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Fiscal Policies for Stabilization and Growth

Public Expenditure Review

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FISCAL YEAR

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CURRENCY EQUIVALENTS

Since 1976 the Belize dollar has been aligned with the US dollar at the rate of
US\$1.00 = BZ\$2.00.

TABLES

Totals in tables do not always equal the sum of their components due to rounding.

Preface

The efficiency and effectiveness of the public sector is critical to the provision of basic public goods which underpin civil order and macroeconomic stability and to the establishment of a regulatory framework and policies consistent with sustained economic growth, increased living standards, and poverty alleviation. Since the mid-1980s, Belize posted a solid performance of economic growth and diversification based on sound macroeconomic management and a favorable external environment. However, since 1991, fiscal management has deteriorated at a time when the external environment has been changing rapidly, requiring improved competitiveness. Consequently, the Government that took office in 1993 has been faced with the challenge of rapidly addressing the deterioration of fiscal accounts to regain macroeconomic stability and to set the stage for continued growth.

In its 1994 Medium Term Economic Strategy (MTES) paper, the Government of Belize announced its intention to place immediate priority on developing a program that would: (i) restore macroeconomic stability by eliminating the fiscal deficit; and (ii) focus on structural reforms needed to rationalize public sector management. This would include a review of expenditure trends, and of public sector functions and management in order to identify ways to rationalize the structure of the public service and to establish clear lines of accountability and responsibility.

During the past year, the Bank has been engaged in an active fiscal dialogue with the Government of Belize. As a core component of the Government's expenditure review, the World Bank was requested to carry out a Public Expenditure Review to help identify savings and potential efficiencies in service delivery as well as a possible agenda for public sector reform. An important focus of this review is the process of public sector reform itself. Following discussions between the Bank and the Government, it was agreed that the policy dialogue and the preparation of the report would proceed in parallel and that officials in Belize would have an active role in the process. A Committee of Permanent Secretaries chaired by the Financial Secretary should be established to identify and implement specific proposals to achieve the needed economies as well as medium-term options necessary to raise the efficiency and effectiveness of the public service.

This report analyzes the roots of the weakening of expenditure control which has led to unsustainable fiscal deficits over the last few years, and it reviews the main expenditure categories where savings and reallocation are needed to both reduce the deficit and improve efficiency of service delivery. It also addresses ways in which public sector reform and improved public sector investment planning can support fiscal consolidation and takes a closer look at some priority sectors—education, health, and infrastructure—where needs are great and more must be done with less.

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Abbreviations

BEL	Belize Electricity Ltd.
BMB	Belize Marketing Board
BTL	Belize Telecommunications Limited
CARICOM	Caribbean Community
CDB	Caribbean Development Bank
CET	Common External Tariff
CXC	Caribbean Examination Council
DRS	Debt Reporting System
EU	European Union
GDP	Gross Domestic Product
GNFS	Goods And Non-Factor Services
IBRD	International Bank For Reconstruction And Development
IDB	Inter-American Development Bank
IMF	International Monetary Fund
MED	Ministry Of Economic Development
MOF	Ministry Of Finance
MOH	Ministry Of Health
MOW	Ministry Of Works
MPS	Ministry of Public Services
MTES	Medium-Term Economic Strategy
NFPE	Non-Financial Public Enterprises
NGO	Non-Governmental Organization
O&M	Operations And Maintenance
ODA	Official Development Assistance
PAU	Project Analysis Units
PEDP	Primary Education Development Project
PGIA	Philip S.W. Goldson International Airport
PSC	Public Services Commission
PSIP	Public Sector Investment Program
PSIPU	Public Sector Investment Planning Unit
RWSSP	Rural Water Supply And Sanitation Program
UNDP	United Nations Development Programme
VAT	Value-Added Tax
WASA	Water And Sewerage Authority

Executive Summary

i. From the mid-1980s to the early 1990s, Belize experienced very rapid economic growth in response to the adoption of sound macroeconomic policies and to a favorable external environment. During this time Belize's fiscal performance improved substantially, and the strong fiscal effort eliminated the need for Government recourse to domestic financing and allowed a healthy expansion of credit to the private sector. Nevertheless, growth has slowed down since the early 1990s due to deteriorating macro-management, delays in trade reform, and a less favorable external environment. The fiscal situation deteriorated sharply as a result of large increases in spending on public sector investments and public sector wages as well as from reduced privatization proceeds. The overall public sector deficit expanded substantially, reaching an average of 8 percent of GDP during the period 1991-93. These deficits were financed by the Central Bank, domestic borrowing and commercial loans.

ii. Upon taking office in July of 1993, the new Government assigned priority to stabilizing the economy and initiated actions to arrest the sharp deterioration of fiscal accounts. In its 1994 MTES paper, the Government expressed its commitment to implement restrictive fiscal policies to eliminate the overall fiscal deficit over the following two years, with particular emphasis on the rationalization and reduction of current and capital expenditures and on improvements in tax administration. The Government also indicated its commitment to provide an enabling environment for private sector development, improve economic efficiency and facilitate further diversification through trade liberalization, and tax and financial sector reform.

iii. Unfortunately, the needed fiscal consolidation was delayed, and the main fiscal targets of the MTES were not met, resulting in a deterioration in the country's external position. Domestic expenditures of the Central Government have continued to exceed domestic revenues by about BZ\$40 million or 4% of GDP over the last two years. While the new Government did introduce restrictive measures, they did not prove to be sufficient to accomplish the needed fiscal adjustment.

iv. In November 1995, the Government reconfirmed its commitment to a fiscal adjustment program and to public sector reform. The program attempts to eliminate the fiscal deficit by the end of fiscal 1996/97. A strong effort on the expenditure side is envisaged, targeted in particular on the wage bill. Additionally, structural reforms in the public sector are needed to counter the deterioration of personnel and financial control systems and to improve the quality of public services. The structural adjustment program will seek to restore macroeconomic balance, free up needed investment funds for private sector use, and improve the efficiency of the public sector.

v. The Government of Belize has already initiated several significant steps to narrow the fiscal deficit. These initiatives include the sizable retrenchment program carried out in December 1995, the implementation of a VAT beginning in April 1996, and a scaling down of the public sector investment program (PSIP) to better match available resources. In addition, the Government has introduced revenue-enhancing measures that include an increase in excise taxes on alcoholic beverages, a rise in the import surcharge on fuel, and a reduction of discretionary exemptions. The Government is taking steps to reduce arrears on income and land taxes. Nevertheless, much remains to be done in order to maintain Belize's track record of macroeconomic stability and the long-standing 2 for 1 relationship between the Belize and US

dollars. It is important to note that the stable exchange rate, price stability, and the resulting private investor confidence has been a key determinant in the country's successful economic performance thus far.

vi. The difficult situation that currently faces Belize stems from a number of sources. In particular, excessive government expenditure—especially on wages—is at the root of the problem. The Government's wage bill has grown more rapidly than can be justified by increased or improved public services. The wage bill has been driving the growth of government spending and has crowded out operations and maintenance (O&M), thereby undermining the efficiency of public expenditures. Between 1989-90 and 1994-95, employee compensation increased by close to 50% in real terms, reaching almost 75% of the total current expenditures. While the largest part of this growth can be attributed to increases in compensation levels, employment growth was also an important factor.

vii. Over-staffing is common in most ministries, especially at the clerical/administrative levels. Senior public officials have indicated that before the recent retrenchment exercise, there may have been as many as up to 2,000 surplus employees in the established and unestablished public service ranks, or about 17% of total public sector employees. However, shortages of highly specialized technical personnel are common in many ministries. Many of the surplus employees were hired for political reasons, and public service managers lack the authority to let them go even when they are not needed.

viii. The Government has initiated its wage bill adjustment with a sizeable retrenchment program, equivalent to 9% of the Central Government employees. This decision was based on the premise that an across-the-board wage cut would not resolve the structural issue of public sector over-staffing, would seriously undermine morale, and would generate pressures by the unions to restore wage levels. However, it is believed that public sector wages may exceed private sector wages at the lower levels. A thorough wage analysis (yet to be carried out by the Central Bank in cooperation with the World Bank) may show that a rationalization of public sector compensation is needed as well.

ix. The fiscal position of the Government has been exacerbated by ambitious capital spending in the early 1990s. Total capital expenditure and net lending peaked at BZ\$168 million in 1992/93 and now stands at around BZ\$108 million (1994/95). Despite the substantial reduction in the public sector investment program (PSIP), capital expenditure is still too high at 10% of GDP. External debt incurred to finance the portion of capital spending that is not covered by counterpart funds (5% of GDP in 1995) has added to the growing public debt. While the current PSIP is made up largely of foreign-financed projects that are under implementation and cannot be cut, it is important that the Government continue to maintain its restrictive stance regarding further investments. Eventually, the PSIP will need to be scaled back to an amount that can be financed either out of counterpart funds generated by its own budgetary current account surplus or out of long-term or concessional financing provided by international donors.

x. Public Sector Investment Program (PSIP): In continuing to pare back its PSIP, the Government must ensure that the projects included in the program both reflect the country's development priorities and yield the highest economic rates of return. Belize cannot afford to make any more unwise public investments. The Government must also be wary of undertaking large investment projects only to find that adequate resources have not been budgeted for O&M.

Some progress has been made in improving investment planning—the Government is now preparing a three year rolling PSIP—but much more remains to be done.

xi. The Ministry of Economic Development (MED) and the line ministries must strengthen their ability to identify, appraise and monitor investment projects. The PSIP needs to be integrated in to the budget process, and the downstream implications of capital expenditures and related debt for recurrent spending and debt servicing need to be better taken into account.

xii. The Belize tax system is characterized by a high dependence on trade taxes and by an income tax that is concentrated on a few firms and individuals. Tax exemptions and holidays are the rule rather than the exception. Tax evasion and non-compliance are endemic. The combination of high rates and narrow bases distorts economic decision making and leads to a misallocation of resources that hurts development prospects. Both the efficiency and equity of the tax system need to be improved if it is to become a satisfactory tool for raising the revenue required to finance the Government's planned spending. A well-functioning tax system is important for both stabilization and growth.

xiii. The Government is taking steps to reduce its dependence on trade taxes and to improve tax administration. In April 1996, a Value-Added Tax (VAT) was introduced at a rate of 15%, which is designed to compensate for the loss in revenue due to the elimination of import surcharges and the reduction in import duties agreed under CARICOM, and for the elimination of export taxes and the gross receipts tax.

xiv. Further improvements in customs and income tax policy and administration are still necessary. The main objectives should be to continue the phasing out of tax and duty exemptions, to broaden the tax base, and to lower tax rates. Improvements in tax administration should include the implementation of a comprehensive tax administration program and the enforcement of a more restrictive stance on tax and duty exemptions by limiting both the term of the incentives and their renewability.

xv. **Key sectoral issues.** In spite of sizable spending in the social sectors and in infrastructure, there are still large unmet needs. While a large portion of the budget is devoted to *education*, the Belizean educational system is faced with a demand for higher quality and is challenged by an increasing number of school-age children. The Government spent BZ\$67 million on education in 1994-95, or 6% of GDP, which is higher than the average in comparator countries. Yet the results are disappointing. High drop-out rates and low levels of academic achievement may not be producing the productive labor force the Belize will need in order to grow and to attract investment. Because of the high proportion of out-of-school youth, social problems arise that further damage the business climate and discourage investment. In a period of fiscal retrenchment, additional resources will not be available for a sector which already accounts for 28% of recurrent spending. The education sector, like the public service in general, will have to become more efficient, and improved financing mechanisms will be required.

xvi. Financial reforms are necessary to finance the more costly elements of the Government's medium-term educational reform program which includes the rehabilitation and expansion of primary schools and an increase in access to secondary education. Major increases in efficiency and cost recovery are necessary to develop sustainable financing for reform. A sustainable financial plan for educational reform is necessary to prevent unnecessary delay in achieving the Government's key objectives of improving educational quality and access.

xvii. Progress in *health* has been made by increasing the provision of primary care over the past two decades. But in the 1990s, there has been some deterioration as a result of population pressures, migration patterns, pull-out of donor financing, and less than effective use of available resources. Largely as a result of migration and population pressures, malaria, tuberculosis and HIV are all on the rise. Malaria has increased dramatically from 1986 to 1995, and now cases per 10,000 people number much higher than in neighboring countries. The challenge facing the Government is to improve public health while at the same time undergoing fiscal adjustment. The health sector, which accounted for BZ\$55 million or 5% of GDP in 1994-95, has been given a large amount of resources. However, these resources are not being used effectively as more than 70% of the total is absorbed by hospitals (and 4% for administration), leaving only 24% of the money for primary health and preventive care. Capital spending on the Belize City Hospital and other hospital projects is budgeted at BZ\$75 million and will further increase recurrent spending on hospitals.

xviii. The Government will have to find ways to reallocate resources in the health sector through improved efficiency and greater reliance on cost recovery. The cost-effectiveness of Belize's spending on health would be improved if more funds were allocated to preventive and primary health care and health education. Cost recovery in hospitals can provide some of the necessary additional resources.

xix. Belize also faces large unmet needs in the *infrastructure* sector. Costs of infrastructure are high compared to other countries due to the broad dispersion of the population, the geography of the country, and the need for imported inputs. The Government is pursuing a strategy to fully pave the main road network, and much progress has been made over the last decade with support from the international community. Nevertheless, unwise investments in the early 1990s have limited the Government's capacity to continue spending large sums on infrastructure.

xx. While the Government proceeds with its plans to complete the main road network, the authorities should be prepared to postpone implementation if necessary for financial reasons. Since rehabilitation of feeder roads is lagging, the trade-off between new construction and maintenance needs to be examined. The Government should consider relying more heavily on user charges in the transportation sector. In addition, privatization of road maintenance and selling or renting under-used construction equipment could yield revenues. Another serious problem is the lagging coverage of water and sanitation in rural areas. The Water and Sewerage Authority (WASA) should complete the urban water and sewerage projects that are currently underway, and then more attention should be paid to rural water and sanitation. The Government is currently considering raising water and sewerage rates, and this should help finance improvements in water and sanitation coverage.

xxi. Improving infrastructure services in the remote rural areas is a critical development priority. In the future, and with the main network underway, the Government should concentrate less on large projects and more on micro-infrastructure projects that can directly involve the local population in construction and maintenance. These include the construction and maintenance of feeder roads and the provision of water and sewerage in rural areas. Increased community participation in the development and maintenance of small scale infrastructure can help to match investment with needs, to empower local communities, to produce savings, and to provide more sustainable maintenance.

xxii. **Public sector reform.** While Belize has traditionally enjoyed a well run public service as compared to other countries in the region, in recent years there has been a breakdown in personnel and financial management. The need for fiscal consolidation necessitates major improvements in the efficiency of the system and in the delivery of public services. Public sector reform is an essential element of fiscal stabilization in the short term. A more efficient and responsive public sector is also important for the country's longer-run economic growth.

xxiii. Weakening of the independence of the professional public service and a breakdown of the system of monitoring and accountability have contributed to inefficiency and over-staffing. A legislative framework needs to be developed to ensure that adequate standards are applied to the hiring and management of the public service, to protect the independence of the public service by reinforcing the merit principle in staffing, and to modernize civil service staff relations.

xxiv. The Government needs to better manage its spending to ensure that it does not exceed the spending targets set in its annual budget and to enhance accountability. This will require the establishment of more efficient management systems and techniques. The Ministry of Finance's (MOF) ability to monitor government spending will have to be strengthened through the implementation of a computerized public accounting system with cheque approval and clearing capabilities. Sanctions need to be put in place to penalize officials who exceed their discretionary spending limits.

xxv. A Committee of Permanent Secretaries chaired by the Financial Secretary should be established to spearhead the streamlining of the public sector. Key areas where reforms are needed are the budget process, the financial management system, and the public service. The Government should develop a more systematic set of procedures that provides a framework for the preparation and effective execution of the annual budget and aids in determining and choosing among financial, economic and social priorities. In addition, a budgeting system needs to be established whereby individual ministries are required to provide the MOF with more information on spending plans and alternatives.

xxvi. In the initial round of budgeting under the new system, efforts should be made to redefine government and to rationalize the public service. A comprehensive program review of government spending should be undertaken. This entails a thorough examination of the rationale of government programs and the effectiveness and efficiency with which they meet their objectives. Opportunities for cost recovery should also be identified and implementation plans developed. Implementation plans for the remaining privatization agenda and strengthening of the regulatory framework should also be developed.

xxvii. **Summary.** The Government's immediate priority of stabilizing the fiscal accounts through expenditure reduction needs to be complemented by the establishment of expenditure control mechanisms and by improvements in the overall effectiveness and efficiency of public sector service delivery. The measures underway to improve the incentive framework and to reduce distortions through trade liberalization and tax reform—while necessary to improve economic efficiency—will not suffice if the public sector continues to claim a large amount of resources and to use them ineffectively.

xxviii. The main areas of reform include: (i) reducing and rationalizing current expenditure levels, in particular the wage bill to release resources for O&M; (ii) improving financial and personnel management and control; (iii) reviewing objectives and effectiveness of government programs to identify services that need to be eliminated, privatized or rationalized so as to

release resources for priority areas such as education, health and infrastructure development;
(iv) implementing key reforms in education and health to enhance equity and efficiency;
(v) improving expenditure management and investment planning and execution; and
(vi) strengthening tax administration.

1 Fiscal policies for stabilization and growth

Belize has long had a government that has emphasized the private sector as an engine of growth. Historically, the Government has provided economic and social infrastructure along with the macroeconomic environment and regulatory framework necessary for private sector development. The Government has refrained from intervening in commercial undertakings, contrary to many developing countries that chose government-planning over the market to promote growth. The Government has limited itself to the provision of public goods such as defense, justice, and security; basic services in education and health; and economic infrastructure that complements private sector investment.

Until recently, Belize's prudent fiscal and monetary policies have produced a stable macroeconomic framework that has facilitated private sector development. These policies have made it possible to maintain a fixed exchange rate which has functioned as an anchor of financial stability. The Belize dollar is convertible and has been pegged to the US dollar at a rate of BZ\$2 to US\$1 since 1976. As a result, the foreign exchange risk has been perceived as small. However, the emergence of large fiscal deficits since 1990-91 and the consequent decline in foreign exchange reserves have threatened financial stability, and the Central Bank has been forced to tighten liquidity and on occasion has been unable to respond in full and immediately to all demands for foreign exchange. Regaining macroeconomic stability by eliminating the fiscal deficit is the key short-term priority needed to reestablish market confidence and to support future growth.

Economic and fiscal developments

Belize is a small, open economy that grew and diversified rapidly from 1985 to the early 1990s. The country's performance can be attributed to sound macroeconomic policies and a favorable external environment, including strong terms of trade and large aid flows. From 1986 to 1990, real GDP grew by an average of 10% while inflation remained close to 2% (Table 1). Over the decade leading up to 1993, Belize decreased its dependence on sugar exports and expanded into the production of citrus, bananas, agro-processing, fisheries and tourism. By 1993, the share of sugar in total exports of goods and non-factor services had declined to 15% from over 40% in 1980. The share of citrus, bananas and fish products had grown to 20% of exports from 13% in 1980, and tourism had ballooned to approximately a quarter of exports, making it the single largest export. Despite these improvements, Belize still remained vulnerable to external developments because of its dependence on preferential market access for sugar, citrus and bananas. Trade liberalization requires that Belize be able to adjust to rapidly changing market opportunities and competition.

After 1993 the once favorable external environment turned against Belize. Growth slowed in the United States and in Europe, lowering prices for Belize's merchandise exports and dampening the demand for tourism. The country's terms of trade weakened, and concessional financing dried up. The British Government withdrew its troops, a development that is estimated to have reduced gross domestic expenditure by 5%. This reduction amounts to more than the production of the citrus industry, Belize's third largest industry, and constitutes a substantial shock. These economic downturns were exacerbated by increases in interest rates caused by high fiscal deficits. Since 1993

the economy has slowed down, and real GDP growth has averaged about 2.7% a year. Since population has been growing at a rate of 2.7% as well, it can be inferred that GDP per capita has been stagnant over the last several years. In addition, unemployment has climbed to 13%. The prospects for a renewal of rapid economic growth in the short term are clouded by the Government's fiscal position, and some difficult choices will have to be made.

Overspending by the Central Government is at the root of Belize's fiscal difficulties. After registering surpluses in the second half of the 1980s, the Central Government began to record increasingly large deficits since 1991-92. The fiscal imbalances have been caused by large increases in public sector wages and an overly ambitious public investment program. Overall Central Government deficits jumped from 2.7% and 1.0% of GDP in 1989 and 1990 to an average of 8% of GDP from 1991 to 1994. The deterioration of Central Government financing was compounded by the impact on revenues of a slowdown in economic activity. Initially, the Government drew on external sources to finance its deficit, but domestic financing became increasingly important, reaching 4% of GDP in 1994 (Table 2) before falling back to 3% in 1995. The rising balance of payments deficits during 1991-94 resulted not from a weakening of exports, but from rising imports induced by the expansionary fiscal policies. In the absence of a major fiscal adjustment, these deficits pose a serious threat to the macroeconomic stability of Belize and to its long-standing parity with the dollar.

