a strong enabling environment from local Governments as well as targeted overseas development assistance to mobilise either public or private equity.

One of the structural issues facing investors in Belize is connected to operational decision making within the GoB. There are several local bodies dealing with climate finance and green economy issues. For example, the Ministry of Sustainable Development, Climate Change and Disaster Risk Management may share responsibility for protecting the reefs with the Ministry of Blue economy and aviation, both will need to interact with the Ministries of Finance and Economic Affairs (the designated NDA and GCF/AF entity), when it comes to inward MDB or donor activities.

Belize ratified the Paris Agreement in 2016, when the National Climate Change Office was established. It is positioned to coordinate the implementation of climate change adaptation and mitigation actions and to implement climate change programmes. Subsequently, the Belize National Climate Change Committee (BNCCC) was established as a broad-based multi-stakeholder committee comprised of non-state, public and private sector representatives. The BNCCC is expected to provide overarching leadership and guidance to all climate change management actions and reviews and advises government on the capacity building, and resource requirements needed to implement the strategy and action plan.

Besides the above entities, the Belize Economic Development Council, is a public-private advisory body launched in 2011, and is comprised of 10 members including 5 senior representatives from the public sector and 5 senior managers from the private sector. It is situated in the Prime Minister's office.

The donors have also created two organisations – the Justice and Security Co-ordination Group and the Development Partner Group to share information about in country work in the MDB and donor sectors.

Thus, on the surface, we can observe that there is a plethora of official bodies involved with decision making processes related to the NCDs. This makes the investment process (from an investor perspective) difficult to navigate. From a Belizean perspective it hampers information sharing and decision making. Institutional rationalisation may be important to facilitate climate investments.

Potential barriers to leveraging climate related capital

In an ODI note of 04/2011, several observations were made about potential barriers to leveraging climate related capital. Anecdotally, other commentators from the donor community and private sectors have suggested that in the case of Belize, the lack of scale and scope to the local financial architecture meant that capital costs were generally high. Combining these observations, we can make a list of the six key barriers to leveraging climate finance:

- General political risk – these pertained to the security of property rights and the diversity of legal systems between donors and beneficiaries

- Currency risk (not applicable while Belize maintains its dollar fix)

- Regulatory and policy risk – these reflect the reliability of long term contracts and maintenance of pricing policies when national policy objectives in recipient countries may be changed by Government fiat or popular demand

- Execution and operational risks – these reflect concerns about the skills sets available for local project content and implementation as well as the capacity to audit and monitor projects

- Technology risk – concerns about the transferability of new technologies into recipient countries. This may be particularly so in the case of new “green” technologies

- Inadequate financial scale and scope – this means that there is a lack of lower cost capital (debt or equity) and specialist insurance and financial products available.

Considering the above points, we can exclude item 2 as there is presently no currency risk while the Belize dollar is linked to the United States dollar.

For international investors, uncertainty risks or items 1-5 will act as barriers to investment and domestic entrepreneurs who might conceivably enter into public-private type partnerships on MDB backed projects have limited access to either reasonably priced loan facilities from local banks, or access to equity finance via a local stock market. Moreover, given the lack of capacity in the Belizean financial sector, there is a shortage of specialist insurance policies which mitigate perceived and or actual risks related to climate changes.

With regard to political, regulatory and policy risks, some of these can be dealt with relatively easily by ensuring that recognised accounting standards such as USGAAP or International Accounting standards are used for all projects and activities which use international donor funds.

From the perspective of long-term contracts for the supply of capital in the form of debt, then appropriate legal clauses must be included to allow for disputes resolutions, international arbitration and legitimate penalties in case of need.

For equity investors, the rights of minority and foreign shareholders must likewise be protected. Some commentators have cited that long term contracts for the supply of services e.g. power purchase contracts are also potential sources of conflict should there be attempts to change terms, conditions and prices. Again, in those and similar instances, such concerns can best be dealt with by having clear and unambiguous language in commercial contracts with external counterparts, which should always have the option of international arbitration for dispute resolution.

Often MDBs may have their own prescriptive procedures, regulatory requirements and fee structures for entering into contracts with Governments for the provision of capital, goods and services. In some instances, these may be (from a Belizean perspective) uneconomic or self-serving. Consequently, the Belize Government might wish to have alternative sources of information and best practice, particularly for transactions which involve leveraging private sector assets, whether financial or technical.

In such instance, the International Chambers of Commerce (ICC) which has three main activities: rule setting, dispute resolution, and policy advocacy would be a good source of information, know-how and expertise for both the Belizean public and private sectors. This is because its member companies and associations are themselves engaged in international business activities, consequently the ICC has considerable authority in making rules that govern the conduct of business across borders. Although voluntary, these rules are observed in thousands of transactions every day and help to create norms for international trade and business.

Turning to the concerns about execution and operational risks, these once again reference the issue of the lack of highly specialist human capital available locally for work on long term, often large scale and complex programmes which involve MDBs. This issue of access to specialists, which in the context of climate change finance may include engineering, environmental, silvicultural, marine, accounting and financial skills sets required at different stages of the project cycle can create serious bottlenecks in project implementation and management. Obviously, it would be possible to create scholarships programmes and send suitably qualified Belizean nationals to internationally accredited courses. However, this is not time sensitive and may be costly.

One relatively easy way to bridge the skills gap would be to for the BNCCC to carry out an audit of local specialist and or technical expertise and work on creating a programme of skills transfer by exchange of personnel for special induction or training under the aegis of the Commonwealth or with bilateral donor partners, several MDBs and donors having various grants and/or technical assistance programmes for this purpose. Additionally, newly retired civil servants from relevant Ministries or Universities in Commonwealth countries with recent relevant experience could be invited on an all-expenses paid basis for periods of 3 to 6 months to train personnel in counterpart Ministries in Belize, particularly during the early stages of implementing new donor funded projects.

In a recent IFAD report, one of the key lessons learned for one of their recent projects in Belize referenced a requirement for intensive support at project start up to ensure that the design and concepts were translated into implementation with an emphasis on designing, installing and testing appropriate monitoring systems in the early stages of the project(s). This is an important observation and reinforces the point that well-conceived and designed programmes which are well documented, with appropriate routine checks and balances are most likely to be successful.

The issue of the use of appropriate technology has been well discussed in development economics and need not be reproduced here. Suffice to say that the adoption of technology by developing countries can have profound effects on their economies, such as reducing the national costs of production, establishing standards for quality, and allowing individuals to communicate from a distance e.g. internet and telecommunications. However, all imported technology must be appropriate to the context and populations which will use them. This is particularly so when the use of such technologies might become redundant over time due to lack of maintenance and engineering skills. Other obvious points are that energy intensive technologies are unsuitable in countries which are prone to electricity shortages and labour reducing technologies are inappropriate in contexts with high levels of unemployment.

The last item on the "risks list" which deals with the limited scale and scope of Belize's financial sector is critical as the domestic financial sector should be a natural partner for the Government's climate change investment programme. In many countries there is growing private sector participation in climate-related activities and there is an important opportunity to unlock the potential of private investors, both domestic and global, so that private financial activity is linked to national priorities and processes. Targeted approaches and stakeholder consultation are needed to understand private-sector interests and practical options to reflect the sector's priorities with respect to climate related investment opportunities. This is important, since the amount of global capital available for sustainable financial investment is growing rapidly - in 2016 Credit Suisse and McKinsey estimated that conservation finance was attracting US$52 billion per year, of which about 75% came from public and philanthropic sources. Given Belize's debt levels, attracting external private capital will be essential.

