

## TC Document

### I. Basic Information for TC

▪ Country/Region:	BELIZE
▪ TC Name:	Strengthening of the Central Executing Unit in the Ministry of Finance, Economic Development and Investment
▪ TC Number:	BL-T1181
▪ Team Leader/Members:	Muente Kunigami, Arturo (IFD/ICS) Team Leader; Vasquez Rossi, Maria Ines (IFD/ICS) Alternate Team Leader; Rivero, Ruthann Rachel (CID/CBL); Watson, Brodrick Raylando (VPC/FMP); Salazar, Astrid Danielle (CID/CBL); Lugo Moreno, Monica Bibiana (LEG/SGO); Martinez, Ynty Koyllor (IFD/ICS); Bueno Londono Daniela (IFD/ICS); Usher, Orchel Lisamarie (CID/CBL); Lunstedt Tapia, Christian (VPC/FMP); Rodriguez, Fabricio (IFD/ICS); Belgrave, Julian Austin (CID/CBL)
▪ Taxonomy:	Operational Support
▪ Operation Supported by the TC:	BL-L1039.
▪ Date of TC Abstract authorization:	04 Jun 2024.
▪ Beneficiary:	Ministry of Finance, Economic Development, and Investment
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Institutions(W2C)
▪ IDB Funding Requested:	US\$90,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	October 31st 2024
▪ Types of consultants:	Individuals, firms
▪ Prepared by Unit:	IFD/ICS-Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	CID/CBL-Country Office Belize
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity and rule of law; Productivity and innovation

### II. Description of the Associated Loan

- 2.1 The COVID-19 pandemic significantly impacted the Belizean economy. Economic growth contracted by 16.7% in 2020. Belize was the only country in Central America to register a decline in the real GDP per capita in the last decade. Post COVID-19 economic recovery and sustained growth requires a focus on improving the innovation and productivity levels of Micro, Small and Medium Enterprises (MSMEs). Innovation is a crucial factor for impacting firm level growth and productivity which in turn contributes to a country's economic growth.
- 2.2 The objective of the Loan Operation BL-L1039 ([5647/OC-BL](#))<sup>1</sup> is to promote digitalization of firms and government services to foster growth and increase the efficiency of Belize's economy. To achieve this objective, the operation includes two components: (i) Digital transformation for firm growth and efficiency. This component will finance activities to stimulate private sector demand for digital transformation and

<sup>1</sup> Approved in 2022 for US\$10,000,000, currently in implementation (17.98% disbursed).

digital innovation and enhance local digital capacities and digitalize government services to firms; and (ii) Digital transformation of government services for citizens. This component aims to support optimization and digitalization of government processes related to citizens registration services.

- 2.3 The loan operation expected beneficiaries are firms in Belize by promoting productivity, efficiency, and innovation. Firms will get access to digital technologies that improve business processes and operations, promote better digital talent and quality service from Information Communication Technology (ICT) services providers; and public officials trained and equipped to lead a more efficient public sector and enabling business and innovation climate for firms to operate in. With a disbursement period of 5 years, this loan operation is executed by the Ministry of Finance, Economic Development, and Investment (MOF).
- 2.4 The loan operation intends to increase private sector productivity and growth by directly supporting digital transformation and strengthening the enabling environment for doing business. It is expected that the implementation of these loan operation will advance the digitalization of firms and government services to promote growth and increase efficiency in Belize's economy. The program is expected to generate a positive social return through: (i) benefits stemming from improvements in the innovative and productive performance of beneficiary firms and startups and (ii) benefits to citizens stemming from new online transactions.
- 2.5 This Technical Cooperation (TC) complements the objective of Operation BL-L1039, as its objective is directly tied to a successful execution of it and other strategic projects managed by the MOF through its Central Executing Unit (CEU). By focusing on strengthening institutional, planning, and management capacities within the CEU, the TC aims to enhance the execution of BL-L1039 and other loan operations under its purview. This enhancement will foster the digital transformation of businesses and government services, thereby promoting economic growth and improving efficiency across Belize.