Table 1. Belize: Selected Economic Indicators, 1986-95

	<i>1986-90</i> <i>Average</i>	<i>1991-93</i> <i>Average</i>	<i>Prel.</i> <i>1994</i>	<i>Proj.</i> <i>1995</i>
NATIONAL ACCOUNTS (growth rates %)				
Real gross domestic product m.p.	9.7	4.3	1.7	1.5
Agriculture	6.8	6.6	5.3	-1.3
Manufacturing	5.9	4.4	-0.5	2.9
Services	10.4	5.9	1.3	2.3
Exports of GNFS	11.0	5.2	0.7	4.4
Imports of GNFS	11.6	9.1	-11.8	2.6
Consumer price index	2.2	3.3	2.3	2.4
SAVINGS-INVESTMENT (% of GDP)				
Gross domestic savings	22.5	20.8	19.8	...
Gross national savings	24.0	21.8	20.1	20.0
Gross fixed investment	24.3	29.6	24.4	23.2
Direct foreign investment	3.2	2.8	1.6	...
Bop current account balance	3.6	-10.3	-6.9	-4.6
FISCAL ACCOUNTS				
Public sector current account balance	10.4	8.9	5.1	5.0
Public sector overall balance	0.7	-7.9	-8.4	-12.9
Public sector overall balance(after external financing)	-7.9	-2.2	-4.3	-4.8
RESERVES AS MONTHS OF IMPORTS				
	<i>1986</i>	<i>1990</i>	<i>Prel.</i> <i>1994</i>	<i>Proj.</i> <i>1995</i>
	2.5	3.4	1.0	0.8
CREDITWORTHINESS INDICATORS ^a				
External debt/GDP	47.9	33.6	29.9	30.2
Debt service/exports	10.8	6.8	8.0	9.5
Total debt service/current revenues ^b	23.6	13.3	19.4	24.0

a. IBRD DRS data.

b. Total Central Government revenues.

Source: Statistical Appendix.

The Government cannot solve its fiscal problem by raising the rates of existing taxes. The tax bases are too narrow, and the rates are already too high. Income and commodity taxes both have too many exemptions and special treatment provisions. To raise them further would be inequitable and distortionary and would undermine the economy's competitiveness. It makes much more sense to tackle the deficit on the expenditure side where there is public sector over-staffing and wasteful spending.

Table 2: Belize: Central Government Operations, 1989/90-1994/95
(percent of GDP)

	1989-90	1990-91	1991-92	1992-93	1993-94	Prel. 1994-95
Total Revenue	26.7	27.1	28.3	29.0	24.3	23.9
Current revenue	24.9	25.8	24.6	25.4	23.5	23.5
Capital revenue	1.8	1.3	3.7	3.6	0.8	0.4
Total Expenditure	29.4	28.1	36.1	37.3	31.5	32.2
Current expenditure	18.0	17.0	17.5	19.4	20.6	21.5
Capital expenditure & net lending	11.3	11.2	18.6	17.9	10.9	10.7
CURRENT ACCOUNT SURPLUS/DEFICIT (-)	6.8	8.8	7.1	6.0	2.9	2.0
OVERALL SURPLUS/DEFICIT (-)	-2.7	-1.0	-7.8	-8.3	-7.3	-8.3
FINANCING	2.7	1.0	7.8	8.3	7.3	8.3
External	3.7	2.7	7.5	6.3	3.3	3.8
External borrowing	2.9	1.1	3.7	4.2	2.7	3.2
Grants	0.8	1.6	3.7	2.0	0.7	0.7
Domestic	(1.0)	(1.7)	0.3	2.0	3.9	4.4

Source: Ministry of Finance; IMF staff estimates.

Constraints and challenges

As a small and open economy, Belize faces constraints on what it can do through fiscal policy. Several years of deficit financing have caused both economic and financial problems. It is becoming increasingly difficult for Belize to secure credit, and foreign exchange reserves have weakened. The increase in foreign debt has raised the country's risk premium and has raised the costs of short-term foreign commercial borrowing. Consequently, the Government has relied more heavily than is perhaps prudent on domestic financing. The main source of funds is the banking system with the largest portion coming from the central bank. Borrowing from the central bank can lead to inflation, and in the case of Belize, the Government has already bumped against statutory limits.

In recent years, debt service payments have come to account for a progressively higher proportion of the budget (Table 3) due to an increase in the domestic public debt to finance operating deficits and to the increase in external debt to finance capital projects. A significant amount of this debt was contracted at high commercial rates; Belize's short-term commercial debt increased from 13% of its total external debt at the end of 1990 to 17% at the end of 1994 and accounted for about one third of total debt service.

While the Government faces constraints in resolving its fiscal problems, the challenges are not insurmountable. Belize's export base has diversified and is still strong. The country continues to attract immigrants, including laborers from neighboring countries, as well as investors from the Far East and all over the world. If the Government reestablishes sound economic management—and the external environment is favorable—and redresses its fiscal position, Belize will attract more foreign investment, and economic growth will provide additional government revenues.

Although the Government will be able to increase revenues to some extent through tax reform, the bulk of the fiscal tightening will have to be done on the expenditure side. The deficit problem therefore provides the Government with an opportunity to introduce a reform of the public sector. This will give Belizeans a more efficient and responsive public sector and will improve the country's ability to compete internationally. While the public sector does not produce tradable goods, its efficiency is important because the quality of the goods and services it provides and the tax burden it imposes on the private sector are direct determinants of a country's competitiveness. In addition, public sector wages can have a demonstration effect on private sector wages and, if high, can undermine competitiveness.

Table 3. Belize: Interest Payments On Public Debt, 1989/90 - 1994/95

	1989-90	1990-91	1991-92	1992-93	1993-94	Prelim. 1994-95	Budget 1995-96
	(millions of BZ\$)						
Interest payments^a	13.3	9.4	11.0	12.7	21.5	23.7	26.8
Domestic ^b	7.6	4.8	5.3	5.5	9.3	9.6	12.0
Foreign ^c	5.6	4.6	5.7	7.1	12.2	14.1	14.8
	(as percentage of total expenditure)						
Interest payments	5.4	3.5	3.0	3.1	5.6	5.7	5.7
Domestic	3.1	1.8	1.4	1.4	2.4	2.3	2.5
Foreign	2.3	1.7	1.6	1.8	3.2	3.4	3.1
	(as percentage of current expenditure)						
Interest payments	9.6	6.5	6.8	6.3	9.2	9.4	10.1
Domestic	5.5	3.3	3.2	2.8	4.0	3.8	4.5
Foreign	4.1	3.2	3.5	3.6	5.2	5.6	5.6

a. Includes interests on Central Government debt and guaranteed debt.

b. Includes interests on debentures, domestic debt and guaranteed domestic debt.

c. Includes interests on foreign debt and foreign guaranteed debt.

Source: Ministry of Finance and IMF estimates.

Problems caused by government spending

Central government spending—both level and composition—is at the root of Belize's fiscal problems and jeopardizes the achievement of the country's development objectives.¹ First, the level is too high, and second, the mix between wages and other recurrent expenditures is out of balance;

Table 4. Belize: Growth of Central Government Expenditures, 1989/90 - 1994/95^a
 (1990 BZ\$ million)

	1989-90		1994-95		Real % change p.a. 1989/90-1994/95
	(BZ\$ mln.)	%	(BZ\$ mln.)	%	
Current Expenditure	135.9	61.5	219.5	66.8	10.1
Wages & salaries	71.2	32.2	120.6	36.7	11.1
Pensions	7.5	3.4	13.3	4.0	12.2
Goods & services	31.2	14.1	42.2	12.8	6.2
Interest payments	11.9	5.4	20.0	6.1	10.9
Subsidies & current transfers ^b	14.1	6.4	23.4	7.1	10.6
Capital expenditure & net lending	85.2	38.5	109.2	33.2	5.1
Total Expenditure	221.1	100.0	328.6	100.0	8.2
<i>MEMO</i>					
GDP (1990 BZ\$ mln.) - FY	746.1		967.6		5.3
Population	184.3		209.0		2.5

a. "Central Government" accounts include local government.

b. Includes wages of teachers in grant-aided schools.

Source: Ministry of Finance; IMF staff estimates.

the rising wage bill is squeezing out expenditures on O&M and is leaving the public service over-staffed and under-supplied. Third, public sector wages at the lower and middle levels, are higher than those in the private sector, putting upward pressure on private sector wages and potentially weakening the economy's competitive position. Fourth, the productivity and efficiency of government spending needs to be improved, especially in such priority areas as education and health. In addition, public investments must be examined more closely to ensure that the Government invests only in those projects with the highest social and economic rates of return.

¹ While total central government expenditure in Belize at 32.8% of GDP over the 1991-95 period is below that of OECD countries, it is greater than in most other countries in the Caribbean (except for Guyana, Jamaica and Suriname) and above the average in lower-middle income and upper-middle income countries. Additionally, central government expenditure in Belize has increased as a percentage of GDP over the last 5 years, whereas it has trended down in most other developing countries.

Finally, the deficit has begun to feed on itself, giving rise to a growing drain of funds to finance the public debt.

Total central government recurrent spending increased from BZ\$135 million in 1989-90 to BZ\$238 million in 1994-95 (Table 4). This represents a real accumulated increase of 50% (40% on a per capita basis) and an increase from 18% of GDP in 1989-90 to 21% in 1994-95. This is greater than what would have been required to compensate for inflation and to provide a growing population with a given level of service. The source of the increase lies in the growth of the wage bill (personal emoluments). In the five years between 1989-90 and 1994-95, employee compensation grew by 70%, far surpassing other recurrent and capital spending. This increase was not accompanied by a corresponding increase in the supply of public services which may even have deteriorated.

Spiraling wages and wage compression

The increase in the wage bill stems from across-the-board wage increases, bracket creeps and increases in employment. By 1994-95, personal emoluments had climbed to BZ\$132 million or 12% of GDP, from BZ\$71 million or 9.4% of GDP in 1989-90. This number does not include the

Table 5. Belize: Total Central Government Compensation
(millions of BZ\$)

	1993-94	1994-95	1995-96
Personal emoluments	120.5	131.9	130.1
Awards and indemnities	12.7	14.5	15.4
Grants and subsidies	12.6	14.3	14.5
Local capital wages	25.3	16.9	17.2
Total compensation	171.1	177.6	177.2

Source: Ministry of Finance and World Bank staff estimates.

BZ\$46 million in other costs that raised total employee compensation to BZ\$178 million or 16% of GDP in 1994-95 (Table 5). The additional compensation costs consist of awards and indemnities which comprise pensions and gratuity payments; grants and subsidies which reflect the cost of denominational teachers; and local capital wages which are paid on non-counterpart

capital projects. Thus, total employee compensation accounts for almost three quarters of recurrent spending, and any reduction in government spending will require a reduction in the wage bill.

Across-the-board wage increases played a large role in the rise of the wage bill. A 3-year 10% per annum wage award (12.5% for junior officers) was approved by the previous Government, with the first two wage increases granted in April 1992 and April 1993. The present Government attempted to stop the increases for 1994, but when faced with union resistance, ended up granting 5% instead. Public servants whose wage increase was partially suspended were promised a bond equal to one year of the foregone salary increase. In addition, in October of 1994, the Government awarded the lower categories an extra 1.25% increase, to bring them up to half of what they would have received had the full increase gone through. The result was a compounded 35% increase for lower grades and 27% for higher grades.

Another factor that has contributed to the spiraling of the wage bill is the bracket creep resulting from upgradings and reclassifications. It is estimated to add 2 to 3% a year to the wages of existing employees. As a result, not only has the wage bill grown, but the salary structure has been distorted. The wage compression ratio has fallen from 10.9 in 1989-90 to 6.5 in 1995-96.

Public sector wages higher than private sector

Public sector employment in Belize makes up 16% of the total labor force and 18% of total employment. A recent labor force survey suggests that compensation in the Central Government exceeds that in the private sector except at the most senior levels of the public service. A study has

already been completed by the Ministry of Public Service and this has shown the need for a more detailed study to be undertaken by the Belize Central Statistical Office and the Central Bank. This will focus on public and private sector compensation and the results will be used to aid the Government in overhauling its compensation policy.

High and unresponsive public sector wages translate into greater wage rigidities in the economy as a whole. Private sector workers may be less willing to accept wage reductions if they know that their counterparts in the public sector are insulated from labor market fluctuations. Thus, contractionary fiscal and monetary policies will be less effective in bringing about a real adjustment, and reductions in domestic expenditures will tend to induce unemployment rather than lower wages. The recent rise in unemployment could be related to the high and rigid public sector wages.

Public sector employment increases and staffing inefficiencies

Increased employment also contributed to raising the wage bill. The number of central government employees currently stands at about 9,000, including open vote employees. This figure includes 6,500 established employees who receive regular government paychecks and benefits, an estimated 900 military employees, and about 1,500 unestablished or open vote employees.

Increases in government employment over the last five years occurred almost entirely among established employees; the number of employees in this category grew by 22% from 1989-90 to 1994-95. Increases in open-vote employees occurred before 1989. Public sector employment now accounts for 11,500 employees or 16% of the total labor force, which is high for a private sector-based economy.² In addition, the increase in central government employment highlights the risk of the Government's losing control over wage costs.

Much of the overspending on employee compensation comes from employment in excess of the Government's requirements for productive work. Based on estimates provided by senior public officials, there are up to 2,000 public employees, especially at the clerical and administrative level, with little to do. This situation has a negative effect on the morale of other employees and results in lower productivity as well as a deterioration in the provision of government goods and services. This overstaffing at the clerical level persists while most ministries are understaffed at the technical level. To address these problems the Government recently introduced a retrenchment program.

Public sector investment to support future growth

The build up of the Public Sector Investment Program (PSIP) during the early 1990s has contributed to the recent increase in Government spending in Belize and has added to the Government's external debt. A well-focused PSIP will be critical in the coming years as the Government attempts to control public expenditures, stabilize the economy, and improve the efficiency of resource use. The problems with the public investment program are not linked to its main thrust which has been largely consistent with Belize's development goals. Rather, the problems stem from the need to establish mechanisms that (i) encourage effective control of investment levels in accordance with overall resource availability; (ii) provide better planning,

² In terms of public sector employment as a share of the labor force, Belize compares poorly to other countries in the region such as Chile (8%) and Jamaica (12%), but is comparable to some other small Caribbean countries such as the Bahamas and Barbados (17%), and Trinidad and Tobago (22%).

implementation and monitoring of projects; and (iii) enable recurrent cost implications to be included in the decision making process.

Size and composition of the PSIP

Capital expenditure has grown rapidly over the last six years. Spending on the PSIP increased from BZ\$80.2 million in 1989-90 to BZ\$168 million in 1992-93. Expenditures have slowed since 1993 and currently stand at BZ\$108 million (Table 6). Of this, only BZ\$13 million is covered by foreign grants, having declined from an all time high of BZ\$33 million in 1991-92. The remainder (BZ\$95 million) has been financed by external borrowing (BZ\$61 million), Central Government surplus (BZ\$23 million), and domestic borrowing (BZ\$11 million).

Table 6. Belize: Growth of Central Government Development Expenditure, 1989/90-1994/95

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Development Expenditure						
Millions of BZ\$	80.2	86.5	155.5	167.9	113.5	108.3
Percent change ^a	...	7.9	79.8	8.0	-32.4	-4.6
Percent of total expenditure	36.6	37.5	48.6	46.1	33.9	30.8
Percent of GDP	10.7	10.5	17.5	17.2	10.7	9.7

a. Nominal change; inflation averages 2% p.a.

Source: Ministry of Finance; World Bank staff estimates.

The PSIP is expected to average close to US\$60 million per year or about 12% of GDP over the next three years (Statistical Appendix, Table 7). Of this, approximately 70% will be financed from external sources, and the remainder will come from domestic sources. This represents a significant decline in domestic financing compared with the previous three years. The decline stems in part from cutbacks in domestically financed capital projects related to the Government's effort to reduce the fiscal deficit rather than from decreases in counterpart funds. The magnitude of the PSIP at 12% of GDP is less than the 15% target set in the MTES; this is understandable given the fiscal constraints facing the Government.

The PSIP focuses mostly on social and infrastructure investment programs which will account for close to 80% of investment outlays over the next three years; economic services will account for only 13%. In broad terms, this expenditure allocation is consistent with the development strategy's emphasis on social sectors and support for basic infrastructure. Table 8 of the Statistical Appendix illustrates the specific components of the PSIP.

Even though the PSIP is budgeted to fall short of the MTES, it is still unsustainable given the Government's current fiscal difficulties. In this light an effort must be made to further rationalize and downscale public sector investment towards priority investments in basic infrastructure, human resource development and agricultural extension.

Effective control of investment levels

The magnitude of the PSIP needs to be limited by the amount of counterpart funding that can be raised internally from the current surplus. Early in 1995, the Government initiated efforts to rationalize the PSIP by undertaking a review to determine the scope for reducing and/or delaying locally funded projects without compromising the overall development objectives. On the basis of a priority list submitted by line ministries, a core investment program was identified for inclusion in the PSIP. The criteria for inclusion in the 1995-96 investment program was that a project should

(i) be ongoing and about to be completed; (ii) generate immediate revenues; (iii) directly complement productive sector activities; and (iv) be critical in meeting short-term sector objectives. On the basis of these criteria, savings of over US\$3 million or 5% of the PSIP were identified. These cutbacks were relatively modest and were confined to locally funded projects. Meanwhile, the need to cut back foreign financed projects has become more pressing, not only to reduce domestic financing requirements but also to slow the build-up of external debt. The Government should evaluate which new foreign financed projects could be postponed and by how much counterpart allocations to ongoing projects could be reduced.

The Government should establish as part of the PSIP a formal process to evaluate and prioritize investment projects. Project appraisal should be based on an accurate reading of the Government's economic and social objectives and should identify those projects with lower rates of return that should be canceled. The proposed Committee of Permanent Secretaries, which will be spearheading the public sector reform, could be charged with this task. Before the finalization of the PSIP, the Committee could hold a series of meetings at which ministry representatives would furnish information about and lead a discussion on their respective projects. After the meetings, representatives from MOF and MED would rate the projects on the basis of a thorough economic and financial analysis and with an understanding of the Government's priorities. This would require that the cost-benefit analysis capabilities within both the Public Sector Investment Planning Unit (PSIPU) of the MED and the Project Analysis Units (PAUs) of the line ministries be strengthened. The central bank should also be included in the evaluation process because of the potential demand of the projects for foreign currency. Finally, the process should include a compliance mechanism with penalties to ensure that line ministries submit complete plans each year on schedule.

Planning, implementation and monitoring

While the overall record of project implementation has been good in Belize, the planning, budgeting and management of the PSIP could be improved. Until recently, the PSIP planning cycle began with a request from the MOF for ministries to submit their bids for the following year's locally funded capital budget. In principle, these bids reflected what each ministry felt was needed to carry out its functions, but they included tactical elements to improve bargaining positions and had no relation to what was affordable. The potential availability of foreign financing induces the ministries to package their pet projects as capital spending and to sell them directly to foreign donors, thereby bypassing the scrutiny and discipline of the regular budget process. The MOF has tended to focus on trimming the ministries' requests to fit available resources rather than on selecting projects based on a cost-benefit analysis. As a result, many large projects were driven by political considerations and availability of external financing rather than by sound technical analysis. In addition, since the review process in the MOF is not an integral part of the annual budget, the PSIP is not fully integrated in the budget.

The most visible consequences of poor planning in the past are the costly projects such as the Belize City Market, the Belmopan Convention Center, and the Belmopan grain elevator. Other less visible government projects are earning rates of return that are too low to pay the interest on the foreign debt they have incurred. It is difficult to determine the number of these unwise investments because no formal evaluation studies are carried out to judge the performance of capital projects and to guide future decision-making.

The deficiencies of the system can be attributed to (i) *lack of information* - Operating agencies have little knowledge of the resources available and of the Government's priorities. While

the MOF knows the overall resource constraints, it has little understanding of individual programs and limited analytic capacity for deciding among projects; (ii) *lack of accountability* - Line ministries have limited influence over the allocations of funds and little sense that allocations need careful analysis to ensure optimum performance; and (iii) *lack of a multi-year planning horizon* - Since the planning and budgeting system is only concerned with the upcoming budget year, not enough attention is paid to the future capital and recurrent spending implications of budgetary decisions. The allocation of functions between the MOF and the MED is also problematic. The MOF is responsible for locally funded projects, and the MED for foreign-financed projects. The two ministries maintain separate databases, and coordination is not up to par.

It is important that the PSIP provide a clearer breakdown of its investment and expenditures by showing fixed capital spending, investment in human capital, and operating programs separately. In addition, management of investment outlays needs to be enhanced. It is often difficult for MOF to monitor work already completed prior to agreeing to the release of further disbursements. Project management is spread among three levels—the MOF, the MED, and the line ministries. The line ministries lack the technical staff to manage and monitor project performance. A Project Implementation Committee should be set up to meet under the leadership of the MED to appraise project performance and to certify progress before disbursements are made by the MOF.

Adequate recurrent expenditure

Public sector investments require subsequent and recurrent spending to make their full contribution to economic and social development. The widespread failure in developing countries to provide adequate O&M expenditure to take full advantage of investment projects has been chronicled in the development literature and is becoming a problem in Belize. Studies on public sector management reform report that inadequate O&M causes civil service productivity to plummet and infrastructure assets to deteriorate. Evidence at both the macroeconomic and sectoral levels indicates that failure to budget for recurrent expenditures such as wages, routine maintenance, and janitorial services is seriously interfering with the delivery of public services (see chapter 2).

The underfinancing of recurrent development costs is further exacerbated by the crowding-out effect that the rising wage bill has on O&M. This squeeze is leaving many key government services under-equipped. An analysis of employee compensation costs reveals that many ministries currently direct over 80% of their budgets to wages and salaries, leaving very little for equipment and supplies. Table 7, above, shows the sharp fall of O&M as a proportion of personal emoluments over time. Education and health show particularly worrisome trends that suggest capital stock deterioration and loss of productivity.

