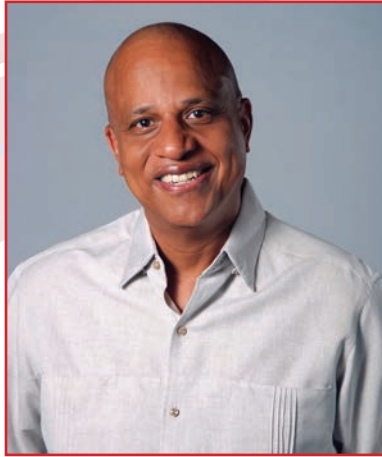


# **ECONOMIC RECOVERY STRATEGY FOR BELIZE**



GOVERNMENT OF BELIZE

## A MESSAGE FROM THE PRIME MINISTER OF BELIZE



The Right Honorable Dean O. Barrow

This year our country is enduring one of the toughest challenges of its entire history, as the Covid-19 pandemic continues existentially to threaten the lives and livelihoods of Belizeans. Our Government's proactivity in the face of the virus did two things. It quickly bolstered our health system, which in turn saved lives; and it promptly delivered economic support packages that have helped our people survive this harshest of historical realities. Thus, we have been spared the fate of our neighbors, the alarming community spread of the virus in our region. However, the crisis is far from over and our ability to maintain our comparative success will no doubt be severely tested. This, after all, is an enemy that will not stand still; one whose characteristics are ever changing; and one that refuses to adhere to any discernible timeline.

The scale of our present adversity, therefore, is unprecedented. But we have faced disasters before. We have been tested in the fire and the flood, the hurricane and the drought. And we have never been found wanting. Our Belizean story is studded with examples of our resilience and resolve. Our ability to respond, to survive, to overcome is central to the history of this land. So once more we will summon forth our proven reserves. Once more we will unite, we will adapt, we will prevail.

In fact, we have already started. Look at how businesses, enterprises of all shapes and sizes have, chameleon-like, changed, reinvented, repurposed. Distilleries have morphed their craft to manufacture hand sanitizers. Stationery houses have constructed face shields. Restaurants have pivoted to contactless delivery and takeout. Education, entertainment, exercise jumped boundaries and transitioned seamlessly from the real to the virtual. We slipped the knots of traditionalism, niches, comfort zones. We became elastic and we did the necessary. We contorted to remake ourselves, to keep life and essence and Belizean identity as intact as possible.

Of course, none of this has been easy and some areas have been vastly more difficult than others. Agriculture is holding on, certainly at least as far as food sufficiency is concerned. But tourism has collapsed and the road to recovery will be a long and tortuous one.

These two—agriculture and tourism—are our mainstays. So even as we strive for diversification, we buffer them in any recovery strategy. Tourism in particular, acting as a feeder to construction and small business and culture and music, will remain a key in the rebuilding of a stronger and more durable Belizean economy.

The Government of Belize is working with partners economic, social, NGO, international. Devastating though the pandemic may be, it is an ill wind that blows no good. So we will use this opportunity of necessity to remake a proper, robust and variegated new destiny for our country. And so I give you our Economic Roadmap 2020, dealing as pithily and as effectively as we can with Covid and beyond; offering the cornerstones of support to Business Recovery, Improving the Business Climate, and optimizing Governmental efficiency.

I assure you, then, that as together we trace the course of rebound and rebirth, these are our markers; these the milestones on which we will inscribe a narrative of Belizean economic and social resurrection.

It is a narrative, I have no doubt, that will resonate and inspire for years to come.

Rt. Hon. Dean O. Barrow  
Prime Minister of Belize



## SOUND FISCAL MANAGEMENT MAKES THE DIFFERENCE

Our well anchored economy prepared us for this crisis as a consequence of an unprecedented level of public investment in infrastructure that resulted in a significant decrease of unemployment and a new era of diversification.

As all Belize came together to combat Covid-19, save lives and preserve livelihoods, the Belize Government acted decisively in programming over \$75 million in immediate relief funds to citizens devastated by the pandemic. For us, as we continue to recover, the focus, the hope is to reconstruct an economy that will be stronger and more resilient.

