

Consistency case study: actions supporting Article 2.1c of the Paris Agreement in Belize

Nellie Catzim

Consistency case study: actions supporting Article 2.1c of the Paris Agreement in Belize



Nellie Catzim

November 2022

© iGST 2022

Cite as: Catzim, N. (2022) 'Consistency case study: actions supporting Article 2.1c of the Paris Agreement in Belize'. San Francisco and London: Climate Works Foundation and ODI. Part of Climate-consistency of finance flows: iGST case study series.



Download the report

<https://www.climateworks.org/independent-global-stocktake/finance-working-group/>

About the iGST initiative and the Finance Working Group

The Independent Global Stocktake (iGST) is a consortium of civil society actors working together to support the Global Stocktake (GST), the formal process established under the Paris Agreement to periodically take stock of collective progress toward its long-term goals.

The iGST aligns the independent community – from modellers and analysts to campaigners and advocates – so we can push together for a robust GST that empowers countries to take greater climate action.

The Finance Working Group (FWG) of the independent Global Stocktake (iGST) is an open partnership bringing together a range of expert perspectives from the global north and south on the progress made toward financing climate action, co-chaired by Charlene Watson of ODI and Raju Pandit Chhetri of Prakriti Resources Centre. The FWG aims to support the official UNFCCC Global Stocktake (GST) process and is organised around two complementary themes: the provision of support to developing countries to mitigate and adapt to climate change and the consistency of finance flows with low-emission, climate-resilient development, as outlined in Article 2.1c of the Paris Agreement.

For more information, visit: www.independentgst.org





Acknowledgements

The author would like to thank all the interviewees and reviewers for their invaluable input; special thanks to Michai Robertson, Dr Lennox Gladden, Colin Mattis and Kamil Salazar, Dr Donneil Cain, Eli Romero, Julie Robinson and Diana Ruiz. The author would also like to thank Joseph Feyertag, Charlene Watson, Hannah Roeyer and the other Finance Working Group members for their valuable contributions and, in particular, the steering group for the compendium of case studies on Article 2.1c. The author is grateful for funding from the New Zealand Government and support through the Ministry of Foreign Affairs and Trade to make this case study possible.

Disclaimer: The views and opinions expressed in this study are those of the author and do not necessarily reflect the views of the reviewers, ODI, Prakriti Resource Centre or the iGST.

Contents

Acronyms and abbreviations	7
+ Executive summary	8
+ 1. Why collate country actions supporting Article 2.1c of the Paris Agreement?	14
+ 2. Country and market context	17
2.1. Background	18
2.1.1 Location	18
2.1.2 Population	18
2.1.3 Economy	18
2.2 Key economic sectors and their emissions	19
2.3 Key climate-related risks by economic sector	22
2.4 Nationally relevant targets for the consistency of finance flows	22
2.5 The potential impact of Covid-19 on climate objectives	23
+ 3. Public levers supporting the consistency of finance flows with Article 2.1c	25
3.1 Overall strategies and targets	25
3.2 Key actions considered to be consistent with climate objectives	41
3.2.1 Institutional structure for climate change governance	41
3.2.2 Domestic public sector finance investments	43
3.2.3 Tracking climate finance	46
3.2.4 Climate action in transport – e-mobility pilot	47
3.3 Climate finance and carbon pricing	48
3.4 Information instruments for climate-aligned investment planning	48
3.5 Key actions considered to be inconsistent with climate objectives	49
3.5.1 Subsidies on fuel	49
3.5.2 Belize petroleum industry	49
3.5.3 Agriculture – expansion of cattle production	50
+ 4. Private sector actions towards consistency of finance flows with Article 2.1c	51
4.1 Overview – domestic private sector investments	51
4.2 Belize Chamber of Commerce and Industry (BCCI)	51
4.3 The Development Finance Cooperation	52
4.4 Belize Electricity Limited (BEL) and Belize Water Service (BWS)	52



Consistency case study: Belize

4.5 Public–private partnership: the Government of Belize and TNC	52
+ 5. Conclusion	54
5.1 Areas of advancement	54
5.1.1 Belize’s commitment to climate resilient development	54
5.1.2 Critical policy levers to align finance flows with 2.1c	55
5.1.3 Institutional framework to deliver climate finance	55
5.2 Areas where more work is needed	55
5.2.1 Develop a definition for climate finance	55
5.2.2 Develop a robust climate finance tracking system	56
5.2.3 Improve engagement with private sector and civil society	56
5.2.4 Implement policies, strategies and action plans aligned with the Paris Agreement	56
+ References	57
+ Annex	62
Annex 1: Table showing sector-specific climate change frameworks	62

Acronyms and abbreviations

AF	Adaptation Fund
BCCI	Belize Chamber of Commerce
BELTRAIDE	Belize Trade and Investment Development Service
BMF(T)	Belize Maya Forest (Trust)
BNCCC	Belize National Climate Change Committee
BNCCO	Belize National Climate Change Office
CCRIF–SPC	Caribbean Catastrophe Risk Insurance Facility – Segregated Portfolio Company
CFU	Climate Finance Unit
DFC	Development Finance Corporation
EIB	European Investment Bank
GCF	Green Climate Fund
GDP	gross domestic product
GHG	greenhouse gas
GoB	Government of Belize
GSDS	Growth and Sustainable Development Strategy
GST	Global Stocktake
iGST	independent Global Stocktake
IMF	International Monetary Fund
LEDS	Low Emissions Development Strategy
MSDCCDRM	Ministry of Sustainable Development, Climate Change, and Disaster Risk Management
MoFEDI	Ministry of Finance, Economic Development and Investment
MRV	monitoring, reporting and verification
NCCPSMP	National Climate Change Policy Strategy and Master Plan
NDA	National Designated Authority
NDC	Nationally Defined Contribution
NIPS	National Investment Policy and Strategy
PACT	Protected Areas Conservation Trust
PSIP	Public Sector Investment Programme
REDD+	Reduced emissions from deforestation and forest degradation
SIB	The Statistical Institute of Belize
TNC	The Nature Conservancy
UNFCCC	UN Framework Convention on Climate Change



+ Executive summary



Belize is located on the Caribbean coast, bordered by Mexico to the north, Guatemala to the west and the Caribbean Sea to the east. Its national territory is 46,620 km², which encompasses 22,960 km² of land and 1,060 small islands or cayes. According to the Statistical Institute of Belize (SIB), Belize's population stood at 322,453 persons in the latest census year 2010 and grew to 441,471 persons based on 2022 mid-year estimates (SIB, 2022).

Belize's economy is categorised as a small, upper middle-income country with a highly open, natural resource- and service-based, export economy. Its performance is largely dependent on exports of tourism services and agricultural products. In 2019, Belize's trade deficit amounted to around US\$0.52 billion. External debt remains high and above 95% of GDP. In 2021, Belize's gross domestic product (GDP, current) stood at US\$1.7 billion with a per capita income of \$4,420.50 (World Bank, 2021). In its 2022 Country Report, the International Monetary Fund (IMF) stated that Belize's real GDP expanded by 9.8% in 2021, led by the recovery of tourism. End-of-year inflation increased sharply from 0.3% in 2020 to 4.9% in 2021, driven by higher global energy and food prices (IMF, 2022).

Belize is already experiencing adverse impacts to climate change, including sustained droughts, floods, increased coastal erosion and changing precipitation patterns. Projections indicate that Belize will experience significant impacts from climate change, including a rise in temperature between 2 degrees Celsius (°C) and 4°C by 2100, a 7–8% decrease in the length of the rainy season, a 6–8% increase in the length of the dry season, and a 20% increase in the intensity of rainfall over very short periods. There will also be increased erosion and contamination of coastal areas, sea-level rise, flooding, and an increase in the intensity and occurrence of natural hazards such as tropical storms, tropical waves and hurricanes. Adaptation is a high priority in Belize given its vulnerability to natural hazards and climate-related shocks.

As a small island developing state, Belize has negligible greenhouse gas emissions, but it is highly exposed to climate change and natural disaster risks. According to Belize's updated Nationally Defined Contribution (NDC) (BNCCO, 2021a), among small states, Belize ranks third at risk of natural disasters and fifth at risk from climate change. Belize's primary source of greenhouse gas (GHG) emissions is the forestry and other land use (FOLU) sector, representing 72.9% of total emissions. However, CO₂ removal due to the forest growth offsets the country's overall emissions, turning Belize into a net sink (BNCCO, 2021b). The stationary and mobile energy sectors, including electricity imports, constitute 27.01% of Belize's GHG emissions. Almost half of Belize's installed electricity capacity is renewable (about 250 GWh of hydro and 80 GWh of biomass). Belize imports a significant share of its needs from Mexico. In 2017, electricity imports amounted to 230–250 GWh, 40% of demand. In the agriculture sector, about 60% of emissions come from livestock, followed by aggregated sources on land. GHG emissions from livestock and crops have been growing at similar rates, 6% per year and 7% per year, respectively.

As it relates to climate-related risks by sector, Belize expects a projected loss of production within the range of 10% to 20% in the agriculture sector, which could lead to millions in

lost revenue by the year 2100. The fisheries sector is also under threat from warmer sea surface temperatures, ocean acidification, sea-level rise and extreme weather events. Declines in this industry could lead to an annual loss of approximately \$12.5 million (BNCCO, 2021a). In the tourism industry, projections indicate that the industry will be affected by extreme weather events, including flooding, inundation, saltwater intrusion and coastal erosion due to sea-level rise. Belize's coral reefs are already experiencing periods of coral bleaching and critical assets such as water supplies and physical property are projected to be impacted. As a result, the industry faces reduced income of approximately \$24 million per year (ibid).

In terms of nationally relevant targets supporting the consistency of finance flows, Belize ratified the Paris Agreement and submitted its first NDC in April 2016 and its updated NDC in November 2021. The updated NDC expands on the climate change component found in Belize's key development plans, including its Growth and Sustainable Development Strategy (GSDS) Ministry of Economic Development, 2016). The targets and actions outlined in the NDC include:

- a set of mitigation targets in line with a global goal to keep global warming well below 2°C while pursuing efforts to limit to 1.5°C by 2100
- a set of adaptation actions designed to develop resilience of critical systems and populations in Belize
- consideration of the costs of delivering actions identified and the level of climate finance to support delivery of these actions.

Mitigation needs in Belize's updated NDC are estimated to cost approximately \$1.39 billion between 2021 and 2030. Similarly, actions related to adaption needs are estimated to cost \$318 million between 2021 and 2030. Some funding is already committed for both mitigation and adaptation, leaving the funding gap at an estimated \$1.24 billion and \$146 million, respectively, for the period 2021–2030.

The Covid-19 pandemic contributed to the largest economic contraction in Belize in recent decades (Government of Belize, 2022c). The decline was estimated at around 15.5% and was attributed to substantial declines in tourism, manufacturing and distribution, combined with a previously expected decline in agriculture due to the historic drought of 2019 that led to estimated crop losses of \$25 million (Government of Belize, 2022c). Most large firms reported losses greater than \$250,000 while most micro firms sustained losses below \$12,500, with some exceptions (UNDP, 2020).

Belize has demonstrated its commitment to achieving the goals of the Paris Agreement. As a member of the High Ambition Coalition, it has developed a long-term Low Emissions Development Strategy (LEDS) to facilitate its path toward becoming net zero by 2050. Since its ratification of the Paris Agreement in 2016, Belize has conducted several assessments and developed several policies, strategies and actions to guide its response to climate change. The Horizon 2030 long-term development plan and its associated mid-term Growth and Sustainable Development Strategy (GSDS) has laid the foundation for many climate-related national and sectoral policies, strategies and action plans. In



particular, Belize recently developed a **Climate Finance Strategy of Belize** (Commonwealth Secretariat, 2021b), which aims to provide strategic direction for the country on mobilising, accessing and utilising finance from various sources and channels. Its five cross-cutting strategic directions centre around creating the enabling environment to access and utilise climate finance, while its seven core strategic directions provide guidance towards accessing climate finance from appropriate sources. Additional frameworks that align with the scientific 1.5°C scenario include the National Climate Resilience Investment Plan (2013), National Environmental Policy and Strategy 2014–2024 (2014), National Climate Change Policy, Strategy and Master Plan 2021–2025 (2021), and the Revised Low Carbon Development and Roadmap for Belize (2016), to name a few.

To tackle climate change, the Ministry of Sustainable Development, Climate Change, and Disaster Risk Management (MSDCCDRM), through the Belize National Climate Change Office (BNCCO), serves as the focal point to the UN Framework Convention on Climate Change (UNFCCC) and is responsible for climate change initiatives in Belize (Commonwealth Secretariat, 2021a). Moreover, the Ministry of Finance, Economic Development and Investment (MoFEDI) is responsible for, inter alia, economic development and budget preparation and serves a vital role in Belize's climate finance architecture as the National Designated Authority (NDA) for the Green Climate Fund (GCF) and the focal point for the Adaptation Fund.

The previously mentioned Climate Finance Strategy of Belize (Commonwealth Secretariat, 2021b) consists of a strategic framework, key short- and medium-term actions, and an indicative plan of action towards mobilising financial resources to implement priority actions in Belize for the period 2021 to 2026, corresponding with the NDC cycle. During the Strategy's development, stakeholders recognised the importance of a shared understanding of climate finance in Belize. The following definition was used:

'The finance flows from domestic and international sources and channels, including public and private investments that are channelled towards addressing the national climate change priorities of Belize'.

Domestic public sector finance flows in Belize are contributed to by three entities. First, the Public Sector Investment Programme (PSIP), which falls under the purview of the Ministry of Economic Development, encompasses all development projects being implemented by the Government of Belize (GoB). The total domestic public investments captured as climate finance under the PSIP accounted for approximately 2% of total domestic public expenditures based on its December 2021 report. However, this is a conservative reflection of the government's contribution to climate finance since climate investments are not reflected in the national budget and sources of funds for climate investment in the PSIP are vaguely listed as a contribution from GoB. Secondly, the Climate Finance Unit (CFU), which also falls under the MoFEDI, was established in January 2022 with an aim to maximise Belize's access to climate finance. The establishment of the CFU is a notable achievement for Belize. Additionally, the Protected Areas Conservation Trust (PACT) is Belize's national trust fund dedicated to financing the

National Protected Areas System. It is an accredited implementing entity for the Adaptation Fund (AF) and a direct access entity for the Green Climate Fund (GCF), both of which form the basis for its newly instituted Climate Finance Portfolio in 2020. Last, climate risk insurance and other forms of climate risk financing are key elements of climate risk management. Belize is one of the member countries of the Caribbean Catastrophe Risk Insurance Facility – Segregated Portfolio Company (CCRIF–SPC) and benefited from \$464,209 in payouts from the facility under tropical cyclone cover from 2016 to 2020. Consequently, the role of climate risk insurance cannot be neglected within the overall climate finance landscape, since it provides financial support for a portion of the loss and damage associated with those adverse effects of climate change that cannot be avoided.

Tracking of access and utilisation of climate finance enables the government and other stakeholders to make informed decisions regarding climate finance and investments. The current Public Sector Investment Portfolio (PSIP) is inadequate to accurately track climate finance flows, especially private sector climate investments, and makes avoiding double counting and assessing concessionality challenging. The Government of Belize in collaboration with the Initiative for Climate Action Transparency (ICAT) developed Belize's national monitoring, reporting and verification (MRV) system. The system is designed to track climate action, focusing specifically on the targets within Belize's updated NDC. The online platform currently tracks climate action based on the indicators established for every action outlined in the NDC. It also captures the total value of the project under which the actions are being implemented, but the level of granularity is still not sufficient to track climate finance flows accurately. The MRV will be expanded later in 2022 to incorporate the tracking of climate finance at a granular level, so that it is able to capture the private and public sectors' engagement in climate action.

In accordance with Belize's Comprehensive National Transport Master Plan, the revised NDC and the country's Low Emissions Development Strategy (LEDS), in February 2022 Belize launched the project, 'Towards Low Carbon Transport: Piloting e-mobility within Belize's Public Transport System'. This, according to the Minister of Energy, is the latest initiative launched under its commitment to support and accelerate the electrification of transport as part of a clean vision for Belize. The 39-month project is funded by the European Union, which will provide some 4.5 million euros (approximately \$5.3 million). It will be administered by the UN Development Programme (UNDP) Belize Country Office.