Estimates of the ideal recurrent costs associated with investment projects have been compiled across a wide range of development sectors drawing on the experience of many countries (Table 9A, Statistical Appendix). These estimates, called “r coefficients,” are equal to the ratio of

Table 7. Belize: Operating & Maintenance Spending Trends By Program
(as percent of personal emoluments)

	Ratio		
	1981-82	1995-96	1981:1995
Tax administration	12.7	4.3	0.34
Government schools	10.8	2.0	0.19
Survey & mapping	25	9.0	0.36
Forestry operations division	39.6	16.8	0.42
National fire service	20.1	11.3	0.56
Civil aviation	80	15.3	0.19
National meteorology	29.8	15.1	0.51
Labor administration	11.6	7.9	0.68
Medical services	70	12.6	0.18
Fisheries operations	28.9	19.1	0.66
Police services	10.4	8.9	0.86

Source:: Belize Central Government Budget Estimates.

the annual net recurrent expenditure requirements to the value of the investment. They show that the problem of heavy recurrent spending is likely to be highest in the education sector (running up to 0.7 for primary and secondary schools which have to be staffed and equipped) followed by the health sector (running up to 0.3 for hospitals). In contrast, paved roads have "r coefficients" of 0.06-0.14, and social and rural development have coefficients of 0.04. In Table 9B of the Statistical Appendix, these coefficients are applied to several PSIP projects. While these projects represent a only a small sample of the total PSIP, they illustrate a tendency to underbudget for recurrent O&M costs. The difference between Government estimates and the optimal level for annual recurrent expenditure suggests that ministries in Belize may be underestimating their O&M budget by an average of 30% to 45%.

Because the quality of the PSIP ultimately depends on the capacity of the Government to use its assets effectively, the MED, in consultation with the MOF and the line ministries, should perform cost studies to restore provisions for O&M to necessary levels. It is also important to note that overly ambitious capital spending on new projects will exacerbate the problem of underspending on the O&M of existing projects and may turn wise investments into unprofitable drains on the budget.

Government revenues and tax reform

The key tax questions are how to mobilize revenues to finance government spending and how to improve the tax system to make it more equitable, neutral and transparent. A tax system should raise money as fairly as possible and with the least possible distortionary impact on economic activity. On both counts the current tax system comes up short. Reforms to both administration and tax policy are urgently needed.

The tax structure and revenue trends

Total revenues and grants—25.2% of GDP in 1994-95—have failed to keep pace with GDP growth since 1989-90 (Table 8). The decline in capital revenue following the completion of privatizations in 1991-93 was a factor depressing revenue growth. Taxes, the largest source of

Table 8. Belize: Central Government Revenue
(percent of GDP)

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Total revenue and grants	27.5	28.9	31.9	30.5	24.8	25.2
Total revenue	26.7	27.3	28.1	28.5	24.1	24.0
Current revenue	24.9	26.0	24.5	25.0	23.3	23.6
Tax revenue	21.5	21.7	20.7	20.8	20.5	20.8
Income tax	4.8	5.1	5.2	6.0	5.6	5.7
Taxes on property	0.2	0.2	0.1	0.3	0.1	0.1
Taxes on goods and services	2.4	2.5	2.3	2.1	2.7	2.6
Taxes on international transactions	13.4	13.3	12.7	11.8	11.5	11.7
Other taxes	0.6	0.7	0.5	0.6	0.5	0.5
Non-tax revenue	3.5	4.3	3.8	4.1	2.9	2.8
Capital revenue	1.8	1.3	3.7	3.5	0.8	0.4
Grants	0.8	1.6	3.7	2.0	0.7	1.2

revenue, exhibited a relatively weak elasticity with respect to GDP (slightly less than unity) during the period 1989-90 to 1994-95, and this further depressed revenue growth. The largest category of taxes is on international transactions—56% of tax revenues in 1994-95. These revenues have been falling steadily as a share of GDP in recent years even though the share of imports has been

increasing. Import taxes are scheduled to drop further with the implementation of the Common External Tariff (CET) under CARICOM.

The second largest category of taxes is the income tax which accounted for almost a third of tax revenues in 1994-95. The income tax is progressive and runs between 15 and 45% after taking into account deductions. The Government faces problems of under-reporting of income, non-compliance, and arrears with the personal income tax. Arrears, which have largely built up since 1989, rose in 1995 and at present amount to about BZ\$14 million (of which BZ\$5-6 million are in arrears of at least six months).

The tax on corporate profits is levied at a rate of 35% after depreciation, losses, and other deductions. There has been a proliferation of development concessions offered under the Fiscal Incentive Act, the Export Processing Zone Act, and the International Business Companies Act. In 1994-95 development concessions in the form of tax holidays and duty exemptions cost the Government BZ\$15.4 million or 5.8% of total Central Government revenue. These concessions were introduced in an *ad hoc* fashion to offset the anti-export bias of the high import taxes. The concessions have eroded the corporate tax base and have made the tax system less equitable and more inefficient. Development concessions tend to favor certain sectors over others and are biased in favor of large producers. The narrowness of the corporate tax base resulting from the incentives is illustrated by the fact that the telephone company pays two thirds of the total tax revenue collected. In 1995 the Government announced a Gross Receipts Tax, levied at a rate of 1% on the total revenue of a business before expenses (except for professional service businesses for which the tax is 2%). The tax was designed to be a temporary stop-gap until a VAT could be put in place. However, a delay in implementation led to an initial shortfall in expected revenues.

Tax administration, which is the responsibility of the Income Tax Department and the Customs and Excise Department, is generally recognized to be weak. Both departments are poorly organized, and their staff lack the necessary equipment and training (tax administration has yet to be computerized.) Tax officers often fail to pursue tax evasion and fraud investigations with adequate vigor, and a shortage of vehicles prevents routine inspection visits. For the Customs and Excise Department, the factors depressing revenue collections are under-valuation of imports, smuggling, and the incomplete control of excise traders. For the Income Tax Department, the main problems are non-filers and stop-filers, under-reporting of taxable income, and delinquent accounts receivable.

Many recommendations have been made for administrative reforms following technical assistance from the IMF, the World Bank, and bilateral donors. While control of excise traders has already been transferred to the Customs and Excise Department, several recommendations remain to be implemented. The Customs and Excise Department should curb under-valuation by toughening legislation, establishing a valuation team, and clarifying valuation principles. In addition, the Department could curtail smuggling by upgrading communications equipment and vehicles and by introducing more border patrols. The Income Tax Department should be reorganized along functional lines with a new Compliance Section to monitor compliance with filing requirements, a new Investigation Section to pursue underreporting, and a strengthened Enforcement Section to collect delinquent taxes. The current emphasis on reviewing every income tax return should be replaced with a policy of reviewing only selected returns based on specific criteria. Both departments need to develop a computerized processing system with Management Information System capabilities to support an improved enforcement effort. The Government is receptive to these proposals, but the lack of resources is holding back their full-scale implementation.

Tax reform

In May 1995, the Government announced a major reform of consumer and international trade taxes designed to finance the regional move towards trade liberalization without creating a significant fiscal imbalance. On April 1, 1996, the Government introduced a broad-based VAT at a standard rate of 15%. As is typical of a VAT, the tax will provide for "special treatment" of basic foodstuffs, agriculture, essential health care, education, housing, water, sewerage, and electricity. Financial services will also be exempt because of the difficulty of taxing this sector. Exports will be zero-rated as is appropriate for a consumption tax. The annual turnover threshold for registration will be BZ\$100,000, eliminating most small traders from the tax net. Monthly returns will be required.

The Government estimates that the VAT will raise BZ\$63 million in revenue, enabling implementation of stage 1 of the CARICOM CET on April 1, 1996.³ The CET will lower most import duties to within a 30 to 35% band and will eliminate stamp duties, export duties, and the Gross Receipts Tax. The revenue replacement duty, which is a tax on imports of excisable goods at similar rates to domestic excises, will be retained for the present. These tax reforms will reduce tax distortions that currently favor domestically produced goods over imports and drive up the cost of living for consumers and the cost of production for domestic producers. These changes will encourage exports, and smuggling should decrease.

Further reforms in tax policy are needed to improve the neutrality, equity, and transparency of the tax system. Unfinished business includes the simplification of the complex system of marginal reliefs and exemptions in the income tax; a broadening of the base of the income tax to include interest income; a simplification of depreciation for business; and a curtailment of development incentives.

The tax holidays and duty exemptions under the development incentives were originally introduced to compensate for the anti-export bias of the high import tariffs. Now that tariffs are coming down, the original justification for development concessions is less valid, and the Government has a unique opportunity to phase out these concessions. As a first step, the Government has already agreed to limit both the term and renewability of fiscal incentives. If none of the existing concessions—which have an average term of five years—is renewed upon expiry, and if no new concessions are granted, an additional 0.5% of GDP will be recouped each year for the next five years, yielding a total gain of 2.5% of GDP by the end of the five-year period. This would enable the Government to lower other taxes, further reducing distortions in the economy and more fairly distributing the tax burden.

Consolidated public sector finances

Belize's public sector comprises the Central Government (including local governments), the Social Security Board, and public enterprises. It employs about 16% of the labor force, and total expenditure currently stands at 37% of GDP (Table 9). Belize has a small public enterprise sector. In 1985, the banana industry was privatized, as the Banana Control Board sold its plantations and retained only marketing and research functions. In 1988 the Belize Telecommunications Limited (BTL) was incorporated, with the Government retaining 49% of the shares. In recent years, the

³ It is important that the VAT be calculated so as to compensate for the reduction of import duties and ensure revenue neutrality, especially at a time of fiscal crisis.

Government has reduced the role of public enterprises further, privatizing the Banana Control Board, selling the remaining shares of BTL, and partially privatizing Belize Electricity Ltd. (BEL). The major public enterprises that remain are the Belize Port Authority, WASA, the Belize Marketing Board (BMB), and the Belize Airport Authority. While the Government still controls the tariffs charged by public enterprises and continues to be involved with the operations of the BMB, public enterprises are not responsible for the Government's current financial difficulties.

A large public sector deficit emerged after 1990-91 because of increases in central government capital and current spending. By 1992-93, the overall public sector deficit was over 8% of GDP; during the following two years it averaged 7.7% of GDP. As its finances deteriorated, the Central Government sought to use the Social Security Board as a stop-gap to cope with its financial difficulties. For several years through 1990-91, the Board's sizable surpluses and accumulated holdings of commercial bank deposits and government paper enabled it to provide the needed financing to the Central Government. However, from 1991-92 to 1993-94, this strategy became increasingly untenable as the Board registered deficits in its operations as a result of a rise in its financial investments. These investments were not the type one normally associates with the sound financing of pensions as they included purchases of equity in BTL, and capital contributions, transfers and lending for housing construction. In 1994-95, following substantial cutbacks in capital outlays and net lending, the Board slowly began again to accumulate deposits with the banking system. However, this may not be enough to maintain the financial soundness of the Board. The insurable earnings ceiling—which provides the base for contributions—may have to be raised to restore the Board's financial health.

Table 9. Belize: Public Sector Operations, 1990/91 - 1994/95

(as percent of GDP)

	1990-91	1991-92	1992-93	1993-94	Prel. 1994-95
TOTAL REVENUE	30.9	33.6	32.6	28.5	28.4
Current revenue	29.6	29.9	29.1	27.8	28.0
Central government (budgetary)	26.0	24.5	25.0	23.3	23.6
Social Security Board	2.1	2.3	2.5	2.5	2.3
NFPE current surplus	1.5	3.1	1.6	1.9	2.1
Capital revenue	1.3	3.7	3.5	0.8	0.4
TOTAL EXPENDITURE	33.1	41.4	40.8	35.6	36.8
Current expenditure	17.8	18.3	20.2	21.8	22.9
Central government (budgetary)	17.1	17.4	19.1	20.5	21.5
Social Security Board	0.7	0.9	1.2	1.4	1.4
Capital expenditure & net lending	15.3	23.1	20.6	13.8	13.9
Central government (budgetary)	10.6	17.4	16.9	10.6	9.7
Social Security Board	0.9	1.6	2.2	2.0	1.4
Public enterprises	3.8	4.1	1.4	1.2	2.8
CURRENT ACCOUNT SURPLUS/DEFICIT (-)	11.8	11.6	8.9	5.9	5.1
OVERALL SURPLUS/DEFICIT (-)	-2.2	-7.8	-8.2	-7.1	-8.4
FINANCING	2.2	7.8	8.2	7.1	8.4
External	1.1	3.7	4.1	2.6	2.9
Grants	1.6	3.7	2.1	0.7	1.2
Domestic	-0.5	0.4	2.0	3.8	4.3

Source: Ministry of Finance, IMF staff estimates.

Far from being a burden on the Government, the public enterprise sector has strengthened in recent years after weathering some temporary setbacks in the early 1990s. In 1993-94 and 1994-95, the overall balance of public enterprises returned to a surplus as capital expenditures, interest payments and transfers to the Government all decreased.

Policy directions and the macroeconomic agenda

A new development strategy

The elimination of the fiscal deficit is the key short-term priority needed to reestablish macroeconomic stability and market confidence and to support sustainable growth. In parallel, efforts must be made to enhance the competitiveness of the economy, as the external environment during the coming decade is not likely to be as favorable as in the past. While the present Government has taken important steps towards increasing revenues and reducing expenditures, a great deal remains to be done in order to close the gap and to continue to attract investment to Belize.

In the 1994 MTES the Government acknowledged that the expansionary policies of the previous administration were unsustainable and announced an adjustment program that would (i) implement restrictive fiscal policies to eliminate the fiscal deficit over a two-year period; (ii) provide an enabling environment for private sector development and improved efficiency through trade liberalization and tax and financial sector reform; and (iii) rationalize public sector management. However, the fiscal correction envisaged in the MTES did not materialize. In its budget for fiscal year 1995-96, fiscal tightening amounted to only 1% of GDP, including a wage and hiring freeze and some cuts in O&M and capital expenditure. The budget relied on optimistic assumptions about revenue growth which failed to materialize, particularly with regard to the revenue expected from the new Citizenship program. Before the recent stabilization measures, projections of the overall deficit still implied a domestic financing requirement of about BZ\$40 million or 4% of GDP.

Stabilization program

In November 1995, the Government reiterated its commitment to a fiscal adjustment program focused on reducing expenditures. Retrenchment of the public sector was a key priority. The program would also include reductions in public sector benefits and wastage, review of investment priorities, and tax administration improvements. To contain the reserve loss until the fiscal actions take effect, the Government has increased the commercial banks' liquidity requirements by 2 percentage points to 26% of deposits. In addition, the Government would introduce fiscal measures to eliminate domestic financing of the deficit by the next budget. The Government has already approved measures estimated to yield about 2% of GDP.

On the revenue side, measures already adopted included increases in the main excise taxes, a rise in the import surcharge for fuel, the reduction of discretionary exemptions, and steps to reduce arrears on income and land taxes. These measures are estimated to yield BZ\$15 million, or 1.3% of GDP. On the expenditure side, a program of retrenchment was approved in late 1995. The retrenchment program included the release of 860 public servants, or about 9% of the central government employees, and is estimated to yield BZ\$8.5 million on an annual basis, which will fully accrue beginning in the second year, as there are initial severance payments estimated at about BZ\$6 million.

This stabilization program is a positive step towards addressing the fiscal imbalances and strengthening the external position. However, these efforts will need to be complemented with cutbacks in outlays on goods and services and in domestically financed investment projects; measures to achieve savings in education and health; the establishment of

permanent mechanisms for effective expenditure control; and the improvement of the overall efficiency of public sector service delivery.

Public sector reform

Public sector reform is needed to achieve macroeconomic stabilization and to improve the efficiency of the public sector. High priority spending needs in areas such as health, education and infrastructure are currently going unmet. Recent social indicators show that although Belize spends a large proportion of GDP on education and health, it lags behind most Caribbean nations in secondary school enrollment and infant mortality and life expectancy rates (Table 10). If wasteful expenditure can be identified and remedied, more resources will be available to satisfy the most urgent economic and social development needs.

Table 10. Belize: Social Indicators Comparison

	<i>Government Expenditure</i>		<i>Secondary Enrollment</i>	<i>Infant Mortality</i>	<i>Life Expectancy</i>
	<i>Education</i>	<i>Health</i>			
	<i>(1991-95 as % of GDP)</i>		<i>(% of school-age population)</i>	<i>(per thousand live births)</i>	<i>(years)</i>
Belize	5.7%	2.7%	54%	41.0	68
Caribbean Region (average)	3.5%	2.3%	67%	26.3	71

Source: World Bank estimates; UNDP 1994.

2 *Patterns of expenditure and efficiency of service delivery*

The distribution of central government spending across functional areas provides an indication of the extent to which actual spending matches the Government's priorities. A detailed analysis of the performance of spending programs in specific policy areas sheds light on the efficiency with which the Government is pursuing its objectives. This Public Expenditure Review focuses on two policy areas: Human Resources Development, especially education and health, and Infrastructure. These areas account for a large share of total central government expenditure and are critical for economic development.

Spending by function

Overall expenditure levels have ballooned since the early 1990s, and little consideration was paid to the efficiency of resource use during this period. However, the breakdown of expenditure by function continues to reflect Belize's development strategy: to provide an enabling environment for the private sector by focusing on areas that are complementary to private sector investment, mainly social services and basic infrastructure. In 1994-95 social services was the largest category of spending, accounting for a third of the budget, followed by economic services which took up a quarter, debt service which accounted for 16%, and general government which amounted to 15% (Figure 1). From 1989-90 to 1994-95, there were increases in the share of the budget devoted to social services, defense and debt service and a decline in the share of economic services.

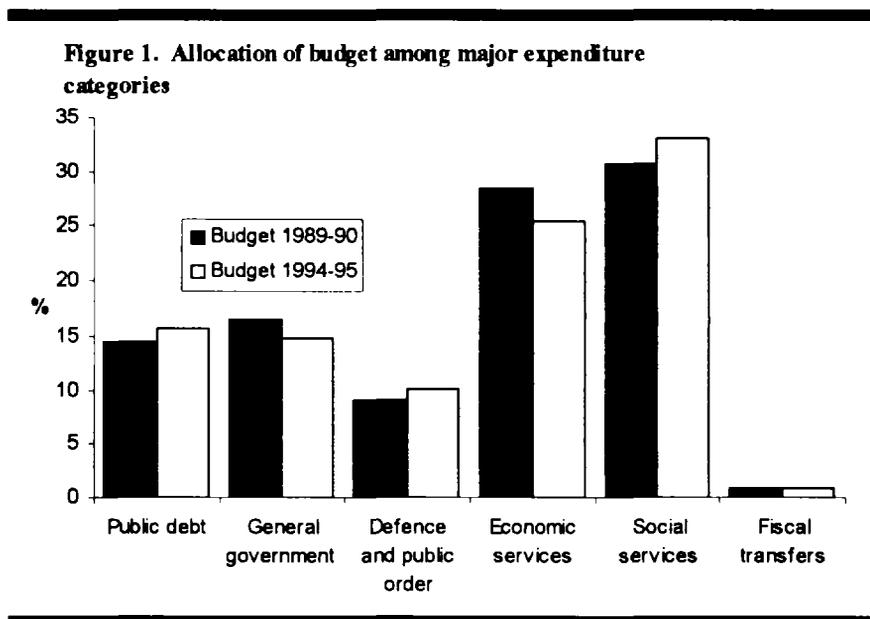


Table 11 presents the functional breakdown of central government expenditure. The largest single category of spending in 1994-95 is education at 6% of GDP. Health is, after public debt, the second largest category of spending, accounting for 5% of GDP. Public debt charges were 5.5% of

GDP. If the six subcategories of economic services are aggregated, they account for almost 9% of GDP, a relatively large spending function. Behind these major functions are executive, legislative and external affairs, and construction and maintenance, which average in the range of 4 to 5% of GDP. The National Defence Forces at 2.6% of GDP is also a relatively large spending

Table 11. Total Central Government Expenditure By Function ^a
(as a percentage of GDP)

	<i>Budget</i>					
	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Public debt	4.2	3.8	3.1	3.0	3.9	5.5
General government	4.8	5.8	7.7	9.9	6.9	5.2
Executive, legislative & external affairs	4.3	4.8	6.7	9.5	6.5	4.7
Other public services	0.5	0.9	0.9	0.4	0.4	0.6
Defence and public order	2.6	2.5	2.8	3.1	3.4	3.6
National defence forces	1.2	1.2	1.1	2.1	2.4	2.6
Home affairs	1.3	1.2	1.5	0.9	0.8	0.8
Judiciary	0.1	0.1	0.2	0.1	0.2	0.2
Public prosecutions	0.0	0.0	0.0	0.0	0.0	0.0
Economic services	8.2	7.9	9.4	7.8	6.3	8.9
Construction & maintenance	3.8	2.8	2.9	2.6	2.3	4.4
Trans., energy & communications	1.7	1.4	1.5	0.8	0.4	0.4
Agriculture, forestry & fishing	2.3	2.9	4.3	3.2	2.4	3.0
Tourism & environment	0.1	0.2	0.2	0.2	0.3	0.3
Housing, urban development, coop.	0.1	0.5	0.4	0.7	0.8	0.8
Other	0.1	0.1	0.1	0.1	0.1	0.1
Social services	8.9	7.4	7.7	8.3	8.9	11.6
Education	6.4	5.1	5.3	5.4	6.3	6.0
Health	2.1	2.0	2.0	2.3	2.1	5.0
Human resource development	0.4	0.4	0.4	0.6	0.5	0.6
Fiscal transfers	0.3	0.2	0.3	0.2	0.2	0.3
TOTAL EXPENDITURE	29.0	27.6	31.0	32.2	29.6	35.2

a. Based on budget data.

