

AID-FOR-TRADE CASE STORY

BELIZE

COMPLETING BELIZE'S AID-FOR-TRADE STRATEGY

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EXECUTIVE SUMMARY

Belize realized that there is a need for resource mobilisation techniques to be carried out in a more coherent manner as to address the gaps that hinder the ability to expand trade capacity. In accordance with Belize's trade priorities as indicated in the 2009 Aft questionnaire for the 2nd Global Review, there are cross-cutting issues to trade facilitation, export diversification and regional integration that need to be remedied through a strategic mobilisation of resources.

Belize's Ministry of Foreign Affairs and Foreign Trade (MFAFT) undertook the process of creating the Aid for Trade (Aft) strategy in the first quarter of 2010. Thanks to the support of officials from the Inter-American Development Bank (IDB) and the World Trade Organization (WTO), the government put in place an interactive process that sought input and feedback from the private sector and civil society. The Strategy draws from other national strategies and plans, with the purpose of highlighting common objectives and needs imperative to building trade and export capacity. It is expected that the Strategy will enable the government of Belize to focus on the appropriate measures and policies that will ultimately boost exports and integrate the country into the global economy.

ISSUES ADDRESSED

Although much has been done to mainstream trade into the country's development plans, there lacked a unified national approach to trade. The Aft Strategy seeks to highlight trade as part of a national development platform that aims to address the shortcomings identified in the 2010 Trade Policy Review (TPR).¹ The TPR pointed out that the method of identifying Aft inflows from donor agencies and contributions from the central government needs improvement given the lack of a holistic inter-ministerial approach to carry out development projects and to assess impacts. Absent this inter-agency cooperation and coordination, poor monitoring and evaluations have been prevalent, thereby affecting the ability to clearly identify the country's trade gaps and needs.

¹ *Belize WTO Trade Policy Review 2010*

OBJECTIVES PURSUED

- Increase awareness of the general public to the importance of trade in the diversification and strengthening of Belize's economy.
- Improve coordination between Ministries and instill sectoral ownership and engagement in implementation of the strategy.
- Improve the monitoring and evaluating mechanism to ensure a proper accounting and identification of AfT flows
- Mainstream trade into national development strategies and ensuring coherence with regional priorities.
- Strengthen project identification, development, and execution.

DESIGN AND IMPLEMENTATION

The first phase involved high volumes of research in order to examine current development agendas and strategies. It was determined that Belize's AfT Strategy had to draw from other national strategies and plans², with the purpose of highlighting common objectives and needs imperative to building trade and export capacity. In particular, the Strategy outlines trade constraints across most of the economic sectors and proposes measures to address them.

Officials from the IDB and the WTO initially assisted with presentations on the concept of AfT, in consultations with both the public and private sectors. Consultations between the Ministry and public and private sector representatives continued for several months. The Belizean government also sought input and feedback from participants of various trade backgrounds along with numerous bilateral meetings with key staff from various development agencies in order to identify priorities and further strengthen the structure of the Strategy.

This process of ownership was gradually established and the required data was captured and collated from the private sector and the various trade-related quasi-government agencies, such as Belize Trade and Investment Development Service (BELTRAIDE), Belize Agricultural Health Authority (BAHA), and Bureau of Standards (BBS). This information was merged into the document during the second half of the year. All in all, the Strategy highlights action needed in the following pillars:

- **Infrastructure and Trade Facilitation**

The upgrade of equipment and infrastructure of customs at key border posts aims to improve performance and efficiency in the movement of goods and services. Infrastructure in the form of vital roads will link the southern agricultural regions to the main urban centers and ports. Other important roads which provide easier access to tourist destinations are crucial to exploit potential benefits. Other infrastructure such as post-harvest crop storage facilities, servicing the different agricultural areas of the country, is expected to boost the capacity of small farmers to supply domestic needs and export demands.

- **Private Sector Competitiveness**

The Strategy highlights the necessity to strengthen the capacity of BELTRAIDE, the statutory body mandated to promote exports, in order to provide effective investment and export promotion programmes to small and medium-sized enterprises (SMEs). Providing affordable financing and creating export credit for SMEs allow for innovation and expansion and to capitalize on export opportunities.

²These sources include: *Horizon 2030, Medium Term Development Strategy, Draft National Export Strategy, The National SME Policy, The National Tourism Policy and the Agricultural Development Management and Operational Strategy.*

- **Sanitary and Phytosanitary, Standards and Technical Regulations**

The Strategy calls for strengthening quarantine inspection services and surveillance programmes to ensure that the country is pest-free. The Belize Agricultural and Health Authority (BAHA) is seeking the enabling legislation to allow it to comply with its mandate in the areas of agricultural health and food safety, and also to deal with issues of diseases prevention and traceability of export goods. The Bureau of Standards is working on improving conformity assessment capabilities to ensure adequate sampling, inspection, testing and certification of imports and exports. The gaps in conformity assessment systems have to be determined. The Bureau is pursuing recommendations from feasibility studies conducted by the British Standards Institution on certification.