Belize has also ventured into accessing climate finance through its carbon stocks. To date, Belize has accessed \$3.8 million (excluding co-financing) from the Forest Carbon Partnership Facility (FCPF) for REDD+ Readiness Proposal Preparation. In mid-2021, the Ministry of Blue Economy and Civil Aviation of Belize agreed a partnership with the Blue Natural Capital Financing Facility for an innovative blended finance facility to improve the management of Belize's marine protected areas and contribute to its blue economy.

While Belize has made significant progress towards achieving its climate commitments, inconsistencies which misalign with the country's climate objectives remain. The Government of Belize does not subsidise imports of diesel and gasoline; however, there



has been a substantial increase in the import price of fuel products due to global conditions. The acquisition cost has increased more than 300% since November 2020. Earlier in 2022, the government implemented measures to substantially mitigate that increase by fixing prices on diesel and regular gasoline (as of March 2022). Consequently, GoB dramatically reduced import duties on such fuels. As a result, import duty reductions represent a loss to the government of \$27,500 per day. While this misalignment is only temporary, the government's actions only highlight the constant challenge that small island developing states, such as Belize, face in balancing economic stability, sustainable development and meaningful climate action.

Belize's ban on oil exploration and production in Belize's territorial waters was a positive move, but the country continues to produce crude oil for the local and international markets. At the time of this report, there were five companies conducting exploration and one company producing crude oil. Given outstanding exploration licences, it does not appear that the government intends to move away completely from oil production – even though this is clearly misaligned with its climate objectives. In the agriculture sector, Belize's long-term and medium-term sustainable development plans, Horizon 2030 and the GSDS, both identify agriculture, more specifically cattle production, as a key sector for economic growth. The primary source of GHG emissions in the agriculture sector is derived from livestock; however, given its importance to the economy, mitigation opportunities for livestock is classified as limited.

Like the public sector, the private sector plays a key role in building Belize's resilience to the impacts of climate change. The Belize Chamber of Commerce (BCCI) and private utility companies, such as Belize Electricity Limited and Belize Water Service (BWS), have implemented projects aimed at building climate resilience. Similarly, the Development Finance Corporation (DFC), Belize's only development bank, provides concessional, low-cost financing and therefore promotes domestic private investments. Key sectors financed by the DFC include agriculture, alternative energy, tourism and manufacturing, to name a few (DFC, 2018). Additionally, in collaboration with the GoB, The Nature Conservancy (TNC) negotiated a \$364 million debt conversion for marine conservation, which reduced Belize's debt by 12% of GDP. It also created long-term sustainable financing for conservation and locked in a commitment to protect 30% of Belize's ocean, in addition to other conservation measures. Likewise, TNC played a critical role in the acquisition of 236,000 acres, known as the Belize Maya Forest (BMF). Once an assessment of carbon stocks and verification of avoided emissions of greenhouse gases is complete, it is estimated that the sale of carbon credits will result in a \$15 million endowment to sustainably manage the forest into the future.

This case study is the first attempt at determining the alignment of Belize's finance flows with Article 2.1c of the Paris Agreement. It reveals areas where Belize is significantly advanced in its obligations and where more work is needed, to ensure consistency of finance flows with a pathway towards low greenhouse gas emissions and climate-resilient development. While the results of the study may not be conclusive, due to data gaps, it does draw on the available information and presents the following recommendations for Belize's consideration:

1. **Develop a definition for climate finance:** There is no national or internationally agreed definition of 'climate finance'. In determining the amounts to be reported as climate finance, entities rely on their operational definitions and differences can affect estimates of overall finance flows. Belize's Climate Finance Strategy uses a working definition for climate finance; however, it is important that the BNCCO, in collaboration with the CFU and the Belize National Climate Change Committee (BNCCC), commence a process to develop a national definition for climate finance.
2. **Develop and implement a robust climate finance tracking system:** Given the lack of an adequate tracking system, the study was unable to determine the exact quantum of public and private finance for climate action. The PSIP was helpful in determining the finance that flows from the national budget, but there remain significant data gaps due to the lack of budget splits and climate-specific allocations. In most cases, data is aggregated, making it almost impossible to determine accurate contributions to climate action.
3. **Improve private sector and civil society's investment in climate action:** There is limited interaction with the private sector and little awareness of opportunities to engage in climate action. The country's contribution to climate action from public funds is severely constrained by its high debt level, making public-private partnerships even more critical. Therefore, **greater engagement with the private sector** should be a high priority for the Government of Belize.
4. **Implement critical policies, strategies and action plans aligned with the Paris Agreement:** This study also found that Belize's fiscal policies to create the enabling environment for private sector investment in climate action are limited. Several national policies and strategies call for legislative reforms or fiscal incentives to encourage private sector investment in actions that would increase Belize's ability to achieve its climate goals. A number of these recommendations have not been implemented.

Note that given the lack of a monitoring or tracking system for climate finance in Belize, quantitative data for this study was provided only where information was publicly available.



+ 1. Why collate country actions supporting Article 2.1c of the Paris Agreement?

The long-term goal of making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development is neither defined nor fully articulated under the UN Framework Convention on Climate Change (UNFCCC) process. There has been no formal place in the Conference of the Parties (COP) and Parties to the Paris Agreement (CMA) agenda to discuss and develop the concept of the climate-consistency of finance flows.¹ It was only at COP26 that the Standing Committee on Finance (SCF) – which assists the COP in meeting the objectives of the Financial Mechanism of the Convention – was given a mandate to synthesise submissions from a diversity of actors on ways to achieve Article 2.1c of the Paris Agreement, including options for approaches and guidelines for implementation (UNFCCC 2022).

Commitments to ‘align’ with the Paris Agreement and seek net zero emissions have been made in both public and private institutions (MDBs, 2018; Cochran and Pauthier, 2019). Unpacking how to fully operationalise these commitments on Paris alignment, however, remains a work in progress (Carter, 2020).²

The Global Stocktake (GST) is the mechanism that will be used to measure collective progress in achieving the three long-term goals of the Paris Agreement. The GST is set to be completed in 2023 and will take place in five-year cycles thereafter. The foundations of the GST do not have highly detailed provisions and, so far, allow ample flexibility, including in how to take stock of collective progress towards Article 2.1c (Watson and Roberts, 2019; UNFCCC, 2021). Developing discussion on how to operationalise Article 2.1c at the country level can, therefore, create useful lessons and encourage further action. It may also support a meaningful discussion on collective progress in the first GST that was launched at COP26 in 2021 and will complete in 2023 (UNFCCC, 2015).

It will fall on governments to ensure there is accountability under the Paris Agreement. Therefore, there is a rationale to focusing on the levers that public actors create for finance flows, both public and private, by generating incentives and disincentives. Recognising that public flows alone are not sufficient for a transition to low-emission, climate-resilient pathways, these public levers could include financial policy and regulation, fiscal policy, public investment, and information instruments (GGKP, 2014; Watson and Schindler, 2017; Whitley et al., 2018) (Table 1). However, a transformation of the financial system

¹ It has, however, been suggested that countries could voluntarily choose to do so in their biennial transparency reports (Whitley et al., 2018).

² There are, however, a few examples of alignment that could be followed by financial institutions, e.g. the European Investment Bank (EIB)’s commitment to align all of its financing activities with the principles and goals of the Paris Agreement by the end of 2020, and to dedicate 50% of its financing to climate action by 2025, while ensuring that the other 50% is consistent with and does not undermine the EU’s climate mitigation and adaptation objectives (EIB, 2020).

as a whole that is consistent with climate action will still require additional regulatory, structural and capacity efforts for both public and private flows.

Table 1: Government-led tools to encourage the consistency of finance flows with climate ambitions

Financial policies and regulations (Primary influence behaviour through force of law)	Fiscal policy levers (Primarily influence behaviour through price)	Public finance (Primarily influence behaviour by shifting financial risk)	Information instruments (Primarily influence behaviour through awareness)
<ul style="list-style-type: none"> • lending requirements • accounting systems • mandates of supervisory authorities • standards • plans and strategies • disclosure requirements <p><i>(Where mandatory and enforces)</i></p>	<ul style="list-style-type: none"> • taxes • levies • royalties • price support or controls • public procurement • budget support <p><i>(Including for establishment of public funds and finance institutions and state-owned enterprises)</i></p>	<ul style="list-style-type: none"> • grants • debt • equity • guarantees • insurance <p><i>(From public pension funds, sovereign wealth funds and public finance institutions)</i></p>	<ul style="list-style-type: none"> • certification and labelling • transparency initiatives • corporate strategies • awareness campaigns • statistical services • scenario analysis and stress testing • standards • plans and strategies • disclosure requirements <p><i>(Where voluntary)</i></p>

Source: Whitley et al. (2018)

The Independent Global Stocktake (iGST) (Box 1) can use its independence to work with a wide range of actors across political and technical challenges. In this case, the challenge relates to the progression of discussions on the consistency of finance flows with low-emission, climate-resilient development pathways.

Box 1: What is the iGST and the Finance Working Group?

The independent Global Stocktake (iGST) is a consortium of civil society actors working together to support the Global Stocktake (GST) under the Paris Agreement. The initiative is structured across a set of complementary workstreams that serve as spaces for dialogue and each launch discrete pieces of work. These workstreams include regional civil society hubs in Latin America and the Caribbean, Southeast Asia and West Africa; and four



thematic working groups on finance, adaptation and mitigation, plus an additional group focused on the cross-cutting theme of equity. The overarching objective of the iGST is to provide a base of analysis and advocacy to support a robust GST process that results in increased climate ambition and implementation.

The Finance Working Group (FWG) of the iGST is an open partnership that brings together a wide range of expert perspectives from its members from the global North and South. Focusing on the finance-related aspects of the Paris Agreement, 'finance' as used by the working group encompasses two core, interrelated topics. It considers both the provision of support to developing countries to mitigate and adapt to climate change (Article 9), and the consistency of all finance flows with climate objectives (Article 2.1c).

The ultimate goal of the FWG is to support more ambitious country pledges and domestic actions by 2025, which will lead to substantial progress towards meeting all three of the long-term goals of the Paris Agreement. To achieve this goal, the FWG's long-term objective is to have direct influence of the UNFCCC GST process, through the production of knowledge, outreach and support for appropriate data inputs, and to support a benchmarking of the official GST through the assessment of progression financing the commitments to the Paris Agreement. It will also support an active, independent civil society on the issues surrounding the financing of climate action.

+ 2. Country and market context



The Paris Agreement adopts a bottom-up, country-driven approach. It has shifted multilateral negotiations away from a top-down, target-setting approach, so that countries themselves define their own pathways to becoming low-emission, climate-resilient economies. For the operationalisation and pursuit of consistency of finance flows and in the absence of predefined criteria, this suggests that there will be nationally driven interpretations, but it also necessitates transparency, whereby each country's interpretation of 'consistency' can be scrutinised to give it legitimacy. This further allows country progress to be acknowledged in light of common but differentiated responsibilities and respective capabilities.

This section outlines relevant country and market contexts within which Belize will need to make finance flows consistent with low-emission, climate-resilient development pathways (also see Box 2).

Box 2: Belize at a glance

UNFCCC country grouping: Non-Annex I / small island developing state (SIDS)

World Bank Classification: Upper middle-income

Gross Domestic Product (GDP): (current) \$1.79 billion (World Bank, 2021)

GDP per capita: (current) \$4,420.5 (World Bank, 2021)

Population: 441,471 persons (SIB, 2022 mid-year est.)

Inflation: 4.9% in 2021 up from 3.8% in 2020 (IMF, 2022)

Foreign direct investments: \$126.3 million (ECLAC, 2021)

Public budget: FY 2021–2022 \$602 million; FY 2022–2023 \$682.1 million (Ministry of Finance, 2021/2022)

Public debt: 111% of GDP (IMF, 2022)

Taxes and subsidies: 13.2% of GDP (SIB, 2020)

Poverty: 52% of population considered poor

Share of financial sector activities in GDP: 8.7% (SIB, 2020)

Belize is a member of the G77 and China and the Alliance of Small Island States (AOSIS) negotiating groups.



2.1. Background

2.1.1 Location

Belize is located on the Caribbean coast, bordered by Mexico to the north, Guatemala to the west and south, and the Caribbean Sea to the east. It is situated in the tropics with a national territory of 46,620 km², which encompasses 22,960 km² of land and 1,060 small islands or cayes. The mainland, approximately 290 km long and 110 km wide, makes up 95% of the territory, while 5% represents the cayes. The 220 km barrier reef, which extends across the entire coast of Belize, is known as the longest barrier reef in the western hemisphere and is recognised as a UN World Heritage Site.

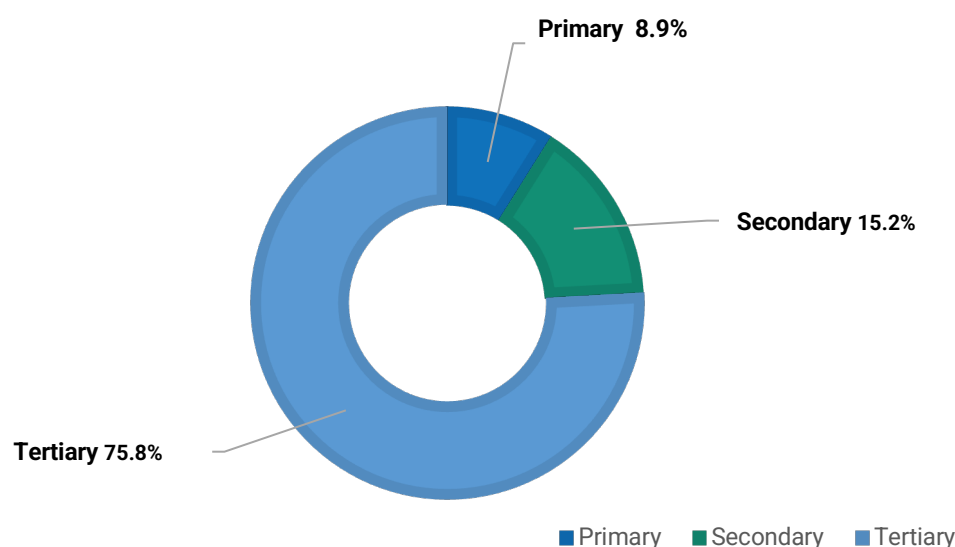
2.1.2 Population

According to the Statistical Institute of Belize (SIB), Belize's population stood at 322,453 persons in the latest census year 2010 and grew to 441,471 persons based on 2022 mid-year estimates (SIB, 2022). The population is distributed across six administrative districts: the Belize, Cayo, Corozal, Orange Walk, Stann Creek and Toledo Districts. The Belize and Cayo Districts are the most populated regions with 135,140 and 108,346 inhabitants respectively (SIB, 2022). The capital city of Belmopan is located inland in the Cayo District; however, Belize City, a coastal community in the Belize District, remains the most prominent commercial area and could be considered the commercial capital of the country.

2.1.3 Economy

Belize is categorised as a small, upper middle-income country with a highly open, natural resource- and service-based, export economy. Its performance is largely dependent on exports of tourism services and agricultural products. In 2019, Belize's trade deficit amounted to around \$0.52 billion. External debt remains high and above 95% of GDP. Based on SIB's 2020 *Annual GDP by Activity Report*, the primary sector accounted for 8.9% of GDP, which included agriculture, fisheries, forestry and mining, the secondary sector for 15.2% of GDP, which included manufacturing and construction, and the tertiary sector accounted for 75.8% of GDP (SIB, 2020), which included wholesale and retail, hotels and restaurants, transport and communication, financial services as well as government services. As the largest sector in Belize, the tertiary sector employed more than 62% of the country's labour force in 2020 (SIB, 2021b).