Source: Budget Estimates, Ministry of Finance.

function. The biggest increase in spending as a percentage of GDP took place in health, which went from 2.1% of GDP in 1989-90 to 5% in 1994-95, mainly as a result of the construction of the new Belize City Hospital. Significant increases in the GDP shares of spending were also recorded by the National Defence Forces and public debt interest. The increase in National Defence spending stemmed not only from military pay increases, in line with the large civil service pay hikes, but also from an increase in personnel and the purchase of more equipment and supplies, which had formerly been provided cheaply out of British and American surplus inventories. The departure of the British troops in 1994 also contributed to increased spending on the National Defence Forces.

Debt service trends show the effects of the ambitious investment program of the early 1990s and its related borrowings. After having fallen to 2.9% of GDP in 1993, following the sound financing policies of the 1980s, interest payments have almost doubled since then and currently represent over 5% of GDP. As the Government pursues macroeconomic stabilization through structural adjustment, there will be limited room to increase expenditure. In fact, it is likely that even the priority sectors will have to be compressed. The remainder of this chapter examines important microeconomic issues for education, health, and infrastructure. Additionally, the Government will need to scrutinize the effectiveness of spending in other areas in order to improve efficiency and release resources to better meet the demands in the priority areas.

Sectoral analysis - education

The Belize education system is challenged by an increasing number of school-age children and by the need to improve access at the secondary level. A large proportion of these children have come to Belize as refugees and immigrants from neighboring Central American countries, do not speak English, and need to be integrated into the educational system. The Government spends a great deal on education, yet the results are disappointing. Belize suffers from high drop-out rates and low levels of academic achievement. Because of the high proportion of out-of-school youth, social problems arise that further damage the business climate and discourage investment. In a period of fiscal retrenchment, additional resources will not be available from the budget. As a result, this sector, like the public service in general, will have to become more efficient and will have to draw increasingly on the resources of users.

The Government spent BZ\$67 million on education in 1994-95 or 6% of GDP—a higher than average amount relative to comparator countries. Education represents the largest budget sector, accounting for 28% of recurrent expenditures in 1994-95, and 20% of total recurrent and capital expenditures. Hence, education cannot be ignored when the Government is looking for ways to economize.

Main issues

While the 1996-97 budget provides for only minimal increases for education spending, expenditure on education grew more rapidly than total government expenditure between 1990-91 and 1994-95 (recording an average annual growth rate of 11% over this period compared to 7% for total government expenditures, and outpacing the 2-3 % p.a. enrollment growth). The growth of expenditure in education is a result of the large increases in salaries that teachers shared with all public servants, the Government's assumption of all secondary and some community college tuition after 1993-94, and to a lesser extent, enrollment increases. The allocation of educational expenditure, with 58% going to primary in 1994-95, 21% to secondary, 17% to tertiary, and 1% to non-formal education, is broadly appropriate. However, in spite of the large share of resources going to education and the emphasis on spending at the primary and secondary levels, the basic education system in Belize faces major issues in the areas of quality, access, facilities, efficiency, and equity at both the primary and secondary levels.

Quality. Improving the quality of Belize's educational system is the most important concern of the Government with regard to education. The quality of educational output, as measured by both student and teacher exams, has declined over the years, and reasons for this decline are currently being examined. Improving educational quality in Belize will certainly be a challenge given that additional resources for this sector will be scarce. Nevertheless, steps are being taken to improve quality at the primary level under the Bank-financed Primary Education Development Project (PEDP). The PEDP seeks to reduce the interrelated deficiencies in teacher preparation, curriculum, and learning materials. Because the PEDP has been effective only since mid-1992, these quality improvements have not yet been translated into visible improvements in student performance and rates of repetition. Further evaluation of the PEDP could be helpful in determining ways to improve quality in secondary education.

Another critical quality problem at the primary level, which has not been effectively addressed under the PEDP, is the educational system's poor performance in teaching English as a second language. Ninety percent of Belizean children speak languages other than English at home

(Spanish, Mayan, Garifuna, and Creole). As a result, these children encounter serious problems adjusting to schooling, which from Grade 1 is in standard English. There is strong evidence that linguistic deficiencies contribute to continuing low student achievement, as evidenced by low scores in core subjects on the external Caribbean-wide CXC examination taken at the end of secondary school.

Access. A significant drop out among primary school children aged 11 and 12 is followed by a major outflow of students in their early teens. Within the 13-16 year age group, only 34% the children are enrolled in secondary school, another 23% are still in primary school, and 43% are not in school at all. This reflects both the limited availability of places in secondary school, as well as the decision of young people or their parents not to continue their education. This lack of access needs to be addressed, since it creates serious social problems and undermines needed improvements in labor productivity.

Facilities. Belize faces a serious shortage of secondary school facilities. Even with no change in secondary access or key educational indicators, total secondary enrollment in 2001 is projected to increase by 28%, due mainly to population growth. If primary school repetition rates were reduced and the percentage of children aged 13-16 out of school were halved—that is, from 43% to 21%—the projected increase in secondary enrollment would jump to 110%. Facing a severe budget constraint, the Government is trying to make better use of the physical capacity of its schools and is considering the introduction of double shifts in secondary school until more schools can be built. There is no comparable anticipated shortage of primary school facilities as the increases in enrollment are projected to be only 10 to 15% by 2001. Except for overcrowding in selected urban and periurban schools, the facilities problem at the primary level consists of the poor condition of schools and the need for further rehabilitation following the start made under the PEDP.

Equity. Although there is near-universal primary education in Belize, the educational system shows serious inequities. There are major departures from the Belizean standard that all children, no matter how poor, should have access to secondary school and that, except for the poorest, they should all receive the same level of public subsidy. Some poor children are still discouraged from attending secondary school by school fees. For those in school, per-student public subsidies are much higher in the more costly schools that are favored by higher-income families than in the average school. In addition, the unameliorated linguistic difficulties of children whose home language is not English causes these children to drop out, and to perform poorly on national exams, thereby leading to low rates of admission to secondary school among non-English speaking children.

Efficiency. Because the Belizean educational system is becoming increasingly burdened by an ever-growing student population and because additional budgetary resources will likely be unavailable in the coming years, it is necessary to examine opportunities for efficiencies in the sector. It is important, however, to note that with limited resources on the one hand and increasing demands on the system on the other, trade-offs may be necessary.

Possible efficiencies might be found by increasing student-teacher ratios in selected schools where ratios are much lower than in comparator countries. Student-teacher ratios averaged 26:1 in primary schools and 15:1 in secondary schools in 1994-95. These ratios are lower than in similar countries, indicating low efficiency in the use of teacher resources.⁴ The student-teacher ratio in the

⁴ Low ratios could be the result of a system that encourages over-hiring of teachers because individual schools do not bear the cost.

upper secondary levels (Grades 11 and 12), where a proliferation of small vocational, science and other classes are offered, is only 10:1. While it is important that quality not be sacrificed in the name of efficiency, international experience indicates that these ratios could be raised in some schools. Another efficiency could be created through multi-grade teaching, although this would require that teacher training be improved so that teachers could learn how to instruct more than one grade. Another critical problem is the continuing high repetition rate, which at the primary level averages 10% over the eight years. Together with the fact that roughly 20% of children enter first grade late, this results in 63% of Grade 8 students being in a lower grade than prescribed for their age. The repetition rate also continues to be high in secondary school, averaging about 8% in Grades 9-11. Efforts should be made to reduce the number of repeaters through improved quality of education. This will free up enough capacity to provide for most of the natural increase in the school-age population over the next five years.

Education finance

In order to accommodate an increasing school population, bring school buildings up to minimum standards, and increase secondary access, large additional resources are required. Under a moderate improvement scenario, additional resources are estimated at BZ\$77 million by 2001 (even assuming that 50% of secondary students would attend schools with double shifts). Of this, BZ\$51 million would be for primary (BZ\$37 million for rehabilitation and BZ\$14 million for expansion), and BZ\$26 million for secondary (BZ\$8 million for rehabilitation and BZ\$18 million for expansion). The corresponding annual recurrent cost increase would be BZ\$20 million. This large financing need points to the enormous challenges facing the education sector.

The Government provides a grant covering 100% of the teacher costs of grant-aided primary schools and 70% of those of secondary schools. In addition, since the free tuition policy was adopted in the 1993-94 school year, the Government reimburses secondary schools for tuition, thus covering most of their costs, i.e. remaining personnel costs. There is a wide variation in per-student budget allocations to secondary schools—some receiving over BZ\$1,900 per child and others less than BZ\$900. There is also considerable variation in per-student primary school expenditures by school management. Most government tertiary institutions (i.e., teacher training, nursing, agriculture and technical) are fully funded from the budget and charge no tuition. Some even pay stipends. The Government also funds 70% of teachers' salaries in the two-year community colleges (Sixth Forms) that are attached to some secondary schools. About one-third of government funds for tertiary education is dedicated to scholarships.

The Government intends to shift its grants for primary and secondary schools from a cost-reimbursement to a capitation basis for the 1996-97 school year. Eventually, after a transition period, the intention is to equalize the per-student allocation of funds and thereby provide greater equity as well as incentives for increased efficiency. High-cost schools will be able to adjust by either lowering their costs or raising their fees. Stringent monitoring of enrollment levels would be required to control incentives to inflate enrollment.

Policy directions

Major increases in efficiency and cost recovery will be necessary to develop sustainable financing for reform. Capitation grant financing would realize significant short-run savings and free up resources for other purposes in the medium term. But with the present wide dispersion in per-student secondary allocations, an immediate switch to a flat standard grant for all secondary schools

may impose unnecessarily severe adjustment costs on high-cost schools. As a transitional mechanism, the Government should consider implementing a maximum capitation grant system, so that the savings realized from high-cost schools would go directly into budgetary savings, rather than to raise the allocations for low-cost schools. The low-cost schools would temporarily continue to receive capitation grants based on 1995-96 allocations. After a period of two years, the capitation grants could be equalized. Based on preliminary calculations, a maximum capitation grant of BZ\$1,350 for secondary schools (down from the current average expenditure of BZ\$1,426) and BZ\$550 for primary schools (down from BZ\$566) would save BZ\$2 million in fiscal 1996-97. Educational opportunity for the poor could be protected by requiring schools that charge tuition and fees to set aside 20% of these charges as scholarships for poor students and by making sure that government secondary schools are available in each district as a last resort for low-income students.

Other measures for cost recovery should also be considered: (i) support for Sixth Form teachers should be terminated; (ii) free tuition for second year Sixth Form students should be discontinued; (iii) tertiary student aid should be reduced and the remainder carefully targeted on low-income students and a few high-priority national manpower categories; (iv) all government tertiary institutions should immediately implement tuition charges with major cost recovery phased in over two years; (v) once secondary schools have made the efficiency adjustments necessitated by capitation financing, cost recovery in Grades 11 and 12 could be introduced provided access is not compromised. The financial management of higher education may be improved if financial and management supervision of all tertiary institutions were assigned to the University College of Belize, an institution that has already learned to live under a hard budget constraint and to tailor educational offerings to student demand.

Sectoral analysis - health

Progress has been made in improving the status of Belize's health care system over the past two decades, particularly for children. Improvements are due principally to an increase in the provision of primary health care which has been financed in part by international donors. In line with world-wide trends, Belize's infant mortality rate has declined over the last 20 years from 63 to 35 per thousand live births, placing Belize near the Central American and Caribbean average. Nevertheless, Belize's infant mortality rate is still well above the 15-20 range that prevails in other English-speaking Caribbean countries. Despite this long-term progress, significant deterioration has occurred in the 1990s. This is reflected in a number of health indicators, particularly non-childhood-specific communicable diseases including malaria, tuberculosis, and HIV. These diseases are all on the rise, with malaria having the highest incidence and fastest growth in Central America and HIV increasing rapidly. There are several reasons for this deterioration including the growing strain on Belize's health care system presented by increasing immigration from neighboring countries. In addition, donor financing for primary health care, including preventive programs in the 1990s, has been cut without a commensurate increase in government allocations.

The challenge that faces the Government is to improve public health while at the same time undergoing fiscal retrenchment. Recurrent expenditure on health—following five years of growth averaging 10%—accounted for BZ\$24 million or 11% of total recurrent spending in 1994. But these resources have not been used effectively, since more than 70% has gone to hospitals (and 4% for administration), leaving only 24% of the money for primary health and preventive programs. Moreover, capital spending on the Belize City Hospital and other hospital projects is budgeted at BZ\$75 million and will further increase demands on the

recurrent budget by hospitals. Health sector reform is currently being pursued with the assistance of the Inter-American Development Bank, and the Government is awaiting results from a number of studies of the health sector. Thus, the following discussion and recommendations should be considered in light of further study.

Main issues

With resources limited and needs great, the Government will have to pursue more cost-effective interventions, improve operating efficiency, generate resources through greater cost recovery and ameliorate shortfalls in equity. The health policy reform project supported by the IDB should help the Government meet this challenge. In the meantime, continuing retrenchment in the health sector, starting in 1995-96 with a planned 11% decrease in spending, is forcing expenditure choices and is creating opportunities to commence selected reforms based on existing analyses.

Cost effectiveness of government health expenditure. Comparisons of the cost effectiveness of different kinds of health interventions can be made using measures of their potential contribution to reduction of disease. The concentration of the Government's expenditures on acute-care hospitals coupled with inadequate and declining expenditures on primary and preventive programs require careful reevaluation. Even in advance of further analysis, it is clear that more resources should be devoted to primary and preventive programs as a first step in developing a well-functioning, integrated health system that can reduce the overall disease. A system with a differentiated service mix at distinct levels of care would help solve the problem of patients' bypassing less costly primary-level care in favor of more costly treatment at higher levels.

Efficiency of health service delivery. There are many sources of operational inefficiency in Belize's health care system: accounting systems that do not permit costs to be allocated to cost centers or programs; the micromanagement of ministry and medical decisions; weak management at the top technical level; lack of planning capacity; lack of management autonomy and accountability in hospitals and health centers; misallocation of resources among programs and between personnel and non-personnel inputs; a confused arrangement governing the private use of government hospital facilities by staff physicians; and counterproductive regulation of the private medical sector.

Allocative efficiency. Government health expenditures should be consistent with the goal of optimally allocating the country's resources among the most productive uses. This requires efficient production and pricing decisions in the government health sector. Along one dimension, some preventive activities would be underproduced except to the extent that the Government provides them because of their public good aspects. Along another dimension, underpricing may lead to the overconsumption of many hospital and clinic services, just as it would for any other good or service. Along a third dimension, the current subsidization of government health services might discourage healthy competition from private providers.

Equity. The main beneficiaries of current government health spending are the consumers and producers of hospital services. Those who are relatively disadvantaged by it are those who would benefit from greater preventive service and primary care, i.e. *rural residents*, who would benefit from increased spending on vector control; *poor, uneducated rural mothers*, especially in Toledo and Stann Creek, who would benefit from increased

spending on prenatal services; *children*, who die from preventable or curable respiratory infections, who would benefit from better clinic services; and *a broad range of groups*,⁵ who would benefit from increased health education.

Health finance

Recent Government capital spending in health has moved the sector further down the road of reduced cost effectiveness and equity. The new Belize City Hospital, which cost BZ\$48 million, was financed by BZ\$32 million from the European Union (EU), of which BZ\$23 million was grant aid. Additional financing included BZ\$9 million from Government of Belize budgetary resources and BZ\$6 million from Spain. Additionally, the Government will have to come up with BZ\$2 million or more per year to cover the hospital's recurrent costs, and this has not been budgeted for. The district hospitals project was not able to attract grant aid or soft loans and is expected to be financed at commercial rates through the U.S. Export Import Bank. This will add significantly to the country's external debt service and to recurrent health costs. The fiscal crisis has forced the Government to cancel the last two phases of the project and to reprioritize components within an overall ceiling of BZ\$14 million.

The Government needs to move away from budgetary appropriations (currently the only source of funds in the public health sector) to a greater reliance on cost recovery. In 1994-95, the Government collected only BZ\$400,000 from users of all services, or less than 2% of recurrent health expenditures. The Government also collected BZ\$1 million from the Social Security Board to cover the costs to the health system of the occupational injury cases covered by its insurance. The total of these two sources was only 6% of recurrent spending.

Since its opening, the new Belize City Hospital has increased charges for services and is now raising about BZ\$1.5 million annually. A further doubling of rates, proposed by hospital administrators, would yield an additional BZ\$3.2 million per year. However, any new pricing scheme should take into account the hospital's experience with the prices it currently charges. Also, it is important to note that the legal basis for the hospital's setting its own prices is undercut by a 1967 law which set detailed prices for all hospital services that existed at that time. These prices are very outdated, and bear no relation to the cost of services now. Therefore, it is critical that the law be amended or repealed altogether. Finally, cost recovery in the Belize City Hospital cannot be implemented in isolation. Pricing adjustments in the district hospitals and health centers may have to quickly follow suit, or demand for their services will increase, straining their budgets, and give rise to further misallocation of resources.

Increased cost recovery in hospitals will make the private medical sector more competitive and should result in additional savings as patients shift to private providers and private finance. There is ample room for increased supply by the private sector, as the 1993 household survey found that consumers spent less than 2% of their total spending on health care and health insurance. Greater cost recovery in government health facilities may also provide an incentive for the development of private health insurers and providers, including health maintenance organizations. It may also create pressure for the extension of social security health coverage beyond occupational injury as members start paying significant amounts for health care. The current means-tested

⁵ E.g., poor and rural children, smokers, young sexually active adults, and candidates for cardiovascular diseases.

medical social assistance program for the poor needs updating; in the interim the Government would have to provide virtually free services to this population through hospitals.

Policy directions

The Government needs to improve the effectiveness and efficiency of its spending in the health sector to protect the population's health status from adverse effects resulting from fiscal retrenchment. It also needs to make the distribution of health resources more equitable. For instance, the large number of deaths from conditions originating in the prenatal period, reflecting deficiencies in pre-natal care, might be reduced with a higher percentage of resources allocated to primary health care and health education, partly filling the void left by the withdrawal of financing from international donors. Increased expenditure on health education could also result in major reductions in the disease burden (and the demand for health services) caused by smoking, poor nutrition, obesity and unsafe sex. Despite the proven cost effectiveness of health education in reducing this disease burden, the Government spends a mere BZ60 cents per capita on health education.

Cost effectiveness should also guide the distribution of spending within health activities. For example, in preventive activities, cost effectiveness should consider priority in areas such as health education and malaria control. In primary health, such criteria should consider increased priority to pre-natal interventions and the treatment of acute respiratory infections at the community health level. Within the hospital sector, considering Belize's small population, further study is needed to ascertain the feasibility and appropriateness of concentrating most surgical services in the Belize City Hospital, with poorly equipped, supplied and staffed district hospitals converted to effective health centers, which would concentrate on primary health, gynecology and obstetrics, minor surgery, routine emergency, and dental health services. Similarly, the use of tertiary services that can be performed more cost effectively in neighboring countries than in Belize should be considered.

The Government has come to recognize that a large investment such as the Belize City Hospital require an appropriate, efficient structure and professional management. Hospital management should be sufficiently autonomous to function effectively; however, it also needs to be fully accountable to a policy-setting, but politically insulated board of directors. It should also be able to manage hospital finances and charge fees subject to general guidance from the MOH. The fee structure for the health sector needs to be set taking into account the overall health systems objectives, so as to rationalize resource use. Government service mandates or price controls should be matched by corresponding budget appropriations.

Sectoral analysis - infrastructure

The Government has spent liberally on infrastructure over the last decade with the support of the international community. Nevertheless, much still needs to be done. The main road network is not yet fully paved and secondary and feeder roads are occasionally impassable. Water and sewerage systems are being built or improved in San Pedro and Belize City, and clean water has still to be provided to all rural communities.

Main issues

The per-capita cost of infrastructure in Belize is very high for a variety of reasons. The small dispersed population does not allow for economies of scale and the geography of the country is difficult with both mountains and swampy lowlands. Some qualified personnel is not available locally and has to be hired abroad at premium wages while many of the supporting services are costlier than in other countries. Also, construction and maintenance practices are less efficient than in bordering countries due to a lack of widespread local experience.

At present, the challenge for the Government is to provide efficient service delivery and more effective project planning while implementing the needed fiscal adjustment program. This will entail making some hard choices to set priorities and free up resources for operations and maintenance to prevent further deterioration of the existing infrastructure.

Effectiveness. Capital spending on infrastructure occurs more by happenstance than by design, with availability of external financing often playing the decisive role. As discussed in Chapter 1 there is no overall rational approach to planning for infrastructure. None of the responsible ministries (Works, Natural Resources, and Energy and Communications) has adequate planning capacity, and rely on consultants, mostly foreign, for project appraisals. In the Ministry of Works (MOW), for example, much of the planning and coordination is carried out by one person, the Chief Engineer. Projects such as feeder roads and rural water supply and sanitation, which offer high social rates of return, are currently given little emphasis because MOW and WASA spend most of the funding on more prestigious projects such as highways and urban water and sewerage facilities.

Efficiency in roads. The MOW, which is responsible for roads, bridges, drains and streets in towns and villages, waterways, and the maintenance of public buildings, has a reputation for efficiency compared to other ministries. Its staff (numbering 171 permanent and 441 temporaries employees) was cut significantly in last year's budget and in the recent retrenchment exercise, improving its relative efficiency further. Nevertheless, its structure and organization could still be further improved and modernized, producing additional savings for the Government.

The MOW's procedures for externally funded projects are effective and transparent. The planning and supervision of these works are entrusted to foreign consulting firms, normally with good results. However, the maintenance of roads, to which the MOW devotes over 70% of its resources, is less satisfactory. Fully three-quarters of secondary and feeder roads are only in "fair" condition, because the allocation of funds for maintenance falls 42% short of what is required. Moreover, most of the MOW's equipment is under-used and in fair or bad condition.