Regarding the available portfolio of financial products and services which have been identified as critical for climate finance leverage, we shall turn our attention to three core deficiencies in Belize:

Lack of specialist insurance products: Belize ranks fifth at risk in the world for climate change and is increasingly affected by extreme weather events and long-term impacts (e.g., droughts). Average annual losses incurred from natural disasters are equivalent to almost 4 percent of gross domestic product. The agriculture, fisheries, and livestock sectors of Belize are particularly vulnerable to climate change effects. Micro, small, and medium enterprises make up 70 percent of the export crops; it is critical to protect production and livelihoods to undertake climate mitigation and adaptation efforts.

According to the IMF's 2018 Climate Change Policy Assessment, currently, Belize has almost no insurance for public assets. It recommends that Belize should take action to broaden and strengthen its risk insurance portfolio. This can include action to strengthen its existing policies with the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and pursue policies with the Caribbean Oceans and Aquaculture Sustainability Facility (COAST).

Belize may also consider pursuing private market-based financing, risk insurance, and economy-wide climate proofing of investments. This could be done by 1) making some form of joint venture between specialist global insurance companies and the Government owned National Bank of Belize, so that specially tailored insurance products could be marketed in country at reasonable cost or 2) working directly with global insurance companies. It is worth noting that the Mexican state of Quintana Roo worked with Swiss Re to develop reef insurance. The policy secures funding to quickly repair damage to the reef following a hurricane, thereby preventing long-term damage and protecting the shore-line from flooding.

Additionally, it is possible to take advantage of MIGA insurance products available from the World Bank Group. The provision of such specialist risk insurance products could help to reduce the cost of Belize's climate related debt and mitigate climate related economic shocks.

Lack of specialist credit and banking facilities: In recent days we have seen further consolidation in the Belizean banking sector as Bank of Belize has acquired the local Scotia bank assets, so that it is now the largest privately owned bank in the country. This suggests that it will have a larger asset base against which to provide loans, which is positive. However, concentration of the banking sector can lead to monopolistic pricing practices. There are several credit unions in Belize, which service the micro and small business sectors. These are regulated by the Central Bank.

According to the Central Bank of Belize, base lending rates in December 2020 ranged from 5.5% (National Bank) to 13.0% (Belize Bank). Generally, it is understood that from an SME or micro finance perspective, Belize is underbanked. A lack of international correspondent banking has also been cited as problematic for Belizean entrepreneurs, due to higher transaction cost for cross border trade. Within the Belize banking sector, there may not be the appreciation of the opportunities arising from climate related capital projects.

To this end, it may be worthwhile for the Government to encourage larger local banks to team up with international sector experts and networks. An example of such an initiative is the **Green Bank Network** (GBN), which is a membership organization formed to foster collaboration and knowledge exchange among existing and would be Green Banks, enabling them to share best practices and lessons learned. At the Paris COP21 conference in December 2015, the Australian Clean Energy Finance Corporation, the Japan Green Fund, Malaysian Green Technology and Climate Change Centre (formerly named Malaysia Green Technology Corporation), Connecticut Green Bank, NY Green Bank, and Green Investment Group (formerly named UK Green Investment Bank) announced the formation of the Green Bank Network. It works with two non-profit organizations, the Natural Resource Defence Council (NRDC) and the Coalition for Green Capital (CGC), to build the Green Bank Network, with funding from ClimateWorks.

Building up a more environmentally friendly local bank capacity can incentivise in country private enterprise to make climate-related investments. In addition to the GBN, there is also the **Ecobanking** project which aims to improve the competitiveness of the Latin-American financial industry through the promotion and nurturing of innovative financial investments ("green" and "social") aimed at sustainability. The international donor community has responded to these systemic financial constraints. For example, The IDB has an **EcoMicro** programme through its IDB Lab. Recently it contracted DAI to support the Belize Credit Union League (BCUL) and three of its credit unions with financial products customized around climate adaptation, particularly for businesses in the agribusiness, fisheries, and livestock value chains.

The ongoing World Bank Country Partnership Framework for Belize is aimed at strengthening the financial sector infrastructure including credit reporting systems, secured transactions and collateral registry frameworks, and payments and settlement systems. This support aims to promote consumer protection and financial literacy capacity. Additional areas of potential support to the Central Bank include strengthening the regulation and supervision of financial intermediaries that play a key role in supporting access to finance, including credit unions, which are important sources for both savings and lending for small and micro companies and individual entrepreneurs.

Lack of a functioning stock market: There is presently no stock market in Belize. Having a stock market gives opportunities for businesses and the public to transfer capital and ownership in a controlled, secure and managed environment. In addition to providing a convenient way for companies to raise capital and for individuals to increase wealth, a stock market may help to keep a check on corporate regulation and increase the economic growth and prosperity of a nation. Advantages of having a domestic stock exchange include:

- Long term lower cost finance for entrepreneurs
- Portfolio diversification alternatives for institutional and private investors
- Investment opportunities to small savers

In the context of raising equity related climate finance as part of a leveraging exercise using anchor investments and or grants from MDBs, it would be most advantageous in the medium to long term for Belize to have a stock exchange. This is particularly so as it has a stable currency and could also attract regional and international investors. However, there would have to be enabling regulatory legislation enacted in this regard before this could be implemented.

Nevertheless, in the short term it would be possible and relatively easy to create an over-the-counter market for both debt and equity climate related instruments, including green or blue bonds, which could be reported to and cleared by the Central Bank of Belize, which could act as quasi regulator in a confidence building exercise. It should be noted that there are also presently functioning stock exchanges in other Caribbean and Central American countries, as well as well-established stock markets in donor countries, which could be used as an alternative to a domestic stock market for specific climate change related equity capital raising purposes.

13.0 Potential Strategies for Enhancing Regional/International Collaboration

In response to a relative lack of human and financial capital, as well as pressing domestic economic problems, Belize must now develop strategies to fast-track collaboration with external actors in order to meet its climate targets and shift to a greener economy.

There are three core areas in which this must be done:

Risk & Regulation: IMF Country Report No. 18/329 which assessed Belize's climate change policy highlighted opportunities for risk transfer include optimizing the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC) coverage and developing the traditional insurance industry for better coverage of not only private but also key public assets. The IMF mentioned the possibility of increasing taxation and borrowing to raise funds for this purpose. However, given the Covid -19 related14% contraction in GDP for 2020 as well as the resultant high levels of debt and unemployment, this is not a prudent strategy in the short term.

As the CCRIF is a regional body and is considered to be a world pioneer in its field, it would certainly be worthwhile for the BNCCC and representatives from the Central Bank investigate the possibility of sourcing Government/Public sector related type insurance facilities from them. It is worth noting that the CCRIF is well supported by multilateral organisations and was developed under the technical leadership of the World Bank, with support from many multilateral and bilateral donors and that the CCRIF provides training and scholarships to suitably qualified Caribbean nationals who wish to pursue a career in their specialist insurance sectors.

In a cost comparison exercise, it would be possible to approach a syndicate at Lloyds of London to investigate the cost of having a syndicate underwrite Belize specific climate change risk with mutually agreed parameters. Lloyds operates as a partially mutualised marketplace within which multiple financial backers, grouped in syndicates come together to pool and spread risk. These underwriters, or "members", are a collection of both corporations and private individuals.

It would also be worthwhile for the Government to contact leading global insurance companies such as AIG, Allianz and Swiss Re, to see about the possibility of creating a portfolio of Belize specific climate change related insurance products. Suitable policies could be sold to the private sector in Belize through the National Bank of Belize branch network.

Regarding regulations which would create an investor friendly environment, build capacity for effective appraisal of public investment and public private partnerships, climate screening and monitoring it may be easier and less expensive to use legal, procedural and regulatory templates which have been advanced in other equivalent jurisdictions. This could be done under the aegis of the BNCCC and legal experts from the Belize Government and private sector consultants to customise them for local context and conditions.

The Belize based 5Cs (Caribbean Community Climate Change Centre) which is a resource centre for data on the effects of climate change on the Caribbean environment could also be a source of raw data to support the strengthening of in country climate related regulations.
One obvious place to start an exercise on creating robust climate investment related and supporting regulatory frameworks is via Caricom, which is headquartered in Guyana. Additionally, the Commonwealth organisation, headquartered in England may be able to provide suitable support.