Figure 1: Sector contribution to GDP (2020)



Source: SIB, 2020

In 2021, Belize's GDP (current) stood at \$1.7 billion, with a per capita income of \$4,420.50 (World Bank, 2021). In its 2022 Country Report, the International Monetary Fund (IMF) stated that Belize's real GDP expanded by 9.8% in 2021 and was projected to grow by 5.7% in 2022 and 3.4% in 2023, led by the recovery of tourism. The unemployment rate declined from 13.7% in 2020 to 10.2% in 2021 and was projected to fall to 8.2% in 2022. End-of-year inflation increased sharply from 0.3% in 2020 to 4.9% in 2021, driven by higher global energy and food prices, and was projected at 5.2% in 2022. The fiscal position improved significantly in financial year (FY) 2021, with the primary balance increasing to 1.7% of GDP, led by a sharp cyclical recovery of revenue and a decline in expenditure due to fiscal consolidation, and public debt declining to 111% of GDP in 2021 (IMF, 2022).

2.2 Key economic sectors and their emissions

As a small island developing state, Belize has negligible greenhouse gas emissions, but it is highly exposed to climate change and natural disaster risks. Among small states, Belize ranks third at risk of natural disasters, and fifth at risk from climate change (IMF, 2016). Although its low GHG emissions limit its capacity to contribute to global mitigation, Belize remains committed to achieving the ultimate objective of the Paris Agreement and supports a more ambitious target to limit the increase in global average temperature to 1.5°C compared to pre-industrial levels (BNCCO, 2021a).

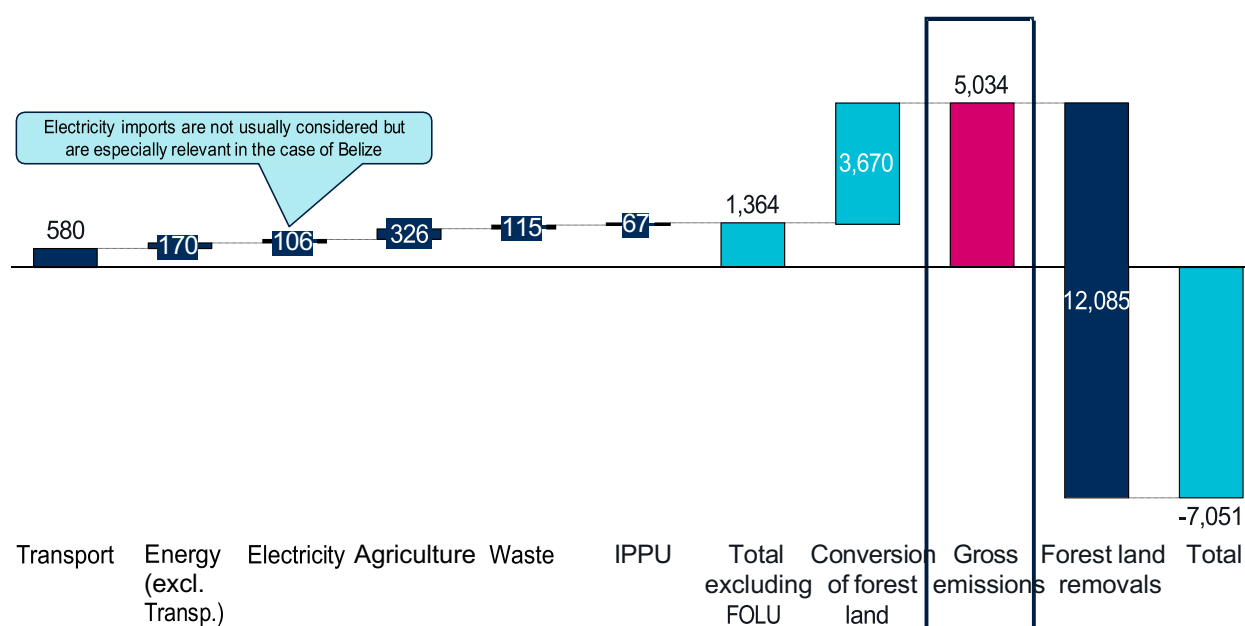
Belize's primary source of GHG emissions is the forestry and other land use (FOLU) sector, representing 72.9% of total emissions. This stems primarily from the 'conversion of forest land to other uses', such as cropland and grassland. In 2020, the emissions from



the 'conversion of forest land to other uses' (i.e. deforestation) was estimated to be 3.7 MtCO₂e (72.9%), with the remaining sectors emitting an estimated 1.4 MtCO₂e (27.1%). However, carbon dioxide (CO₂) removal due to the forest growth in the same year was estimated to be 12.1 MtCO₂e, offsetting the country's overall emissions and turning Belize into a net sink of GHG emissions (-7.1 MtCO₂e) (BNCCO, 2021b). Although Belize is a net sink, its Low Emission Development Strategy (LEDS) 2020–2050 uses its gross emissions estimate, which excludes FOLU removals, considered an intrinsic condition, and includes electricity imports. Given that the rate of deforestation is projected to increase if no measures are instituted, the Government of Belize has committed to several actions, including reducing deforestation and conducting reforestation of forests and restoration of mangrove and seagrass meadows.

The stationary and mobile energy sectors, including electricity imports, constitute 27.01% of Belize's GHG emissions. Almost half of Belize's installed electricity capacity is renewable (about 250 GWh of hydro and 80 GWh of biomass), with the potential for doubling current renewable generation by increasing hydro capacity from 54 to 84 MW and adding 42 MW of solar and 20 MW of wind generation (BNCCO, 2021b). However, demand is larger than current supply and Belize imports a significant share of its needs from Mexico. In 2017, electricity imports from Mexico amounted to 230–250 GWh, 40% of demand. Although electricity imports from Mexico are not officially Belize's emissions, the level of dependence is significant and unlike Belize, where the bulk of generation is renewable, Mexico's electricity generation is much more dependent on fossil fuels. As a result, imports are responsible for more than half of GHG emissions associated with electricity consumed in the country (BNCCO, 2021b).

Figure 2: Annual estimated GHG emission in Belize (2020), MtCO₂e



Source: BNCCO, 2021b

About 60% of agriculture emissions come from livestock, followed by aggregated sources on land. Livestock combined emissions (from manure management and enteric fermentation) were 0.18 MtCO₂e, from a total of 0.30 MtCO₂e for agriculture as a whole (including removals due to harvested wood products). This is followed by aggregated sources on land, especially nitrogen fertilisation and biomass burning (BNCCO, 2021b).

Beef cattle production has been growing steadily over the last two decades, with a compound annual growth rate of 6.7% over two years. Agricultural production systems operate on 7% of total land area and croplands are dominated by sugarcane. Approximately 38% of Belize's land area is suitable for agriculture, but only 7% of that total land area is actively being used for agriculture. Of the 7%, 1.4% is planted to permanent crops, 2.2% consists of permanent meadows, and 3.3% is arable land. Sugarcane production is the largest crop in terms of land use (27% of harvested area), followed by corn (21%), citrus (16%), beans (10%), rice (4%) and bananas (3%). Additionally, 351,700 acres of pastures are grazed by approximately 135,400 head of cattle. After some fluctuation, sugarcane production has been growing rapidly in recent years. Overall growth has exceeded 11% annually over the last few years. GHG emissions from livestock and crops have been growing at similar rates. While livestock emissions grew from 0.08 MtCO₂e (6% per year), aggregate sources grew from 0.07 to 0.16 MtCO₂e (7% per year) (BNCCO, 2021b).



2.3 Key climate-related risks by economic sector

Belize is already experiencing adverse impacts due to climate change, including sustained droughts, floods, increased coastal erosion and changing precipitation patterns. Combined, these climate changes and related phenomena are having significant impacts on many environmental, physical, social and economic systems within the country. In the future, these effects are expected to increase, thereby threatening the physical and social infrastructure in Belize (BNCCO, 2021a).

Projections indicate that Belize will experience significant impacts from climate change, including a rise in temperature between 2°C and 4°C by 2100, a 7–8% decrease in the length of the rainy season, a 6–8% increase in the length of the dry season, and a 20% increase in the intensity of rainfall over very short periods. Projections also show an increase in erosion and contamination of coastal areas, sea-level rise, flooding, and an increase in the intensity and occurrence of natural hazards such as tropical storms, tropical waves and hurricanes. Many of these impacts are already being felt in the low-lying coastal areas and are expected to have significant impacts on many environmental, physical, social and economic systems. Adaptation is therefore a high priority given Belize's vulnerability to natural hazards and climate-related shocks.

In the agriculture sector, Belize expects a projected loss of production within the range of 10% to 20%, which could lead to millions of dollars in lost revenue by the year 2100. The fisheries sector is also under threat from warmer sea surface temperatures, ocean acidification, sea-level rise and extreme weather events. A decline in this industry could significantly affect Belize's food security as well as its GDP. This would affect more than 3,500 licensed fishers, which could lead to an annual loss of approximately \$12.5 million per year (BNCCO, 2021a).

Projections indicate that the tourism industry will be affected by extreme weather events, including flooding, inundation, saltwater intrusion and coastal erosion due to sea-level rise. Of major concern is the health of Belize's coral reefs, which are already experiencing periods of coral bleaching due to rising water temperatures. It is projected that the health of the coral reef will continue to be threatened. Climate change is also projected to impact water supplies and physical property, which are critical for the sustainability of the sector. The combined effects of reduced tourism demand, loss of infrastructure, loss of beaches and the loss of the barrier reef could result in a reduced income of approximately \$24 million per year (BNCCO, 2021a).

2.4 Nationally relevant targets for the consistency of finance flows

Belize ratified the Paris Agreement and submitted its first Nationally Determined Contribution (NDC) to implement the Paris Agreement in April 2016. This initial NDC outlined actions to mitigate greenhouse gas emissions from land use and forestry, fuel wood consumption, electricity, transportation and solid waste. Similarly, the initial version also elaborated conditional commitments to reduce greenhouse gas emissions and unconditional commitments to facilitate adaptation nationally (BNCCO, 2021a). Belize

submitted an updated NDC, which also represents an updated version of these commitments, ahead of the 26th Conference of Parties (COP26) to the UN Framework Convention on Climate Change (UNFCCC), held in November 2021. The updated NDC expands on the climate change component found in Belize's key development plans, including its Growth and Sustainable Development Strategy (GSDS). It also summarises implementation plans for the actions presented, including activities that require financing and monitoring. The updated NDC makes every effort to address the climate change challenges that Belize currently faces.

Targets included in the updated NDC are estimated to avoid a cumulative emissions total of 5,647 KtCO₂e between 2021 and 2030 (peaking at 1,080 KtCO₂e in avoided emissions in 2030). Specifically, the NDC elaborated on key sector targets such as a 63% increase in GHG removals related to the agriculture, forestry and other land use (AFOLU) sector and an increase in 75% of renewable energy in electricity generation. Targets also included sectoral actions to build resilience and develop capacity to adapt to the impacts of climate change in key economic sectors and supporting systems. The targets and actions outlined in the NDC demonstrate Belize's commitment to supporting the implementation of the Paris Agreement. They include:

- a set of mitigation targets in line with a global goal to keep global warming well below 2°C while pursuing efforts to limit to 1.5°C by 2100
- a set of adaptation actions designed to develop resilience of critical systems and populations in Belize
- consideration of the costs of delivering actions identified and the level of climate finance to support delivery of these actions.

Mitigation needs in Belize's updated NDC are estimated to cost approximately \$1.39 billion between 2021 and 2030. Some funding is already committed, but the funding gap remains large at an estimated \$1.24 billion. Actions related to adaptation needs are estimated to cost \$318 million between 2021 and 2030. Around half of these needs are already funded, leaving a funding gap of \$146 million.

2.5 The potential impact of Covid-19 on climate objectives

The Covid-19 pandemic contributed to the largest economic contraction in Belize in recent decades (Government of Belize, 2022c). The decline was estimated at around 15.5% and was attributed to substantial declines in tourism, manufacturing and distribution, combined with a previously expected decline in agriculture due to the historic drought of 2019 – which led to estimated crop losses of \$25 million (Government of Belize, 2022c). Furthermore, reduced foreign exchange flows from tourism, merchandise flows and remittances caused the account deficit on the balance of payments to increase. Capital inflows and the fiscal balance also deteriorated owing to the reduction in central government's revenue, while expenditures on health services and social transfers increased.



The Belize Trade and Investment Development Service (BELTRAIDE) is a statutory body of the Government of Belize whose mission it is to 'enhance Belize's prosperity by fostering investor confidence, entrepreneurship, business growth and innovation'. BELTRAIDE administered a survey among firms registered under its main technical units between 22 April 2020 and 15 May 2020. In total, 158 private sector entities responded, with the largest representation from tourism and agribusiness/agro-processing industries. When collated according to size, 54% of the respondents were classified as micro-enterprises, 17% as small and 12% as medium-sized enterprises. At the time of the study, only 10.8% of respondents indicated that they were able to operate under the conditions that prevailed at the time (UNDP, 2020). During that period, 12.7% of firms reported that they were completely shut down, while 35.4% indicated that they were temporarily out of business; respondents in this category were primarily from tourism and leisure-oriented firms. Overall losses were reported to be proportionate to the size of the business, with most losses greater than \$250,000 sustained by large firms, and most below \$12,500 experienced by micro firms, with some exceptions (ibid).

The significant loss in government revenues from taxes and tourism, coupled with increased expenditures in the social sector (health and social assistance), severely impacted the country's debt profile, pushing it to unsustainable levels. Given the serious economic situation, Belize's primary focus is economic stability.

+ 3. Public levers supporting the consistency of finance flows with Article 2.1c



3.1 Overall strategies and targets

Belize has demonstrated its commitment to achieving its mitigation and adaptation targets, as outlined in its updated NDC (BNCCO, 2021a) and its commitment as a member of the High Ambition Coalition to develop a long-term low emissions development strategy to chart its path toward becoming net zero by 2050. Since its ratification of the Paris Agreement in 2016, Belize has conducted several assessments and developed several policies, strategies and actions to guide its response to climate change. The Horizon 2030 long-term development plan and its associated mid-term Growth and Sustainable Development Strategy (GSDS) have laid the foundation for many climate-related national and sectoral policies, strategies and action plans. In recent years, the government has proactively engaged in the development of several key national and sectoral climate-related policies and strategies and has identified a host of policies and strategies that are directly or indirectly linked to the achievement of its climate goals.

There has been a conscious effort to mainstream climate change across national and sectoral policies, strategies and plans to ensure a coherent approach to achieving its targets and ensuring that finance flows are in line with the Paris Agreement. Belize is on the right path, but it will need external support to implement the corresponding actions.

One such strategy is the recently developed **Climate Finance Strategy of Belize** (Commonwealth Secretariat, 2021b), which aims to provide strategic direction to Belize on mobilising, accessing and utilising finance from various sources and channels. Its five cross-cutting strategic directions centre around creating the enabling environment to access and utilise climate finance, while its seven core strategic directions provide guidance towards accessing climate finance from appropriate sources. This strategy will be discussed later in greater detail.

Table 2 is a snapshot of several government-led levers supporting the consistency of finance flows in Belize and the status of their alignment with the Paris Agreement. It is intended to serve as a conversation starter, but it is important to note that the determination of alignment has been based primarily on qualitative data. Given the lack of a monitoring or tracking system for climate finance in Belize, quantitative data was provided only where information was publicly available. The *context* column shows the *implementation status* of the lever, while the *mitigation and adaptation columns* provide an indication of the level of *alignment with the Paris Agreement*.

**Table 2: Government-led levers supporting consistency of finance flows in Belize****Legend**

Implementation status	Paris alignment status
Implemented or to be implemented	In line with scientific 1.5°/ <2°C scenario or Climate Action Tracker fair share target (Climate Analytics and New Climate Institute, 2021a)
Under development or being discussed by government	Progress in right direction, but not sufficient
Rejected or disregarded by government	Misaligned without considerable progress towards alignment
Not yet on government agenda	No information available

Government lever	Measure	Context	Mitigation-relevant activities	Adaptation-relevant actions
			Quantitative and qualitative information	Quantitative and qualitative information
Policy	Overall plans and strategies	Climate Finance Strategy of Belize (2021–2026) The five-year strategy (2021–2026) is aligned with Belize's updated NDC and provides a strategic framework for mobilising, accessing and utilising finance from different sources. The strategy is being implemented by the newly created Climate Finance Unit in the Ministry of Economic Development.	The strategy proposes exploring the potential for results-based payments from forest protection and restoration, blue carbon and the implementation of market mechanisms in other sectors including energy and waste (carbon pricing instruments).	The strategy elaborates cross-cutting and core strategic directions and focuses on priority financing for adaptation and resilience building, promoting private sector investments in climate actions, coordinated risk financing mechanisms and establishing a comprehensive MRV system to track climate finance flows and utilisation.
		Horizon 2030 – Long Term National Development Framework for Belize 2010–2030, 2010	As the nation's primary planning document, it outlines four critical success factors for the development of the country and a better quality of life for all Belizeans, now and in the future. One of its four main pillars concerns environmental stewardship. The strategies to achieve this pillar, namely integrating environmental sustainability into development planning and promoting sustainable energy for all, address the areas of concern relating to Belize's emissions profile and climate change impacts. No quantitative targets have been identified.	

