

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	Belize
▪ TC Name:	Strategic Planning to Strengthen Agricultural Trade and Food Safety
▪ TC Number:	BL-T1073
▪ Team Leader/Members:	Team Leader: Sybille Nuenninghoff (RND/CBL); Team Members: Onil Banerjee (INE/RND); Andres Fabian Suárez Sandoval (FMP/CCR); John Alexander Corbett Primo (FMP/CBL); Pilar Jimenez (LEG/SGO); Lisa Sofia Restrepo (INE/RND); and Elizabeth Ayala (CID/CBL)
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination.	Client Support
▪ Reference to Request:	IDBDOCS #39475621 ¹
▪ Date of TC Abstract:	March 27 2015
▪ Beneficiary:	Government of Belize
▪ Executing Agency and Contact Name:	Ministry of Natural Resources and Agriculture (MNRA) through the Policy and Planning Unit (PPU) CEO: José Alpuche
▪ IDB Funding Requested:	US\$350,000 (Food Security Fund / FOD)
▪ Local counterpart funding, if any:	US\$70,000 (in-kind)
▪ Disbursement period (which includes execution period):	24 months
▪ Required start date:	May 2015
▪ Types of consultants:	Individual consultants and firms
▪ Prepared by Unit:	INE/RND
▪ Unit of Disbursement Responsibility:	CID/CBL
▪ Included in Country Strategy (y/n);	Y
▪ TC included in CPD (y/n):	Y
▪ GCI-9 Sector Priorities:	(i) Supporting development in small and vulnerable countries (GN-2616-2); and (ii) competitive regional and global integration

II. Objective and Justification

2.1 The agriculture and food sector is one of the main pillars of the Belizean economy, contributing significantly to Gross Domestic Product (GDP; 16.77%),² employment (17.9%), income generation, and food and nutritional security. The agricultural sector is also important to economic growth and development, and a major earner of foreign exchange with the sector responsible for 80% of domestic exports.³ Belize's agricultural sector in general and agricultural exports in particular, faces significant challenges, however, exports are highly concentrated in five products with low value added accounting for 70% of total

¹ Programming Review Mission Aide Memoire of February 2015

² Statistical Institute of Belize, 2015. Gross Domestic Product by Activity. Belmopan: SIB. Retrieved March 21, 2015 from: <http://www.sib.org.bz/statistics/gross-domestic-product>

³ Statistical Institute of Belize, 2015. Annual Exports and Imports 2003 - 2014. Belmopan: SIB. Retrieved March 21, 2015 from: <http://www.sib.org.bz/statistics/merchandise-trade>

domestic exports (citrus, bananas, sugar, marine products and papayas). There is little dynamism in these products, perhaps with the exception of cattle-based products, the emerging aquaculture sector, and papayas.⁴ Export markets are also highly concentrated with practically all exports of citrus juice and papayas going to the United States and exports of sugar and bananas shipped to the European Union. With the erosion of preferential agreements for agricultural products, agricultural diversification and increasing the value added of exports is critical if the agricultural export sector is to remain relevant and a driver of rural poverty reduction. Based on data from the Central Bank of Belize exports of agricultural goods increased considerably, from about US\$211 million in 2000 to US\$367 million in 2012. Increasing production of citrus fruits, papayas, and, to a lesser extent, bananas, drove this increase.⁵ Exports of sugar, which have varied from one year to the next, reached US\$108 million in 2012 but declined in relative importance as exports of other agricultural goods increased in the last decade.⁶

2.2 Belize has the land, labor, technology and comparative advantage (e.g. tropical fruits and vegetables, chocolate and pepper sauces) to expand traditional agricultural export volumes, increase value added and access new export markets. To do so, three critical constraints must be addressed, which are considered to be the direct causes of the symptoms diagnosed in section 2.1 above. Specifically: (i) timely and reliable agricultural-sector data is not available, which is a major constraint on investment and innovation, as well as for the development of evidence-based policy; (ii) a strong sanitary and phytosanitary system for agricultural goods is required to consolidate emerging export markets, define new export markets and achieving economies of scale; and (iii) Belize suffers from high import tariffs with high dispersion, inefficient export/import licensing, and price controls all of which, in many cases, are contrary to current economic wisdom, and are proven to hinder innovation. The first two of these barriers to agricultural and export growth are the focus of this Technical Cooperation (TC) and are discussed in turn, while the third barrier, requiring significant political deliberation, is being addressed through a separate IDB financed study (Foster & Valdes, 2014).