Mobilising Capital: We have previously referenced the fact that Belize is unable to finance its transition to a green economy from purely domestic sources. This means that external sources of both donor and private funding are essential. In recent years there has been a trend for private investors channelling money towards restoration and conservation projects.

In 2018 the Global Impact Investing Network indicated that about US$2.2billion (3% of impact assets under private sector management) was associated with conservation. This means that there should, for the right project(s) be considerable funding available. Given the reality that Belize's Debt to GDP ratio has deteriorated, an initial strategic priority should be some form of Debt for Nature swap.

One prototype which could be considered is that of the Seychelles, which issued the world's first sovereign blue bond in 2018. This is particularly so because Belize has the Belize Barrier Reef a UNESCO world heritage site, which straddles the coast, roughly 300 meters (980 ft) offshore in the north and 40 kilometres (25 miles) in the south within the country limits. It is part of the second largest coral reef system in the world and home to a large variety of aquatic flora and fauna. This reef is therefore an important world asset. Moreover, it is an important source of income. According to a 2008 World Resources Institute assessment, approximately two-thirds of the mainland coast is protected by coral reefs. It has been estimated that the value of ecosystem services generated by the coral reefs and mangroves is between 15 to 22% of GDP (annual ranges of US$395-559 million).

In the Seychelles blue bond model, the World Bank created a financial package of sector investments which will help to save over $8million in interest charges over the next ten years (Das Gupta Report 2021). Proceeds of the bond will help to expand marine protected areas and improve governance of priority fisheries. Grants and loans for individual projects will be channelled through Seychellois controlled institutions. It is entirely feasible that Belize could work with the World Bank and other relevant institutions on an equivalent, scaled up sovereign blue bond, with support from the recently established Commonwealth Blue Charter Action Group.

In 2016, ECLAC proposed the use of pledged funds from the Green Climate Fund (GCF) to write down public debt in Caribbean countries and to increase the fiscal space necessary for investment in climate change adaptation strategies. Given the differing structures of Caribbean debt, the proposal involved a menu approach to reducing public debts: for those countries with high debt from official creditors, such as Belize, the funds from the GCF could be used to write off debt from multilateral and bilateral creditors at a discount. Each country would then pay a lower debt service into the Caribbean Resilience Fund (CRF). The CRF would be administered by a credible regional financial institution like the Caribbean

Development Bank. Resources from the Fund could then be accessed to finance climate change adaptation and mitigation projects. This approach was endorsed by both the World Bank and the Commonwealth and seems like a very worthwhile strategic direction.

Developing skills and networks: In a report titled, *Getting it together: Institutional arrangements for coordination and stakeholder engagement in climate finance* (ODI, 2014) the authors state that *"institutional arrangements for climate finance lie on a continuum wherein they 'dock' international or external climate finance in the national system, or 'mainstream' climate considerations into core policy and associated investment decisions and financial frameworks"*. They stress the need for co-ordination, which should be both vertical and horizontal. This means that Government policy must be made in a clear manner within country in a top-down manner, this could be done via special announcements in newspaper articles, television and media programmes and public lectures. At the same time there should be a mechanism for information and feedback to flow upwards to policy and decision makers, for example from Credit Unions, local co-operatives and regional municipalities. There should be formal arrangements in place to do so and the BNCCC is an obvious candidate to take charge of this process, given its mandate.

It is critical in the context of mobilising climate related capital and expertise to develop networks. These can be with the donor community (multilateral and bilateral) but also with international chambers of commerce, reflecting private sector interest, as well as through voluntary associations such as the Green Bank and Ecobanking Networks and which, over time aims to increase the flow of capital to low carbon climate resilient infrastructure by helping private sector investors further partner with Green Banks.

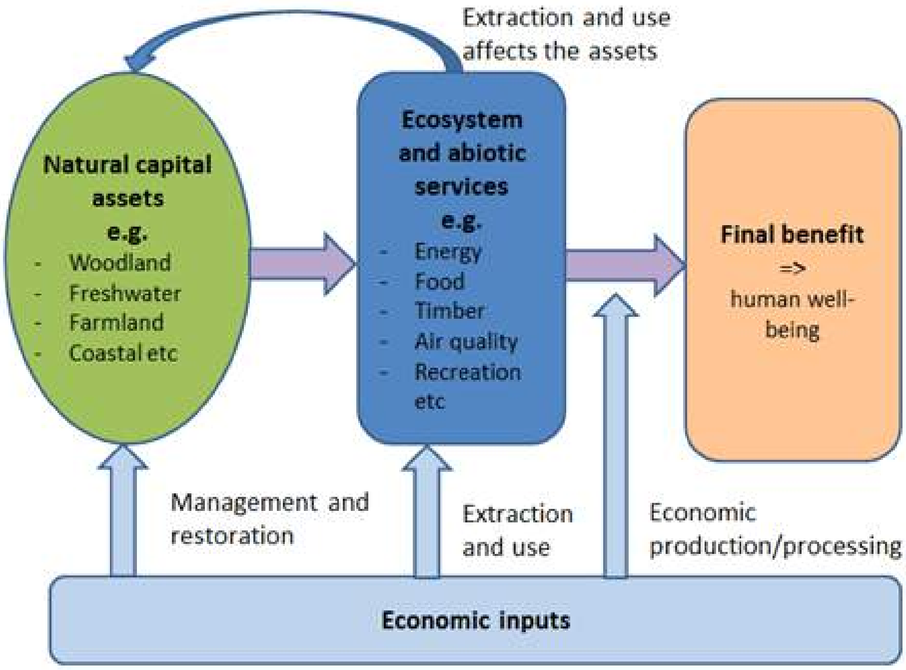
We have also earlier referenced the possibility of fast tracking the transfer of technical and other climate and climate finance related skills from external sources in the form of specialist training modules and secondments. In this context, for cultural and historic reasons, CARICOM and the Commonwealth would be well placed to support Belize. Initiatives such as the Climate Finance Access Network (CFAN) provide opportunities for highly trained climate finance advisors to provide technical support and increase capacity building. Similarly, the Commonwealth Climate Finance Access Hub (CCFAH) provides direct capacity building by placing climate finance experts in government departments to provide technical support for increasing climate finance readiness and developing project pipelines through a knowledge management hub.

Finally, good co-ordination and networking comes as a result of "exchange and bargaining". Sometimes the local versus international agents and private versus public sectors may have conflicting interests leading to fragmentation and ensuing "turf wars". It is also possible that too many networks can become entangled. Therefore, it is essential to have clearly defined decision-making structures and communication channels. It is also prudent to negotiate with both multilateral and private sector service providers to better understand the rules of engagement with either, as part of a cost benefit analysis.

In order to facilitate successful outcomes pertaining to collaboration with regional and international investors, as well as providing a resource for potential climate related investors, we would recommend the creation of a dedicated Belize Government controlled "climate change" related portal, perhaps under the direction of the Belize Economic Development Council, which is a public-private advisory body launched in 2011, and is comprised of 10 members including 5 senior representatives from the public sector and 5 senior managers from the private sector. The EDC's focus is driving business reforms of public services to improve the ease of doing business in Belize**.** The EDC could launch a dedicated website, equivalent to the NDC invest, (which is an IDB one stop shop wherein the IDB offers financial solutions and technical support). However, in the proposed Belize instance we suggest that summary information on the recent history of the Government's activities for both mitigation and adaptation climate activities are presented, as well as a short list of climate change related priorities with project descriptions and funding required. This portal can provide links to the relevant Ministries with responsibility for various aspects of the national climate change strategy. It can also act as a matchmaking portal for Belizean private sector companies which are seeking to joint venture with international partners for technical support and/or financial capital.