		Belize's Growth and Sustainable Development Strategy 2016–2019 (GSDS)	<p>The GSDS is the development plan for 2016–2019, extended to 2020, stemming from Horizon 2010–2030. It adopts an integrated, systemic approach and encompasses medium-term economic development, poverty reduction and longer-term sustainable development issues. Among the conditions to ensure 'Sustained or Improved Health of Natural, Environmental, Historical and Cultural Assets', Disaster Risk Management and Climate Change Resilience are considered critical and an integral part of this plan. Of particular interest is the recommendation to 'incentivize the integration of green technologies and sustainable economy innovations into ALL aspects of economic development'. The GSDS is in the process of being reviewed and updated.</p> <p>No quantitative targets have been identified in the existing GSDS (2016–2019).</p>	
			<p>Although the GSDS considers climate change resilience an integral part of the plan, it is important to note that it provides an option for the agriculture sector which focuses on an increase in export capacity. This option is in line with economic development, but it focuses on reaching and diversifying crop-based targets and significantly increasing cattle export expansion, which are misaligned with GHG mitigation goals. No quantitative targets have been identified.</p>	
		National Climate Resilience Investment Plan 2013	<p>It provides the framework for an efficient, productive and strategic approach to building economic and social resilience and development. High importance is given to building climate resilience and improving disaster risk management capacities across all sectors. The GoB is reviewing and updating the plan.</p> <p>No quantitative targets have been identified.</p>	
		National Environmental Policy and Strategy 2014–2024, 2014	<p>It outlines a set of priorities, action plans and anticipated results for 2014–2024 based on a clear assessment of existing environmental challenges and resources, as well as an institutional framework and capacities to address them. It includes considerations on climate change challenges.</p> <p>No quantitative targets have been identified.</p>	



		National Climate Change Policy, Strategy and Action Plan 2015–2020 (NCCPSAP), 2014	<p>It provides policy guidance for the development of an appropriate administrative and legislative framework for low-carbon development, in line with sectoral policies. This includes a Climate Change Action Plan, which is a five-year programme covering adaptation and mitigation. The plan was developed based on the results of the First and Second National Communications to the UNFCCC, which identified several priority sectors for climate change mitigation and adaptation efforts, including coastal zone, human settlement, fisheries and aquaculture, agriculture, forestry, tourism, water, energy, and health.</p> <p>No quantitative targets have been identified.</p>	<p>The Climate Change Action Plan is a five-year programme covering adaptation and mitigation.</p> <p>No quantitative targets have been identified.</p>
		National Climate Change Policy Strategy and Master Plan, 2021–2025 (NCCPSMP), 2021	<p>The NCCPSAP has been revised for the period 2021–2025 to: (i) accommodate new scientific findings on the risks posed by climate; (ii) incorporate updated mitigation and adaptation measures in light of ongoing sectoral responses to climate change; and (iii) mainstream updated national/sectoral priorities regarding climate change under the NDC revision and newly formulated LEDS in harmonisation with a national long-term development goal.</p> <p>The NCCPSMP 2021–2025 presents a five-year programme to build the capacity of Belize to mitigate GHG emissions and adapt to the challenges of climate change. Responsibility for the implementation of the NCCPSMP lies with the BNCCO.</p>	<p>The NCCPSMP addresses adaptation in:</p> <ul style="list-style-type: none"> • agriculture • land use change, forestry and biodiversity • fisheries • coastal and marine resources • water resources • land use, human settlements and infrastructure • tourism • human health • energy • transportation • waste management • disaster risk management • education.

		Revised Low Carbon Development and Roadmap for Belize, 2016	<p>It updates the first Low Carbon Development Roadmap, designed in 2015, and integrates the key elements of the GSDS. Its main objective is to assist the country in embarking on a pathway to low-carbon sustainable development. The roadmap is structured in two tiers, where activities are classified depending on their level of priority or urgency. Climate change is mainstreamed into the document, and one of the priority actions focuses on carrying out institutional and regulatory reforms to reinforce climate change management.</p> <p>No quantitative targets have been identified.</p>	
		National Investment Policy and Strategy (NIPS), 2022	<p>The NIPS focuses on nine key policy pillars that are likely to improve the business climate and have a profound impact on the facilitation of domestic and foreign investment in the country in the short to medium term. It is consistent with the objectives of Horizon 2030 and the Growth and Sustainable Development Strategy (GSDS) (Government of Belize, 2022b). Of interest are Pillars IV, Reform of the taxation system for sustaining private investment, and VI, Reform of the business incentives framework. These reforms could increase private sector investment in Belize's mitigation and adaptation targets, in particular in the energy sector.</p> <p>No quantitative targets have been identified.</p>	<p>These reforms could increase private sector investment in adaptation action.</p>
		Low Emissions Development Strategy (LEDS), 2021	<p>The LEDS covers the period 2020 to 2050 and defines pathways to achieve low-emissions development in Belize. It represents Belize's commitment as a member of the High Ambition Coalition, to increase emissions reduction ambition in its updated NDC and develop a long-term strategy aligned with achieving net zero global emissions by 2050. It provides a vision and direction for future development. Belize's LEDS and action plan support the shift of its development pathway, aligned with green growth and a low-emissions economy, as it achieves its objectives for sustainable development.</p>	



		Technology Action Plan for Climate Change Adaptation and Mitigation (2018)	<p>This action plan represents a strategic tool for the implementation of prioritised technologies and project idea notes. It encompasses an action plan for prioritised technologies identified within the Technology Needs Assessment (TNA) process conducted in Belize. Its overall aim is to facilitate the successful diffusion of the prioritised technologies for climate change adaptation and mitigation. Mitigation technologies were considered in the energy, transport, and land use/agroforestry sectors.</p> <p>No quantitative targets have been identified.</p>	<p>Adaptation technologies were considered in the agriculture, water, and coastal/marine sectors.</p> <p>No quantitative targets have been identified.</p>
		Updated Nationally Determined Contribution (2021)	<p>Belize submitted its initial NDC on 20 April 2016, which was followed by an updated NDC in 2021. Targets in the updated NDC are estimated to avoid a cumulative emissions total across all sectors of 5,647 KtCO₂e between 2021 and 2030 (peaking at 1,080 KtCO₂e in avoided emissions in the year 2030). Key sector targets include a 63% increase in GHG removals related to agriculture, forestry and other land use (AFOLU) and an increase to 75% of renewable electricity generation.</p> <p>The estimated cost of Belize's mitigation targets and actions is \$1.39 billion. Funding is already committed for some actions, leaving a funding gap at an estimated \$1.24 billion.</p>	<p>Targets also include a number of sectoral actions to build resilience and adaptive capacity in key economic sectors and supporting systems. These include:</p> <ul style="list-style-type: none"> • coastal zone and marine resources • agriculture • fisheries and aquaculture • human health • tourism • forestry and biodiversity • land use, human settlements and infrastructure • water resources. <p>Belize's estimated targets and actions are estimated to cost \$318 million. Given the funds that are already committed, the funding gap stands at an estimated \$146 million.</p>
		REDD+ Strategy of Belize (2021) expected	<p>It is founded on the implementation of all four REDD+ activities, as agreed in paragraph 70 of Decision 1CP 16 of the Cancun Agreements, which are: reducing emissions by forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancing the forest carbon stock. The strategy, once finalised, will complement the existing Forest Strategy of Belize.</p>	

		Fisheries Act, Chapters 210, 210s and 211, Revised Edition, 2003		Fisheries management was facilitated through the Fisheries Act and its subsidiary legislation. The primary legislative tool is the 1980 Fisheries Act, which was revised in 1993, and focuses on new formulae for fishing licensing and regulation of the aquaculture sector. There were subsequent amendments in 2003. It promotes sustainable fisheries, for the conservation and preservation of the marine environment. The existing Act is outdated. A new Act and Regulations are pending. This new legislative framework will mainstream climate change in the fisheries sector.
		Fisheries Resources Act, 2020		This Act replaces previous legislation in place for almost seven decades and aims to modernise and transform Belize's small-scale fishing industry. The legislation aims to ensure the sustainable use and management of fishery resources and the conservation of the coral reefs, mangroves and coastal waters that support them, as well as provide greater decision-making authority, food security and resilience of local communities.
		National Integrated Water Resources Management Policy (Including Climate Change) for Belize, 2008		<p>The policy strongly emphasises the severe impacts climate change will have on water resources. It states that the Government of Belize will: 'Promote and account for increased investment in the development of water storage infrastructure. This will include the use of "no regret" and other adaptation measures to respond to the predicted adverse effects of Global Climate Change on water resources.'</p> <p>The overall adaptation strategy for the water sector includes the enabling and enacting of measures aimed at a more rational and efficient use of water resources. Its update is being considered under the Integrated Transboundary Ridges-to-Reef Management of the Mesoamerican Reef (MAR2R) Project, currently executed by the World Wildlife Fund (WWF) and the Central American Commission on Environment and Development (CCAD).</p>
		National Sustainable Tourism Master Plan (NSTMP) for Belize 2030, 2011		It presents an action plan to develop a dynamic, competitive and sustainable tourism industry. It promotes the creation of a sound and competitive investment climate, enhancing foreign investment promotional and facilitating activities that encourage professionalisation of the tourism SME (small and medium-sized enterprises) local community. It also includes considerations on the vulnerability of the



				sector to natural hazards and climate change. The overall strategy entails: (i) the identification and assessment of coastal tourism areas that are vulnerable to climate change; (ii) provision of support to coastal planners and policy-makers in selecting appropriate policies and adaptation strategies that meet climate adaption, developmental and environmental goals.
		Adaptation and Disaster Risk Management (DRM) Plan for Emerging Destinations of Corozal District, Toledo District, Caye Caulker Village and The Mountain Pine Ridge Area, 2020		The plan formulates recommendations for climate change adaptation and disaster risk management, with a specific focus on ecosystem-based adaptation (EbA) and on the priority climate-related hazards identified with stakeholder inputs. It provides a plan of action with the development of road maps for each of the four destinations.
		National Biodiversity Strategy and Action Plan 2016–2020, 2018		It is a 5-year plan set within a 15-year framework (aligning with Horizon 2030) and is designed to achieve the national vision. Climate change is included as one of the causes of biodiversity loss and actions are outlined in alignment with adaptation goals. Resources are being mobilised for updating this document.
		National Protected Areas System Act (NPASA), 2015		It establishes a National Protected Areas System (NPAS) and promotes long-term conservation, management and sustainable use of Belize's protected areas. Adaptation to climate change is considered in terms of ensuring support for ecosystem goods and services important for national development.
		Comprehensive National Transport Master Plan, 2018	The Transport Master Plan identified the implementation of regulation on heavy-duty vehicles emissions by limiting the age of vehicles being imported to the country based on the Environmental Protection Agency (EPA) or Euro standards (technology). Importation of older vehicles should decrease in a progressive way over time.	

		Sustainable Energy Roadmap 2021–2040, 2021	<p>The roadmap builds on the National Sustainable Energy Strategy and Action Plan and the National Energy Policy Framework (2011–2040). It does not explicitly mention climate change, but it is aligned with Belize's mitigation targets. It outlines actions that will deliver a sustainable, secure and affordable energy future. Among the actions required to implement the roadmap the following are of particular interest:</p> <ul style="list-style-type: none"> • Implement energy standards and labels for appliances and mobilise ratepayer-funded schemes and other financial mechanisms that make it easy for households, businesses and public entities to become efficient. • Reorient public sector procurement toward energy efficiency (with the Cabinet implementing energy efficient procurement). 	
		National Adaptation Strategy to Address Climate Change in the Agriculture Sector in Belize, 2015		<p>It sets out a strategy to address the current and projected impacts of climate change on the agriculture sector in Belize. It introduces measures to tackle the following identified detrimental effects of climate change: direct effects from rainfall changes (excess, shortage and variability); direct effects from temperature increase; indirect effects of rainfall and temperature changes (greater than changes in pests and diseases status); and indirect effects of rainfall and temperature changes (greater than changes in soil fertility). The overall adaptation strategy involves: (i) diversifying livestock; (ii) increasing access to drought-resistant crops and livestock feeds; (iii) adopting better soil management practices; and (iv) providing early warning/ meteorological forecasts and related information.</p>
Fiscal policy	Taxes and levies	Belize Petroleum Act, 2000	<p>Tax exemption provisions are provided within the Belize Petroleum Act for a contractor, his contractors and subcontractors to be granted, upon approval by the minister responsible for the administration of the Act, relief from the following: (a) any tax or customs duties payable on the importation and subsequent exportation of machinery, equipment, materials and other items required for petroleum operations; (b) any tax or customs duties payable on the importation and subsequent exportation of reasonable quantities of household goods and personal effects by non-Belizean employees of such contractor, his</p>	



			<p>contractors and subcontractors; and (c) such other taxes, imposts, levies and duties imposed within Belize except for income tax.</p> <p>A contractor shall be granted, upon approval by the Minister of Finance, exemptions from customs duties, levies or imposts as may be prescribed by any other law, on the exportation of petroleum which such contractor is entitled to export pursuant to his contract.</p> <p>The Act does not automatically award exemptions, but it allows for approval by the minister upon application by contractors.</p> <p>Crude oil is still being extracted in Belize, but the country passed legislation in 2018 putting a ban on oil exploration and drilling in its territorial waters to protect the barrier reef and the sustainability of the tourism sector.</p>	
		MoFEDI	Solar panels and solar systems are tax exempt. However, the associated equipment attracts a 12.5% GST (goods and services tax) if it is not imported together with the solar panels as a total system.	
		Comprehensive National Transport Master Plan, 2018	The Transport Master Plan identified energy efficiency in light duty vehicles as a key area for improvement. It recommended applying economic measure such as taxes to new and used vehicles based on their emissions, age or fuel consumption.	
	Price support or controls	Sustainable Energy Roadmap 2021–2040	<p>The roadmap builds on the National Sustainable Energy Strategy and Action Plan and the National Energy Policy Framework (2011–2040). It does not explicitly mention climate change, but it is aligned with Belize's mitigation targets and outlines several key actions. The following are of particular interest:</p> <ul style="list-style-type: none"> • Amend the tariff structure for cost reflectivity of EE and distributed generation. • Decouple tariff structure from electricity sales. • Reorient Belize Electricity Limited (BEL) incentives to meet RE and EE goals. 	