- **Implementation of Trade Agreements and Regional Integration**

The establishment of functional institutions and practical policies is imperative for supporting regional integration and facilitating the ratification of trade agreements, particularly in light of adjustment needs derived from the CARICOM Single Market and Economy (CSME) and the Caribbean Forum-European Union Economic Partnership Agreement (CARIFORUM-EU EPA). There needs to be a review of national laws and administrative practices, as well as the enactment of new laws and agencies, such as a national accreditation authority and a national competition authority.

From the constraints labelled in the strategy, a matrix called the Action Plan was developed to tabulate and classify specific activities necessary to address the highlighted obstacles to trade. These activities are expected to remedy constraints and bottlenecks found within each pillar of development, once they have been executed. Some donor agencies have been identified for certain activities, along with a timeframe for execution. As the process of implementation unfolds, the action plan will be used to guide local and international donors to efficiently match resources to the trade developmental needs of the economy.

Support was obtained from the UK Department for International Development (DFID), through the IDB, to cover the cost of logistics expenditure and supplies. Following the launch of the Strategy in January 2011, some donors made initial commitments to certain activities. For instance, the Organization of American States (OAS) and the IDB offered to support some of the activities in regional integration and implementation of trade agreements and private sector competitiveness. In the meantime, CARTFund, the CARICOM Aft Fund administered by the Caribbean Development Bank, is already financing the hiring of new staff at the Directorate of Foreign Trade in order to enhance its efforts to promote regional integration.

PROBLEMS ENCOUNTERED

- **Lack of inter-institutional communication:** The inability of local governmental agencies to fully understand how their work can affect the effectiveness of policy areas, including trade. Working independently and in isolation seems to be the norm for many agencies. Active participation by key ministries and agencies was a challenge in spite of verbal commitments.
- **Lack of private sector engagement:** The private sector showed little appetite towards participating in consultations and remains unaware of trade agreements' opportunities and benefits, which affected their response and level of engagement throughout the process. Some meetings were arranged for the CEO of the MFAFT to directly engage with leaders in the productive sectors; an educational tour for the Minister of MFAFT and staff to visit an active area of production near the Mexican border, further encouraged some channels of communication with the private sector to flow. These gestures are furthering engagements from the private sector.
- **Capacity constraints:** Initially, there were high expectations of completing the entire process within a six-month period. Nevertheless, the amount of research and the many consultations necessary pushed the deadline to six months later.
- **Quasi-government institutions:** Procuring concise information of the development status and needs of the relevant trade-related statutory bodies was a challenge, and identifying priority pillars and activities for an action plan demanded their contributions. Ownership was gradually established and the inputs of BELTRAIDE, BAHA, and BBS, were eventually inserted. These

agencies were in a position to take the lead in discussing the relevant activities in the action plan by the time of the launch.

FACTORS FOR SUCCESS / FAILURE

- There was constant involvement of the IDB in the construction of the strategy and ideas to proceed in the most efficient manner were very available.
- The support from the private and public sectors are crucial to creating a holistic strategy.
- By the time of the launch in January, the line ministries and trade related agencies were on board with the strategy, contributed significantly to the textual content. Without their contribution, this process would have been less than a success.

RESULTS ACHIEVED

- **Strengthened public-private-civil society sector channels:** The relationships between the line ministries, quasi-governmental institutions, and private sector have developed significantly over the last six months as a result of their ongoing communication.
- **Increased visibility** of the trade ministry within national government and within the country more generally. There has been much exposure to the public of the initial stage of the CARIFORUM- EU EPA implementation. There was also a series of consultations with SMEs in 2009, on the need to build export production; the feedback obtained has been used in the strategy. These interactions have allowed for the general public to be more aware of the trade ministry's role in national development.
- **Greater organization and confidence** regarding next steps in terms of donor support and investment is foreseen. The Ministry is putting in place a mechanism to monitor aid flows; with the aid of other ministries, the impact will be assessed and measured for results. A positive trend is expected to build an attractive investment climate.
- The Action plan is built on the expertise of the different trade-related sectors. This will allow the pipeline to be cleared of numerous potential projects and prioritized activities for development.

LESSONS LEARNED

- **Importance of patience and coordination:** Initially, it was a challenge to promote the concept of a holistic trade development strategy to the various line ministries and private sector. With several development strategies abound, careful explanation was needed to promote the AfT strategy. Patience and communication skills are required when information and data is needed from a considerable number of stakeholders.
- Importance of building capacity within the Trade ministry through the completion of the strategy without external support.

CONCLUSION

Belize's Aid for Trade Strategy was created out of a prolonged process of research, bilateral meetings, consultations, email communication, numerous steps of trial and errors, and fading frustrations.

The holistic picture of promoting trade throughout the various development sectors has been seen, and the message of its importance has been exhorted. Key ministries and agencies are buying in and have become more helpful with the sharing of information. It is also realised that with this momentum the follow-up steps

of implementation and monitoring has to be created and publicised for the benefits of this programme to be continuously appreciated over the next five years. The Directorate for Foreign Trade is keen to move forward with the appropriate donors, local agencies, and implementation body to keep this strategy alive and maturing for the growth of the economy.