### **III. Objectives and Justification of the TC**

- 3.1 The main objective of this technical cooperation is to support the Ministry of Finance, Economic Development, and Investment of Belize by strengthening its institutional, planning, and managing capacities to enhance its project execution performance to improve its development effectiveness.
- 3.2 The Government of Belize has established a Central Executing Unit (CEU) within the MOF for the coordination and implementation of IDB-funded projects. The CEU in Belize is the unit responsible for the coordination and implementation of new IDB funded loan projects to provide an efficient and effective way to facilitate the management of the projects, ensuring that all phases are completed on time and within budget. The CEU provides oversight of the financial and operational aspects of the projects, while also ensuring that all relevant regulations and standards are followed while keeping the stakeholders informed on the project's progress<sup>2</sup>.
- 3.3 The main objective of the CEU is to assume the responsibility of executing select Programs financed by the IDB through with this Ministry serving as the Executing Agency (EA). This by combining the procedures to simplify the tasks common to all

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<sup>2</sup> [Central Executing Unit – Ministry of Finance, Economic Development and Investment \(med.gov.bz\)](http://med.gov.bz).

the projects, providing each one with the technical and professional service for each specific area, and thus achieving greater efficiency in the execution, strengthening the government with a tool that provides better comprehensive management<sup>3</sup>. With enhanced institutional capacities and project management tools, this TC will also support and complement the execution of other operations currently managed by the CEU, such as BL-L1038 'Strengthening Public Expenditure Management in Belize', BL-L1042 'Promoting Sustainable Growth in the Blue Economy Program', [BL-L1040](#) 'Trade and Investment Facilitation Program for Belize', and [BL-L1041](#) 'Sustainable and Inclusive Belize'.

- 3.4 To accomplish the CEU's objectives, this unit must identify its organizational weaknesses and strengthen its capabilities. Conducting an analysis of the current institutional structure and performance gaps in managing and implementing IDB operations is necessary. This analysis will help identify institutional gaps that can be addressed through the introduction of best practices to optimize the unit's institutional organization. Additionally, it should involve the introduction and ongoing updates of established project management techniques, tools, and evidence-based methodologies to ensure efficient governance and execution of responsibilities within the unit.
- 3.5 Change management tools are instrumental in facilitating the adequate adaptation of institutional changes. There is vast evidence to suggest that change management tools play a crucial role in successfully navigating transitions by providing frameworks, processes, and resources. Therefore, to promote institutional enhancement effectively, whether at the CEU or within other projects requiring institutional adaptations, organizations must be equipped with comprehensive frameworks for navigating the complexities of change. This approach fosters greater flexibility, resilience, and adaptability in response to evolving circumstances.
- 3.6 **Strategic alignment.** The TC is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631) and is aligned with the objectives of: (i) bolster sustainable regional growth, with the focus area of: (i) Productive Development and Innovation through the Private Sector, by promoting a better and more efficient execution of the loan program BL-L1039 which aims to foster growth and increase the efficiency of Belize's economy. The Program is also aligned with the operational focus area of: (i) institutional capacity, rule of law, and citizen security, as this TC aims to enhance the institutional capacities of the CEU, promoting a better execution of the operations of the IDB in Belize. This TC is also consistent with the Priority Area of "Effective, Efficient and Transparent Institutions" of the Ordinary Capital Strategic Development Program (GN-2819-14) though its first objective (i) contribute to public policies and institutions that are more effective, efficient, transparent, and citizen-centered.
- 3.7 Finally, this TC is also aligned with the Belize Country Strategy 2022-2025 (GN-3086), specifically through the priority area of fiscal sustainability and management. The Bank's support in this strategic area focuses on improving fiscal management and institutions through digitalization. By strengthening the capacities of the Central Executing Unit (CEU), we can expect a positive impact on the digitalization-related loan operations currently being implemented by the Bank in Belize. Additionally, this TC aligns with the priority area of private sector productivity and sustainable growth,

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<sup>3</sup> Operations Manual of the Central Executing Unit BZ.

with a particular focus on MSMEs as it will directly support the execution of Loan Operation BL-L1039, which promotes the digitalization of firms, including targeted support for SMEs.