	Carbon pricing	<p>Forest Carbon Partnership Facility (FCPF)</p> <p>Belize Maya Forest Trust</p> <p>Climate Finance Strategy of Belize (2021–2026) <i>see above</i></p>	<p>Belize has accessed \$3.8 million (excluding the co-financing) from the Forest Carbon Partnership Facility (FCPF) for REDD+ Readiness Proposal Preparation. The project is currently progressing and has resulted in the development of the draft REDD+ Strategy for Belize (as of June 2021) with the potential to access financing through results-based payments in the future.</p> <p>Under an agreement between TNC, the Belize Maya Forest Trust and the Government of Belize, the sale of carbon credits from the reserve will cover half the purchase of the land and fund a \$15 million endowment to sustainably manage the forest into the future (TNC and BMFT, 2022). See 'Belize Maya Forest Trust' under <i>grants</i>.</p> <p>The Climate Finance Strategy of Belize (2021–2026) proposes exploring the potential for results-based payments from forest protection and restoration, blue carbon and the implementation of market mechanisms in other sectors including energy and waste (carbon pricing instruments).</p>	
Public finance	Grants	<p>Protected Areas Conservation Trust (PACT)</p> <p>PACT was established in 1996 under the Protected Areas Conservation Trust Act. It is Belize's national trust fund dedicated to financing the National Protected Areas System, ensuring the protection, conservation and enhancement of the country's natural and cultural resources. PACT is an accredited implementing entity for the Adaptation Fund and a direct access entity of the Green Climate Fund, both of which form the basis for its Climate Finance Portfolio. The portfolio is aligned with Belize's updated NDC and Belize's mid-term development strategy.</p>	<p>In the past decade, PACT has invested \$10.5³ million in the protection of Belize's natural resources.</p> <p>In 2019–2020 alone, PACT disbursed a little over \$2 million in grant funds, which leveraged \$3.5 million from international donors for conservation (nature-based) action under its Conservation Investment Strategy.</p> <p>PACT has extensive experience managing trust funds and provides fiduciary services to several government ministries and departments executing projects with the World Bank, the Meso-American Reef Fund, the Global Environment Facility (GEF), the German Development Bank and others. In its capacity as fiduciary managers, it has administered \$6 million from the GEF for the Protection of Key Biodiversity Area (KBA) project and \$3.8 million for REDD+ (MoFEDI, 2021b).</p> <p>PACT has recently signed a formal agreement with</p>	<p>In its capacity as fiduciary managers, it has administered \$6 million from the Adaptation Fund for the Marine Conservation and Climate Change Adaptation (MCCA) project.</p> <p>In 2019–2020, PACT accessed \$657,784 in readiness funding from the Green Climate Fund (GCF) and the Adaptation Fund (AF) for capacity-building and project development.</p> <p>It has two projects ready for submission to the AF project pipeline and is working on a concept note for submission in early 2023. It has one project ready for submission to the GCF and two others are due to be ready for submission before the end of 2022. These projects cover a range of actions, such as conservation, early warning systems, river restoration and support for micro, small and medium-sized enterprises (MSMEs) in specific sectors (Romero, 2022).</p>

³ Calculated based on PACT Annual Reports from 2010–2020.



		PACT is financed through a \$7.50 conservation fee established under its governing legislation, with this collected from visitors at Belize's ports of entry (air, land, and sea).	the Climate Change Office to mobilise financial resources for the implementation of the updated NDC and the NCCPSMP (PACT, 2021).	
		Belize Maya Forest (BMF) Trust	The TNC and the Belize Maya Forest Trust reached an agreement with the Government of Belize to develop a carbon project in the BMF. An independent third party has been identified to assess the carbon stocks in the forest and to support the verification of avoided emissions of greenhouse gases resulting from the BMF's protection.	Starting with the acquisition of the 260,000 Rio Bravo Reserve in 1995, the TNC also seized the opportunity in December 2020 to protect another 236,000 acres known as the Belize Maya Forest (BMF). The Belize Maya Forest Trust (BMFT) was established as a local non-profit to manage the long-term conservation of the BMF.
	Budget support	Accreditation of the Belize Social Investment Fund (SIF) to the Green Climate Fund The Belize SIF is a statutory body established under the Belize Social Investment Fund Act of 1996. It was established to: 'Provide projects and programmes and provide, either wholly or partially, financial and technical assistance to community groups with development goals, and local government organisations, for the execution of such projects or programmes which will serve to provide basic services to the most severely affected groups in the country.'		It is an implementing agency of the Government of Belize aimed at improving quality of life through the implementation of infrastructure and social programmes. To date, BSIF has implemented more than 700 tangible development projects that have had a national impact in the areas of education, water and sanitation, health, social services, organisational strengthening, and economic infrastructure. ⁴ Its revenue consists of loans and grants from international funding agencies, multilateral development banks and Belize's central budget, which is determined annually. In FY 2020–2021, GoB's contribution was \$472,253.50 or 2.4% of SIF's total budget of \$19,798,535. It is currently undergoing the accreditation process for the GCF. Based on its years of experience and its governance structure, the BSIF is well placed to deliver on some of Belize's mitigation and adaptation priority targets, but it is not clear how those will be incorporated into BSIF's existing programme of work.
	Public budget and spending climate aligned	Public Sector Investment Programme (PSIP)	The PSIP encompasses all development projects being implemented by the Government of Belize or on behalf of Belize. Based on its December 2021 report, the total climate-related investment of the ongoing PSIP was \$145.4 million, of which 15% was financed through domestic public funds. The balance of 85% was financed through international financial institutions (IFIs) (55.2% loans and 29.8% grants). The total domestic public investments	See <i>mitigation</i> column.

⁴ Retrieved from SIF Website <https://sifbelize.org/about-us/#Who>

		<p>captured as climate finance under the PSIP accounted for approximately 2% of total domestic public expenditures for the same reporting period.</p> <p>However, the PSIP was established to track development projects, as opposed to capturing climate finance specific information. The current Public Sector Investment Portfolio (PSIP) is not able to accurately track climate finance flows, especially private sector climate investments, and this makes avoiding double counting and assessing concessionality challenging.</p>	
	MRV system	<p>Recognising the inadequacies of the current system, GoB, with the assistance of the Initiative for Climate Action Transparency (ICAT), developed Belize's national monitoring, reporting and verification (MRV) system. The system was designed to track climate action, focusing specifically on the targets within Belize's updated NDC. It allows for the tracking of national greenhouse gas emission levels, the tracking of climate finance flows received, and the monitoring of climate change actions implemented nationally (Government of Belize, 2019). The system went live in August 2022, with the establishment of indicators, formalisation of institutional arrangements and the development of an online tool. Sector leads have been identified and established through the formal institutional arrangements for every sector in the updated NDC. The institutional arrangements also formalised data sharing and reporting agreements between the respective sectors and the BNCCO. The online platform is currently only accessible to sector leads and the BNCCO, but is in the process of being expanded for the use by the general public. It will also be expanded to track domestic and international finance flows across the public and private sectors.</p>	See <i>mitigation</i> column.
Debt	Debt-for-Nature Swap		<p>In November 2021, the Nature Conservancy (TNC) and GoB announced a \$364 million debt conversion for marine conservation. This transaction reduced Belize's debt by 12% of GDP, created long-term sustainable financing for conservation and locked in a commitment to protect 30% of Belize's ocean, completing a National Marine Spatial Plan and establishing a national independent marine conservation fund (TNC, 2022). In accordance with the agreement, the national</p>



				independent marine conservation fund, named the Belize Fund for a Sustainable Future (BFSF), was established in February 2022.
		'Blue' loans		Through the debt conversion, Belize repurchased \$553 million, representing a quarter of the country's public debt, from bondholders at a 45% discount through a 'Blue Loan' arranged by TNC. The debt conversion allowed a \$189 million reduction in principal outstanding. Savings achieved in the refinancing allowed Belize to create an estimated \$180 million in conservation funding over 20 years, composed of annual cash flows from the government and an endowment capitalised through the Blue Loan.
Public financial institutions	Public climate finance institution	Protected Areas Conservation Trust (PACT)	PACT can be seen as Belize's national climate trust, issuing grants to eligible mitigation and conservation projects. See ' <i>Protected Areas Conservation Trust (PACT)</i> ' under <i>grants</i> .	PACT can be seen as Belize's national climate trust, issuing grants to eligible mitigation and conservation projects. See ' <i>Protected Areas Conservation Trust (PACT)</i> ' under <i>grants</i> .
	DFIs or green bank with dedicated climate strategy	Development Finance Corporation (DFC)	<p>The Development Finance Corporation (DFC) is Belize's only development bank. It provides small and micro sector enterprise (small business) loans, residential mortgage home loans, student loans, productive sector loans (agriculture, manufacturing, tourism, commercial fishing fisheries, services to foster the development of these sectors, etc.) and, in 2016, renewable energy and energy efficiency loans for businesses and residences. DFC currently provides 100% financing for RE/EE investments at a lower-than-average rate of 6%.</p> <p>It is a candidate direct access entity (DAE) for the GCF in Belize (MoFEDI, 2021b). Once the accreditation process is finalised, DFC will provide climate finance that will be channelled to the private sector at a lower interest rate than that of traditional lending institutions.</p> <p>At the end of 2019, the DFC approved private sector finance valued at \$414,500 for investment in renewable energy (Commonwealth Secretariat, 2021a). This represented approximately 5.2% of DFC's total loan portfolio.</p>	Under its productive sector loans, DFC is providing Climate Resilient Cattle Loans at 7% interest on reducing balance to small, medium, and large-scale ranchers with the objective of helping farmers reduce and adapt to climate change impacts. It intends to increase productivity by improving cattle breeds, pastures and farm infrastructure and providing support for climate-smart practices and technologies.
	Insurance	Disaster Risk Management (DRM) Caribbean Catastrophe Risk Insurance Facility		Climate risk insurance and other forms of climate risk financing are key elements of climate risk management. Therefore, the role of climate risk insurance cannot be neglected within the overall climate finance landscape. Climate risk financing complements risk prevention and risk reduction by compensating for a portion of the loss and damage associated with those adverse effects of

				climate change that cannot be avoided. CCRIF-SCP (formerly the Caribbean Catastrophe Risk Insurance Facility) is one of the regional risk pool mechanisms in operation (Commonwealth Secretariat, 2021a). Belize is one of the member countries of CCRIF-SPC and has benefited from \$464,209 in payouts from the facility under tropical cyclone cover from 2016 to 2020 (CCRIF-SPC, 2021).
Information instruments	Awareness campaigns	The Climate Change Communication Strategy for Belize, 2022	The communication strategy sets the framework for a national campaign to heighten public awareness on the vulnerability assessment of existing communities, and the human mobility aspect in the context of slow and sudden onset impacts of climate change and natural hazards.	The communications strategy is developed to better equip Government to manage internal migration, environment and climate change issues in a way that is rights-based and achieves durable solutions.
		National Communication Strategy for Climate Change, 2021 (expected)	<p>This strategy, which is currently being developed, will communicate in a cross-sectoral manner all of Belize's ongoing climate-related public and private initiatives. It aims to increase and improve the level of awareness, interest, positive attitudes, behaviours and practices towards climate change adaptation and mitigation among the public, vulnerable communities and stakeholders in Belize. The key target audiences are:</p> <ul style="list-style-type: none"> • the policy- and decision-makers (government ministries, departments and agencies) • international development agencies • academia and schools • municipalities and town councils • civil society • farmers and farmer groups • private sector • media • youth, women and people with disabilities • indigenous people; residents, cultural leaders and vulnerable communities. <p>The status of the National Communication Strategy was unclear at the time of writing.</p>	
	Certification and labelling	Sustainable Energy Roadmap 2021–2040	The roadmap recommends the implementation of energy standards and labels for business and household appliances.	

Consistency case study: Belize



		Comprehensive National Transport Master Plan, 2018	<p>The Transport Master Plan identified the following short-, medium- and long-term actions regarding environmental and energy efficiency measures to be implemented:</p> <ul style="list-style-type: none"> • Energy efficiency in light duty vehicles: implement emission testing (which the Department of Environment has laws on) as a requisite for licensing of all vehicles. • Electric vehicles: implement pilot project for the introduction of electric vehicle to determine potential for national roll-out. 	
--	--	---	---	--

3.2 Key actions considered to be consistent with climate objectives

3.2.1 Institutional structure for climate change governance

The Ministry of Sustainable Development, Climate Change and Disaster Risk Management (MSDCCDRM) is home to key agencies for tackling climate change, including the Belize National Climate Change Committee (BNCCC) and the National Climate Change Office (BNCCO). It is the main ministry responsible for climate change initiatives in Belize (Commonwealth Secretariat, 2021a).

The Ministry of Finance, Economic Development and Investment (MoFEDI) is responsible for economic development, budget preparation and management, as well as banking, asset management and loans. It also serves a vital role in Belize's climate finance architecture as the National Designated Authority (NDA) for the Green Climate Fund (GCF) and the focal point for the Adaptation Fund.

The NCCO was first established in 2012 and became a permanent unit within the public service in 2017. It was established as the national entity with responsibility for coordinating the implementation of Belize's national, regional and international response to climate change and ensuring the development of a consistent framework across line ministries and agencies for mitigating the effects of climate change (Gauss International Consulting S.L., 2021). However, its most relevant responsibilities include the implementation of the recently developed National Climate Change Policy Strategy and Master Plan, 2021–2025 (NCCPSMP), Belize's LEDS and the administration of the newly developed MRV system for tracking climate action (soon to include climate finance). It serves as the secretariat for the BNCCC and the focal point to the UNFCCC.

The Belize National Climate Change Committee (BNCCC) is the leading entity that advises the government on climate change issues (BNCCO, 2021b). Earlier this year, the government revised the terms of reference (ToR) and the institutional structure of the BNCCC for greater efficiency. According to the revised ToR, the specific responsibilities and functions of the BNCCC include, inter alia, interministerial coordination, supervision of the implementation and coordination of the NCCPSMP, guidance on the development of national climate change positions and, more importantly, overseeing the strategy to ensure that climate change is mainstreamed into national development plans and policies and is fully integrated within government's national budget.

The BNCCC reports directly to the Cabinet through the MSDCCDRM, providing necessary guidance and leadership at the political level (ibid). Of particular importance is the cross-sectoral nature of the 14-member composition of the BNCCC. It comprises representatives from various government ministries, non-governmental organisations and the private sector.⁵ The Climate Finance Sub-Committee comprises government

⁵ Ministries represented include those in charge of works, transport and the National Emergency Management Organization (NEMO), finance, economic development, forestry, fisheries, environment and sustainable development, natural resources, agriculture, health, tourism, and energy. The committee has one representative of the private sector (the Belize Chamber of Commerce) and a recognised non-government organisation (currently



ministries, the Caribbean Community Climate Change Centre (CCCCC), the University of Belize and the Protected Areas Conservation Trust (PACT). It has been established to provide support to the NDA in performing functions related to the no-objection procedure for concept notes and funding proposals to be submitted to the GCF, and the nomination procedure of direct access entities and development partners (Commonwealth Secretariat, 2021b).

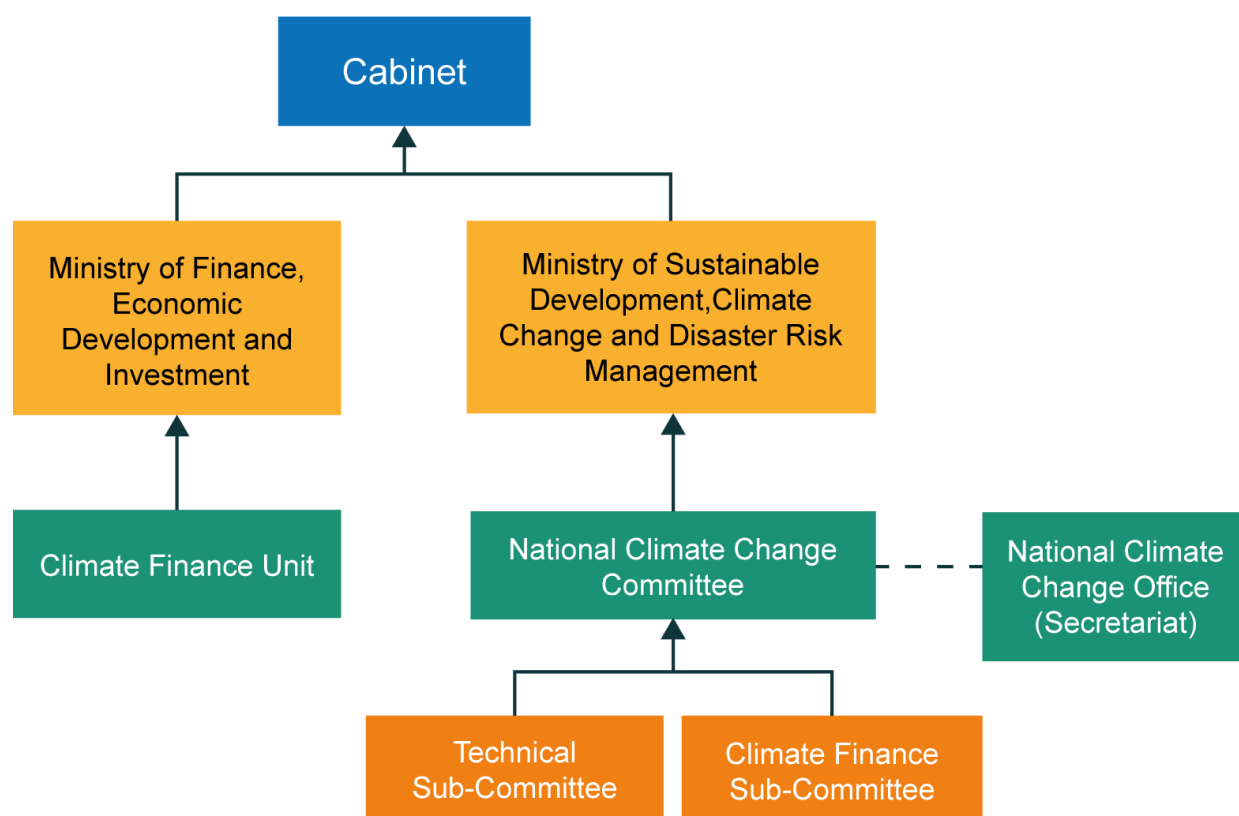
The Climate Finance Unit was established in January 2022 under the Ministry of Finance, Economic Development and Investment to maximise Belize's access to climate finance. The CFU's mandate is to coordinate and streamline the process of accessing climate finance while capitalising on the synergies with Belize's other sustainable development priorities. The objectives of the unit are to:

- translate Belize's overarching climate change mitigation, adaptation, preparedness and resilience plans into *implementable and finance-ready strategies and projects*
- implement, operationalise, monitor, review and update the *climate finance strategy* of Belize
- act as the *expert hub on climate finance* in Belize by acquiring updated knowledge, capacities and expertise
- facilitate, coordinate and support *climate finance project development and proposal submission* from the Government of Belize and other partners, including the private sector and civil society organisations, therefore acting as the clearing hub for climate proposals and projects in Belize
- *create awareness and build capacities* of ministries, departments and other stakeholders on climate finance
- lead Belize's international *climate finance advocacy and networking* efforts (MoFEDI, 2022).