2.3 Better decisions for policy and investment are made on the basis of better data. It is an established fact that agricultural sector data in Belize is lacking in coverage, quality and timeliness. The current system for collecting agricultural data, which is then used to inform the country's National Accounting System, is based on expert opinion with an emphasis on large farming operations⁷. Intuitively absent from this accounting then are the medium and

⁴ Integration and Trade in Belize, Technical Note, Integration and Trade Sector (INT/INT), No. IDB-TN-606, December, 2014.

⁵ See <https://www.centralbank.org.bz/home>

⁶ Roseboom, J., 2009. An Analysis of the Existing Applied Research and Extension Capacity in Belize Technical Annex to Agricultural Services Program BL-L1009. Washington DC, IDB.

⁷ Foster, W., & Valdes, A., 2014. Measuring the Effect of Agricultural Trade and Price Interventions in Belize on Producer Incentives and Consumer Real Income: 2010 - 2013 Report for the Inter-American Development Bank. Washington DC: IDB.

small enterprises, not to mention the informal sector which constituted over 46% of the Belizean economy last decade⁸. With Belize's Farm Registry recording 24% of farms smaller than 5 acres and 57% of farms less than 20 acres,⁹ the potential for under-accounting of agricultural output is non-trivial. The Ministry of Agriculture and Natural Resources (MNRA), while potentially having sufficient staff, currently lacks the institutional framework and capacity to collect, process and report agricultural statistics in a scientific and systematic manner. The Statistical Institute of Belize (SIB), whose function is to collect and report the nation's official statistics with a staff of approximately 35 is under-resourced to fulfill this role. The importance of reliable and timely statistical information was identified in Belize's draft National Agriculture and Food Policy (NAFP) as essential for evidence-based policy making and critical to the implementation, monitoring and evaluation of all dimensions of the NAFP. Furthermore, the strengthening of rural statistics is a common and critical element of Proposals for the Post 2015 Development Agenda and enabling monitoring and evaluation of progress toward the Sustainable Development Goals.

- 2.4 With regards to Belize's sanitary and phytosanitary system, the expansion of international trade has significantly increased the risk of the introduction of foreign animal and plant pests and diseases, and food-borne illnesses. To reduce risk and protect the health of the human population and agricultural sector, in 2000 the Government of Belize (GOB) established the Belize Agricultural Health Authority (BAHA).¹⁰ BAHA has an extensive mandate covering animal health, plant health, food safety and quarantine. BAHA faces significant challenges for effective compliance with its mandate. First, although the GOB has recognized BAHA as the competent authority for food safety,¹¹ the current responsibility for the food control system cuts across three main government institutions, including the Ministry of Health, Belize Bureau of Standards and the Food Safety Department within BAHA, with very little coordination among them. The result of these institutions operating in virtual silos is that there has been, among others, significant duplication of effort or complete lack of surveillance for some agricultural products and uncertainty over responsibilities resulting in inefficiency, ineffectiveness and near paralysis in some instances.

⁸ Vuletin, G., 2008. Measuring the Informal Economy in Latin America and the Caribbean IMF Working Paper WP/08/102. Washington DC: International Monetary Fund.

⁹ Martin, D., & Manzano, O. (Eds.), 2010. Towards a Sustainable and Efficient State: The Development Agenda of Belize. Washington DC: IDB.

¹⁰ BAHA was established as a Statutory Agency through the Belize Agricultural Health Authority Act Chapter 47 of 1999, now known as the Belize Agricultural Health Authority Act Chapter 211 of the Substantive Laws of Belize, Revised Edition 2000-2003.

¹¹ The Statutory Instrument No. 25 (2001) consolidates BAHA's mandate in regard to food safety by designating BAHA as the Competent Authority (CA) in Belize for food safety regulations, with responsibility for monitoring, inspecting, approving and controlling food safety systems in respect of all enterprises that produce or process food for local consumption and/or export from Belize i.e. for ensuring food safety measures at the farm level, in food processing plants, and for the regulation of food transport. The Ministry of Health retains responsibility for ensuring food safety compliance at the retail level.