Efficiency of water and sewerage infrastructure and services. The low lying topography and high water table of Belize City and other coastal towns makes it very difficult for WASA to provide efficient services and raises the cost of investment in the required facilities. Although nearly all households have access to adequately treated potable water, the water pressure is so low that water cannot reach the second floor without supplementary pumps; a clear fire hazard concern. Sewerage services, which have to be operated through pumping stations in Belize City, are only capable of reaching about 60% of the households. The number of sewer connections represents 87% of total potential users.

The RWSSP only provides potable water to 69% of the rural population and sanitation services to 22%. Full water disinfection only takes place in the systems connected to urban WASA

systems, which account for only 19 of 65 villages. Moreover, the standard Rudimentary Water System for rural areas is relatively intensive in labor and community participation, and has high initial costs.

Airports. The Belize Airport Authority is responsible for maintaining the nations airports and airstrips. The main issues here are the need for better secondary airports to handle the country's expanding trade and tourism and the need to meet safety standards. A major expansion of the Belize City International Airport is planned to accommodate increased passengers and freight and the transfer of all flights from the unsafe Belize City Municipal Airport. An expansion of the San Pedro Airstrip is also being planned to allow for direct international flights to service its booming tourism sector. Over the medium to long term, the secondary airstrips will need to be rehabilitated, rebuilt or closed. Privatization options need to be evaluated.

Infrastructure finance

The biggest single issue in infrastructure finance is the cost of the Southern Highway which is currently budgeted at more than US\$60 million and could end up costing as much as US\$100 million. Construction of the first section, extending from Punta Gorda to Big Falls, and estimated to cost US\$13 million (financed mainly by the Kuwaiti Fund), will begin in 1996, and be completed in 1998. The other four sections, financed by the Official Development Assistance (ODA), Taiwan, and the IDB, are planned to be built over the next five years. The size of the project will crowd-out other badly needed projects and the Government should act early to contain cost overruns. The Government is also planning to spend US\$10 million to rehabilitate the Hummingbird Highway between Belmopan and the Sibun River starting in mid-1997.

Given the shortage of funds, the Government may need to postpone its medium-term plans to replace the bridges on the Western Highway at a cost of US\$4 million and to upgrade and complete the Hattieville to Northern Highway Road Links estimated to cost US\$4-5 million.

User charges in the transportation sector could become an important source of finance for roads and bridges. Viable options could be: (i) to increase taxes on fuels; (ii) to increase and scale vehicle registration fees; and (iii) to introduce more toll stations in new roads or bridges.

In the water and sewerage sector unpaid supply accounts for an excessively high 57%. In addition, water and sewerage charges are relatively low. WASA's tariffs need to be restructured and increased to finance needed capital investments. Rates should be differentiated between residential and non-residential uses. Minimum monthly charges and the progressiveness of rates need to be modified to be more consistent with the principle of marginal cost pricing and to guarantee cost recovery.

Policy directions

For financial reasons the Government should proceed cautiously with its plans to complete the main-roads network. Nevertheless, it should permit WASA to extend the water and sewerage system of Belize City to reach full coverage. Also, the Belize City Infrastructure Project and Market Infrastructure Project, currently well underway, should be allowed to be completed.

The Government needs to increase the efficiency of infrastructure operations. One way to do this would be to reduce the MOW's over-stocked equipment, keeping it to a minimum amount

needed for essential routine maintenance work, and selling or renting the rest. As a longer-term objective, the development of a local construction sector should be facilitated by encouraging the existing local firms to achieve the economies of scale necessary to participate successfully in new works. Some out-sourcing of work is already being undertaken. With the main network under way, renewed emphasis needs to be placed on micro-infrastructure projects that can directly involve the local population in construction and maintenance. These include the construction and maintenance of feeder roads and the provision of water and sewerage in rural areas. This approach has been pursued for the Belize City Infrastructure Project where local “ownership” has led to improved maintenance.

In the medium term, the Government should put a brake on new major construction. It should concentrate its efforts on (i) building up capacity for and the maintenance of the existing network; (ii) removing bottlenecks in the existing network; (iii) involving through participatory methods and local government reform town and village populations in micro-infrastructure projects such as feeder roads, micro-water systems, drainage and sanitation, and environmental protection; and (iv) creating a planning unit in the MOW to assess priority needs for the PSIP.

3 *Public sector reform*

Introduction

At the time of independence in 1981, Belize inherited a well-functioning system of Westminster-style public management based on Cabinet government, an independent judiciary and a professional civil service. Over time, however, the public sector has become large and inefficient with deteriorating systems of financial control and accountability and falling standards of efficiency and quality of public services.

These problems have been caused by the breakdown of the traditional system of centralized personnel and financial control. In part, the problems are technical as the expenditure and personnel control systems are manually administered and poorly designed for the monitoring of spending decisions on a real-time basis and for the timely reconciliation and auditing of accounts. The effects of the technical inadequacies are exacerbated by practices in the public sector that have obscured lines of accountability and authority in expenditure decisions. Two factors have contributed to this situation: first, the Constitution of 1981 removed senior civil servants from the purview of civil service rules and made their appointment a political one, thus removing the tradition of permanence and independence typical of the Westminster model. Second, Ministers have expanded their roles from policy-making to day-to-day decisions on spending and recruiting, many of which are based on political rather than efficiency considerations. This has reduced the autonomy and personal accountability of the Permanent Secretaries and has made routine expenditure and hiring decisions vulnerable to the pressures of politics. As a result, little attention is paid to issues of efficiency, performance and client orientation.

There is a pressing need for reform of the public sector both with respect to its scope as well as its ability to achieve its social and economic objectives efficiently and effectively. This chapter describes the scope and organization of the public sector, highlights the issues that have led to the current situation, and presents an agenda for reform. Two main conclusions emerge: first, the re-establishment of expenditure and personnel control as well as transparency in decision-making must be immediate priorities. This is likely to require computerization of the expenditure control and payroll systems and timely preparation and presentation of audited government accounts. Real achievements in expenditure control will require a greater political commitment to transparency in spending decisions and the reduction of current levels of ministerial involvement in day-to-day operations. Second, a longer-term agenda for public sector reform must focus on improving the quality of public services, including greater efficiency in resource use and continual evaluation of program relevance and effectiveness.

Scope and structure of the public sector

In contrast to world trends over the last decade, the public sector in Belize increased during the 1980s and has become very large for a private sector-led economy. In terms of employment, Belize at 16% of the labor force compares poorly with other countries in the region such as Chile (8%) and Jamaica (12%) that have undertaken fiscal adjustment but is comparable to some other small Caribbean countries such as Trinidad and Tobago (22%), Bahamas (17.1%) and Barbados (17.7%). It should be noted, that in Trinidad and Tobago the public sector plays a larger direct role

in the economy, especially in the oil and gas sector. In terms of expenditure, if all wage compensation is considered,⁶ Belize with 16% of GDP is significantly higher than other English speaking Caribbean countries in the region including Jamaica (8.6%), Trinidad and Tobago (11.0% in 1992), St. Kitts & Nevis (12.8%) and Barbados (10.9%).

State-owned enterprises and privatization

The Government in Belize has never been heavily involved in productive activities. After independence, its role in the economy was reduced further with the privatization of the banana plantations and of BTL and the partial privatization of the BEL. In its 1994 MTES the Government committed itself to the privatization of the remaining shares in BEL, the Port Authority, the Airport Authority, BMB, minority holdings of Belize Sugar Industries, and government-owned land. Actual implementation of this policy agenda has been slow, and the Government is still studying its options. None of these enterprises—with the exception of BEL—poses a fiscal burden on the Government. Nevertheless, privatization is important to ensure maximum efficiency of these enterprises. Preliminary numbers indicate that infrastructure costs in Belize are higher than in neighboring countries which compete with Belize for foreign investment. Some of this cost differential may be explained by the small size and geographic remoteness of Belize, but it also points to the need to extract greater efficiency in operations and pricing. In addition, the Government must develop a sound regulatory framework and adequate institutional capacity to ensure that the current situation is not replaced by private, unregulated monopolies. Regulatory issues from earlier privatizations remain unresolved and should be addressed together with the development of a strategy for the remaining privatizations.

Structure of the Central Government

The Central Government consists of 23 Ministries and Offices. The 17 Ministries are organized by function, and lines of authority flow in a hierarchical fashion from the PM and the Cabinet to the senior civil servants. Because Belize is a small country, the ministries are small in absolute terms, ranging from 3200 to 20 employees with three ministries, Education, Health and National Security, accounting for two thirds of this employment. Many ministries exist because of the political benefit of having a large number of ministerial positions. However, efficiency considerations suggest considerable scope for rationalizing and merging ministries.

Public sector management in Belize

Policy making: budget preparation and presentation

The formulation and presentation of the Government's economic and social priorities are undertaken through the annual budget. The budgeting process consists of a call from the Ministry of Finance, submission from line ministries, Cabinet discussion and tabling to Parliament. The budget forms the basis for expenditures during the year, and the Government must return to Parliament with a Supplementary Estimates Bill to obtain legislative approval for additional funds.

⁶ This estimate includes all wage and salaries expenditures including those appearing in categories such as capital expenditures, grants and subsidies, etc. as detailed in the adjusted estimate in Table 5. Estimates from other countries are for 1994 as quoted in the Public Sector Modernization in the Caribbean, World Bank, Green Cover draft, February 1996. Figures for Jamaica include teachers salaries and civil service allowances.

By and large, the budget presentation by ministry, program and objective provides adequate information for policy making. The budget process as a tool for prioritizing resources, however, is subject to some problems. First, the institutional capacity for economic and fiscal forecasting is weak. In the past, revenues have been over-estimated by 9 to 37 percent, and expenditures have been under-estimated by 10 to 16 percent. As a result, the budget discussions are not always based on an accurate estimate of the macroeconomic envelope. Second, budgets are annual and do not account for multi-year expenditures such as the recurrent costs of large investment projects. This gives ministries an incentive to backload investment and recurrent costs of their projects beyond the horizon of the fiscal framework so as to gain initial approval for their programs. This problem is particularly evident with projects funded by foreign agencies as these projects do not have an immediate fiscal impact but have large recurrent expenditure implications in later years. More generally, the policy-making function in Belize suffers from the absence of adequate communication between the Ministry of Finance and line ministries. In large part, the process of consultation is hampered because the budget document has lacked credibility as an instrument of expenditure planning. Line ministries have felt free to exceed their spending allocations and therefore do not take the time to prepare realistic and timely expenditure estimates. The re-establishment of a credible expenditure control system will be critical to improving the usefulness of the budgeting process.

Finally, the policy formulation process does not incorporate a feedback loop to assess whether expenditures are being allocated and spent in the most cost effective way. The Government needs to carry out a periodic review of its activities which would examine the relevance of existing programs and would identify those activities that should be divested because they could be delivered more efficiently through the private sector. The Surveying Department has already been divested, and discussions are currently underway regarding the privatization of the Government print shop. The Government woodwork is another candidate for divestment. The program review should also examine possibilities for ministerial mergers, reduction of established and open vote staff and other changes for greater cost efficiency. The program review could be carried out by each ministry under the general direction of a Committee of Permanent Secretaries.

Financial management: expenditure planning and control

In theory, Belize has sound, if somewhat centralized, procedures of internal and external controls to ensure propriety in spending and hiring decisions. All revenues, with minor exceptions, must be deposited into the Consolidated Revenue Fund and are released for expenditures on the presentation of vouchers which must be verified for consistency with budgetary appropriations. Pay stubs are prepared and presented to the Treasury at the end of the month, and cash is released to pay employees on their signature. This system of internal control is supplemented by external controls. The Constitution provides for an Office of the Auditor General with detailed safeguards to protect its independence. Within six months of the end of the financial year, the Accountant General is required to present to the Auditor General a detailed breakdown of Government accounts. The Auditor General is required by the Constitution to prepare and present to the Minister of Finance and the Speaker a detailed critique of the quality and outcome of the Government's budget document.

Even though a good procedural framework for expenditure control is in place, interviews with senior officials in the civil service indicate that it is not consistently executed. In part, this is due to the delays in complying with the procedural requirements, all of which are manually executed. Usually there is at least a two-week delay before the Ministry of Finance reconciles information on expenditures in relation to appropriations. In the absence of timely information, funds are sometimes released to ministries in excess of their appropriation because of pressure to expedite payments

(more than three quarters of non-debt recurrent expenditures are payroll related). Information on the actual detailed composition of revenues and expenditures is delayed even further. This lack of timeliness in the provision of full financial information is a symptom of an acceptance of loose financial control and soft budget constraints. Since overspending is accommodated and release of expenditures not held up due to lack of reconciliation of accounts, financial officers in ministries are under no pressure to improve the timeliness of the information. External controls have also broken down. Formally audited public accounts have not been prepared since 1978. In the absence of full public accounts, audited accounts have not been presented to the Parliament either. An audit of partial government accounts has been presented to the Minister of Finance but has not yet been tabled in Parliament. Since the Accountant General's office is trying to catch up with the backlog starting from 1978, it is unlikely that full public accounts will be available any time soon. In the interest of efficiency and relevant information, the Accountant General's office should redirect its efforts to preparing accounts for more recent years.

The re-establishment of expenditure control and accountability should be a key priority for the Government of Belize. This does not require wide-ranging changes in the processes of expenditure control. It does, however, require a fundamental change in the way in which the procedures are implemented. A computerized system of integrated financial management would provide timely information on spending and hiring decisions and would strengthen the ability of the central ministries to monitor and control over-spending. Real changes to the expenditure control system, however, will be contingent on the political will and commitment to make the system succeed. Hard budget constraints need to be re-established, and the leadership must demonstrate the importance it attaches to propriety and transparency in spending decisions, including the timely publication and presentation of audited government accounts and the willingness to address the issue of excessive ministerial involvement in spending decisions (discussed below).

Public service management

There are several groups of public servants in Belize with parallel and different systems of personnel management. This analysis focuses on three groups whose terms and conditions of service have significant policy implications. The first group, comprising 2,959 of the 6,881 Central Government public servants (excluding teachers), is the career-track civil service. The terms and conditions of this group are set out in the General Orders for the Public Services which is administered by the Public Services Commission (PSC) and the Ministry of Public Services (MPS). The second group consists of 67 senior civil servants, including Permanent Secretaries and Department Heads who are critical to the policy making and implementation functions. As set out in section 107 of the Constitution, this group is appointed directly by the Governor General on the advice of the Prime Minister. Their terms and conditions of service are not governed by the General Orders though they have access to benefits and pensions. Finally, there is a large group of open vote employees which numbered 2,388 in November 1996. They are hired directly by ministries without central scrutiny of recruiting standards. Their terms and conditions of employment are subject to general labor laws.

The different systems of personnel management raise several issues, the most important one being the relationship between ministers and the Permanent Secretaries. Given their appointment by the political leadership and the absence of clearly defined terms and conditions of employment, Permanent Secretaries feel unable to resist political pressures in making operational decisions. This has allowed ministers to become involved in the day-to-day spending and hiring decisions in their ministries. In the traditional Westminster model the permanent professional civil service provides a

layer of insulation between politics and program implementation. In contrast, other countries such as the United States, have well functioning public management with non-tenured political appointment of senior officials. In the US accountability is maintained by well functioning internal control systems, external audits, Congressional oversight in a system of separation between the legislative and executive branches, and activist non-governmental organizations such as the press and consumer watchdog groups. Given that these accountability systems have not worked well in a young democracy like Belize, it would be prudent to put in place safeguards to insulate operational management from the pressures of politics. To this end, the Government should examine several options including the return to a career track civil service and fixed term contracts for the section 107 officers. The contracts would set out the roles and responsibilities of the Permanent Secretaries as well as the criteria and processes for their removal; they would be administered by a bipartisan or independent body such as the Public Services Commission.

Another important issue relates to the large increase in open vote employment. In theory, open vote employees are temporary workers hired for specific projects. In practice, once hired, most of them stay on the public payroll indefinitely. This category of employment has become an instrument for political patronage. Moreover, open vote employees are not subject to central scrutiny of recruitment standards, skills mix or performance, and this has undermined centralized control of the public service as well as the principles of fairness across the public services.

The overall system of personnel management, including the management framework of the core civil service, is enmeshed in standardized procedures designed to control the use of inputs rather than to monitor program outputs. Beginning with the budget, there is no mechanism to translate broad policy objectives into monitorable targets. The personnel management system, too, reflects a culture of following processes rather than of setting objectives for performance. There is little correlation between monetary compensation and productivity or performance. Over time, the salary structure has become distorted with overall increases in excess of productivity increases, deterioration of the wage compression ratio and broad salary bands with automatic annual increments. The value of automatic annual increments has risen from 4-5% in 1989-90 at the bottom level to 6.4% today. As a result, a civil servant in the 18th grade with sufficient years of service can earn almost as much as the Chief Justice. In addition, disciplinary systems are cumbersome and rarely yield strict disciplinary action.

Current reforms and the agenda ahead

In response to the fiscal crisis facing the country, the Government has begun to address the problems of the public sector, focusing initially on the growth in the wage bill. In 1994, the Esquivel Administration scaled back part of the three-year wage settlement granted in 1992 and began to control the growth of employment. In December 1995, the Government took actions to reduce the public payroll by 860 workers; this was part of a functional review undertaken by a Committee of senior public servants in a participatory process with the ministries.

While these actions are a useful first step in the restructuring and refocusing of the public sector, much remains to be done. The immediate priority must be to reduce the macro deficit and to address the problems that have contributed to it, namely the increase in employment and the inflation of the salary structure. The Government must undertake a functional review to identify potential cost savings through the divestment of programs and the reduction in excess workers. A skill-by-skill survey of private and public sector wages should also be carried out to establish a market-driven compensation structure. These reviews should be accompanied by institutional changes to

ensure that a similar situation of loss of control does not recur. Modernization of the expenditure and personnel control systems and the timely production of audited government accounts are important changes that need to occur. In addition, the Government needs to address the problems in the relationship between the permanent secretaries and the minister and reduce ministerial interference in hiring and spending decisions.

The above recommendations are priority actions for sound public sector management in Belize. A more forward-looking, medium-term agenda should also address the need to improve the performance-orientation of the public sector in order to improve the efficiency and quality of public services. The Policy Agenda Matrix in Appendix I outlines the Government's proposed steps towards a more efficient public sector. Many countries that have embarked on this process have taken a decentralized approach that allows for greater management flexibility for input use and greater ex-post accountability.⁷ Successful implementation of these approaches requires a strong institutional capacity to translate policy objectives into output goals and the ability to monitor and control through good information systems and political consensus.

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⁷ See for example a discussion of the New Zealand approach in Public Sector Human Resource Management: *Experience in Latin America and the Caribbean and Strategies for Reform*, Reid and Scott, World Bank Green Cover Report, 1994.