Manageable Unemployment Figures	9.40%
Strong Tourist Arrivals year over year	1,503,144.00
<b>ONGOING INVESTMENTS IN ECONOMIC AND SOCIAL INFRASTRUCTURE</b>	
Unprecedented spending on Roads, Streets, Drains and Bridges since	\$894,858,575.00
More Sporting Facilities	\$5,027,846.03
Expanding Water and Sanitation	\$29,663,569.00
Strengthening Transportation and Communication	\$5,656,658.00
Investing in Agriculture Development	\$74,746,335.00
Improving the Tourism Product	\$46,139,130.00
Business and Market Development	\$46,212,971.00
Environmental and Natural Resource Management	\$72,624,039.00
Energy	\$64,517,474.00
<b>TOTAL</b>	<b>\$1,239,446,597.03</b>

## DELIBERATE ACTION

It bears repeating that our quick and decisive action through strong health measures and economic stimulus has meant the impacts so far have been significantly less than originally feared and forecasted. We are out of the State of Emergency and Government is now providing additional assistance and support to re-open businesses, drive economic growth and capitalize on our strengths. We are determined to seize the opportunities to innovate and rebuild the economy better than it was before.

## COVID MANAGEMENT PROGRAM



### APRIL-MAY 2020

- Investment in bolstering our health capacity
- Prudence in managing a restrained economy
- Provision of Unemployment Relief
- Provision of Food Support
- Provision of infrastructure for distance work and online services
- Expansion of fiscal measures to support national financial health
- Implementation of a Food and Agriculture Continuity Plan (Sugar, Banana & Citrus)



### MAY – JUNE

- First phase of businesses reopening
- Repatriation of stranded Belizeans
- Continued financial relief assistance



### JULY

- Additional Reopening of activities
- Launch SME Support Program
- Release of the Greater Economic Plan



### AUGUST

- Phased Tourism reopening with managed international visitors
- Support for businesses to remain open
- Improvement in Government Efficiency Measures



### SEPTEMBER 2020

- Larger opening of economy as conditions allow
- Reduction in Government operating expenditure
- More fiscal stimulus as IFI flows continue to accumulate

# WHAT HAS THIS MEANT?

## 1. IMMEDIATE ECONOMIC MEASURES

The Belize Government has outlined a staged approach to supporting Belizeans to move freely along with a plan to ease restrictions, to provide prudent and gradual steps to a COVID-19 recovery, to open our airport and eventually our borders, and that will strengthen our economy and support enterprise and job creation.

## 2. RELIEF TO THE LARGER CITIZENRY

Since the onset of the COVID-19 pandemic, the Belizean Government has programmed to invest \$233 million in initiatives to manage the health response and also to support Belizean families and protect local jobs.

This includes:

- **\$12 million** to Retrofit clinics to prepare for Covid patients, to procure PPEs, Ventilators, testing equipment and protective equipment, and to build the nation's response capacity;
- A **\$35 million** investment in Unemployment support to Belizeans displaced due to Covid 19 in key industries;
- A **\$15 million** investment in direct support to Micro and Small Business support including small grants, revolving loans and working capital;
- **\$29 million** in Direct Food Assistance support to Belizeans that are facing hardships as a result of the pandemic;
- **\$16 million** in direct relief to those farmers suffering multiple hardships from two years of prolonged drought conditions and covid-19 imposed setbacks;
- **\$26 million** additional support to the BOOST Program to support vulnerable population
- **\$50 million** in Social Protection funds for those in dire need; (Approval in process)
- **\$50 million** in Agriculture support to ensure that our productive Sector remains strong (Approval at project preparation phase)

## ECONOMIC RECOVERY: GOALS AND OBJECTIVES

This Economic Recovery Strategy is designed to provide economic recovery while addressing known fundamental constraints to economic growth. It is intended to provide for needed structural adjustments so that our recovery occurs on a strong foothold for long term sustainability, thereby strengthening our business sector, and with improved government efficiency in delivering services.



## SUPPORTING BUSINESS RECOVERY

*Responding to Business Needs to assist firms to re-establish and expand while rehiring displaced workers and creating new jobs.*

- Continued establishment of grants, soft loan relief, and wage subsidy programs for MSMEs to be able to keep their doors open;
- Development of a Business Adaptation Fund to finance Post-Covid 19 Bio Security Compliance by businesses;
- Suspension of Tax Penalties and Interest during the period of SOE;
- Development of National Bio-Security guidelines and training to support health, hygiene and social distancing requirements as the economy reopens;
- Retooling of labour force and assistance with training and job placement and labour substitution into progressive new industries
- Development and implementation a Buy local campaign to encourage consumers to support the purchasing of local products and services.
- To improvement of existing businesses, creation of new products and markets by integrating into the Digital Economy.
- Assistance to private sector in securing market access.