- 2.5 Given this diagnosis, this TC addresses the major constraints to greater growth and diversification of Belize's agricultural export sector in two components. The first component will build capacity for Belize's agricultural statistics and market information system, and the second component will support the design and implementation of a National Food Safety Control System (NFSCS). The proposed operation is designed in concordance with Belize's National Agriculture and Food Policy, 2015-2030 (NAFP)¹² and BAHA's Corporate 5-Year Strategic Plan (2015-2020).¹³ NAFP identifies improving the marketing information system to reduce transaction costs and enhance efficiency and transparency. Food and nutritional security stands as its own pillar in NAFP, while governance is a cross-cutting theme where inter-institutional coordination is a key line of action.
- 2.6 This TC is consistent with the IDB Country Strategy with Belize (2013-2017; GN-2746) which identified Trade and Tax Policy as one of the strategic priorities. Fostering export-led growth, greater trade integration and competitiveness are keystones to this priority which is enabled by this operation's emphasis on improving agricultural data coverage, quality, timeliness and the overall transparency of the system, and on design and implementation of the NFSCS. Furthermore, the IDB/CID programming mission undertaken in February 2015 confirmed the Technical Assistance Strategy and Program for Belize, which includes this proposed operation. The proposed TC is congruent with the main objective of the Food Security Fund (FOD) which is to provide non-reimbursable technical assistance to improve agricultural production, productivity, and food trade as a means to enhance food security and nutrition. Specifically, the TC is aligned with FOD's mandate to support improvement of sanitary, phytosanitary and food safety systems, and better access, of which information is critical, to agricultural input and output markets. Finally, this operation is aligned with the GCI-9 priorities of: (i) supporting development in small and vulnerable countries (GN-2616-2); and (ii) competitive regional and global integration.

III. Description of Activities and Outputs

- 3.1 **The main objective of this operation** is to contribute to Belize's economic development and national food security and self-sufficiency by improving the evidence base upon which decisions for agricultural investment, innovation and production are made, and enable the expansion and consolidation of traditional export markets and the diversification into new markets whilst achieving economies of scale through the design and implementation of a National Food Safety Control System to regulate international trade in agricultural commodities.

¹² The NAFP is based on the following five pillars: (i) Production, Productivity and Competitive Enhancement; (ii) Market Development, Access and Penetration; (iii) National Food and Nutrition Security and Improved Rural Livelihoods; (iv) Sustainable Agriculture and Risk Management; and (v) Governance, whose purpose is to fulfill the overall goal to engender a conducive environment for the development of an agriculture and food sector that is competitive, diversified and sustainable, that enhances food security and nutrition, and contributes to the achievement of the socio-economic development goals of Belize.

¹³ This Strategic Plan was elaborated through the IDB-financed Agricultural Services Program (BL-L1009).

- 3.2 **Component 1: Strengthening of National Agricultural Statistical System (NASS) and Agricultural Market Information System (AMIS).** This component will strengthen and integrate the NASS and AMIS.¹⁴ The activities to be carried out mirror the pillars of the Global Strategy to Improve Agricultural and Rural Statistics.¹⁵ The Global Strategy provides a framework for agricultural statistics that enables countries to produce the basic data required for evidence-based policy making in the 21st Century. The activities to be undertaken are: (i) conduct an assessment of user group needs and the current NASS and AMIS to produce a minimum set of core data/indicators based on national priorities; (ii) integrate NASS and AMIS into the National Statistical System; and (iii) improve governance and statistical capacity to ensure the sustainability of the NASS/AMIS. Activity (i) will form the basis of the development of a Strategic Plan for Agriculture and Rural Statistics (SPARS), which is the implementation plan for the Global Strategy. Activities in this component will be conducted in close collaboration between the MNRA, the Statistical Institute of Belize (SIB) and the Food and Agriculture Organization (FAO) of the United Nations.¹⁶
- 3.3 **Component 2: Design and Implementation of National Food Safety Control System (NFSCS).** This component will support the GOB to design a comprehensive Food Safety Control System and the respective legal framework through relevant stakeholders' participation in the policy development and implementation process. The expected outputs and activities to be carried out are: (i) Develop a National Food Safety Policy which will include meetings/ workshops with principal agricultural subsectors and other key stakeholders, and the elaboration of an action plan; (ii) develop industry guidelines; (iii) review and make recommendations on existing legislation, including the establishment of a National Food Safety Committee; and (iv) review and update the current Food Safety Draft Bill.¹⁷

¹⁴ While there is overlap between the NASS and AMIS, key differences are in regards to timeliness, representativeness and the dissemination platform.