The development of the CFU is certainly a move in the right direction. It establishes a dedicated unit whose mandate is finance specific and sits within the ministry that serves as the NDA for the GCF and the focal point for the AF. There is also the potential for strong collaboration with the BNCCC's finance subcommittee and the NCCO's MRV tracking system. However, the formal linkages between the CFU, the BNCCC and the BNCCO are still to be determined.

the Association of Protected Areas Management Organizations). The University of Belize and the National Meteorological Services of Belize, a government entity, also sit on the committee.

Figure 3: Belize's institutional structure for climate change governance



Source: Author's elaboration based on conversations with the BNCCO

3.2.2 Domestic public sector finance investments

Climate Finance Strategy of Belize, 2021

The Climate Finance Strategy (CFS) aims to provide strategic direction to Belize on mobilising, accessing and utilising finance from public and private sources and channels. It is intended to identify the required sources of funds for Belize to strategically address climate change challenges, while maximising synergies with other sectoral development plans and sustainable development co-benefits of climate investments. The strategy consists of the strategic framework, key short- and medium-term actions and an indicative plan of action towards mobilising financial resources to implement the priorities identified in Belize's NDC. The strategy corresponds with the NDC cycle for the period 2021 to 2026 and is considered a living document to be reviewed and updated as necessary.

In developing the strategy, the importance of having a common and shared understanding of what is considered climate finance within Belize was recognised. As a result, the strategy proposes a consultation process with stakeholders to agree on a definition for climate finance. For the purposes of the Climate Finance Strategy, the following working definition was used for climate finance:



‘The finance flows from domestic and international sources and channels, including public and private investments that are channelled towards addressing the national climate change priorities of Belize.’

The strategy elaborates on five cross-cutting strategic directions centred around creating the enabling environment to access and utilise climate finance, and seven core strategic directions guiding access to climate finance from appropriate sources. Of particular interest and possibly the most urgent of the cross-cutting strategic directions are the building of wider partnerships and alliances to access climate finance and the establishment of a comprehensive MRV system to track climate finance flows and utilisation. Among the core strategic directions, the promotion of private sector investments in climate actions and the enhancement of carbon asset-based financing and participation in market mechanisms were of particular interest. While climate finance is not mentioned explicitly in the National Investment Policy and Strategy (NIPS), Belize’s overarching framework to enhance the enabling environment for domestic and international private sector investment in Belize, it does provide a good foundation upon which the CFS could be implemented.

The Public Sector Investment Programme (PSIP)

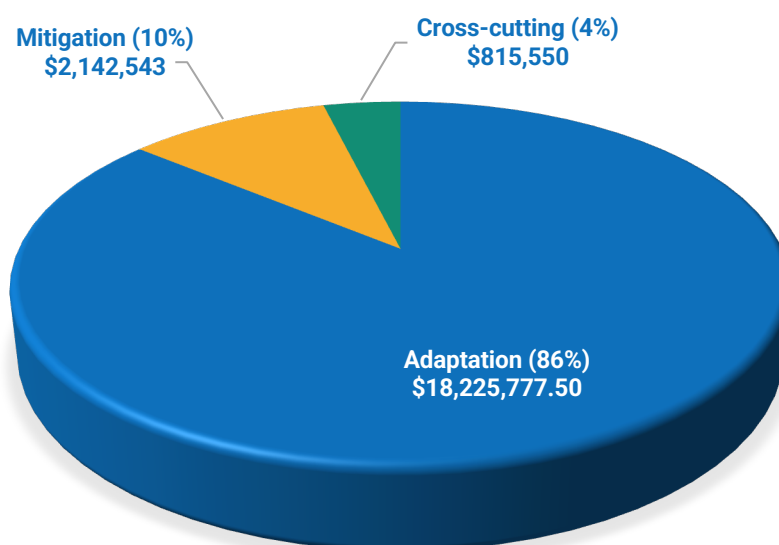
The Public Sector Investment Programme (PSIP) falls under the purview of the Ministry of Economic Development. The PSIP encompasses all development projects being implemented by the Government of Belize or on behalf of Belize. Financing is primarily provided by the Government of Belize, as well as international and regional financial institutions (IFIs) (Commonwealth Secretariat, 2021a). Based on its December 2021 report, the total climate-related investment of the ongoing PSIP was \$145.4 million, of which 15% was financed through domestic public funds. The balance of 85% was financed through IFIs (55.2% loans and 29.8% grants). The total domestic public investments captured as climate finance under the PSIP accounted for approximately 2% of total domestic public expenditures for the same reporting period. Although this is a conservative reflection of the government’s contribution to climate finance, the PSIP is currently the only publicly accessible reporting mechanism capturing climate-related investments. Climate investments are not reflected in the national budget, while sources of funds for climate investment in the PSIP are listed generally as a contribution from GoB without further detail.

The PSIP was established to track development projects, as opposed to capturing climate finance specific information. This makes tracking climate finance difficult because projects are implemented on a rolling basis. Consequently, the reporting timeframe seldom coincides with end-of-project reporting or government fiscal year reporting. Furthermore, the lack of budget splits and allocations for climate-specific actions in government projects results in variations in climate finance figures (Commonwealth Secretariat, 2021a).

Even though there are significant limitations in the reporting of climate finance investments, a recent study was able to extrapolate and analyse climate finance information from the PSIP over a five-year period. The study notes that the Government of Belize, amid many economic challenges, accounted for approximately \$21.2 million

(10%) of total climate finance tracked for the period 2015–2019 and represented 21% of the government’s total contribution to the PSIP. Eighty-six per cent (86%) of the domestic public climate finance was channelled to climate change adaptation actions, while approximately 10% and 4% were invested in mitigation and cross-cutting actions, respectively (see Figure 4). Section 3.2.3 discusses GoB’s response to tracking climate finance flows adequately.

Figure 4: Climate investments by the Government of Belize, 2015–2019



Source: *The Commonwealth Secretariat, 2021a*

Protected Areas Conservation Trust (PACT) – Climate Change Portfolio

PACT is Belize’s national trust fund dedicated to financing the National Protected Areas System. It is an accredited implementing entity for the Adaptation Fund (AF) and a direct access entity for the Green Climate Fund (GCF), both of which form the basis for Belize’s Climate Finance Portfolio newly instituted in 2020. PACT’s decades of experience and excellent track record in funds management and fiduciary services make it well placed to facilitate the delivery of financial resources for the implementation of Belize’s climate targets.

In fiscal year 2019–2020, PACT established a formal partnership with the BNCCO. According to its executive director, the Climate Finance Portfolio is envisioned to expand resource mobilisation targets for the national REDD+ programme and other initiatives in support of Belize’s National Climate Change Strategy. During its first year of implementation, PACT, under its Climate Finance Portfolio, secured \$657,784 in readiness support from GCF and AF for capacity-building and project development. With the readiness support, PACT has developed two projects ready for submission to the AF



and is expected to complete an additional concept note ready for January 2023. It also has one project ready for submission to GCF and is expected to have two additional projects ready by the end of December 2022. All projects are aligned with Belize's updated NDC and mid-term development strategy; they vary in size and duration.⁶

Caribbean Catastrophe Risk Insurance Facility – Segregated Portfolio Company

Climate risk insurance and other forms of climate risk financing are key elements of climate risk management. Therefore, the role of climate risk insurance cannot be neglected within the overall climate finance landscape. Climate risk financing complements risk prevention and risk reduction by compensating for a portion of the loss and damage associated with those adverse effects of climate change that cannot be avoided. CCRIF-SPC (formerly the Caribbean Catastrophe Risk Insurance Facility) is one of the regional risk pool mechanisms in operation (Commonwealth Secretariat, 2021a). Belize is one of the member countries of CCRIF-SPC and benefited from \$464,209 in payouts from the facility under tropical cyclone cover from 2016 to 2020 (CCRIF-SPC, 2021).

3.2.3 Tracking climate finance

Tracking of access and utilisation of climate finance is an important part of overall climate finance mobilisation. It enables the government and other stakeholders to make informed decisions regarding climate finance and investments, with a deeper analysis of trends and distributions. The current Public Sector Investment Portfolio (PSIP) is not able to track climate finance flows accurately, especially private sector climate investments, and this makes avoiding double counting and assessing concessionality challenging.

Recognising the inadequacies of the current system, GoB, with the assistance of the Initiative for Climate Action Transparency (ICAT), developed Belize's national monitoring, reporting and verification (MRV) system. The system was designed to track climate action, focusing specifically on the targets within Belize's updated NDC. It allows for the tracking of national greenhouse gas emission levels, the tracking of climate finance flows received, and the monitoring of climate change actions implemented nationally (Government of Belize, 2019). The system went live in August 2022, with the establishment of indicators, formalisation of institutional arrangements and the development of an online tool. Sector leads have been identified and established through the formal institutional arrangements for every sector in the updated NDC. The institutional arrangements also formalised data sharing and reporting agreements between the respective sectors and the BNCCO.

The online platform currently tracks climate action based on the indicators established for every action outlined in the NDC. It also captures the total value of the project under which the actions are being implemented, but the level of granularity is still not sufficient to track climate finance flows accurately. Currently, the MRV online platform is only accessible by sector leads and the BNCCO. However, the BNCCO is in the process of expanding the

⁶ Personal Communication with PACT's Climate Finance Project Development Officer, September 2022.

MRV system to include indicators for the NCCPSMP and the LEDS and to include a data visualisation option for use by the public.

Later this year, it expects to expand the MRV system further to incorporate the tracking of domestic and international climate finance at a granular level, so that it is able to accurately capture the private and public sectors' engagement in climate action. The BNCCO has already commenced discussions with the private sector in this regard and intends to establish an agreed definition for climate finance through a consultation process with all stakeholders (public, private and civil society). The MRV system will demonstrate transparency and continuity, which could strengthen the trust of potential donors and other investors. If Belize can develop the robust climate finance tracking system it envisions, it will not only be in a better position to identify funding gaps, but it will also be in a position to determine the efficiency and effectiveness of its climate finance flows.

3.2.4 Climate action in transport – e-mobility pilot

Belize's Comprehensive National Transport Master Plan identified the following environmental protection and energy efficiency measures for implementation over the short, medium and long term:

- Implementation of regulation on heavy-duty vehicle emissions: Belize should limit the age of vehicles imported to the country based on the Environment Protection Agency (EPA) or Euro standards (technology), with age decreasing in a progressive way over time.
- Energy efficiency in light-duty vehicles: Informational (labels) and regulatory (standards) measures are to be introduced for new and newly imported vehicles. Belize should institute economic measures such as taxes applied to new and used vehicles based on their emissions, age or fuel consumption. Another possibility is to implement emissions testing (which Department of Environment has laws on) as a requisite for licensing of all vehicles.
- Electric vehicles: By shifting the energy matrix in the transport sector, the GoB has an opportunity to develop a policy for the introduction of electric vehicles in the long term. It is recommended to start with a pilot project in an urban area or with government institutions. If the results are positive, a roll-out to other municipalities in Belize could be envisaged, with an eventual national roll-out of the system.
- Biofuels: Biofuels are largely compatible with today's vehicular technology, so they can serve as a renewable alternative to fossil fuels, helping to reduce GHG emissions from the transport sector. However, government support for biofuels must be cautiously considered, as the impact could increase GHG emissions. In addition, biofuel development may require subsidy for part of the production and Belize could use those funds for more suitable activities (Office of the Prime Minister, 2018).

In accordance with the National Transport Master Plan, the Government of Belize, in February 2022, launched the project, 'Towards Low Carbon Transport: Piloting e-mobility within Belize's Public Transport System' which, according to the Minister of Energy, is the latest initiative launched under its commitment to support and accelerate the electrification



of transport as part of a clean vision for Belize. The 39-month project is funded by the European Union, which is providing 4.5 million euros (approximately \$5.3 million), and it will be administered by the UNDP Belize Country Office.

The project supports the implementation of Belize's updated NDC and the country's associated LEDS. It also represents the country's first effort to promote and accelerate the uptake of electric mobility, as electric vehicles including buses are to be introduced within Belize's public transport network, focusing on intercity travel within Belize's Western Corridor and intra-urban public transportation in Belize City. The pilot is due to introduce a minimum of six electric buses by the end of 2022, while harnessing the technical expertise and investments of a broad range of national and international actors, including the private sector. It is utilising the learning experience of the demonstration pilot, with the aim of elaborating an enabling national policy framework and exploring appropriate financial instruments capable of de-risking market entry for electric vehicles into Belize (UNDP, 2022).

3.3 Climate finance and carbon pricing

Belize has accessed \$3.8 million (excluding co-financing) from the Forest Carbon Partnership Facility (FCPF) for REDD+ Readiness Proposal Preparation. The project is currently progressing and has resulted in the development of the draft REDD+ Strategy for Belize (as of June 2021), with the potential to access financing through results-based payments in the future. In mid-2021, the Ministry of Blue Economy and Civil Aviation of Belize agreed a partnership with Blue Natural Capital Financing Facility for an innovative blended finance facility to improve the management of Belize's marine protected areas and contribute to its blue economy. The US\$1.2 million facility allows the marine protected area co-manager, Turneffe Atoll Sustainability Association (TASA), to implement several sustainable revenue-generating initiatives and enhance the protection of the 132,000 hectares of spectacular coral reef ecosystems. The investment will have a positive impact on the local economy, including coastal fisher communities (Commonwealth Secretariat, 2021a). The establishment of the new Ministry of Blue Economy and the REDD+ Strategy have provided a strong basis for carbon asset-based financing options for the country.

3.4 Information instruments for climate-aligned investment planning

The National Investment Policy and Strategy: The NIPS focuses on a limited number of key policy pillars that are likely to improve the business climate and have a profound impact on the facilitation of domestic and foreign investment in the country in the short to medium term. It is consistent with the objectives of Horizon 2030 and Belize's Growth and Sustainable Development Strategy (GSDS). It articulates a vision to 'position Belize as a competitive, robust and favourite investment hub in the Central America and Caribbean Region by 2030'. As mentioned earlier, the NIPS does not refer to climate finance specifically, but by enhancing the enabling environment for private sector investment, it serves as a strong foundation upon which the Climate Finance Strategy could be implemented.