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Appendix I: PUBLIC EXPENDITURE AND FISCAL ADJUSTMENT PROGRAMME

<i>Policy Area</i>	<i>Objective</i>	<i>Proposed Action</i>	<i>Start Date</i>
Expenditure Control and Management	<ul style="list-style-type: none"> To reduce the size of the public sector deficit to a level which can be financed purely by multilateral and bilateral concessionary assistance. To control and maintain annual budgetary expenditure targets. 	<ul style="list-style-type: none"> ⇒ Implement a computerized expenditure control system for payroll preparation and check issuance. ⇒ The cost of street lighting will be transferred from Government and will be reflected in a new electricity tariff currently under review. ⇒ Government to amend the structure of water rates in San Pedro Town and to restructure a portion of WASA debt to ensure continued financial viability. ⇒ Ministry of Education to implement a revised formula for secondary school funding based on pupil numbers. ⇒ Ministry of Health to implement proposals for cost recovery in hospital services. 	<p>June 1996</p> <p>September 1996</p> <p>September 1996</p> <p>September 1996</p> <p>August 1996</p>
Public Sector Reform	<ul style="list-style-type: none"> Separation of policy making from policy execution. To improve efficiency and the delivery of services. To produce audited Reports and Accounts on a timely basis. 	<ul style="list-style-type: none"> ⇒ Review current legislation and existing regulatory framework to ensure civil service independence. ⇒ Expand the reform program being undertaken by the Ministry of Public Service to increase the transparency of procedures and strengthen the accountability of senior executives and heads of department. 	<p>July 1996</p> <p>July 1996</p>
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> ⇒ Provide resources for the Auditor General's Department to establish a program for the timely production and maintenance of complete audited public sector accounts. ⇒ Streamline Government Ministries and Departments to identify those services that can be contracted out to the private sector. 	<p>April 1997</p> <p>July 1996</p>
Budget Formulation and Implementation	<ul style="list-style-type: none"> To allocate limited resources to their most efficient use. To ensure that the budget process is complementary to the identified economic and social policy objectives of the country. 	<ul style="list-style-type: none"> ⇒ Ministry of Finance to explore ways to improving the budget process through consultation with all Ministries. ⇒ Creation of a Budget Coordinating Committee to oversee a revised budget process, align recurrent expenditure with the PSIP (including aid funding), forecast existing project commitments and establish budget ceilings. 	<p>August 1996</p> <p>September 1996</p>

Appendix I: PUBLIC EXPENDITURE AND FISCAL ADJUSTMENT PROGRAMME

<i>Policy Area</i>	<i>Objective</i>	<i>Proposed Action</i>	<i>Start Date</i>
	<ul style="list-style-type: none"> To encourage greater cooperation between the Ministry of Finance and other spending Ministries. 	<ul style="list-style-type: none"> ⇒ Produce a budget preparation Manual. ⇒ Link the National Development Strategy prepared by the Ministry of Economic Development to the budget process so that programs and projects which are identified within Ministries as contributing towards key development objectives are those which are prioritized for budget funding. ⇒ Strengthen the project planning, monitoring and implementation capabilities of the Ministry of Economic Development. ⇒ Produce a macroeconomic model of the economy. 	<ul style="list-style-type: none"> July 1996 October 1996 June 1996 June 1996
Macroeconomic Framework	<ul style="list-style-type: none"> Establish three year rolling macro framework to support the budget formulation process. To extend and deepen the financial sector. 	<ul style="list-style-type: none"> ⇒ Create a Macroeconomic Advisory Committee to monitor economic and financial statistics, to recommend desirable macro targets and provide policy input to the Government with projections of fiscal resource availability and use under alternative growth scenarios. ⇒ Consider options for broadening the investor base with a view to encouraging and expanding the holding of equity. ⇒ Review the list of enterprises identified for privatization. 	<ul style="list-style-type: none"> June 1996 October 1996 October 1996

Statistical Appendix

Table 1	Central Government Revenue and Grants, 1980/81-94/95
Table 2	Central Government Expenditure, 1980/81-94/95
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Table 1: BELIZE - CENTRAL GOVERNMENT REVENUE AND GRANTS, 1980/81-94/95

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
	(BZ\$ million)														
Total Revenue and Grants	94.2	97.0	91.7	90.9	98.0	100.1	113.2	142.2	206.8	204.6	235.3	285.1	302.0	265.0	280.4
Total Revenue	81.3	83.7	78.2	77.8	92.4	98.7	113.4	136.3	204.2	199.0	222.3	231.0	283.0	258.0	267.1
Current Revenue	81.0	83.4	78.6	77.5	90.9	98.6	111.7	132.8	164.0	183.3	211.7	218.3	248.3	249.9	262.9
Tax Revenue	73.5	73.1	67.3	67.8	81.8	83.1	97.1	119.9	143.9	159.7	176.6	184.8	207.1	219.2	231.8
Income Tax	23.0	16.6	18.6	15.2	20.5	19.3	21.3	28.3	33.1	35.8	41.2	46.1	60.1	60.2	63.7
Taxes on Property	0.6	0.7	0.7	1.3	1.0	1.0	1.7	1.4	1.5	1.4	1.5	1.2	2.7	1.2	1.7
Taxes on Goods & Services	7.0	9.0	8.2	8.5	11.7	11.0	13.1	14.4	16.2	18.0	20.3	20.7	20.9	29.3	29.2
Excise on Spirits & Beer	3.8	5.5	4.4	4.9	5.6	5.1	4.9	5.8	6.6	7.5	9.2	8.1	7.3	16.9	16.6
Excise on Cigarettes	0.9	0.9	0.7	0.8	0.9	1.2	2.3	2.1	2.3	2.4	2.4	2.6	2.5	2.6	2.6
Excise on Soft Drinks	0.0	0.0	0.0	0.0	1.2	2.1	2.4	2.5	2.7	3.0	3.9	4.3	6.1	4.7	5.0
Entertainment Tax	-	0.4	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	-	-	-	-	-
Hotel Occupancy Tax	0.1	0.1	0.2	0.2	0.3	0.3	0.3	0.5	0.7	1.0	0.1	-	-	-	-
Licences	1.2	1.2	1.6	1.6	1.8	1.5	2.2	2.5	2.8	3.4	3.5	4.5	4.3	5.1	4.7
Other a/	1.0	0.9	1.1	0.8	1.8	0.7	0.9	0.9	1.0	0.6	1.2	1.2	0.7	0.1	0.4
Taxes on International Trade and Transactions	41.5	45.8	38.2	41.8	47.6	50.3	59.0	72.6	90.2	100.0	108.7	112.9	117.6	123.4	130.7
Import Duty	31.0	31.9	25.5	26.8	26.6	25.9	29.0	33.5	40.2	46.6	50.0	51.2	50.7	50.8	51.8
Revenue Replacement Duty	1.0	2.4	3.9	6.5	7.1	7.7	10.5	13.7	16.3	17.5	17.9	24.0	27.7	32.7	36.2
Stamp Duties (customs)	4.5	5.7	5.0	5.4	7.2	9.5	12.4	16.6	20.3	24.5	28.0	27.0	27.7	30.3	33.4
Goods in Transit Charge	2.3	3.5	1.6	0.6	1.4	2.8	2.4	2.9	5.6	3.3	2.8	3.5	3.5	1.7	1.3
Export Duties	2.5	2.1	1.9	2.2	2.3	1.6	1.9	2.1	2.2	2.1	2.6	2.8	2.3	2.5	2.5
Travel Tax	0.2	0.2	0.3	0.3	0.3	0.6	0.9	1.0	2.3	1.8	1.8	-	-	-	-
Taxes on Foreign Currency Transactions	0.0	0.0	0.0	0.0	2.7	2.2	1.9	2.8	3.3	4.2	5.6	4.4	5.7	5.4	5.5
Other Taxes	1.4	1.0	1.6	1.0	1.0	1.5	2.0	3.2	2.9	4.5	4.9	3.9	5.8	5.2	6.5
Stamp Duties (other depts.)	1.3	0.9	1.6	1.0	1.0	1.5	1.9	3.2	2.9	4.5	4.9	3.9	5.8	5.2	6.5
Fire Rate	0.1	0.1	0.0	0.0	0.0	0.0	0.1	-							
Non-tax Revenue	7.5	10.3	11.3	9.7	9.1	15.5	14.6	12.9	20.1	25.8	35.1	33.5	41.2	30.7	31.1
Property Income b/	1.5	5.3	4.1	2.7	2.9	4.2	2.5	2.4	2.0	2.0	3.7	1.8	2.4	1.4	3.6
Contributions to Pension Funds	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.5	0.3	0.3
Extrabudgetary Revenue c/	1.2	1.1	1.2	1.2	1.2	1.1	1.0	1.4	1.6	4.2	1.9	2.9	1.6	2.0	2.4
Transfers from NFPE's	0.0	0.0	0.0	0.0	0.0	4.2	1.8	1.6	1.5	5.8	9.6	4.0	4.7	1.4	1.7
Interest on Bank Deposits	-	-	-	-	-	-	-	-	2.5	2.6	2.5	1.5	4.7	1.2	1.4
Other d/	4.7	3.8	5.9	5.7	4.9	5.9	9.2	7.3	12.4	11.1	17.2	23.1	27.3	24.4	21.7
Capital Revenue	0.3	0.3	0.3	0.3	1.5	0.1	1.7	3.7	40.2	13.2	10.8	32.7	34.7	8.1	4.2
Citizenship Bonds	-	-	-	-	-	-	1.5	3.1	5.9	11.5	1.0	-	-	0.3	-
Sale of Crown Land	0.3	0.3	0.3	0.3	1.5	0.1	0.2	0.3	0.5	1.3	1.2	2.9	2.6	2.2	1.4
Sale of Equity (BTL)	-	-	-	-	-	-	-	0.3	34.5	-	8.3	29.8	17.1	5.2	2.7
Transfers from NFPEs	-	-	-	-	-	-	-	-	-	-	-	-	14.8	-	-
Other	-	-	-	-	-	-	-	-	-	0.7	0.3	-	0.2	0.3	0.1
Grants	12.9	13.3	12.8	13.1	5.6	1.4	2.5	6.4	1.9	5.6	13.0	33.1	29.0	7.0	13.3

Table 1: BELIZE - CENTRAL GOVERNMENT REVENUE AND GRANTS, 1980/81-94/95

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	Prcl. 1994/95
	(percent of GDP)														
Total Revenue and Grants	24.2	25.6	25.2	23.4	23.3	23.4	24.1	23.0	21.6	27.3	28.2	31.2	30.5	24.8	23.2
Total Revenue	20.2	22.1	21.7	20.0	22.0	23.1	23.6	23.2	21.3	26.7	27.3	28.1	28.5	24.1	24.0
Current Revenue	20.8	22.0	21.6	19.2	21.6	23.1	23.3	23.2	23.1	24.9	26.0	24.5	25.0	23.3	23.6
Tax Revenue	18.9	19.3	18.5	17.4	19.4	19.4	20.2	21.0	22.0	21.5	21.7	20.7	20.8	20.5	20.8
Income Tax	5.9	4.4	5.1	3.9	4.9	4.5	4.4	4.9	5.1	4.8	5.1	5.2	6.0	5.6	5.7
Taxes on Property	0.2	0.2	0.2	0.3	0.2	0.2	0.4	0.2	0.2	0.2	0.2	0.1	0.3	-0.1	0.1
Taxes on Goods & Services	1.8	2.4	2.3	2.2	2.8	2.6	2.7	2.5	2.5	2.4	2.5	2.3	2.1	2.7	2.6
Excise on Spirits & Beer	1.0	1.5	1.2	1.3	1.3	1.2	1.0	1.0	1.0	1.0	1.1	0.9	0.7	1.6	1.5
Excise on Cigarettes	0.2	0.2	0.2	0.2	0.2	0.3	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2
Excise on Soft Drinks	0.0	0.0	0.0	0.0	0.3	0.5	0.5	0.4	0.4	0.4	0.5	0.5	0.6	0.4	0.4
Entertainment Tax	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hotel Occupancy Tax	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Licenses	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.5	0.4	0.5	0.4	0.5	0.4
Other ^{a/}	0.3	0.2	0.3	0.2	0.4	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0
Taxes on International Trade and Transactions	10.7	12.1	10.5	10.7	11.3	11.8	12.3	12.7	13.8	13.4	13.3	12.7	11.8	11.5	11.7
Import Duty	8.0	8.4	7.0	6.9	6.3	6.1	6.0	5.9	6.1	6.3	6.1	5.7	5.1	4.7	4.7
Revenue Replacement Duty	0.3	0.6	1.1	1.7	1.7	1.8	2.2	2.4	2.5	2.4	2.2	2.7	2.8	3.1	3.3
Stamp Duties (customs)	1.2	1.5	1.4	1.4	1.7	2.2	2.6	2.9	3.1	3.3	3.4	3.0	2.8	2.8	3.0
Goods in Transit Charge	0.6	0.9	0.4	0.2	0.3	0.7	0.5	0.5	0.9	0.4	0.3	0.4	0.4	0.2	0.1
Export Duties	0.6	0.6	0.5	0.6	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Travel Tax	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.4	0.2	0.2	0.0	0.0	0.0	0.0
Taxes on Foreign Currency Transactions	0.0	0.0	0.0	0.0	0.6	0.5	0.4	0.5	0.5	0.6	0.7	0.5	0.6	0.5	0.5
Other Taxes	0.4	0.3	0.4	0.3	0.2	0.4	0.4	0.6	0.4	0.6	0.6	0.4	0.6	0.5	0.6
Stamp Duties (other depts.)	0.3	0.2	0.4	0.3	0.2	0.4	0.4	0.6	0.4	0.6	0.6	0.4	0.6	0.5	0.6
Fire Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-tax Revenue	1.2	2.7	3.1	2.5	2.2	3.6	3.0	2.3	3.1	3.5	4.3	3.8	4.1	2.9	2.8
Property Income ^{b/}	0.4	1.4	1.1	0.7	0.7	1.0	0.5	0.4	0.3	0.3	0.5	0.2	0.2	0.1	0.3
Contributions to Pension Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Extrabudgetary Revenue ^{c/}	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.6	0.2	0.3	0.2	0.2	0.2
Transfers from NFPE's	0.0	0.0	0.0	0.0	0.0	1.0	0.4	0.3	0.2	0.8	1.2	0.4	0.5	0.1	0.2
Interest on Bank Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.3	0.3	0.2	0.5	0.1	0.1
Other ^{d/}	1.2	1.0	1.6	1.5	1.2	1.4	1.9	1.3	1.9	1.5	2.1	2.6	2.7	2.3	1.9
Capital Revenue	0.1	0.1	0.1	0.1	0.4	0.0	0.4	0.6	6.3	1.8	1.3	3.7	2.5	0.8	0.4
Citizenship Bonds	-	-	-	-	-	-	0.3	0.5	0.9	1.5	0.1	0.0	0.0	0.0	0.0
Sale of Crown Land	0.1	0.1	0.1	0.1	0.4	0.0	0.0	0.1	0.1	0.2	0.1	0.3	0.3	0.2	0.1
Sale of Equity (BTL)	-	-	-	-	-	-	-	0.1	5.3	0.0	1.0	3.3	1.7	0.5	0.2
Transfers from NFPEs	-	-	-	-	-	-	-	-	-	-	-	-	1.5	-	-
Other	-	-	-	-	-	-	-	-	-	0.1	0.0	0.0	0.0	0.0	0.0
Grants	3.3	3.5	3.5	3.4	1.3	0.3	0.5	1.1	0.3	0.8	1.6	3.7	2.0	0.7	1.2

^{a/} Oil mining and prospective licenses.

^{b/} Transfers from the Central Bank.

^{c/} Revenue of Official Charities Fund.

^{d/} Includes volume from sales of stamps; visa fees; and other fees and duties.

Source: Ministry of Economic Development; and IMF staff estimates.

Table 2: BELIZE - CENTRAL GOVERNMENT EXPENDITURE, 1980/81-94/95 a/

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	Prcl.
	(BZ\$ million)															
Total Expenditure	102.7	110.8	124.0	118.2	121.4	132.2	136.6	140.8	162.2	219.0	230.7	320.2	364.5	335.2	321.4	
Current Expenditure	64.8	76.2	87.3	90.5	93.2	99.0	102.8	112.0	121.5	134.6	139.2	155.2	189.3	219.2	239.2	
Wages and Salaries	27.6	33.8	41.8	43.2	43.4	43.7	50.3	56.8	62.3	70.5	77.3	83.5	104.6	120.5	131.9	
Pensions	3.6	4.7	4.1	4.0	4.3	4.5	4.8	5.8	6.3	7.4	7.3	9.7	11.4	12.7	14.5	
Goods and Services	25.0	24.1	24.5	25.2	27.8	21.7	22.1	22.8	27.2	30.9	31.3	34.5	41.6	45.0	46.1	
Interest Payments	3.6	6.2	5.6	7.2	8.4	13.9	14.1	14.1	11.8	11.8	9.9	9.0	12.7	20.8	21.9	
Domestic	...	...	4.3	5.7	7.3	10.2	11.2	9.6	7.4	7.6	5.7	5.3	5.6	9.3	9.5	
External	...	...	1.3	1.5	1.1	3.7	2.9	4.5	4.4	4.2	4.2	3.7	7.1	11.5	12.4	
Subsidies & Current Transfers	3.8	6.1	11.3	10.9	9.3	15.2	11.5	12.5	13.9	14.0	13.4	18.5	18.9	20.2	25.5	
Abroad	0.6	1.2	1.6	1.8	1.0	2.0	2.2	2.4	1.7	1.9	1.5	2.9	2.2	2.5	3.3	
Private	3.2	4.9	4.0	4.4	5.5	7.4	7.2	8.0	9.6	10.9	10.9	13.5	14.5	16.9	20.8	
Nonfinancial Public Enterprises	-	-	5.7	4.7	2.8	5.8	2.1	2.1	2.6	1.2	1.0	2.1	2.2	0.8	1.5	
Other	1.2	1.3	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital Expenditure & Net Lending	37.2	34.6	36.7	27.7	28.2	40.2	33.8	28.8	40.7	84.4	91.5	165.0	175.2	116.0	111.5	
Development Expenditure	34.9	31.9	27.5	24.4	23.6	27.0	27.5	21.3	37.6	80.2	86.5	155.5	167.9	113.5	108.3	
Transfers to NFPE w/ Net Lending	3.0	2.7	9.2	3.3	1.0	11.9	6.3	7.5	3.1	4.2	5.0	9.5	7.3	2	3.2	
	(percent of GDP)															
Total Expenditure	26.4	29.2	34.1	30.4	28.8	32.5	28.5	24.6	24.8	29.4	28.3	35.9	36.7	31.3	31.6	
Current Expenditure	16.7	20.1	24.0	23.3	22.1	23.1	21.4	19.6	18.6	18.1	17.1	17.4	19.1	20.5	21.5	
Wages and Salaries	7.1	8.9	11.5	11.1	10.3	10.2	10.5	9.9	9.5	9.5	9.5	9.4	10.5	11.3	11.8	
Pensions	0.9	1.2	1.1	1.0	1.0	1.1	1.0	1.0	1.0	1.0	0.9	1.1	1.2	1.2	1.3	
Goods and Services	6.4	6.4	6.7	6.5	6.6	5.1	4.6	4.0	4.2	4.2	3.8	3.9	4.2	4.2	4.1	
Interest Payments	0.9	1.6	1.5	1.9	2.0	3.2	2.9	2.5	1.8	1.6	1.2	1.0	1.3	1.9	2.0	
Domestic	...	...	1.2	1.5	1.7	2.4	2.3	1.7	1.1	1.0	0.7	0.6	0.6	0.9	0.9	
External	...	...	0.4	0.4	0.3	0.9	0.6	0.8	0.7	0.6	0.5	0.4	0.7	1.1	1.1	
Subsidies & Current Transfers	1.0	1.6	3.1	2.8	2.2	3.6	2.4	2.2	2.1	1.9	1.6	2.1	1.9	1.9	2.3	
Abroad	0.2	0.3	0.4	0.5	0.2	0.5	0.5	0.4	0.3	0.3	0.2	0.3	0.2	0.2	0.3	
Private	0.8	1.3	1.1	1.1	1.3	1.7	1.5	1.4	1.5	1.5	1.3	1.5	1.5	1.6	1.9	
Nonfinancial Public Enterprises	-	-	1.6	1.2	0.7	1.4	0.4	0.4	0.4	0.2	0.1	0.2	0.2	0.1	0.1	
Other	0.3	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital Expenditure & Net Lending	2.8	2.1	10.1	7.1	6.7	9.4	7.0	5.0	6.2	11.3	11.2	18.5	17.6	10.8	10.0	
Development Expenditure	9.0	8.4	7.6	6.3	5.6	6.3	5.7	3.7	5.8	10.8	10.6	17.4	16.9	10.6	9.7	
Transfers to NFPE w/ Net Lending	0.8	0.7	2.5	0.8	0.2	2.8	1.3	1.3	0.5	0.6	0.6	1.1	0.7	0.2	0.3	

a/ Commitment basis.

b/ In the preliminary data for 1985/86 this item includes transfers for payment in arrears.

Source: Ministry of Economic Development; and IMF staff estimates.

Table 3: BELIZE - OPERATIONS OF THE CENTRAL GOVERNMENT, 1980/81-94/95 a/

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95 Prel.
	(percent of GDP)														
Total Revenue	20.9	22.1	21.7	20.0	22.0	23.1	23.6	23.9	31.3	26.7	27.3	28.1	28.5	24.1	23.9
Tax	18.9	19.3	18.5	17.4	19.4	19.4	20.2	21.0	22.0	21.5	21.7	20.7	20.8	20.5	20.7
Nontax	1.9	2.7	3.1	2.5	2.2	3.6	3.0	2.3	3.1	3.5	4.3	3.8	4.1	2.9	2.8
Capital	0.1	0.1	0.1	0.1	0.4	0.0	0.4	0.6	6.3	1.8	1.3	3.7	3.5	0.8	0.4
Total Expenditure b/	26.4	29.2	34.1	30.4	28.0	32.2	28.5	24.6	24.8	29.4	28.3	35.9	36.7	31.3	31.4
Current Expenditure	16.7	20.1	24.0	23.3	22.1	23.1	21.4	19.6	18.6	18.1	17.1	17.4	19.1	20.5	21.5
Development Expenditure	9.0	8.4	7.6	6.3	5.6	6.3	5.7	3.7	5.8	10.8	10.6	17.4	16.9	10.6	9.7
Transfers to NFPEs	0.8	0.7	2.5	0.8	0.2	2.8	1.3	1.3	0.5	0.6	0.6	1.1	0.7	0.2	0.3
Net Lending	0.0	0.0	0.0	0.0	0.9	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Account Balance	4.2	1.9	-2.4	-3.3	-0.5	-0.1	1.2	3.6	6.5	6.8	8.2	7.1	5.2	2.9	2.1
Overall Balance	-5.5	-7.2	-12.4	-10.4	-6.0	-2.2	-4.8	-0.8	6.5	-2.7	-1.0	-7.8	-8.2	-7.2	-7.5
Change in Outstanding Arrears c/	0.0	0.0	0.1	1.0	-0.1	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing	5.5	7.2	12.3	2.4	6.1	10.1	4.8	0.8	-6.5	2.7	1.0	7.8	8.2	7.2	7.5
External (net)	3.8	4.4	6.1	4.3	4.4	7.0	4.0	2.5	0.8	3.7	2.7	7.4	6.2	3.3	4.1
External Borrowing (net)	0.2	0.7	2.8	1.2	3.7	6.1	3.2	1.3	0.6	3.4	0.8	3.6	4.2	2.8	2.9
Disbursement	0.4	0.9	3.1	1.4	3.8	6.8	4.0	2.1	1.3	4.1	2.2	4.4	5.2	4.4	5.5
Amortization	0.2	0.2	0.3	0.2	0.1	0.7	0.8	0.8	0.7	0.8	1.4	0.8	1.0	1.6	2.6
Grants	3.3	3.5	3.5	3.4	1.3	0.3	0.5	1.1	0.3	0.8	1.6	3.7	2.0	0.7	1.2
Change in Foreign Assets	0.3	0.1	-0.2	-0.3	-0.6	0.6	0.2	0.1	-0.1	-0.5	0.3	0.1	0.0	-0.2	0.0
Domestic (net)	1.7	2.8	6.2	5.1	1.8	3.1	0.9	-1.7	-7.3	-1.0	-1.7	0.3	2.0	3.9	3.5
Banking system	1.4	2.7	6.1	4.7	2.2	2.7	0.0	-2.6	-8.2	-1.5	-2.5	1.7	2.5	4.5	3.6
Central Bank	-0.6	3.6	0.1	3.6	4.7	-2.4	-3.3	-1.6	-6.3	0.2	-0.6	0.6	4.7	2.7	2.0
Commercial Banks	2.0	-0.8	6.0	1.1	-2.5	5.0	3.2	-1.1	-1.9	-1.7	-2.0	1.1	-2.2	1.9	1.5
Other	0.3	0.1	0.1	0.4	-0.4	0.5	0.9	0.9	0.9	0.5	0.8	-1.3	-0.4	-0.6	-0.1

a/ Fiscal year in April 1 through March 31.

b/ Expenditure on a commitment basis.

c/ Arrears on interest and other current items.