# CREATING A BUSINESS CLIMATE FOR GROWTH

*Investing now in a future that will keep Belizeans in jobs and create new jobs.*

- Fast tracking the delivery of Infrastructure projects in the pipeline to ensure employment and business continuity;
- Unclogging the government system in lands, Central Building Authority, Environment, etc., to jump start critical investment projects that will create jobs and bring in foreign currency;
- Identifying and supporting private sector projects which deliver economic benefit and support jobs;
- Reviewing Income, Trade and Land Tax Policy to foster a proactive business environment;
- Fast Tracking activation of Tax Administration Reforms and Automation at the Belize Tax Services;
- Establishing maximum processing times for key business services offered by Government;
- Appointing a Business Coordinator to address delays in government applications;
- Clearing backlogs in Lands Department, while addressing Valuations, and reviewing the land tax regime, and passing of the Real Estate Bill;
- Completing Building Sector Reform and automation of application for Building Permits;
- Completing the exercise with municipalities and stakeholders to finalize the draft bill for Trade License Reform to foster growth on a level playing field.
- Developing the Secure Collateral Registry and Credit Bureau
- Maintaining vigilance at illegal border crossing to reduce illicit activities even after pandemic eases;
- Updating Bankruptcy Law to ease burden in the event of insolvency

## IMPROVING GOVERNMENT EFFICIENCY

*Making Government work in tandem with business to facilitate investment*



- Accelerating e-governance Platform to allow citizens to access services online
- Implementing online transaction and revenue management system across all of government departments, starting with tax collection
- Developing strong and enforceable regulations to reduce corruption in transactions through the formation of a joint private and public sector committee to review regulations and make recommendations
- Reforming customs regulations to combat smuggling at all points of entry.
- Amalgamating Companies Registry with the IBC Registry and automate application process for greater efficiency in starting a business
- Fast-tracking Business Incentive Program and One-Off Duty Reductions, and reduce Fiscal Incentives (FI) and Designated Processing Areas (DPA) fees by 50% to encourage new investment

# STRENGTHENING OUR PRODUCTIVE SECTORS

Belize is a diversified economy. Its great strengths are the mature industries of tourism, agriculture, construction and international services that will continue to be the foundations of the country's economy well into the future. Under this environment, some industries like tourism will need support through what will be a long and difficult recovery period. Others like agriculture and international services will need to take advantage of the new opportunities. That is why the Belize Government is focusing effort on these sectors in this Economic Recovery Strategy.



## **Tourism Restart**

- Develop Barometer to Track COVID 19 impact and performance
- Digital Integration Across the Tourism Industry
- Review and Revamp of National Tourism Master Plan to fit the context of Post-COVID 19 industry



## **Paperless Entry & Exit Requirements**

- Installing of Kiosks, passport, readers, x-ray machinery to minimize person to person contact



## **Second Home Tourism/ Retirees**

- Expand scope and potential of Qualified Retirement Program.



## **Tourism Incentives**

- Import Duty & GST Waivers on new equipment



## **Tourism Development Trust**

- Drafting of legislation to enact a trust to manage assets financed by the International Financial Institutions
- Seek Government Endowment for Expansion
- Develop full investment Mechanism for the management of public assets



## **Tourism Platform for Investment in forest reserves**

- Develop Public Private Partnership framework for investment in protected areas



## **Multi-destination agreement**

- Belize-Cuba
- Taiwan Air Services Agreement



## **Shared economy**

- Mandatory registration of vacation rentals
- Mandatory registration for GST and Business Tax for vacation rentals.