The transition to a greener economy in Belize requires the sustainable stewardship of natural resources, so that natural assets are maintained over time, while providing livelihoods to the local population(s). To achieve this, it will be necessary to invest human and financial capital to create the appropriate systems and infrastructure to obtain this outcome. This means that the Belize Government must put into place suitable safeguards, structures and guarantees so that “payment for ecosystem” type investment can function. MDBs can play a substantial role in mobilizing private financing; identifying and de-risking projects and making them bankable. Because of their historical links with governments and the private sector, MDBs have a unique comparative advantage in serving as intermediaries between country developmental needs and private finance. According to OECD (2020) biodiversity related multilateral flows are about $565 million annually.

Figure 4: Interplay of a green economy focused on biological wellbeing



Source: Defra UK

In Figure 4 above we see a schematic representation of a how a green economy functions in a sustainable loop. The use of climate change related finance, as part of a payment for ecosystems strategy, should help to position the Belize economy, which depends on tourism and the sustainable use of their blue and green ecosystems.

14.0 Recommendations to leverage climate finance using MDB assistance

In the section below we will focus on the three main recommendations to leverage climate change finance using MDB assistance which we propose for Belize. These three critical activities should help to differentiate Belize so that it will be able to compete successfully for climate related capital.

1) <u>Using and modifying domestic financial structures to improve in-country capacity</u>

- Although it has been noted previously that there is a considerable shortfall of domestic savings with which to mobilise capital for climate change, there is a National Social Security system which according to its 2019 audited accounts had cash and cash equivalents to the value of $15 million. It would be a worthwhile exercise for the Belize Government to see whether as part of a capital mobilisation project it could use some of this institution's cash for seed funding provided as subordinated debt to coinvest with MDBs.
- The Government owned National Bank of Belize was established in 2013 and is the smallest of the national commercial banks. In December 2020, it had the lowest base lending rate of 5.5% to its peers but a relatively high level (4.68%) of non-performing loans. We recommend that this bank be used as a national climate bank champion and should join networks such as the GBN and the Latin American Ecobanking group to have access to their skills set and exchange ideas. It would also be very beneficial for the Government to sell a minority stake in the National Bank of Belize (maybe 25%) to an international bank, whether commercial or multilateral. This will help to strengthen the bank's balance sheet and loan provisioning, as well as allow for some skills and systems transfer. The IFC would be an obvious candidate for such an investment, as it might make a direct equity investment and/or identify other suitable investor(s). Once the new shareholder is onboarded and the Bank's capital base shored up, the National Bank of Belize could be rebranded as the banking partner of choice for Belize's green economy. This would help to create visibility for inward flows of capital.

- We touched previously upon the possibility of developing a stock exchange in Belize as a way of enhancing the likelihood of attracting private capital. We believe that although this could not conventionally be classified as a climate related activity, since it would support private sector climate related investment, it should be considered as part of the strategic planning exercise. It would in the short term be quite straightforward to develop a simple over the counter (OTC) market under the aegis of the Central Bank of Belize to start with, which could publish periodic records of these transactions.

  Over the counter or off exchange trading is done directly between two parties, without the supervision of an exchange. For example, should the Government decide to sell an equity stake in National Bank of Belize, this could be structured as an OTC transaction recorded at the Central Bank of Belize and could act as a stimulant for other domestic equity transactions. As above, the IFC would be well placed to support such an exercise and work with the Belizean authorities towards establishing the regulatory framework for a formal stock exchange.

- We believe that strengthening domestic financial institutions and creating a basic OTC market under the aegis of the Central Bank of Belize will be enabling factors for the creation of viable public-private sector partnerships, whether the "private" element is domestic or external or whether the "public" element is a foreign donor or MDB.

2) Issuing a Belize Blue Bond

- Belize's prosperity is intrinsically linked to its marine and coastal assets which contribute up to 22% of country GDP annually. We have previously referenced the Seychelles blue bond. This sovereign bond converted US$21.6 million of national debt via the world's first Blue Economy debt for nature swap. A World Bank team comprising experts from its Treasury, Legal, Environmental and Finance groups worked with investors, structured the blue bond and assisted the government in setting up a platform for channelling its proceeds.

Given that the WB's Belize Country Partnership Framework is organized around two Focus Areas: (a) Fostering Climate Resilience and Environmental Sustainability; and (b) Promoting Financial Inclusion and Social Resilience, we believe that a **Belize Blue Bond** is an ideal fit with this type of programme, particularly because Belize already worked with the WB on a marine conservation and adaptation project which had the overarching goal of strengthening climate resilience of the Belize barrier reef.

In addition to contributing to conservation efforts and providing a buffer against storms, marine protected areas are key drivers of the local economy. Sustainable management of fish populations ensures reliable long-term revenues and provides opportunities for locals to diversify their livelihoods beyond fishing. The reefs in Belize's marine protected areas have supported the country's tourism industry, particularly in high-value areas like diving.

In 2019 travel and tourism contributed nearly 45% of Belize's GDP, preservation of the barrier reef is essential to the income generating potential of the tourist sector. In 2020, the Belize Senate passed a new Fisheries Resources Bill that will help make the country's small-scale fisheries more sustainable for both marine life and people. The new legislation ensures the sustainable use and management of the fishery resources and conservation for the coral reefs, mangroves (which can be used for artisanal type harvest of selected crustaceans) and coastal waters that support them, as well as provide greater decision-making authority, food security, and resiliency of local communities. Thus, from a legislative perspective, there is already a regulatory framework in place which could support a "blue" debt for nature services type of swap.

Coincidentally, the Commonwealth has recently established the Commonwealth Blue Charter which was adopted in April 2018. In the Blue Charter, Commonwealth countries agree to actively cooperate to solve ocean-related problems and meet commitments for sustainable ocean development, with particular emphasis on the UN Sustainable Development Goals (SDGs), especially SDG 14 (Life Below Water).

To date, 15 countries have stepped forward to be Champions on ten topics they identified as priorities. Action Groups will guide the development of tools and training, they are: Commonwealth Clean Ocean Alliance, Coral Reef Protection and Restoration, Mangrove Ecosystems and Livelihoods, Marine Protected Areas, Ocean Acidification, Ocean and Climate Change, Ocean Observation, Sustainable Aquaculture, Sustainable Blue Economy and Sustainable Coastal Fisheries. Their new Centre of Excellence in Oceanography and the Blue Economy at the University of West Indies Five Islands Campus in Antigua and Barbuda could be a very pertinent resource for helping Belize to devise, market and launch a Blue Bond, along with the support of the 5Cs, relevant Belizean statutory bodies and with financial assistance form the World Bank and other MDBs.

In our opinion, it should be possible to raise between $25-30 million in blue sovereign debt. Part of the proceeds of this could be used to refinance recent debt which the Government has had to assume, invest in national hurricane risk, and reef damage policies as well as to provide finance to coastal micro and SME companies using the National Bank of Belize and selected credit unions to disburse the loans.