Source: Ministry of Finance.

Table 3: BELIZE - OPERATIONS OF THE CENTRAL GOVERNMENT, 1980/81-94/95 a/

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
	(BZ\$ million)														
Total Revenue	81.3	83.7	78.9	77.8	92.4	98.7	113.4	136.5	204.9	199.0	222.5	251.0	283.0	258.0	267.1
Tax	73.5	73.1	67.3	67.8	81.8	83.1	97.1	119.9	143.9	159.7	176.6	184.8	207.1	219.2	231.8
Non-tax	7.5	10.3	11.3	9.7	9.1	15.5	14.6	12.9	20.1	25.8	35.1	33.5	41.2	30.7	31.1
Capital	0.3	0.3	0.3	0.3	1.5	0.1	1.7	3.7	40.9	13.5	10.8	32.7	34.7	8.1	4.2
Total Expenditure w/	102.7	110.8	124.0	118.2	121.4	139.2	136.6	140.8	162.2	219.0	230.7	320.2	364.5	335.2	351.4
Current Expenditure	64.8	76.2	87.3	90.5	93.2	99.0	102.8	112.0	121.5	134.6	139.2	155.2	189.3	219.2	239.9
Development Expenditure	34.9	31.9	27.5	24.4	23.6	27.0	27.5	21.3	37.6	80.2	86.5	155.5	167.9	113.5	108.3
Transfers to NFPEs	3.0	2.7	9.2	3.3	1.0	11.9	6.3	7.5	3.1	4.2	5.0	9.5	7.3	2.5	3.2
Net Lending	-	-	-	-	3.6	1.3	-	-	-	-	-	-	-	-	-
Current Account Balance	16.2	7.2	-3.7	-13.0	-2.3	-0.4	8.2	20.8	42.5	50.2	72.5	62.1	52.0	30.7	23.0
Overall Balance	-24.4	-27.1	-45.1	-40.4	-29.0	-40.5	-23.7	-4.3	42.7	-20.0	-3.2	-62.2	-81.5	-77.2	-84.3
Change in Outstanding Accounts of	-	-	0.4	3.9	-0.4	-4.2	-	-	-	-	-	-	-	-	-
Financing	21.4	27.1	44.7	36.5	22.4	44.7	23.2	4.3	-42.7	20.0	8.2	62.2	81.5	77.2	84.3
External (net)	14.8	16.5	22.2	16.8	18.4	30.0	19.1	14.2	5.0	27.3	22.3	66.3	61.4	35.2	45.5
External Borrowing (net)	0.9	2.8	10.2	4.7	15.4	26.0	15.4	7.2	3.9	25.2	6.7	32.4	41.3	29.9	32.2
Disbursement	1.5	3.4	11.4	5.5	16.0	29.2	19.2	12.0	8.3	30.8	18.1	39.2	51.2	46.6	61.1
Amortization	0.6	0.6	1.2	0.8	0.6	3.2	3.8	4.8	4.4	5.6	11.4	6.8	9.9	16.7	28.9
Grants	12.9	13.3	12.8	13.1	5.6	1.4	2.5	6.4	1.9	5.6	13.0	33.1	20.0	7.0	13.3
Change in Foreign Assets	1.0	0.4	-0.8	-1.0	-2.6	2.6	1.2	0.6	-0.8	-3.5	2.6	0.8	0.1	-1.7	-
Domestic (net)	6.6	10.6	22.5	19.7	11.0	14.7	4.1	-9.9	-47.7	-7.3	-14.1	2.9	20.1	42.0	38.8
Banking system	5.4	10.4	22.3	18.3	9.1	11.4	-0.1	-15.1	-53.0	-11.3	-20.6	14.9	24.5	48.5	40.0
Central Bank	-2.2	13.5	0.4	14.0	19.6	-10.2	-13.7	-8.9	-41.2	1.4	-4.5	5.3	46.5	28.5	22.9
Commercial Banks	7.6	-3.1	21.9	4.3	-10.5	21.6	15.6	-6.2	-12.6	-12.7	-16.1	9.6	-22.0	20.0	17.1
Other	1.2	0.2	0.2	1.4	1.9	3.3	4.2	5.2	6.1	4.0	6.5	-12.0	-4.4	-4.5	-1.2

Table 4: BELIZE - OPERATIONS OF THE CONSOLIDATED NONFINANCIAL PUBLIC SECTOR, 1980/81-94/95 a/

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
	(percent of GDP)														
Total Revenue	20.9	22.8	23.2	21.9	26.1	28.8	29.8	29.0	36.2	30.6	30.2	33.6	32.6	28.5	28.4
Current Revenue	20.8	22.7	23.1	21.8	25.7	28.8	29.5	28.4	30.6	28.8	29.6	29.9	29.1	27.8	28.0
Central Government	20.8	22.0	21.6	19.9	21.6	23.1	23.3	23.2	25.1	24.9	26.0	24.5	25.0	23.3	23.6
Social Security Board	0.0	0.7	1.5	1.9	2.5	2.5	2.4	2.1	2.1	2.1	2.1	2.3	2.5	2.5	2.3
Pub. Enterprises' Operating Surplus	0.0	0.0	0.0	0.0	1.6	3.3	3.8	3.1	3.4	1.8	1.5	3.1	1.6	1.9	2.1
Capital Revenue	0.1	0.1	0.1	0.1	0.4	0.0	0.4	0.6	6.3	1.8	1.3	3.7	3.5	0.8	0.4
Total Expenditure	27.2	32.2	32.7	34.3	31.9	32.6	30.7	27.3	29.2	32.8	33.1	41.4	40.8	35.6	36.8
Current Expenditure	17.0	20.6	25.0	24.8	22.5	23.7	21.9	20.1	19.1	18.7	17.8	18.3	20.2	21.8	22.9
Central Government	16.7	20.1	24.0	23.3	22.1	23.1	21.4	19.6	18.6	18.1	17.1	17.4	19.1	20.5	21.5
Social Security Board	0.0	0.1	0.2	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.7	0.9	1.2	1.4	1.4
Pub. Enterprises' Operating Surplus	0.3	0.4	0.8	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development Expenditure	10.9	11.6	12.7	9.5	9.4	9.0	8.8	7.2	10.1	14.1	15.3	23.1	20.6	13.8	13.9
Central Government	9.0	8.4	7.6	6.3	6.5	6.6	5.7	3.7	5.8	10.8	10.6	17.4	16.9	10.6	9.7
Social Security Board	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.9	0.3	0.9	1.6	2.2	2.0	1.4
Public Enterprises	1.9	3.2	5.1	3.2	2.9	2.3	3.1	3.4	3.5	3.0	3.8	4.1	1.4	1.2	2.8
Current Account Balance	3.2	2.1	-1.2	-3.0	3.2	5.1	7.5	8.3	11.3	10.1	11.8	11.6	8.2	5.2	5.1
Overall Balance	-6.2	-9.4	-14.6	-12.4	-5.8	-3.8	-0.2	1.8	7.6	-2.2	-2.2	-7.8	-8.2	-7.1	-8.4
Change in Outstanding Arrears c/	0.0	0.0	0.1	1.0	-0.1	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing	6.2	9.4	14.6	12.4	5.8	3.8	0.2	-1.8	-7.6	2.2	2.2	7.8	8.2	7.1	8.4
External (net)	5.5	6.9	9.4	6.3	5.0	8.4	4.4	2.7	0.5	3.8	2.7	7.4	6.2	3.3	4.1
External Borrowing (net)	2.0	3.3	4.9	2.4	3.0	5.9	1.3	0.0	0.0	3.4	0.8	3.6	4.2	2.8	2.9
Disbursement	2.2	3.6	5.5	3.4	3.8	6.8	4.0	2.1	1.3	4.1	2.2	4.4	5.2	4.4	5.5
Amortization	0.3	0.3	0.6	1.1	0.8	0.9	2.7	2.1	1.3	0.8	1.4	0.8	1.0	1.6	2.6
Grants	3.3	3.5	4.7	4.1	2.6	1.9	2.9	2.6	0.7	0.9	1.6	3.7	2.1	0.7	1.2
Change in Foreign Assets	0.3	0.1	-0.2	-0.3	-0.6	0.6	0.2	0.1	-0.1	-0.5	0.3	0.1	0.0	-0.2	0.0
Domestic (net)	1.4	2.5	5.2	6.1	0.8	-4.6	-3.5	-4.5	-8.1	-1.7	-0.6	0.4	1.9	3.8	4.3
Banking System	1.1	2.6	3.9	4.1	2.2	1.2	-1.8	-2.4	-11.7	-3.4	-0.3	2.2	3.1	5.9	3.0
Central Bank	-0.6	3.6	0.1	3.6	4.7	-2.4	-3.3	-1.6	-6.3	0.2	-0.6	0.6	4.7	2.7	2.1
Commercial Banks	1.7	-1.0	3.7	0.5	-2.4	3.6	1.5	-0.9	-5.4	-3.6	0.2	1.6	-1.6	3.3	1.0
Other	0.3	-0.1	1.3	2.0	-1.4	-5.8	-1.7	-2.0	3.6	1.7	-0.3	-1.8	-1.1	-2.2	1.3

a/ Fiscal year in April 1 through March 31.

b/ Expenditure on a commitment basis.

c/ Arrears on interest and other current items.

Source: Ministry of Finance.

Table 4: BELIZE - OPERATIONS OF THE CONSOLIDATED NONFINANCIAL PUBLIC SECTOR, 1980/81-94/95 a/

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
	(BZE million)														
Total Revenue	81.3	86.4	84.2	85.1	102.8	123.3	143.1	166.1	241.0	227.8	251.8	299.5	324.0	305.4	316.4
Current Revenue	81.0	86.1	83.9	84.8	108.3	123.2	141.4	162.4	200.1	214.3	241.0	266.8	289.3	297.3	312.2
Central Government	81.0	83.4	78.6	77.5	90.9	98.6	111.7	132.8	164.0	185.5	211.7	218.3	248.3	249.9	262.9
Social Security Board	-	2.7	5.3	7.3	10.5	10.5	11.3	12.1	14.0	15.6	17.0	20.5	25.2	26.7	25.7
Pub. Enterprises' Operating Surplus	-	-	-	-	6.9	14.1	18.4	17.5	22.1	13.2	12.3	28.0	15.8	20.7	23.6
Capital Revenue	0.3	0.3	0.3	0.3	1.5	0.1	1.7	3.7	40.9	13.5	10.8	32.7	34.7	8.1	4.2
Total Expenditure	198.3	122.1	137.1	133.2	134.2	139.5	147.6	156.0	191.2	243.8	262.4	369.3	405.2	380.9	409.7
Current Expenditure	66.0	78.0	90.9	96.4	94.8	101.2	105.2	115.0	124.9	138.9	144.6	163.0	200.9	233.7	255.0
Central Government	64.8	76.2	87.3	90.5	93.2	99.0	102.8	112.0	121.5	134.6	139.2	155.2	189.3	219.2	239.9
Social Security Board	-	0.3	0.8	1.5	1.6	2.2	2.4	3.0	3.4	4.3	5.4	7.8	11.6	14.5	15.1
Pub. Enterprises' Operating Deficit	1.2	1.5	2.8	4.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development Expenditure	42.3	44.1	46.2	36.9	39.4	38.3	42.4	41.0	66.3	104.9	124.8	206.3	204.3	147.2	154.7
Central Government	34.9	31.9	27.5	24.4	27.2	28.3	27.5	21.3	37.6	80.2	86.5	155.5	167.9	113.5	108.3
Social Security Board	-	-	0.2	0.2	0.2	0.1	0.0	0.1	6.0	2.5	7.3	14.1	22.0	21.0	15.5
Public Enterprises	7.4	12.2	18.5	12.3	12.0	9.9	14.9	19.6	22.7	22.2	31.0	36.7	14.4	12.7	30.9
Current Account Balance	15.0	8.1	-7.0	-11.6	13.5	22.0	36.2	47.4	75.2	75.4	26.4	103.1	88.4	63.6	37.2
Overall Balance	-27.0	-35.7	-52.9	-48.2	-24.4	-16.2	-4.5	10.1	42.8	-16.0	-17.6	-62.8	-81.2	-75.5	-23.3
Change in Outstanding Arrears c/	-	-	0.4	3.9	-0.4	-4.2	-	-	-	-	-	-	-	-	-
Financing	27.0	35.7	52.5	44.3	24.8	20.4	4.5	-10.1	-42.8	16.0	17.6	62.8	81.2	75.5	23.3
External (net)	21.5	26.2	34.0	24.4	23.5	33.4	19.9	15.0	4.2	31.8	19.7	65.6	61.9	37.0	45.6
External Borrowing (net)	7.6	12.5	17.8	9.3	12.6	25.2	6.1	0.0	-0.1	25.2	6.7	32.4	41.3	29.9	32.2
Disbursement	8.6	13.8	19.9	13.4	16.0	29.2	19.2	12.0	8.3	30.8	18.1	39.2	51.2	46.6	61.1
Amortization	1.0	1.3	2.1	4.1	3.4	4.0	13.1	12.0	8.4	5.6	11.4	6.8	9.9	16.7	28.9
Grants	12.9	13.3	17.0	16.1	10.9	8.2	13.8	15.0	4.3	6.6	13.0	33.2	20.6	7.1	13.4
Change in Foreign Assets	1.0	0.4	-0.8	-1.0	-2.6	2.6	1.2	0.6	-0.8	-3.5	2.6	0.8	0.1	-1.7	-
Domestic (net)	5.5	9.5	18.5	19.9	1.3	-13.0	-15.4	-25.1	-34.0	-15.8	-2.1	4.2	19.3	38.5	47.7
Banking System	4.3	9.7	14.0	16.0	9.3	5.2	-8.5	-14.0	-76.6	-25.3	-2.5	19.5	30.5	63.4	33.6
Central Bank	-2.2	13.5	0.4	14.0	19.6	-10.2	-15.7	-8.9	-41.2	1.4	-4.5	5.3	46.5	28.5	22.9
Commercial Banks	6.5	-3.8	13.6	2.0	-10.3	15.4	7.2	-5.1	-35.4	-26.7	2.0	14.2	-16.0	34.9	10.7
Other	1.2	-0.2	4.5	3.9	-8.0	-18.2	-6.9	-11.1	22.6	9.5	0.4	-15.3	-11.2	-24.9	14.1

Table 5: PUBLIC SECTOR EMPLOYMENT IN THE CARIBBEAN
(1994 or as noted)

Countries	Public Services			Rest of Public Sector			Total Public Sector (% of total labor force)
	Civil Service (% of total labor force)	Other Service (% of total labor force)	Total (% of total labor force)	SOEs a/ (% of total labor force)	Public Utilities (% of total labor force)	Total (% of total labor force)	
Bahamas (95)	...	...	13.4	1.0	2.7	3.7	17.1
Barbados	12.7	-	12.7	5.0	-	5.0	17.7
Belize	6.8	5.7	12.5	2.1	1.7	3.8	16.3
Dominican Republic	5.5	2.0	7.5	2.1	1.6	3.7	11.2
Guyana (92)	4.2	11.6	15.8	11.6	0.6	12.2	28.0
Jamaica	3.1	4.9	8.0	...	...	3.7	11.7
St. Kitts-Nevis	13.7	3.7	17.4	16.1	2.7	18.8	36.2
Trinidad & Tobago	...	...	14.9	5.3	1.8	7.1	22.0

... denotes not available

a/ State-Owned Enterprises (SOEs)

Sources: National Government Agencies, IMF, World Tables.

Table 7: BELIZE - SUMMARY OF THE PUBLIC SECTOR INVESTMENT PROGRAM, 1995/96 - 97/98
(US\$ '000)

	1995/96			1996/97			1997/98			Total (995/96 - 1997/98)		
	Total	External	Local	Total	External	Local	Total	External	Local	Total	External	Local
Total PSIP												
Economic Services	11,454	9,547	1,907	6,628	1,517	3,503	2,948	555	23,102	19,123	3,979	
Infrastructure	23,091	15,418	7,673	19,009	6,208	26,781	21,670	5,111	75,089	56,097	18,992	
Social Services	20,715	16,316	4,399	17,732	2,805	21,618	18,798	2,820	62,870	52,846	10,024	
Other	5,078	1,455	3,623	4,590	550	4,567	3,675	892	14,785	9,720	5,065	
Ongoing												
Economic Services	10,205	8,298	1,907	5,063	4,000	1,063	432	328	104	15,700	12,626	3,074
Infrastructure	14,808	9,425	5,383	6,330	4,270	2,060	1,074	1,000	74	22,212	14,695	7,517
Social Services	12,981	8,833	4,148	10,407	8,217	2,190	10,106	7,876	2,230	33,494	24,926	8,568
Other	3,442	25	3,417	-	-	-	-	-	-	3,442	25	3,417
New												
Economic Services	1,249	1,249	-	3,082	2,628	454	3,071	2,620	451	7,402	6,497	905
Infrastructure	8,283	5,993	2,290	18,887	14,739	4,148	25,707	20,670	5,037	52,877	41,402	11,475
Social Services	7,734	7,483	251	10,130	9,515	615	11,512	10,922	590	29,376	27,920	1,456
Other	1,636	1,430	206	5,140	4,590	550	4,567	3,675	892	11,343	9,695	1,648
(as percent of PSIP)												
TOTAL PSIP												
Economic Services	19.0	15.8	3.2	13.8	11.2	2.6	6.2	5.2	1.0	...	...	...
Infrastructure	38.3	25.6	12.7	42.7	32.2	10.5	47.4	38.4	9.1	...	...	...
Social Services	34.3	27.0	7.3	34.8	30.0	4.8	38.3	33.3	5.0	...	...	...
Other	8.4	2.4	6.0	8.7	7.8	0.9	8.1	6.5	1.6	...	...	...
Memorandum Item:												
GDP (US\$ '000)		470,642		487,114		504,163						
PSIP as % of GDP	12.8	9.1	3.7	12.1	9.8	2.3	11.2	9.3	1.9	...	...	...

Sources: Ministry of Economic Development; IBRD; CDB; IDB.

Table 8. Belize: Composition of the Public Sector Investment Program, 1995/96 - 1997/98 (US\$ million)

	1995-96	1996-97	1997-98	TOTAL 1995/96 to 1997/98
TOTAL PSIP	60.3	54.9	56.5	171.7
<i>Economic services*</i>	11.5	8.1	3.5	23.1
Agriculture	9	7.5	3.5	20
Industry	0.3	0.2	--	0.5
Other economic services	2.1	0.5	--	2.6
<i>Infrastructure</i>	23.1	25.2	26.8	75.1
Transportation & electricity	23.1	25.2	26.8	75.1
<i>Social services</i>	20.7	16.4	21.6	58.7
Water	3.4	3.5	6.7	13.7
Education	5.4	2.1	2	9.5
Health	5.9	6.3	5.1	17.3
Community services	6	4.4	7.8	18.2
<i>Other</i>	5.1	5.1	4.6	14.8
MEMORANDUM ITEMS:				
GDP (US\$ '000)	470.6	487.1	504.2	--
PSIP as % of GDP	12.8	11.3	11.2	--

* Excludes infrastructure.

Source: Ministry of Economic Development; IBRD; CDB; IDB.