¹⁵ World Bank, FAO, & UN., 2010. Global Strategy to Improve Agricultural and Rural Statistics. Washington D.C.: World Bank.

¹⁶ And other national public and private sector entities, such as the Belize Livestock Producers Associations (BLPA), the Sugar Industry Research and Development Institute (SIRDI), the Citrus Growers Association (CGA) and the Banana Growers Association (BGA), among others.

¹⁷ The proposed activities in component 2 will be closely coordinated with the currently existing MOU between Belize and EDES-COLEACP Programme.

IV. Indicative Budget (in– US\$)

Activity/Component	Description	IDB/FOD	Counterpart (in kind)	Total
Component 1: Strengthening of National Agricultural Information System (AIS) and Agricultural Market Information System (AMIS)	Consultancy 1: Assessment of the National Agricultural Statistical System (NASS) and the Agricultural Market Information System (AMIS)	30,000	0	30,000
	Consultancy 2: Strengthening of NASS	120,000	0	120,000
	Consultancy 3: Strengthening of AMIS	100,000	0	100,000
Subtotal (Component 1)		250,000	0	250,000
Component 2: Design and Implementation of National Food Safety Control System (NFCSP)	Consultancy 1: Develop a National Food Safety Policy, including establishment of National Food Safety Committee	50,000	0	50,000
	Consultancy 2: Draft of Food Safety Bill	30,000	0	30,000
Subtotal (Component 2)		80,000	0	80,000
Project Management and Implementation	The MNRA provides adequate staff and logistic means to ensure sound project management and timely implementation	0	70,000	70,000
Financial Audit and Final Evaluation		20,000	0	20,000
Total		350,000	70,000	420,000

V. Executing Agency and Execution Structure

5.1 This operation will be executed by the Ministry of Natural Resources and Agriculture (MNRA) through the Policy and Planning Unit (PPU). The PPU will liaise and coordinate closely with other line agencies such as the Statistical Institute of Belize (SIB) and other public and private entities (SIRDI, BLPA and BGA) as it relates to Component 1. Component 2 will be executed in close working relationship between the PPU and BAHA. Close collaboration will also be necessary with BELTRAIDE, the Ministry of Health (MH) and the Belize Bureau of Standards (BBS). The MNRA is currently successfully implementing the IDB financed Agricultural Services Program (BL-L1009; 2220/OC-BL-2). INE/RND will take on the role of overall supervision of this operation through the Natural Resource Specialist (RND/CBL), based in the Country Office (COF/CBL).

VI. Project Risks and Issues

- 6.1 The main risks of this operation are: (i) institutional weakness of PPU and limited knowledge of Bank policies as they relate to fiduciary matters; this will be mitigated by MNRA’s decision to increase PPU staff, demonstrated through the recent recruitment of a Policy Analyst, and to involve key project team members of the Agricultural Services Programme (ASP) in Project Management, such as the Deputy Coordinator of the ASP; and (ii) a lack of coordination with other key entities, such as SIB and BBS. This will be mitigated through the establishment of a Memorandum of Agreements (MOA) between the MNRA and SIB (Component 1) and the establishment of the National Food Safety Committee (Component 2) to strengthen coordination during implementation.

VII. Environmental and Social Classification

- 7.1 It is not anticipated that the activities to be financed in this TC will have negative direct social or environmental impacts. Therefore the team considers that, according to the Bank’s Safeguards Screening Toolkit, this operation should be given a classification of “C”: (i) no environmental or social risks; and (ii) direct contribution to solve environmental issues.

Concurrence:

****original signed****

Pedro Martel
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Date:

March 27, 2015