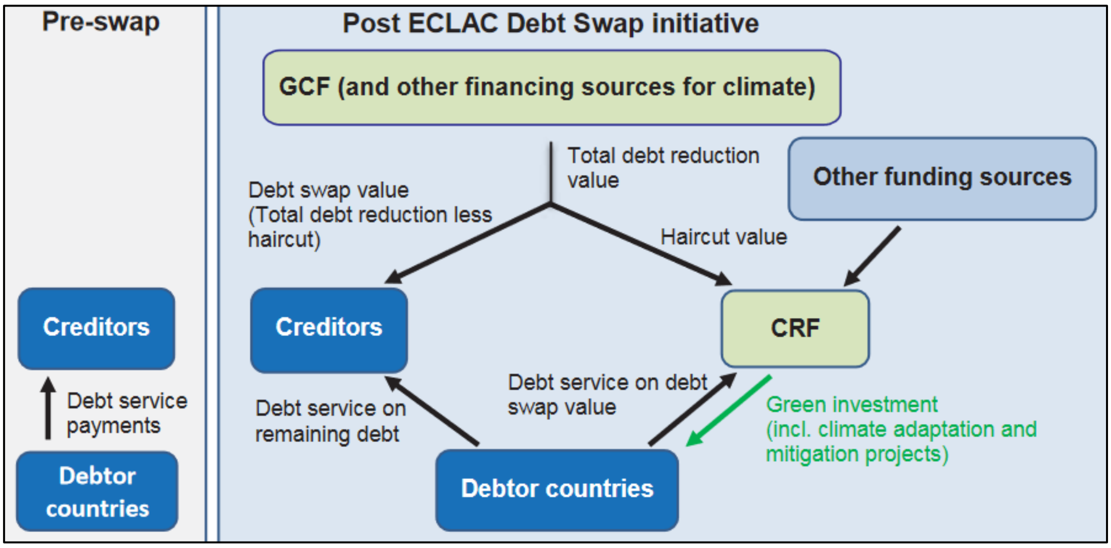
The publicity generated from this activity as well as the creation of a one-stop investment portal whereby international investors are matched with local "blue economy" entrepreneurs could also attract foreign direct investment in the form of equity capital to larger domestic entrepreneurs (or co-operatives formed by pooling the activities of smaller scale operators) in this sector. This inward investment could be recorded in a Central Bank register of 'over the counter' OTC type transactions.

3) Debt for climate adaptation swaps

- In 2016, ECLAC proposed a debt for climate swap strategy so that the Caribbean can assist economies with financing, adaptation, and mitigation projects, and in so doing, jump start economic growth, while easing the burden of debt. Although this initiative was well received at the time, practically speaking it has not yet been implemented, although discussions have become more advanced. Given higher levels of debt in Belize, it might be timely to revisit this idea, particularly since both the Commonwealth and the World Bank voiced support for the concept. The ECLAC proposal involves the use of pledged funds from the Green Climate Fund (GCF) to write down public debt in Caribbean countries – at that time it was suggested that the GCF had about $2.6 billion available for this type of activity. The proposal goes beyond a traditional debt restructuring, since it links debt relief to investment in sustainable development and green economy projects. In other words, it offers a strategy to provide fiscal space and relief to economies overburdened by public debt and debt servicing costs, while at the same time directing increased resources towards investment in climate adaptation projects and green industries to build resilience. Each country would pay off existing debt at a discount to their multilateral or donor lenders and then pay a lower debt service into a to be established Caribbean Resilience Fund (CRF). The CRF would be administered by a credible regional financial institution like the Caribbean Development Bank. Resources from the Fund could then be accessed to finance climate change adaptation and mitigation projects. According to the ECLAC website:

"The ECLAC Debt for Climate Swap Initiative is ready for take-off and its implementation should be accelerated. Actions must be pursued via a two-track approach:1. Three pilot countries ready to initiate negotiations. Three pilot countries Antigua and Barbuda, Saint Lucia and Saint Vincent and the Grenadines are ready to initiate negotiations with creditors for the debt swaps. A decrease in debt-to-GDP ratio of at least of 12.2 percentage points for each country would allow for the generation of at least one GDP point of resilient growth." It would be worthwhile for Belize to join such an initiative with support from the World Bank and Commonwealth Secretariat.

However, it is not clear from the ECLAC website whether or not the Caribbean Resilience Fund (CRF) has yet been formally established. The CRF would advance strategies for climate adaptation, green investment and resilience-building, while the negotiations on debt reduction are being pursued. This would allow for an earlier response to the need for support in implementing climate adaptation and green industry projects for the three named pilot countries, thus enabling immediacy of impact in respect of resilience-building, even as the negotiations on the debt swap proceed. The CRF will be capitalized, initially, through a combination of contributions from international financial institutions, bilateral donors and the Green Climate Fund (GCF); and subsequently from the haircut values negotiated through the swap and discounted debt repayments on the part of the beneficiaries. A diagram follows:



Source: Economic Commission for Latin America and the Caribbean (ECLAC)
Note: Arrows indicate financial flows

We recommend this initiative due to the anticipated involvement of the Caribbean Development Bank as Fund Manager. The CDB has excellent credit ratings (Moody's: AA1/Stable, S&P: AA+/Stable and Fitch: AA+/Stable), which will help to secure "other funding sources", particularly from outside of the Americas, especially we would expect strong financial support from the EIB for such an initiative. Belize has a 40 year old relationship with the CDB and therefore a well established track record with that institution.

ANNEX 1

A list of major potential public sources of finance or funds, mainly from Multilateral or Donor Country sources with a short description follows:

The **Adaptation Fund** (AF) was established to finance concrete adaptation projects and programs in developing countries that are parties to the Kyoto Protocol and are particularly vulnerable to the adverse effects of climate change. Adaptation Fund investments predominantly support food security, agriculture, water management, and disaster risk reduction projects for the promotion of community resilience. Uniquely, financing for the Adaptation Fund comes mainly from sales of certified emission reductions (CERs).

AgroLAC 2025 Multidonor Trust Fund finances activities that focus on improving agricultural productivity and natural resources management as a means of enhancing food security and reducing poverty. The main areas of intervention are financing non-reimbursable operations (Technical Cooperation and Investment Grants) for

- project design and studies;
- formulation / review of national strategies and policies;
- training and other knowledge events, and
- Demonstration and pilot projects

within the following three pillars: i) Agricultural/Environmental management; ii) Increased Productivity through Sustainable Intensification; iii)Trade and Access to Markets. Specifically, this platform aims to promote projects related to food and crops of value-added commodities, livestock, fisheries, agroforestry and related to institutional capacity and governance. It is part of the Inter-American Development Bank's (IADB), NDC Invest platform, a one-stop shop of the IADB Group to help countries access resources needed to translate national climate commitments into investment plans and bankable projects. NDC Invest is a platform that includes the entire universe of financial and non-financial instruments of the IDB Group.

The **Canadian Climate Fund for the Americas** (C2F) aims to catalyse private sector investment in climate change mitigation and adaptation in Latin America and the Caribbean. The fund co-finances the IDB Group's private sector climate projects in Latin America and the Caribbean that need concessional financing to be viable. C2F is part of IADB's, NDC Invest Platform.

The **Caribbean Development Bank** is a regional financial institution, which was established in 1970. The Bank came into existence for the purpose of contributing to the harmonious economic growth and development of member countries in the Caribbean, and promoting economic cooperation and integration among them, having special and urgent regard to the needs of the less developed members of the Region.

Caricom Development Fund: The Caricom Development Fund and the Caribbean Centre for Renewable Energy and Energy Efficiency have two facilities intended to support sustainable energy projects within the Caribbean CARICOM Community. These are the CCREEE Project Preparation Facility (PPF) and the Credit Risk Abatement Facility (CRAF), an intervention of the CARICOM Development Fund (CDF). The CCREEE PPF was established with a view to tackle barriers to the development of high-quality sustainable energy projects across CARICOM, while the CRAF seeks to incentivise additional lending from local financing institutions for renewable energy and energy efficiency interventions in CDF Member States.

- A Credit Risk Instrument (CRI) to stimulate additional lending – by underwriting up to 80% of a loan for renewable energy and energy efficiency projects, the CRI would mitigate the risk of loss if and/or when a borrower defaults.

- A Technical Assistance Programme to grow the market by helping local participants such as SMEs, energy service companies and financiers to build capacity. and
- A programme of monitoring, evaluation and incremental improvement.

In July 2018, key regional stakeholders validated and approved these core design elements, which paved the way for the start of Phase 2 of the project, which is presently underway. A specialist private sector Camco is assisting the implementation of this phase, which is preparing an initial transaction pipeline.