## LOCAL PRODUCTIVE SECTORS AND AGRICULTURE

- Temporarily extend Designated Processing Area-Like benefits to qualifying producers and processors;
- Give automatic 12-month extension on all licenses;
- Incentivize inputs and equipment for value added production, packaging and labeling, storage capacity, and climate smart adaptation;
- Secure accessible financing for climate change adaptation and value addition investments;
- Support Belize Agriculture Health Authority in enhancing their food safety, quarantine, and animal & plant health services;
- Decrease post-harvest losses and improve market accessibility/penetration by building storage and marketing and distribution systems;
- Develop and implement a buy local marketing strategy to promote the consumption of made in Belize products. This strategy will also seek to reduce contraband;
- Finalize the Economic Cooperation Agreement (ECA) between Belize and Taiwan and actively implement existing trade agreements with CARICOM, PSA Guatemala, and PSA Mexico to gain access to markets for export ready or near ready agricultural products;
- Create innovative market access channels for the producers and processors with the use of digitization technologies such as Agri-links to link product to market;
- Improve the standards of locally produced products to increase competition;
- Secure the local market for producers by accurately monitoring local production through the Belize Agriculture Information System





## GROWING OUR EMERGING ECONOMY



### Real Estate and Construction

- Review process for valuation of transfer applications with aim to fast track titles.
- Remove the step that requires non-residents to obtain Central Bank approval for payment for purchase of real estate from a Belizean.
- Remove Central Bank approval for foreigners to hold shares of a Belize Company.
- Implementation of a expedited service for private land transfers



### International Financial Services

- Develop an International Financial Services Marketing institution to promote Belize's jurisdiction and develop new products and services that will generate new employment.
- Provide incentives for business relocation by executives of international business companies that require physical presence.
- Consider alternative financing options for Belize, such as a Stock Market, Commodities Exchange, or EXIM.



### Encourage Investments

- Restructure the qualified retirement program (QRP) to encourage investment by approved applicants.
- Review policies for extended stay for non-nationals
- Streamline real estate transaction processes
- Facilitate better access to banking services by non-national investors.
- Special Equity Funding Mechanism to inject investment into key productive export sectors
- Restructuring of the Tourism Industry to ensure greater sustainability, higher quality, more local ownership, and domestication of the financial benefits.
- Work with Commercial Banks for the Creation of a Venture Fund
- Support Renewable Energy Production and Distribution via incentives and a standardized application process.
- Developing a fast track to permanent residency as a result of significant investment
- Embracing the diaspora as a key part of our recovery by: (1) providing incentives to encourage them to retire and invest in Belize. And (2) streamlining the process for reintegration of diaspora Belizeans.



## GOVERNMENT PLANNED NEW INVESTMENTS

Over the next 12 months and consequent to the recovery progressing as planned, in addition to the on-going Public Sector Investment Programs, Government will be reviewing its spending in key areas to encourage economic and social stability as the economy rebounds.

<p>\$120 Million + on Infrastructure</p> <p><b>Government Spending on Road Infrastructure</b> – Maintaining our roads and highways and opening up access to new areas for investment in tourism and agriculture</p>	<p>\$140 Million + On Water and Sanitation</p> <p><b>Building capacity</b> for Solid Waste and Water Capacity in Tourism corridors</p>	<p>\$43.6 Million + on Agriculture Improvement Programs</p> <p><b>To develop</b> our productive sector and to ensure food and economic security from domestic activities</p>
<p>\$30 Million on Governance Initiatives Tax Administration and eGovernance</p> <p><b>To Improve Government Efficiency</b> in delivering service and in collecting and managing revenues and expenses while ensuring accountability</p>	<p>\$24 Million on Public Safety</p> <p><b>Community support activities</b> to provide wrap-around services for at-risk population to reduce the incidence of violence and lawlessness.</p>	<p>30.5 Million in Education</p> <p><b>Investments into new schools,</b> creation of a STEAM Laboratory School and expansion of ITVET programs to build a more resilient workforce</p>

## ACKNOWLEDGMENTS

These plans for strategic action by the Government of Belize to propel the robust economic recovery of Belize's Economy were devised in part based on contributions by and consultation with various government and non-government entities.

This is representative of the government's sincere effort to meaningfully collaborate with the civil society and the business community.

To these organizations, we express our sincere thanks:

- Belize Chamber of Commerce and Industry
- Belize Tourism Industry Association
- BPO Association
- Belize Bus Owner's Association
- Belize Hotel Association
- Belize Tourism Advisory Council
- Belize Network of NGOs
- Association of Real Estate Brokers of Belize
- National Trade Union Congress of Belize
- Belize Agro-Productive Sector
- Bankers Association of Belize
- Central Bank of Belize
- Economic Development Council
- BELTRAIDE
- Development Finance Cooperation
- National Bank of Belize
- Belize Tourism Board
- International Financial Services Commission