#### **IV. Description of activities/components and budget**

- 4.1 **Component 1. Institutional Enhancement of the Central Executing Unit (US\$60,000.00).** The objective of this component is to identify project management deficiencies within the CEU and provide recommendations based on best practices to enhance its organizational efficiency. This component will fund an assessment of the CEU of Belize to identify efficiency gaps affecting project management performance, considering the institutional structure of the Belizean government. Based on the assessment, this component will provide recommendations to address the identified gaps using project management best practices. The activities for this component will be as follows:
- 4.1.1 Assessment of the institutional organization of the CEU to identify current deficiencies in project management.
  - 4.1.2 Exploration of best practices based on the assessment results to address the efficiency gaps and provision of recommendations to implement a more efficient organizational structure for the CEU.
  - 4.1.3 Dissemination of the results and materials produced under this component.
- 4.2 **Component 2. Promotion of Change Management Best Practices (US\$30,000.00).** The objective of this component is to facilitate the CEU's effective adaptation to necessary organizational adjustments aimed at improving efficiency. Building on the results of Component 1 and aligned with its recommendations, this component will fund the creation of a guide containing tools and methods for implementing change management to support the necessary organizational changes. The activities for this component will be as follows:
- 4.2.1 Development and implementation of a Change Management Guide with tools and methodologies to improve adaptation to digital or institutional changes in the CEU.
  - 4.2.2 Dissemination of the results and materials produced in this component.
- 4.3 For the execution of the activities, individual consultants will be hired. They will support the assessment of the CEU and the exploration of the best practices under Component 1; and the development and implementation of a Change Management Guide under Component 2. For the dissemination of the results in both components, consulting firms will be hired.
- 4.4 **Expected results.** Improved project management capacity within the CEU of Belize, achieved through the implementation of recommendations and best practices identified during the assessment. The direct beneficiary of this TC is the CEU within the MOF which will receive enhanced institutional and organizational capacities, along with improved tools and good practices to enhance efficiency in executing the operation BL-L1039. These strengthened institutional capacities will also benefit indirect beneficiaries, including those currently involved in other loan operations managed by the CEU.
- 4.5 **Budget.** The total cost of this TC will be US\$90,000 which will be financed by the OC Strategic Development Program Window 2 – Institutions (W2C). The contribution

will finance the hiring of consulting services (individuals & firms) for the development of the activities. The following table summarizes the main activities and their costs.

**Indicative Budget**

<b>Activity/Component</b>	<b>Description</b>	<b>IDB/Fund Funding</b>	<b>Total Funding</b>
<b>Component 1</b>	Institutional enhancement of the Central Executing Unit.	US\$60,000.00	US\$60,000.00
<b>Component 2</b>	Promotion of change management good practices	US\$30,000.00	US\$30,000.00
<b>Total</b>		<b>US\$90,000.00</b>	<b>US\$90,000.00</b>

- 4.6 All activities will be consulted with the IDB’s Country Office in Belize. No supervision costs to COF are expected. Furthermore, the project team will have close coordination and communication with government counterparts. This TC includes a Results Matrix that will help monitor and evaluate the fulfillment of the committed products.

**V. Executing agency and execution structure**

- 5.1 As requested by the Government of Belize, the Executing Agency will be the Inter-American Development Bank (IDB) through the Innovation in Citizen Services Division (IFD/ICS), and the Unit of Disbursement Responsibility will be Belize’s Country Office. According to Annex II of the Procedures for the Approval of Technical Cooperations (OP-619-4), the IDB's role is justified by its proven expertise in leveraging best international practices, facilitated by its extensive international network. The IDB brings specialized technical capacity crucial for the timely and effective execution of activities outlined in this TC. This approach ensures that the CEU benefits from the IDB's experience in enhancing institutional capacities, thereby facilitating the successful implementation of this TC. Considering that the IDB is the entity best positioned at the regional level to coordinate and supervise the planned activities, as it is an initiative to support the client that will enrich the operational and institutional capacities. The IDB can also contribute to the generation of innovative solutions by attracting experts in the field.
- 5.2 The activities to be carried out under this operation have been included in the Procurement Plan (Annex IV) and will be executed in accordance with the applicable policies and procedures for Bank Executed Operations (BEO) under the following policies: (i) Hiring of individual consultants, as established in the document AM-650 - Complementary Workforce; and (ii) hiring of consulting firms for services of an intellectual nature and the contracting of logistics services and non-consulting services, according to GN-2303-33 and its associated Guidelines.
- 5.3 The IDB will maintain permanent coordination with the MOF, as its counterpart in the Belizean government for the adequate execution of this TC. For this purpose, the IDB will promote close coordination by establishing a permanent focal point in this Ministry. This will ensure that the activities to be implemented, as well as the products and other materials produced by the TC, will not only be reviewed but also planned with the official counterpart in the government.

**VI. Major issues**

- 6.1 The main risk of this TC is the turnover of government authorities, especially within the MOF, which could affect the continuity of planned activities. To mitigate this risk, our team will directly work with the technical team at the CEU. This proactive approach aims to safeguard against potential disruptions caused by personnel changes at the MOF and ensure stability and coherence in the execution of planned activities.

**VII. Exceptions to Bank policy**

- 7.1 There are no exceptions identified.

**VIII. Environmental and Social Aspects**

- 8.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

**Required Annexes:**

[Request from the Client\\_86697.pdf](#)

[Results Matrix\\_99383.pdf](#)

[Terms of Reference\\_15338.pdf](#)

[Procurement Plan\\_31090.pdf](#)