CCRIF SPC is a not-for-profit risk pooling facility, owned, operated and registered in the Caribbean for Caribbean governments. It offers parametric insurance designed to limit the financial impact of catastrophic tropical cyclones, earthquakes and excess rainfall events on Caribbean governments by quickly providing short-term liquidity when a policy is triggered. Products are offered through segregated portfolios, which allows for total segregation of risk. CCRIF also manages a technical assistance programme, offering small grants for disaster risk management (DRM) and adaptation focused projects or capacity building initiatives.

The **Clean Technology Fund** (CTF) is one of the two multi-donor trust funds within the wider Climate Investment Funds (CIFs). The CTF was established in 2008 to provide emerging economies with scaled-up financing for the demonstration, deployment, and transfer of low-carbon technologies with a significant potential for long-term greenhouse gas (GHG) emission savings. The CTF received 5.5 billion in commitments, to be deployed through six partner multilateral development banks (MDBs).

The **Climate Change Technical Assistance Facility** (CCTAF) provides advance conditional funding for activities associated with the development of project -based carbon assets (credits) under the Clean Development Mechanism (CDM) and Joint Implementation (JI) instruments of the Kyoto Protocol.

The **Danish Climate Investment Fund** (KIF) has a dual purpose. Firstly, it will contribute to reducing climate impacts and global warming by investing in projects that will reduce greenhouse gas emissions. Secondly, the fund will invest in projects that will promote the transfer of Danish technology, thereby supporting Denmark’s leading position in this expanding market in developing countries and emerging markets. Its technology/sector focus is on small hydropower, geothermal, wind, solar, and biomass energy. The Fund offers risk capital and advice for climate investments in developing countries and emerging markets in Asia, Africa, Latin America and parts of Europe.

The **European Bank for Reconstruction and Development** (EBRD) differentiates between concessional climate finance and other concessional finance in its programs. The EBRD has a Sustainable Energy Initiative (SEI) which is the umbrella under which climate finance is mainstreamed in the EBRD. It has two targets: (i) the number of tons of carbon dioxide emissions reduced (through its projects) and (ii) maintaining financing under the Sustainable Energy Initiative at 25 percent or more of EBRD’s portfolio.

The **ECO Business Fund** was established in December 2014 by KfW, the German Development Bank, Conservation International and Finance in Motion. The Fund´s mission is to “promote business and consumption practices that contribute to biodiversity conservation, to the sustainable use of natural resources, and to mitigate climate change and adapt to its impacts, initially in Latin America and the Caribbean
The Fund pursues this mission by providing financing and/or technical assistance to qualified financial institutions (FIs) and businesses in four focus areas:

- Sustainable agriculture, agribusiness, fishery and aquaculture
- Sustainable forestry and tourism

The **European Investment Bank** (EIB) is the lending arm of the European Union. They are the biggest multilateral financial institution in the world and one of the largest providers of climate finance. The European Investment Bank Group – the European Investment Bank and Fund– can help support the EU to deliver on the long-term goals of the European Green Deal and UN Sustainable Development Goals more broadly. The EIB Group is one of the largest global financiers of sustainable development in general, and climate action and environmental sustainability in particular. Through a wide spectrum of financial products and advisory services, it can work with partners to help support long-term green investment needs. Importantly, the EIB Group can support the entire spectrum of technological innovation: from seed capital for very early-stage development through to senior debt for mature technologies. The EIB will increase its level of support to climate action and environmental sustainability to exceed 50% of its overall lending activity by 2025 and beyond and help to leverage up to €1 trillion of investment by the EIB Group.

The **Energy Sector Management Assistance Program** (ESMAP) is a grant providing global knowledge and technical assistance program administered by the World Bank. It provides analytical and advisory services to low- and middle-income countries to increase their know-how and institutional capacity to achieve environmentally sustainable energy solutions for poverty reduction and economic growth.
ESMAP catalyses change by:

- Strengthening policy frameworks, and reforming energy prices and subsidies
- Helping countries to secure affordable, reliable, sustainable, and modern energy supply to end extreme poverty and boost shared prosperity
- Facilitating the transition to lower carbon and resilient energy systems, de-risking investments, and integrating variable renewable energy into power grids
- Working at the nexus of energy, water, transport, buildings, industry, and urban development

The FCPF (Forest Carbon Partnership Facility) is a global partnership of governments, businesses, civil society, and Indigenous Peoples focused on reducing emissions from deforestation and forest degradation, forest carbon stock conservation, the sustainable management of forests, and the enhancement of forest carbon stocks in developing countries (activities commonly referred to as REDD+). The FCPF has two separate but complementary funding mechanisms — the Readiness Fund and the Carbon Fund.

The **French Facility for Global Environment** (FFEM) has been working to promote protection of the global environment in developing countries since it was established by the French government in 1994. FFEM's funding has historically been divided into areas of intervention: climate, biodiversity, international waters, land degradation, pollutants and the Ozone. Project and program implementation. The French Development Agency (AFD) is responsible for the administrative and financial management of the FFEM and is hosting its secretariat.

The **German Government** has a range of initiatives to support climate change and greening economies. Their Federal Ministry for the Environment (BMU) has launched a new funding round of the thematic selection procedure under International Climate Initiative (**IKI**). For 2020, the first phase of this two-stage selection procedure was designed as a competition for entrants worldwide, with ideas about projects for climate action and biodiversity conservation in developing and countries in transition. Each project was able to apply for funding between EUR 5 million and EUR 30 million. Organisations which were
entitled to apply for funding include non-governmental organisations, commercial enterprises, governmental implementing agencies, universities, research institutions from Germany and abroad as well as international intergovernmental organisations such as development banks or United Nations organisations and programmes.

The **Global Climate Partnership Fund** (GCPF) facilitates broad-based investments in climate-relevant projects in selected countries. To this end, it provides local financial institutions with credit lines, which these institutions then use to offer loans for investments in renewable energies, energy efficiency and the reduction of greenhouse gases. The fund aims to achieve significant leverage of public funds by mobilising additional financial resources from public and private investors. In parallel with the GCPF, a Technical Assistance Facility has been established to provide Technical Assistance (TA), primarily to assist investees of the fund in their development and growth as well as to facilitate new and protect existing investments of the Fund. The TA Facility is sponsored by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and the Development Bank of Austria (OeEB). Activities which could be funded through the TA Facility include: Business development support; Technical appraisals of potential initiatives; support financial institutions in developing their sustainable energy financing portfolio, including the design of dedicated products; improve the social and environmental management systems (SEMS) of GCPF partner institutions; Market research as well as feasibility studies to enable the start-up and planning phases of potential direct investments.

The **Global Environment Facility** (GEF) The GEF has a unique governing structure of a for its 184 member countries. It is organized around an Assembly, a Council, a Secretariat, 18 Agencies, a Scientific and Technical Advisory Panel (STAP) and an Evaluation Office. It serves as a financial mechanism for several environmental conventions. The GEF provides funding to assist developing countries in meeting the objectives of international environmental conventions. It serves as a "financial mechanism" to five conventions: Convention on Biological Diversity (CBD), United Nations Framework Convention on Climate Change (UNFCCC), Stockholm Convention on Persistent Organic Pollutants (POPs), UN Convention to Combat Desertification (UNCCD), and Minamata Convention on Mercury.

The **Global Innovation Lab for Climate Finance** (the Lab) is a public-private initiative that aims to drive billions of dollars of private investment into climate change mitigation and adaptation in developing countries by fast-tracking the development of promising ideas to implementation-ready projects through identifying, developing, and piloting transformative climate finance instruments. Developed countries have committed to jointly mobilize USD 100 billion per year in climate finance to developing countries by 2020, from public, private, and alternative sources, in the context of meaningful mitigation and transparency of action. The Lab contributes to this collective effort by identifying and developing transformational proposals that will mobilize private investment at scale. Concessional and market-based loans will be made available to the private sector.