3.5 Key actions considered to be inconsistent with climate objectives

3.5.1 Subsidies on fuel

The Government of Belize commenced subsidising imports of diesel and gasoline in response to the increase in the import price of fuel products, which rose substantially due to global conditions. According to the government, the acquisition cost of fuel had increased more than 300% since November 2020. As of March 2022, the government took steps to substantially mitigate that increase by fixing prices on diesel and regular gasoline, while at the same time dramatically reducing import duties on such fuels. For many years, excise tax on diesel and regular gasoline remained constant at \$1.49 and \$1.65 per gallon, respectively. Today, those taxes have been reduced by virtually 100% and 77%, respectively, down to less than one cent and 75 cents per gallon.

The government also expanded its fuel-cost relief programmes, which originally included key foreign currency-earning sectors such as sugar and banana, to include tourism operators. GoB is also now subsidising the cost of public transportation. The government reported the value of import duty reductions had totalled almost \$4.5 million (at the time of this study). It is projected that by the end of 2022, budget funding from fuel duties will have been reduced by \$20 million. This represents a loss to government of \$27,500 per day (Government of Belize, 2022a).

The government indicated it would continue to subsidise fuel prices and provide targeted relief for key sectors as a temporary measure. While this misalignment is only temporary, the government's actions highlight the constant challenge that small island developing states, such as Belize, face in balancing economic stability, sustainable development and meaningful climate action.

3.5.2 Belize petroleum industry

Belize's ban on oil exploration and production in the country's territorial waters was a positive move, but Belize continues to produce crude oil for the local and international markets. At the time of writing, there were five companies conducting exploration and one company producing crude oil. According to the Geology and Petroleum Department, records show that the rate of production at the primary oil field has dropped significantly from 1,603,712 barrels in 2009 to 196,088 barrels in 2019, while the second oil field is producing insignificant amounts. In 2009, local sales amounted to 15.75% of total barrels produced and international sales accounted for the remaining 84.25%. In 2019, local sales grew to almost 40% of total production, with international sales falling to little more than 60%.

Given outstanding exploration licences, it does not appear that the government intends to move away completely from oil production – even though this is clearly misaligned with the climate objectives. The petroleum industry is not discussed in any policy or strategy document, which is of concern given the potential for further exploration and increased production.



3.5.3 Agriculture – expansion of cattle production

The primary source of GHG emissions in the agriculture sector is from livestock; however, given its importance to the economy, mitigation opportunities for livestock are classified as being limited (BNCCO, 2021b). Belize's long-term and medium-term sustainable development plans, Horizon 2030 and the GSDD, both identify agriculture as a key sector for economic growth and recommend the expansion of cattle production as a key economic driver. In line with the country's development plans and the increased demand for cattle, Belize has taken steps to grow cattle production for export. This is a clear misalignment with the country's climate objectives and the government has recognised this challenge. It has therefore begun to provide low-cost financing to small-, medium- and large-scale farmers, through the DFC Climate Resilient Cattle Loans programme, to improve cattle management practices.

+ 4. Private sector actions towards consistency of finance flows with Article 2.1c



4.1 Overview – domestic private sector investments

Tracking climate finance from private sector investments and trends related to climate change is a challenge owing to the lack of data. The analysis noted that there are potentially considerable private sector investments related to climate action in the agriculture sector; however, investments in drought resilience made by farmers after the 2019–2020 drought have not been formally accounted for. A report from the IMF noted that the private sector accounted for about two-thirds of Belize's economy, while the public or state sector accounted for the other one-third (Commonwealth Secretariat, 2021a). Compared to the 1980s, Belize's financial system has experienced some growth and diversification; however, it remains classified as largely undeveloped and high cost, with negative implications for private sector development.

4.2 Belize Chamber of Commerce and Industry (BCCI)

The BCCI is the largest private sector membership-based organisation for business in Belize. Since 1920, the chamber has been consistently championing the causes of its private sector constituency. It considers among its primary objectives the social and economic development of Belize through the development of all sectors of industry, commerce and services (BCCI, n.d.). Its membership comprises more than 350 Belizean businesses from a wide cross-section of agricultural, productive, service and industrial sectors. Notwithstanding its membership, these are mostly large and medium-scale companies, which significantly understates the size of the private sector (Commonwealth Secretariat, 2021a).

In October 2017, the BCCI in collaboration with the Inter-American Development Bank (IDB) launched the 'Proadapt Belize – Increasing Climate Change Resilience and Related Business Opportunities' project. Its primary objective is to increase private sector climate resilience. The project seeks to develop practical business models and tools to help MSMEs anticipate and prepare for climate-related threats to their assets, value chains and local communities, to become more climate resilient and tap into an increasing number of market opportunities as risks from climate change increase. The project was expected to commence in the second quarter of 2018 as a pilot in Belize City, San Pedro Town and Caye Caulker. It has a total value of \$341,500, of which \$203,000 is provided by the IDB and the remaining \$138,500 is counterpart funding from the BCCI and its primary stakeholders (Nuada Consulting, 2021). The timeframe for implementation was two and a half years. Information on progress, uptake and impact of the project was found to be limited.



4.3 The Development Finance Cooperation

The Development Finance Corporation (DFC) is Belize's only development bank. It supports the strengthening and expansion of Belize's economy by providing developmental financing on an economically sustainable and environmentally acceptable basis to individuals, businesses and organisations. The corporation accesses financing from larger regional and international lending institutions at attractive rates for lending to Belizean citizens, residents, companies, cooperatives and other bodies with a Belizean majority shareholding. The DFC plays a key role in providing low-cost financing in promoting domestic private investments. It provides financing in sectors including agriculture, renewable energy, tourism and manufacturing, to name a few (DFC, 2018).

Under its productive sector loans, DFC is providing Climate Resilient Cattle Loans at 7% interest on reducing balance to small, medium and large-scale ranchers, with the objective of helping farmers reduce and adapt to climate change impacts. They intend to increase productivity through improved cattle breeds, pastures and farm infrastructure and to provide support for climate-smart practices and technologies. Under the renewable energy loans, DFC is providing 100% financing at 6% reducing balance for businesses and homes. The aim is to facilitate the shift toward green energy, resulting in energy efficiency.

At the end of 2019, the DFC approved private sector finance valued at \$414,500 for investment in renewable energy (Commonwealth Secretariat, 2021a). This represented approximately 5.2% of DFC's total loan portfolio.

4.4 Belize Electricity Limited (BEL) and Belize Water Service (BWS)

BEL and BWS are both private sector utility companies. BEL has a 63% government shareholding (32.6% directly by GoB and 31.2% by the Social Security Board (SSB)). The remaining 36.2% is retained by the private sector. The 'Energy Resilience for Climate Adaptation' project was co-financed with BEL providing \$3.38 million, while funding of \$600,000 and \$8 million came from GoB and the Global Environment Facility (GEF), respectively. Similarly, the BWS has a majority government holding with approximately 83% of the total shares. The SSB holds 10%, while 7% is owned by minority shareholders. The BWS has co-financed \$225,000 towards the 'Third Water' project, a component under the ongoing PSIP aimed at building climate resilience in Belize. Financing for the BEL project is aligned with Belize's mitigation target, while the BWS project is aligned with Belize's adaptation goal.

4.5 Public-private partnership: the Government of Belize and TNC

Debt-for-nature swap

In November 2021, the Nature Conservancy (TNC) and GoB announced a \$364 million **debt conversion for marine conservation**. This transaction reduced Belize's debt by 12% of GDP, created long-term sustainable financing for conservation and locked in a commitment to protect 30% of Belize's ocean, in addition to other conservation measures (TNC, 2022). Through the debt conversion, Belize repurchased \$553 million, representing

a quarter of the country's public debt, from bondholders at a 45% discount through a 'Blue Loan' arranged by TNC. The debt conversion allowed a \$189 million reduction in principal outstanding. Savings achieved in the refinancing allowed Belize to create an estimated \$180 million in conservation funding over 20 years, composed of annual cash flows from the government and an endowment capitalised through the Blue Loan. As a result of the transaction, Belize committed to several ocean conservation undertakings, including:

- placing 30% of its ocean, including parts of the Mesoamerican Reef, under protection by 2026
- completing a National Marine Spatial Plan using a transparent, participatory Marine Spatial Planning Process
- establishing a national independent marine conservation fund to finance the marine conservation efforts of in-country partners.

In accordance with the agreement, the national independent marine conservation fund, named the Belize Fund for a Sustainable Future (BFSF), was established in February 2022.

Land acquisition for protection

Starting with the acquisition of the 260,000 Rio Bravo Reserve in 1995, TNC also seized the opportunity in December 2020 to protect another 236,000 acres, known as **the Belize Maya Forest (BMF)**. The Belize Maya Forest Trust (BMFT) was established as a local non-profit to manage the long-term conservation of the BMF. TNC and the Trust have reached an agreement with the Government of Belize to develop a carbon project in the BMF. An independent third party has been identified to assess the carbon stocks in the forest and to support the verification of avoided emissions of greenhouse gases resulting from the BMF's protection. Under this agreement, the sale of carbon credits from the BMF will cover half the purchase of the land and fund a \$15 million endowment to sustainably manage the forest into the future (TNC and BMFT, 2022).



+ 5. Conclusion



This case study is the first attempt at determining the alignment of Belize's finance flows with Article 2.1c of the Paris Agreement. It reveals areas where Belize is significantly advanced in its obligations and where more work is needed to ensure consistency of finance flows with a pathway towards low greenhouse gas emissions and climate-resilient development.

The case study examined, as far as possible, finance flows from domestic public sector investments, private sector investments and existing policy levers. This was completed within the context of Belize's priority targets, identified in its updated NDC. While the case study does not provide the level of quantitative analysis necessary to draw a definitive conclusion on Belize's finance flows, it does provide insight on its alignment with 2.1c in general terms.

The case study revealed areas where Belize has significantly advanced in aligning finance flows with 2.1c. They include the following:

- Belize is committed to climate-resilient development.
- It has developed and instituted critical policy levers to align finance flows with 2.1c.
- It has developed and instituted the institutional framework to deliver climate finance.

The case study also revealed areas where more work is needed to align finance flows with 2.1c. In summary, these areas are as follows:

- Belize needs to develop a definition for climate finance.
- The country should develop and implement a robust climate finance tracking system.
- It needs to improve private sector and civil society investment in climate action.
- It must implement critical policies, strategies and action plans aligned with the Paris Agreement.

5.1 Areas of advancement

5.1.1 Belize's commitment to climate resilient development

The case study revealed Belize's strong commitment to climate-resilient development and highlighted the **importance of political will** in the implementation of the Paris Agreement. Careful review of the policy levers illustrates the country's **significant advancement in mainstreaming climate change across sectors**. A review of the Public Sector Investment Portfolio (PSIP) determined that domestic flows in climate-related development projects was relatively low, but the projects were all aligned with the goals of the Paris Agreement. However, it is believed that the data is greatly understated given the lack of budget splits and climate-specific allocations.

5.1.2 Critical policy levers to align finance flows with 2.1c

Belize has a strong policy framework to facilitate the alignment of finance flows with 2.1c. This is evidenced in its national long-term and mid-term development plans and the development of several cross-cutting frameworks, which include its Low Emission Development Strategy (BNCCO, 2021b), the Low Carbon Development Roadmap (Ministry of Agriculture, Fisheries, Forestry, the Environment and Sustainable Development, 2016), the National Climate Change Policy, Strategy and Master Plan (Gauss International Consulting S.L., 2021), and the Climate Finance Strategy (Commonwealth Secretariat, 2021b), to name a few. It has also developed critical sector-specific policies and strategies that are facilitating the country's achievement of its mitigation and adaptation targets. These include, but are not limited to, tax exemptions on the importation of solar panels and solar systems, the introduction of e-mobility, and a tax on fossil fuel imports,⁷ all of which are aligned with Belize's NDC and its LEDS.

5.1.3 Institutional framework to deliver climate finance

Belize has instituted a **strong governance and institutional framework** to deliver climate finance. The establishment of Belize National Climate Change Office has greatly enhanced the country's ability to fulfil its climate obligations. The multi-sectoral composition of the National Climate Change Committee and its associated finance subcommittee is exemplar. Along with the newly established Climate Finance Unit, these bodies have the potential to significantly improve the country's coordinated access to climate finance and ensure its efficient use across ministries and sectors. The study also found that the government's use of statutory bodies to deliver on climate action was proving successful. This is evidenced through PACT and SIF in the form of grants, DFC in the form of **low-cost financing in key sectors**, and BELTRAIDE in the facilitation of international private sector investments. The country's membership of regional organisations is also proving fruitful. Belize has secured funding through the Caribbean Community Climate Change Centre (CCCCC) and has secured risk insurance through CCRIF-SPC.

5.2 Areas where more work is needed

5.2.1 Develop a definition for climate finance

There is no national or internationally agreed definition of 'climate finance'. In determining the amounts to be reported as climate finance, entities rely on their operational definitions and differences can affect estimates of overall finance flows. Belize's Climate Finance Strategy uses a working definition for climate finance; however, it is important that the BNCCO – in collaboration with the CFU and the BNCCC – commence a process to develop a national definition for climate finance. The inclusion of climate finance in the expanded MRV system presents an excellent opportunity for this process to commence. This would ensure that the difference between finance for development and climate finance is clear and applied across sectors. It would also enhance Belize's ability to report on its finance flows.

⁷ The present subsidy on fuel imports is a temporary measure.



5.2.2 Develop a robust climate finance tracking system

Given the lack of an adequate tracking system, the study was unable to determine the exact quantum of public and private finance for climate action. The PSIP was helpful in determining the finance that flows from the national budget, but there remain significant data gaps due to the lack of budget splits and climate-specific allocations. Additional barriers include the lack of timely published reports and the format for reporting data. In most cases, data is aggregated, making it almost impossible to determine accurate contributions to climate action. Currently, there is no formal structure to account for private sector investment in climate action and there is limited interaction with the banking, insurance and tourism sectors.

However, Belize is on the right path with its newly developed MRV system. The planned expansion to include finance in the MRV system provides an excellent opportunity for the government to strengthen its **engagement with the private sector and develop a robust tracking system for climate finance**. Such a system has the potential to accurately capture climate finance flows from the public and private sectors, as well as civil society. This study found that civil society organisations, especially environmental NGOs, play a key role in mobilising climate finance for resilience building. As such, their contributions should be accounted for in Belize's climate finance flows. This study recommends the inclusion of such flows from the national budget and, where applicable, budget splits and allocations for climate-specific actions. It also recommends establishing a formal link between the CFU and BNCCO, in particular as it relates to the MRV system.

5.2.3 Improve engagement with private sector and civil society

There is limited interaction with the private sector and little awareness of the opportunities to engage in climate action. While recent partnerships with BEL, BWS, BCCI and in particular TNC have proved successful, this is not enough to ensure the attainment of Belize's mitigation and adaptation targets. The country's contribution to climate action from public funds is severely constrained by its high debt level, making public-private partnerships even more critical. Therefore, **greater engagement with the private sector** should be a high priority for GoB. The government might want to consider establishing formal relationships and channels of communication to increase awareness of the opportunities and benefits of engaging in climate action. It might be useful to start with the tourism subsector, given the important role this plays in the country's economy and the sector's level of vulnerability to climate change.

5.2.4 Implement policies, strategies and action plans aligned with the Paris Agreement

This study also found that Belize has limited fiscal policies to create the enabling environment for private sector investment in climate action. Several national policies and strategies call for legislative reforms or fiscal incentives to encourage private sector investment in actions that would increase Belize's ability to achieve its climate goals. Several of these recommendations have not been implemented. This might be owing to budgetary constraints; however, more effort is needed to secure the necessary resources to implement the recommended reforms and institute the fiscal incentives. This too should be a priority for the Government of Belize.