The **Green Climate Fund** (GCF) was set up in 2010 and aims to promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change. The Green Climate Fund is an operating entity of the Financial Mechanism of the UNFCCC and the Paris Agreement.

The **InterAmerican Development Bank** (IADB or IDB) aims to achieve development in a sustainable, climate-friendly way. With a history dating back to 1959, today we are the leading source of development financing for Latin America and the Caribbean. They provide loans, grants, and technical assistance and conduct extensive research. In 2015, after the Paris Agreement, the IADB created **NDC Invest**, a one stop shop platform which offers financial solutions and technical support to help build national goals and determined contributions and transform them into attainable plans that should generate prosperous, resilient and neutral carbon economies by 2050. Their Finance Mobiliser Initiative support efforts to mobilize public and private finance for climate action at scale. In 2019, the areas agreed were Adaptation 24%. Mitigation 43%. Dual 33%.

The **International Fund for Agricultural Development** (IFAD) is an international financial institution and specialized United Nations agency based in Rome, the UN's food and agriculture hub. Since 1978, they have provided US$22.4 billion in grants and low-interest loans to projects that have reached an estimated 512 million people. Small-scale agriculture is central to their development model, which connects farmers and poor rural women and men to markets and services so they can grow more and earn more.

The **International Finance Corporation** (IFC) offers investment, advisory and asset management services to encourage private sector development in less developed countries. The IFC is a member of the World Bank Group. It was established as the private-sector arm of the World Bank Group, to advance economic development by investing in for-profit and commercial projects for poverty reduction and promoting development. They mobilise financial resources for private enterprise, promoting accessible and competitive markets, supporting businesses and other private-sector entities, and creating jobs. In recent years, the IFC has focused on a set of development goals that its projects are expected to target. Its goals are to increase sustainable agriculture opportunities, improve healthcare and education, increase access to financing for microfinance and business clients, advance infrastructure, help small businesses grow revenues, and invest in climate health.

KfW is one of the world's leading promotional banks. KfW has been committed to improving economic, social and environmental living conditions across the globe on behalf of the Federal Republic of Germany and the federal states since 1948. To do this, it provided funds totalling EUR 77.3 billion in 2019 alone. Of this amount, 38% was used for climate and environmental protection. Its financing and promotional services are aligned with the United Nations' Agenda 2030 and contribute to the achievement of the 17 Sustainable Development Goals (SDGs). What they do:

- Promotion of small- and medium-sized enterprises and start-ups
- Provision of equity capital
- Programmes for the energy-efficient refurbishment of residential property
- Support for measures aimed at protecting the environment
- Educational funding for private customers
- Financing programmes for municipalities and regional promotional banks
- Export and project finance
- Promotion of developing countries and emerging economies
- Financing and advice for companies in developing countries and emerging economies

KfW Development Bank is promoting projects with the International Union for Conservation of Nature and Natural Resources (IUCN) in Latin America with a contribution of €18.9 million.

The **NAMA Facility** was launched by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMU) and UK Department of Business, Energy and Industrial Strategy (BEIS, former DECC) in December 2012. The Danish Ministry of Energy, Utilities and Climate (EFKM) and the European Commission joined the NAMA Facility as new Donors in 2015. NAMAs are an important vehicle to implement Nationally Determined Contributions (NDCs) under the Paris Agreement. NAMA Support Projects (NSPs) are selected for support through an open and competitive process, which ensures that the most ambitious NAMA Support Projects from around the world go forward.

The **Norwegian government** aims at supporting efforts to slow, reduce and eventually halt greenhouse gas emissions resulting from deforestation and forest degradation in developing countries (REDD+) through its grant based International Climate and Forest Initiative. The Norwegian Climate and Forest Initiative's main objective is to reduce and reverse the loss of tropical forests and contribute to a stable climate, protect biodiversity and enhance sustainable development. Two sub-goals include: i) contributing to sustainable land use; and ii) contributing to reduced pressure on forests from global markets.

OPIC/US International Development Finance Corporation Belize is designated as an upper middle-income country. DFC prioritizes investments in low and lower-middle income countries and may consider investments in certain projects in upper-middle income countries that address key agency priorities. OPIC offers a variety of financial products on a case by case basis.

The **Pilot Program for Climate Resilience** (PPCR) is a targeted programme of the Strategic Climate Fund (SCF), which is one of two funds under the Climate Investment Funds (CIF) framework. The PPCR aims to pilot and demonstrate ways in which climate risk and resilience may be integrated into core development planning and implementation by providing incentives for scaled-up action and initiating transformational change in participating pilot countries. The application of all CIF finance (concessional loans, grants, and guarantees through the Multilateral Development Banks. The PPCR is designed to provide programmatic finance for climate resilient national development plans with four main objectives:

- Demonstrate approaches for integration of climate risk and resilience into development policies & planning; enable learning-by-doing and sharing of lessons
- Strengthen capacities at the national levels to integrate climate resilience into development planning
- Scale-up and leverage climate resilient investment, building on other on-going initiatives

The **SECCI Multi-Donor Fund** is targeted to help countries reduce institutional, policy, financial, and technological barriers that are constraining the adoption of renewable energy, energy efficiency, biofuel investments and activities, and also barriers that are limiting their participation in the carbon markets.
The support is geared towards (i) designing and setting up new financial mechanisms oriented to lower risk and financial barriers; (ii) financial and market studies; (iii) technical feasibility analysis; (iv) policy reforms and support targeted for programmatic CDM projects; (v) training, knowledge dissemination, and capacity building; (vi) demonstration projects; (vii) information and monitoring systems; (viii) methodology development; and (ix) setting up of national programs. The resources of the SECCI Multi-donor Fund may also be used to finance investment grant operations. SECCI Multi-Donor Fund is part of IADB's NDC Invest Platform.

The **Small Grants Program** (SGP) is a corporate program of the GEF which is implemented by the United Nations Development Program (UNDP) since 1992. GEF SGP grant making in over 125 countries promotes community-based innovation, capacity development, and empowerment of local communities and civil society organizations (CSOs) with special consideration for indigenous peoples, women, and youth.

The **Small Islands States Resilience Initiative** (SISRI) is a global program launched by the World Bank in September 2014, in response to calls for greater and more effective support to build their resilience to climate change and disaster risk. The goal of SISRI is to support Small Island States in reducing climate and disaster risks to their populations, assets, ecosystems and economies. Purpose of support: Scoping and project preparation, creating enabling environments and building institutional capacity.

The **Weather Risk Management Facility** (WRMF) is a joint initiative by the World Food Programme (WFP) and the International Fund for Agricultural Development (IFAD) established in 2008 to reduce smallholders' vulnerability to weather and other risks that limit agricultural production. It aims to encourage and protect investments in smallholder agricultural production and enhance food security. WRMF Activities:

- High quality operational research

- Capacity building in weather risk management for food security and agriculture
- Implementing initiatives for innovative risk management solutions, such as agricultural index insurance (including weather, and remotely-sensed indexes). These solutions can be mainstreamed within WFP's and IFAD's programmes, as well as those of other partners, for an integrated resilience building approach to climate disasters and change.

The **World Bank Group** is committed to playing an important role in helping countries integrate climate action into their core development agendas. Its financial arm, the IFC began using blended concessional finance in 2005 to help investors manage the higher risks or uncertainties associated with new, unproven technologies or first-of-their kind projects. To make progress on the climate agenda, at a scale that is needed in a narrowing window of opportunity, private sector participation is essential. IFC has a proven track record of mobilizing and intermediating concessional finance through successful partnerships that work toward the transition to a low-carbon future.

A list of selected potential specialist, SME focused private sources of finance, with a short description follows:

The Eco Enterprises Fund offers tailored growth capital and strategic guidance to innovative sustainable businesses in order to scale and optimize their financial, environmental and social performance. Since 1998 they have successfully managed three successive funds that have financed nearly 50 companies. They have built a track record of delivering portfolio results by providing tailored mezzanine, quasi-equity, and long-term debt instruments to drive growth in expanding sectors such as regenerative agriculture, agro-forestry, sustainable aquaculture, ecotourism, certified forestry, and emerging nature-based opportunities particularly for small sized indigenous business. The IADB is a key investor.

&Green was established as a Dutch foundation ("Stichting") in July 2017 and currently has USD 127m in capital committed through grants and redeemable grants from its contributors.
It was developed and set up by IDH Sustainable Trade Initiative working in close collaboration with NICFI, which is also the anchor investor into &Green. The Fund provides credit or guarantees to finance commodity supply chain projects, all of which have progressive forest and/or peatland protection strategies & policies.

Finance in Motion is one of the world's leading impact asset managers. Focusing exclusively on development finance, they have mobilized over EUR 5 billion for positive change in low and middle-income countries over the course of their operations. They develop and advise impact investment funds that focus on small business development, energy and resource efficiency, conservation of biodiversity, and climate action. Their impact €2.5 billion funds pioneered the "public-private partnership" model. This structure enables public monies to mobilize funding from private investors for development. Finance in Motion is a licensed asset manager according to German banking law and is supervised by the German federal financial supervisory agency.

Forestry & Climate Change Fund is a pioneering impact fund aiming to demonstrate that sustainable forestry within secondary & degraded tropical forests generates economic, ecological and social value and contributes to healthy landscapes, climate change mitigation & adaptation and local economic development. It enables access to responsible financing sources for local actors and supports the development of viable enterprises. The Fund also constitutes an investment opportunity into innovative climate finance for different types of investors. FCCF is a sister fund of the Luxembourg Microfinance and Development Fund and is advised by UNIQUE forestry and land use, a specialized investment adviser based in Freiburg, Germany.

Lightsmith Group Their Adaptation SME Accelerator Project (ASAP) is a grant-funded initiative led by Lightsmith and supported by the Global Environment Facility, Conservation International, and the Inter-American Development Bank which seeks to build an ecosystem for small- to medium-sized companies in emerging markets that have technologies, products, and services that can be used to build resilience to the impacts of climate change (“Adaptation SMEs”). The program includes the identification of Adaptation SMEs around the world operating in sectors such as food & agriculture, analytics & risk modelling, water, insurance & risk transfer, energy, transportation, and infrastructure, among others, to be aggregated into a publicly searchable database.

Mirova was created to bring together abundant capital and savings with the investment needs of a real, sustainable and value-creation economy. Since its formation, it has benefited from the sustainable asset management expertise developed over 20 years by Natixis Investment Managers and has seen considerable growth in its operations and its investor base. With €500 million under management, their Mirova Natural Capital Fund has become an international leader in sustainable finance. They design solutions for public and private investors willing to invest in nature-based solutions. Their strategies are aimed at financing projects that combine profit with purpose: ecosystem conservation, restoration and sustainable livelihoods for local communities.

Pomona Impact is an impact investment fund that invests in innovative for-profit and social-purpose companies in Central America, Mexico, Colombia and Ecuador. It invests in growth stage social enterprises in Central America, Mexico, Colombia and Ecuador. In particular, they identify for-profit company which bring about social or environmental change through their business. They invest in the agro-processing, basic services and digital economy sectors that require investment of USD 500,000 to USD 2,000,000.

Root Capital invests in the growth of agricultural enterprises, so they become engines of impact that transform rural communities. They seek out enterprises whose credit needs are too big for microfinance and too small or risky for commercial banks. They provide loans ranging from about $200,000 to $2 million specially tailored to harvest and sales cycles. To help businesses grow over the long-term, they mix that financing with highly-customized training to strengthen their financial management, governance, and agronomic capacity.

SEAF Small Enterprise Assistance Funds which provides entrepreneurs in emerging markets with the capital, knowledge, and networks. Since 1989, SEAF has made more than 425 investments across 40 funds in more than 31 countries. The recently launched SEAF’s 40th fund, the SEAF Caribbean SME Growth Fund, is a private equity fund that invests growth capital in small and medium-sized enterprises throughout the English-speaking countries of the Caribbean Common Market (CARICOM). It is seeking opportunities in promising sectors such as manufacturing, tourism, agribusiness, healthcare, training and education, ICT and financial inclusion, renewable and clean energy services, retail distribution, and transport and logistics. Similar to all SEAF funds, the Fund aims to generate both attractive financial returns and strong social impact by providing equity and active business partnership to companies that have traditionally lacked access to institutional risk capital. Target $100m.

The purpose of listing the previous public and private type institutions is to demonstrate that there are already many specialist financial institutions available to Belize which can be approached for climate change and green economy type capital. The following list of funds comes from a Top 20 ranked global climate funds, (ranked by New Money, a sustainable finance specialist consultancy) some of which could be suitable targets for investment in Belize. This is just to give an idea of the scale and scope of some key private sector funds.

Selected from a list of “Top 20 global private sector funds” which invest in climate change. Sources: New Money 2020, Trust Net and company websites.

Hermes Impact Opportunities Equity Fund has 8 core impact themes and aims to increase the value of investments over the long term. The companies held in the fund have the potential to provide innovative solutions to societal needs delivering positive social and environmental impact. They invest globally in a diversified portfolio of companies of any size. The fund size is $555 million.

Impax Environmental Markets PLC is a specialist, small & mid cap global environmental solutions fund The Company’s objective is to enable investors to benefit from growth in the markets for cleaner or more efficient delivery of basic services of energy, water and waste. Investments are made predominantly in quoted companies which provide, utilise, implement or advise upon technology-based systems, products or services in environmental markets, particularly those of alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management (which includes sustainable food, agriculture and forestry). The fund size is £634 million.

Jupiter Global Sustainable Equities This is a low carbon global fund. The objective of the Fund is to provide a return that is higher than that provided by the MSCI AC World Index over the long term (at least five years). At least 70% of the Fund is invested in shares of companies which offer the potential for growth and that meet the Fund's environmental, social and governance considerations based anywhere in the world. Up to 30% of the Fund may be invested in other assets, including shares of other companies, open-ended funds (including funds managed by Jupiter), cash and near cash. The fund size is £73 million.
Montanaro Better World is a global equity fund with 6 core themes and a focus on impact. The investment objective of the Fund is to deliver long-term capital growth. It will invest in small to medium sized companies. The fund size is €707 million.

Rathbone Global Sustainability is a high conviction fund that combines ethical screening with a thematic approach based on the Sustainable Development Goals. They aim to deliver a greater total return than the FTSE World Index, after fees, over any five-year period. They invest globally, although most of them don’t invest using a sustainability framework. The fund size is £72 million.

Triodos Pioneer Impact This is a thematic fund investing in multiple social & environmental themes. The Fund aims to support positive change by investing in companies that contribute to positive change and by engaging with these companies to increase their contribution. The fund invests in global equities of innovative small and medium-sized listed companies that specifically contribute to climate protection, healthy people and a clean planet. In addition, the fund invests in companies that are pioneers in terms of corporate social responsibility within their sector. The fund aims to hold a concentrated portfolio of long-term equity positions, diversified across sectors, regions, and impact themes. The return of the fund is determined on the one hand by dividend income on the equity investments minus the costs of managing the fund, and on the other hand by the market value changes of the investments. The fund' size is €528 million.

Wellington Global Impact This is one of the earlier impact funds with significant emerging markets exposure. The Wellington Global Impact Fund seeks long-term total returns by investing primarily in global equities, focusing on companies whose core business aims to generate a positive social and/or environmental change alongside a financial return. Although the portfolio is not constructed relative to a benchmark, the MSCI All Country World Index will serve as a reference benchmark. The fund size is $1 billion.

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