+ References



- AOSIS – Alliance of Small Island States (n.d.) ‘Chair Goals 2021–2022’. AOSIS (www.aosis.org/about/chair-goals-2021-2022/).
- BCCI (n.d.) ‘About Us: The Belize Chamber of Commerce and Industry (BCCI), Business in Belize – Belize Chamber of Commerce and Industry (BCCI)’ (www.belize.org/).
- Belize Customs and Excise, Government of Belize (n.d.) ‘Rates of Duties for Motor Vehicles’ (www.customs.gov.bz/Customs.html).
- Belize Social Investment Fund (2021) ‘Financial Statements 31st March 2021’ (<https://sifbelize.org/wp-content/uploads/2021/11/Belize-Social-Investment-Fund-FS-2021.pdf>).
- Belize Social Investment Fund Act (2000) Chapter 43, Revised Edition.
- BNCCO – Belize National Climate Change Office, Government of Belize (2021a) Belize Updated Nationally Determined Contribution.
- BNCCO, Government of Belize (2021b) Low Emissions Development Strategy and Action Plan: Belize.
- Cain, D. (2022) Personal Interview. July.
- CARICOM – Caribbean Community (n.d.) ‘Who we are – CARICOM’ (<https://caricom.org/our-community/who-we-are/>).
- Carter, L. (2020) ‘The ecosystem of private investment in climate action’. New York: United Nations Development Programme (www.undp.org/content/undp/en/home/librarypage/climate-and-disaster-resilience-/privateinvestment-in-climate-action.html).
- CCRIF–SPC – The Caribbean Catastrophe Risk Insurance Facility – Segregated Portfolio Company (2018) *CCRIF Strategic Plan 2018–2021* (www.ccrif.org/publications/strategicplans).
- CCRIF–SPC (2021) *CCRIF SPC Annual Report 2020–2021*.
- CELAC International – Community of Latin American & Caribbean States (n.d.) ‘CELAC INTERNATIONAL’ #luca scannura latin america (<https://celacinternational.org/>).
- Central American Integration System (n.d.) ‘Integration at a Glance’. Sistema de la Integración Centroamericana (SICA) (www.sica.int/sica/vista_en.aspx).
- Climate Analytics and NewClimate Institute (2021a) Climate Action Tracker. Website (<https://climateactiontracker.org/>).



Consistency case study: Belize

- Climate Analytics and New Climate Institute (2021b) 'Switzerland'. Climate Action Tracker. Webpage (<https://climateactiontracker.org/countries/switzerland/>).
- Cochran, I. and Pauthier, A. (2019) A framework for alignment with the Paris Agreement: why, what and how for financial institutions? Paris: Institute for Climate Economics (www.i4ce.org/download/framework-alignment-with-paris-agreement-why-what-and-how-for-financial-institutions/).
- Commonwealth Secretariat (2021a) Climate Finance Landscape of Belize (2015-2019).
- Commonwealth Secretariat (2021b) National Climate Finance Strategy of Belize.
- Department of Commerce, United States of America, International Trade Administration (n.d.) 'Belize – Country Commercial Guide' (www.trade.gov/country-commercial-guides/belize-labeling-and-marking-requirements).
- DFC – Development Finance Corporation (2018) 'Sectors DFC finances'. DFC Belize (www.dfcbelize.org/loans/sectors-dfc-finances/).
- ECLAC – Economic Commission for Latin America and the Caribbean (2021) CEPAL: Statistical Database and Publications.
- EIB – European Investment Bank (2020). 'EIB Group Climate Bank Roadmap 2021-2025'. EIB Luxembourg (https://www.eib.org/attachments/thematic/eib_group_climate_bank_roadmap_en.pdf).
- Gauss International Consulting S.L. (2021) 'Consultancy to Update Belize's National Climate Change Policy, Strategy and Action Plan'.
- Gladden, L. (2022) Telephone Interview. July, August, September.
- GGKP – Green Growth Knowledge Platform (2014) Green growth in practice: lessons from country experiences. Seoul: GGKP (<https://greengrowthknowledge.org/research/greengrowth-practice-lessons-country-experiences>).
- Government of Belize (2011) National Energy Policy Framework, Towards Energy Efficiency, Sustainability and Market Development for Belize in the 21st Century.
- Government of Belize (2019) 'The National Climate Change Office and the Initiative for Government of Belize (2022a) 'Newly Created Climate Finance Unit'. Press Release.
- Government of Belize (2022b) 'BELTRAIDE, Launch of Belize's First National Investment Policy and Strategy'. Press Release, 14 July.
- Government of Belize (2022c) Belize National Investment Policy and Strategy.
- Government of Belize Press Office (www.pressoffice.gov.bz/newly-created-climate-finance-unit/).

- Climate Action Transparency (ICAT) Conduct Workshop on the Development of a National Monitoring, Reporting and Verification System for Climate Change'. Press Release (www.pressoffice.gov.bz/the-national-climate-change-office-and-the-initiative-for-climate-action-transparency-icat-conduct-workshop-on-the-development-of-a-national-monitoring-reporting-and-verification-system-for-climate/).
- IMF – International Monetary Fund (2016) *Small States' Resilience to Natural Disasters and Climate Change – Role for the IMF*. IMF Policy Paper.
- IMF (2022) *Belize Country Report, 2022 Article IV Consultation - Staff Report*, April.
- International Organization for Migration (2021) *Climate Change Communication Strategy for the Government of Belize*.
- Mattis, C. (2022) Personal Interview. July.
- MDBs – Multilateral Development Banks (2018) 'The MDBs' alignment approach to the objectives of the Paris Agreement: working together to catalyse low-emissions and climate-resilient development'. Joint declaration by the MDBs (<http://pubdocs.worldbank.org/en/784141543806348331/Joint-Declaration-MDBs-Alignment-Approach-to-Paris-Agreement-COP24-Final.pdf>).
- Ministry of Agriculture, Fisheries, Forestry, the Environment and Sustainable Development, Government of Belize (2016) *Revised Low Carbon Development Roadmap for Belize*.
- Ministry of Agriculture, Forestry, Fisheries, the Environment and Sustainable Development, Government of Belize (2018) *National Biodiversity Strategy and Action Plan*.
- Ministry of Economic Development, Government of Belize (2016) *Growth and Sustainable Development Strategy (2016–2019)*.
- Ministry of Energy and Public Utilities, Government of Belize (2021) *Sustainable Energy Roadmap 2021–2040*.
- Ministry of Finance, Government of Belize (2021, 2022) 'Approved Estimates of Revenue and Expenditures for Fiscal Years 2021/2022 and 2022/2023' (www.mof.gov.bz/downloads).
- Ministry of Tourism, Civil Aviation, and Culture, Government of Belize (2011) *National Sustainable Tourism Master Plan for Belize 2030*.
- MoFEDI – Ministry of Finance, Economic Development, and Investment, Government of Belize (2021a) *Public Sector Investment Programme Report*.



Consistency case study: Belize

MoFEDI, Government of Belize (2021b) Belize's Country Programme for Engagement with the Green Climate Fund.

MoFEDI, Government of Belize (2022) Press Release, January
(www.pressoffice.gov.bz/newly-created-climate-finance-unit/).

MSDCCDRM – Ministry of Sustainable Development, Climate Change, and Disaster Risk Management, Government of Belize (2022) *MRV Inception Report*.

Nuada Consulting (2021) 'Potential investments from the private sector for climate action in Belize'.

Office of the Prime Minister, Government of Belize (2018) *Final Report Comprehensive National Transport Master Plan*.

PACT – Protected Areas Conservation Trust (2015) (Amendment) Act.

PACT (2021) *Annual Report 2019–2020* (www.pactbelize.org/annual-and-audit-reports/).

PACT (2022) 'PACT Investment Programme, Targeted Investments'
(www.pactbelize.org/targeted-investments/).

Robinson, J. (2022) Personal Interview. July.

Romero, E. (2022) Telephone Interview with PACT Climate Finance Portfolio Project Development Director, 4 October.

Salazar, K. (2022) Personal Interview. July, September.

SIB – Statistical Institute of Belize (2019) *Annual Report 2018–19* (http://sib.org.bz/wp-content/uploads/AnnualReport_2019.pdf).

SIB (2020) 'Annual GDP by Activity: 1990–2020 Percentage of GDP by sectors'
(<https://sib.org.bz/statistics/economic-statistics/#1656546046839-dc76e939-b070>).

SIB (2021a) *Gross Domestic Product by Industrial Origin Report*.

SIB (2021b) *Belize Labour Force Survey Report* (https://sib.org.bz/wp-content/uploads/LFS_Report_2021-04.pdf).

SIB (2022) 'Population – Statistics' (<https://sib.org.bz/statistics/population/>).

TNC – the Nature Conservancy (2022) 'Case Study: Belize debt conversion for marine conservation'.

TNC and BMFT (2022) 'Status Update: Belize Maya Forest'.

UNDP – UN Development Programme (2020) 'COVID-19 Socioeconomic Impact Assessment' (https://belize.un.org/sites/default/files/2022-01/COVID%2520SEIA%2520Report_0.pdf).

UNDP (2022) 'Launch of the Project "Towards Low Carbon Transport: Piloting e-mobility within Belize's Public Transport System"'. Press Release, February.

UNDP (n.d.) 'SDG Investor Platform'

(<https://sdginvestorplatform.undp.org/country/belize#summary>).

UNFCCC – United Nations Framework Convention on Climate Change (2015) Paris Agreement. Bonn: UNFCCC

(https://unfccc.int/sites/default/files/english_paris_agreement.pdf).

UNFCCC (2021) 'Biennial assessment and overview of climate finance flows'. Technical Report. Bonn: UNFCCC

(https://unfccc.int/sites/default/files/resource/54307_1%20-%20UNFCCC%20BA%202020%20-%20Report%20-%20V4.pdf).

UNFCCC (2022) 'Synthesis of views regarding ways to implement Article 2, paragraph 1(c), of the Paris Agreement'. Report of the Standing Committee on Finance, UNFCCC. Bonn: Germany

(https://unfccc.int/sites/default/files/resource/cp2022_08_add03_cma2022_07_add03_adv.pdf).

Watson, C. and Roberts, L. (2019) Understanding finance in the Global Stocktake. iGST Designing a Robust Stocktake Discussion Series. London and San Francisco: ODI and ClimateWorks (www.odi.org/publications/16513-understanding-finance-global-stocktake).

Watson, C. and Schindler, H. (2017) Financing the transition from brown to green: how to track country performance towards low carbon, climate-resilient economies. Berlin: Overseas Development Institute and HUMBOLDT-VIADRINA Governance Platform (www.climate-transparency.org/wp-content/uploads/2017/12/Financing_the_transition.pdf).

Whitley, S., Thwaites, J., Wright, H. and Ott, C. (2018) Making finance consistent with climate goals: insights for operationalising Article 2.1.c of the UNFCCC Paris Agreement. London: ODI, WRI, E3G and RMI

(www.odi.org/sites/odi.org.uk/files/resourcedocuments/12557.pdf).

World Bank (2021) 'Belize | Data. World Bank Data'

(<https://data.worldbank.org/country/belize>).



+ Annex



Annex 1: Table showing sector-specific climate change frameworks

Name	Description
Agriculture	
National Agriculture and Food Policy of Belize for the period 2015–2030 (2015)	Its overarching goal is to provide an environment that is conducive to increasing production and productivity, promoting investment, and encouraging private sector involvement in agribusiness enterprises in a manner that ensures competitiveness, quality, production, trade and sustainability
National Adaptation Strategy to Address Climate Change in the Agriculture Sector in Belize (2015)	Aims to address the impacts of climate change on the agriculture sector in Belize. It includes recommendations, inter alia, for specific technical and cross-cutting adaptation measures, policy, legal and institutional strengthening, education and awareness programmes.
Plan of Action for Disaster Risk Reduction in Agriculture (2011)	Aims to strengthen disaster prevention, risk mitigation and preparedness within agriculture and enhance coordination for disaster risk reduction with other development sectors of Belize.
Land use change, forestry and biodiversity	
REDD+ Strategy of Belize (2021)	Is founded on the implementation of all four REDD+ activities, as agreed in paragraph 70 of Decision 1, COP 16, of the Cancun Agreements, which are: reducing emissions by forest degradation, conservation of forest carbon stocks, sustainable management of forests, and enhancing the forest carbon stock. The strategy will complement the existing Forest Strategy of Belize.
Forest Department Strategic Action Plan for the period 2019–2023 (2018)	Provides a 5-year roadmap and focus for the Forest Department. It contains two organisational goals, namely, proactive forest stewardship through sustainable forest management, and organisational excellence.
National Biodiversity Strategy and Action Plan for Belize for the period 2016–2020 (2016)	Is based on Belize's commitment to the conservation and sustainable development of national biological diversity. It is a 5-year

Name	Description
	plan set within a 15-year framework and is designed to ensure that 'Belize's natural environment is valued, enhanced, and contributes to improving the quality of life of its people'.
National Forest Policy of Belize (2015)	Aims to achieve 'a thriving and integrated forest sector, where the forests of Belize are valued for their significant economic, socio-cultural and environmental benefits, and are sustainably managed for the lasting benefit of the nation'.
Forests (Protection of Mangroves) Regulations (2018)	Protects mangroves for the benefit of the coastal and marine ecosystems of Belize and for the benefit of the people in the country.
Fisheries and aquaculture	
National Fisheries Policy, Strategy and Action Plan for the period 2020–2024 (2019)	Embraces adaptive management, the ecosystem approach, climate change, the blue economy and the involvement of women in fisheries as key pillars.
Belize Integrated Coastal Zone Management Plan (ICZMP) (2016)	Facilitates the improved management of coastal and marine ecosystem service benefits for present and future generations of Belizeans and the global community.
Water resources	
National Integrated Water Resources Management Policy for Belize (2008)	Provides coordinated management, sustainable use and protection of Belize's water resources, consistent with the social, economic and environmental needs of present and future generations. It acknowledges the threats of climate change and, inter alia, articulates a comprehensive approach to management by promoting programmes to enhance the protection and restoration of forest ecosystems and water catchment areas.
National Adaptation Strategy and Action Plan to Address Climate Change in the Water Sector (2009)	Aims at reducing the vulnerability of Belize's water resources caused by the adverse impacts of climate change.
Land use, human settlements and infrastructure	
Update of the National Land Use Policy	Is an updated version of the framework



Name	Description
Framework (2019)	developed in 2011. It seeks to outline at a macro level, the critical elements and considerations necessary for the effective implementation of the updated National Land Use Policy.
Tourism	
Belize's National Tourism Policy (2017)	Outlines priorities and a direction for tourism in Belize for a ten-year period (2017–2028). It supplements and adds direction to the National Sustainable Tourism Master Plan 2012–2030, which continues to guide the planning and development of tourism at the national and local levels.
National Sustainable Tourism Master Plan of Belize to 2030 (2011)	Aims to achieve an exclusive multicultural sustainable destination in the Central American Caribbean region; that is, a destination where the authenticity and friendliness of its people can be experienced within a conserved world.
Human health	
Belize Health Sector Strategic Plan for the period 2014–2024 (2014)	Aims to develop an integrated health services delivery network that will achieve a greater outcome and impact on the health of the population. The challenges resulting from climate change are highlighted in the plan.
Energy	
Sustainable Energy Action Plan for Belize (2015)	This is a tool to achieve Belize's renewable energy and energy efficiency potential, while meeting its economic, social and environmental goals.
Ministry of Energy, Science and Technology and Public Utilities Strategic Plan for the period 2012–2017 (2012)	Provides an outline for the Sustainable Energy Strategy in the development of a low-carbon economy by 2033 and integrates two of the three major areas of the ministry's responsibilities, namely, the energy and the science, technology and innovation (STI) sectors.
National Energy Policy Framework 2014–2030 (2011)	Presents a path for Belize towards efficient and sustainable energy and building resilience within the energy supply chains

Name	Description
	over the next 30 years by using effective rules and smart policy.
Transportation	
Comprehensive National Transportation Master Plan for Belize (2018)	Aims to introduce an effective and efficient transport system, which is, inter alia, sensitive to environmental preservation, with a focus on mitigation and adaptation to climate change.
National Long-term Road Safety Master Plan for the period 2016–2030 (2015)	Aims to provide a foundation to policy-makers so that they can plan and implement road safety management in a coordinated and harmonised manner. Its ultimate vision is to create the safest roads in Latin America and the Caribbean and it is working towards zero traffic fatalities and zero serious injuries.
Solid waste management	
National Solid Waste Management Policy, Strategy and Implementation Plan (2015)	Aims to ensure that the system for managing solid wastes in Belize is financially and environmentally sustainable and contributes to improved quality of life.