Table 9A: Cross Country Recurrent Cost Coefficients across Development Sectors
 Table 9B: Estimated Annual Recurrent Costs of Selected New Projects in Belize

A) Sectors	"r" coefficients	Sectors	"r" coefficients	Sectors	"r" coefficients
<i>Agricultural:</i>		<i>Education:</i>		<i>Housing</i>	0.03
Fisheries	0.08	Agricultural Colleges	0.17		
Forestry	0.04	Polytechnic Schools	0.17	<i>Manufacturing, commerce and const.</i>	0.01
General Agriculture	0.1	Primary Schools	0.06-0.70		
Livestock	0.14	Secondary Schools	0.08-0.72	<i>Roads:</i>	
Rural Development	0.08-0.43	Universities	0.02-0.22	Feeder Roads	0.06-0.14
Veterinary Services	0.07			Paved Roads	0.03-0.07
		<i>Health:</i>			
<i>Buildings</i>	0.01	District Hospital	0.11-0.30	<i>Social and Rural development</i>	0.04
		General Hospital	0.18		
		Rural Health Center	0.27-0.71	<i>Tourism</i>	0.05
		Urban Health Center	0.17		

* Source: Peter Heller, "The underfinancing of recurrent development costs," Finance&Development, March, 1979

B) Selected New Projects in Belize for 1996: *Optimal & Budgeted Recurrent Costs* (BZ\$ Million)

	{1} Total Project Cost	{2} Govt. budgeted annual recurrent cost	{3} "r" coefficient	{4} Optimal level of annual recurrent exp. {1} * {3}	{5} Difference {4} - {2}
Belize City Hospital	\$ 48,250,000	\$ 6,251,192	0.183	\$ 8,829,750	\$ 2,578,558
Language Institute	\$ 2,600,000	\$ 200,000	0.17	\$ 442,000	\$ 242,000
San Pedro Water & Sewerage	\$ 26,800,000	\$ 750,000	0.04	\$ 1,072,000	\$ 322,000

Table 10: EXTERNAL DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DEC. 31, 1994

INCLUDES ONLY DEBT COMMITTED 000000 - DEC 31, 1994
DEBT REPAYABLE IN FOREIGN CURRENCY & GOODS
(IN THOUSANDS OF U.S. DOLLARS)

	DEBT OUTSTANDING			IN ARREARS	
	DISBURSED	UNDISBURSED	TOTAL	PRINCIPAL	INTEREST
CREDITOR TYPE : SUPPLIERS CREDITS					
CREDITOR COUNTRY					
UNITED KINGDOM	6,644	-	6,644	-	59
UNITED STATES	53	-	53	-	2
VENEZUELA	3	-	3	-	-
TOTAL SUPPLIERS CREDITS	6,700	-	6,700	-	61
CREDITOR TYPE : FINANCIAL INSTITUTIONS					
CREDITOR COUNTRY					
CANADA	-	-	-	-	-
ITALY	12,073	1,240	13,313	-	566
UNITED STATES	4,324	12,750	17,074	-	385
TOTAL FINANCIAL INSTITUTIONS	16,397	13,990	30,387	-	951
CREDITOR TYPE : MULTILATERAL LOANS					
CREDITOR COUNTRY					
CARIBBEAN DEV. BANK	25,779	5,772	31,551	1,159	628
EEC	7,233	-	7,233	-	3
EUROPEAN INVEST BANK	2,845	1,392	4,237	-	2
IBRD	25,647	32,909	58,556	-	-
INTL FUND ARG(IFAD)	1,419	831	2,250	-	19
OPEC SPECIAL FUND	1,050	-	1,050	-	1
TOTAL MULTILATERAL LOANS	63,973	40,904	104,877	1,159	653
CREDITOR TYPE : BILATERAL LOANS					
CREDITOR COUNTRY					
CHINA	5,941	1,189	7,131	-	-
MEXICO	-	4,000	4,000	-	-
MULTIPLE LENDERS	7,555	14,518	22,073	-	-
OTHER	2,194	-	2,194	-	1
TRINIDAD & TOBAGO	30	-	30	-	-
UNITED KINGDOM	24,232	7,704	31,936	-	47
UNITED STATES	29,556	1,219	30,775	73	93
VENEZUELA	3,021	-	3,021	63	14
TOTAL BILATERAL LOANS	72,529	28,630	101,159	136	155
TOTAL EXTERNAL DEBT	159,598	83,524	243,123	1,295	1,819

NOTES: (1) Only debts with an original or extended maturity of over one year are included in this table.
(2) Debt outstanding includes principal in arrears but excludes interest in arrears.

Table 10: EXTERNAL DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DEC. 31, 1994

(P. 20)

INCLUDES ONLY DEBT COMMITTED 000000 - DEC 31, 1994
DEBT REPAYABLE IN FOREIGN CURRENCY & GOODS
(IN THOUSANDS OF U.S. DOLLARS)

CREDITOR TYPE	D E B T O U T S T A N D I N G			: I N A R R E A R S	
	DISBURSED	UNDISBURSED	TOTAL	PRINCIPAL	INTEREST
SUPPLIERS CREDITS	6,700	-	6,700	-	61
FINANCIAL INSTITUTIONS	16,397	13,990	30,387	-	951
MULTILATERAL LOANS	63,973	40,904	104,877	1,159	653
BILATERAL LOANS	72,528	28,630	101,159	136	154
TOTAL EXTERNAL DEBT	159,598	83,524	243,123	1,295	1,819

NOTES: (1) Only debts with an original or extended maturity of over one year are included in this table.
(2) Debt outstanding includes principal in arrears but excludes interest in arrears.

Table 11: BELIZE - GROSS DOMESTIC PRODUCT BY SECTOR AT CURRENT PRICES, 1980-94

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	Prel. 1994
	(BZ\$ million)														
GDP at Factor Cost	<u>340.3</u>	<u>340.2</u>	<u>314.5</u>	<u>333.6</u>	<u>371.5</u>	<u>366.2</u>	<u>392.8</u>	<u>479.2</u>	<u>531.3</u>	<u>613.5</u>	<u>678.4</u>	<u>729.6</u>	<u>825.8</u>	<u>899.8</u>	<u>944.3</u>
Primary Activities	<u>94.2</u>	<u>89.7</u>	<u>71.6</u>	<u>73.0</u>	<u>78.5</u>	<u>75.9</u>	<u>83.9</u>	<u>110.9</u>	<u>120.6</u>	<u>134.3</u>	<u>151.3</u>	<u>148.2</u>	<u>169.0</u>	<u>176.2</u>	<u>190.8</u>
Agriculture	78.5	70.8	52.6	53.2	58.6	54.9	64.1	83.4	92.6	101.9	117.6	105.7	121.7	128.3	138.8
Forestry and Logging	8.0	6.6	7.3	6.3	7.4	6.8	4.6	10.1	10.8	13.5	15.4	18.5	21.3	20.9	23.6
Fishing	6.9	11.5	10.9	12.5	11.4	12.9	13.6	15.5	15.0	15.8	14.3	18.1	20.2	20.8	22.8
Mining	0.8	0.8	0.8	1.0	1.1	1.3	1.6	1.9	2.2	3.0	4.1	5.9	5.8	6.2	5.6
Secondary Activities	<u>104.4</u>	<u>92.6</u>	<u>75.5</u>	<u>79.9</u>	<u>99.2</u>	<u>90.1</u>	<u>94.8</u>	<u>130.4</u>	<u>149.0</u>	<u>167.5</u>	<u>176.2</u>	<u>193.5</u>	<u>223.1</u>	<u>249.7</u>	<u>250.8</u>
Manufacturing	81.4	69.2	51.9	60.9	73.0	61.2	61.2	88.9	98.3	105.8	106.1	112.1	127.0	133.6	142.4
Electricity and Water	3.3	2.7	5.0	2.5	6.2	9.2	13.3	14.9	16.9	15.6	16.4	21.8	26.6	34.2	37.2
Construction	19.6	20.7	18.7	16.4	20.0	19.7	20.3	26.6	33.8	46.1	53.8	59.6	69.5	81.9	71.2
Tertiary Activities	<u>153.3</u>	<u>172.2</u>	<u>179.8</u>	<u>192.6</u>	<u>206.1</u>	<u>210.4</u>	<u>226.3</u>	<u>252.4</u>	<u>282.8</u>	<u>342.2</u>	<u>383.3</u>	<u>420.1</u>	<u>469.9</u>	<u>511.2</u>	<u>541.1</u>
Trade and Tourism	57.7	60.4	53.6	52.3	57.4	56.3	62.3	73.1	86.7	108.8	127.0	131.7	143.7	151.7	161.6
Transport	17.2	21.9	24.1	29.3	32.3	35.1	40.9	48.0	48.7	61.3	75.7	87.1	95.0	99.6	98.5
Finance	14.3	18.7	16.8	16.6	17.4	19.3	17.2	16.9	22.0	33.1	30.2	40.1	44.7	51.9	55.4
Real Estate	17.9	19.1	18.7	20.0	21.3	21.7	22.9	23.6	26.6	31.8	33.6	36.4	41.0	45.9	51.5
Public Administration	24.4	27.4	34.6	39.3	41.3	41.7	45.5	51.5	57.1	63.3	70.5	76.7	94.8	109.3	118.6
Other Services	21.8	24.6	32.0	35.1	36.4	36.3	37.6	39.4	41.7	43.8	46.3	48.1	50.7	52.9	55.5
Imputed Banking Service Charges	11.5	14.3	12.4	11.8	12.4	10.2	12.1	14.5	21.2	30.5	32.5	32.2	36.3	37.3	38.4
Net Indirect Taxes	49.1	45.6	44.0	44.3	50.3	52.2	62.9	73.9	98.5	112.8	127.3	135.7	127.4	149.3	160.3
GDP at Market Prices	<u>389.4</u>	<u>385.8</u>	<u>358.5</u>	<u>378.0</u>	<u>421.8</u>	<u>418.4</u>	<u>455.8</u>	<u>553.0</u>	<u>629.8</u>	<u>726.3</u>	<u>805.6</u>	<u>865.3</u>	<u>953.2</u>	<u>1,049.2</u>	<u>1,104.6</u>

Table 11: BELIZE - GROSS DOMESTIC PRODUCT BY SECTOR AT CURRENT PRICES, 1980-94

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	Prel. 1994
(in percent of total GDP, market prices)															
GDP at Factor Cost	<u>87.4</u>	<u>88.2</u>	<u>87.7</u>	<u>88.3</u>	<u>88.1</u>	<u>87.5</u>	<u>86.2</u>	<u>86.6</u>	<u>84.4</u>	<u>84.5</u>	<u>84.2</u>	<u>84.2</u>	<u>86.6</u>	<u>85.8</u>	<u>85.5</u>
Primary Activities	<u>24.2</u>	<u>23.3</u>	<u>20.0</u>	<u>19.3</u>	<u>18.6</u>	<u>18.1</u>	<u>18.4</u>	<u>20.0</u>	<u>19.2</u>	<u>18.5</u>	<u>18.8</u>	<u>17.1</u>	<u>17.7</u>	<u>16.8</u>	<u>17.3</u>
Agriculture	20.2	18.4	14.7	14.1	13.9	13.1	14.1	15.1	14.7	14.0	14.6	12.2	12.8	12.2	12.6
Forestry and Logging	2.1	1.7	2.0	1.7	1.8	1.6	1.0	1.8	1.7	1.9	1.9	2.1	2.2	2.0	2.1
Fishing	1.8	3.0	3.0	3.3	2.7	3.1	3.0	2.8	2.4	2.2	1.8	2.1	2.1	2.0	2.1
Mining	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.7	0.6	0.6	0.5
Secondary Activities	<u>26.8</u>	<u>24.0</u>	<u>21.1</u>	<u>21.1</u>	<u>23.5</u>	<u>21.5</u>	<u>20.8</u>	<u>23.6</u>	<u>23.7</u>	<u>23.1</u>	<u>21.9</u>	<u>22.4</u>	<u>23.4</u>	<u>23.8</u>	<u>22.7</u>
Manufacturing	20.9	17.9	14.5	16.1	17.3	14.6	13.4	16.1	15.6	14.6	13.2	13.0	13.3	12.7	12.9
Electricity and Water	0.9	0.7	1.4	0.7	1.5	2.2	2.9	2.7	2.7	2.1	2.0	2.5	2.8	3.3	3.4
Construction	5.0	5.4	5.2	4.4	4.7	4.7	4.5	4.8	5.4	6.4	6.7	6.9	7.3	7.8	6.4
Tertiary Activities	<u>39.4</u>	<u>44.6</u>	<u>50.2</u>	<u>51.0</u>	<u>48.9</u>	<u>50.3</u>	<u>49.7</u>	<u>45.6</u>	<u>44.9</u>	<u>47.1</u>	<u>47.6</u>	<u>48.5</u>	<u>49.3</u>	<u>48.7</u>	<u>49.0</u>
Trade and Tourism	14.8	15.7	15.0	13.8	13.6	13.4	13.7	13.2	13.8	15.0	15.8	15.2	15.1	14.5	14.6
Transport	4.4	5.7	6.7	7.8	7.7	8.4	9.0	8.7	7.7	8.4	9.4	10.1	10.0	9.5	8.9
Finance	3.7	4.9	4.7	4.4	4.1	4.6	3.8	3.0	3.5	4.6	3.7	4.6	4.7	4.9	5.0
Real Estate	4.6	5.0	5.2	5.3	5.1	5.2	5.0	4.3	4.2	4.4	4.2	4.2	4.3	4.4	4.7
Public Administration	6.3	7.1	9.6	10.4	9.8	10.0	10.0	9.3	9.1	8.7	8.7	8.9	9.9	10.4	10.7
Other Services	5.6	6.4	8.9	9.3	8.6	8.7	8.3	7.1	6.6	6.0	5.7	5.6	5.3	5.0	5.0
Imputed Banking Service Charges	3.0	3.7	3.5	3.1	2.9	2.4	2.7	2.6	3.4	4.2	4.0	3.7	3.8	3.6	3.5
Net Indirect Taxes	12.6	11.8	12.3	11.7	11.9	12.5	13.8	13.4	15.6	15.5	15.8	15.7	13.4	14.2	14.5
GDP at Market Prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Ministry of Finance.

Table 12: BELIZE - GROSS DOMESTIC PRODUCT BY SECTOR AT CONSTANT PRICES, 1980-1994

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	Prel. 1994
	(percent change)														
<u>GDP at Factor Cost</u>		<u>2.1</u>	<u>-0.7</u>	<u>-1.6</u>	<u>1.7</u>	<u>0.4</u>	<u>3.0</u>	<u>11.8</u>	<u>6.3</u>	<u>13.2</u>	<u>10.3</u>	<u>3.0</u>	<u>11.3</u>	<u>3.6</u>	<u>1.6</u>
<u>Primary Activities</u>		<u>1.4</u>	<u>5.1</u>	<u>-4.9</u>	<u>1.8</u>	<u>0.4</u>	<u>-4.1</u>	<u>20.2</u>	<u>0.5</u>	<u>6.6</u>	<u>12.5</u>	<u>5.2</u>	<u>15.2</u>	<u>0.1</u>	<u>2.7</u>
Agriculture		0.5	7.4	-5.3	2.0	-0.6	-1.3	13.5	-4.5	10.0	16.6	-2.4	15.1	-0.7	4.0
Forestry and Logging		-19.8	22.5	-19.8	7.3	-6.4	-9.5	103.0	11.4	-9.9	0.5	34.9	10.1	-5.1	8.1
Fishing		24.9	-14.0	7.5	-3.3	8.5	-16.5	7.8	14.7	4.0	-1.6	12.0	28.0	7.8	-4.7
Mining		-0.7	-0.2	16.2	16.5	16.3	16.2	16.5	16.4	34.2	34.2	40.9	-2.7	5.0	-9.1
<u>Secondary Activities</u>		<u>3.5</u>	<u>-2.6</u>	<u>-2.3</u>	<u>-2.8</u>	<u>0.4</u>	<u>3.2</u>	<u>11.7</u>	<u>2.3</u>	<u>14.9</u>	<u>10.3</u>	<u>2.2</u>	<u>13.4</u>	<u>6.7</u>	<u>-0.5</u>
Manufacturing		3.7	-0.8	-1.1	-8.5	1.0	2.6	6.8	-0.6	11.0	10.2	-1.6	12.9	2.2	4.1
Electricity and Water		5.2	11.3	5.2	2.9	6.6	7.9	6.8	10.8	6.7	12.0	17.2	14.2	10.7	6.4
Construction		2.4	-13.3	-9.8	23.1	-3.6	3.9	32.2	8.9	28.4	10.1	7.7	14.2	15.3	-11.3
<u>Tertiary Activities</u>		<u>1.7</u>	<u>-2.4</u>	<u>0.0</u>	<u>3.8</u>	<u>0.7</u>	<u>5.8</u>	<u>9.2</u>	<u>10.9</u>	<u>14.2</u>	<u>9.5</u>	<u>2.4</u>	<u>8.8</u>	<u>3.3</u>	<u>2.1</u>
Trade and Tourism		-2.6	-17.5	-9.7	6.3	-5.6	9.9	14.9	14.9	23.0	13.2	-1.7	6.2	3.8	4.1
Transport & Communications		10.0	15.8	8.0	6.1	3.0	11.3	10.4	24.6	25.6	12.5	9.3	20.7	1.4	0.1
Finance & Insurance		3.4	-10.2	-3.0	-0.5	5.4	5.1	15.4	12.6	5.2	9.4	-1.7	8.0	3.9	4.1
Real Estate		2.0	-2.4	-0.4	0.4	2.2	2.1	5.4	6.5	8.9	7.5	3.3	5.3	3.7	3.6
Public Administration		3.5	18.1	8.9	3.1	3.3	1.2	5.2	0.7	4.5	5.3	2.8	3.9	2.0	2.4
Other Services		2.8	2.7	2.8	2.8	2.6	2.8	2.8	2.8	2.8	2.6	2.6	2.6	7.1	-1.3
<u>Imputed Banking</u>															
Service Charges		0.9	-7.9	-3.0	-0.4	5.3	6.1	15.0	11.9	5.2	9.4	-1.7	8.3	3.1	0.9
<u>Net Indirect Taxes</u>		<u>-6.0</u>	<u>4.5</u>	<u>-6.2</u>	<u>4.4</u>	<u>5.6</u>	<u>16.0</u>	<u>7.2</u>	<u>28.0</u>	<u>12.3</u>	<u>12.5</u>	<u>2.2</u>	<u>-0.7</u>	<u>-14.9</u>	<u>26.4</u>
<u>GDP at Market Prices</u>		<u>1.1</u>	<u>-0.1</u>	<u>-2.1</u>	<u>2.0</u>	<u>1.0</u>	<u>4.6</u>	<u>11.2</u>	<u>9.2</u>	<u>13.1</u>	<u>10.6</u>	<u>2.9</u>	<u>9.4</u>	<u>0.9</u>	<u>4.5</u>

Source: Ministry of Finance.

Table 12: BELIZE - GROSS DOMESTIC PRODUCT BY SECTOR AT CONSTANT PRICES, 1980-1994

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	Prel. 1994
	(1984 prices, BZ\$ million)														
GDP at Factor Cost	366.1	374.0	371.3	365.4	371.5	373.0	384.2	429.6	456.9	517.4	570.6	587.8	654.1	677.3	687.9
Primary Activities	76.1	77.1	81.1	77.1	78.6	78.9	75.6	90.9	91.3	97.4	109.5	115.2	132.7	132.8	136.4
Agriculture	56.2	56.5	60.6	57.4	58.8	58.2	57.4	65.2	62.2	68.5	79.8	77.9	89.7	89.1	92.6
Forestry and Logging	8.8	7.0	8.6	6.9	7.4	6.9	6.3	12.8	14.2	12.8	12.9	17.4	19.1	18.1	19.6
Fishing	10.2	12.8	11.0	11.8	11.4	12.4	10.4	11.2	12.8	13.3	13.1	14.7	18.8	20.3	19.3
Mining	0.8	0.8	0.8	1.0	1.1	1.3	1.5	1.8	2.1	2.8	3.8	5.3	5.1	5.4	4.9
Secondary Activities	103.7	107.3	104.5	102.1	99.2	99.6	102.8	114.8	117.5	135.0	148.9	152.2	172.7	184.2	183.3
Manufacturing	78.5	81.4	80.7	79.8	73.0	73.7	75.6	80.7	80.2	89.0	98.1	96.6	109.1	111.5	116.1
Electricity and Water	4.9	5.2	5.8	6.1	6.2	6.6	7.2	7.7	8.5	9.0	10.1	11.9	13.6	15.0	16.0
Construction	20.3	20.7	18.0	16.2	20.0	19.2	20.0	26.4	28.7	36.9	40.6	43.8	50.0	57.7	51.2
Tertiary Activities	200.2	203.5	198.6	198.7	206.2	207.6	219.7	239.9	266.0	303.8	332.7	340.6	370.6	382.9	391.0
Trade and Tourism	74.5	72.6	59.8	54.0	57.4	54.2	59.6	68.5	78.7	96.8	109.6	107.8	114.4	118.8	123.6
Transport & Communications	22.1	24.3	28.2	30.4	32.3	33.3	37.0	40.9	51.0	64.0	71.9	78.6	94.9	96.2	96.3
Finance & Insurance	19.4	20.1	18.1	17.5	17.4	18.4	19.3	22.3	25.1	26.4	28.9	28.4	30.7	31.8	33.1
Real Estate	21.4	21.9	21.3	21.2	21.3	21.8	22.2	23.5	25.0	27.2	29.2	30.2	31.8	33.0	34.2
Public Administration	30.1	31.2	36.8	40.1	41.3	42.7	43.2	45.4	45.8	47.8	50.4	51.8	53.8	54.9	56.2
Other Services	32.6	33.5	34.4	35.4	36.4	37.3	38.3	39.4	40.5	41.6	42.7	43.8	45.0	48.2	47.5
Imputed Banking Service Charges	13.8	14.0	12.9	12.5	12.4	13.1	13.9	16.0	17.9	18.8	20.6	20.2	21.9	22.6	22.8
Net Indirect Taxes	52.3	49.2	51.4	48.2	50.3	53.2	61.7	66.2	64.7	95.1	107.0	109.3	108.6	92.4	118.8
GDP at Market Prices	418.4	423.2	422.7	413.6	421.8	426.2	445.8	495.8	541.6	612.5	677.6	697.1	762.7	769.7	804.7

Table 13: BELIZE - GROSS DOMESTIC EXPENDITURE AT CURRENT PRICES, 1980-94

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	Prel. 1994
	(in percent of GDP at market prices)														
Gross Domestic Expenditure	113.2	122.0	122.6	115.9	107.7	112.8	102.6	102.1	105.8	109.4	97.8	109.3	109.8	111.4	105.7
Consumption	89.1	95.9	101.8	95.7	84.2	91.2	82.2	80.2	80.5	79.1	69.4	78.9	80.3	78.6	80.2
Private	71.9	77.6	81.0	74.8	64.4	70.1	61.8	62.3	63.9	63.9	54.9	64.6	64.8	62.3	63.4
Public	17.2	18.3	20.8	20.9	19.8	21.1	20.5	17.9	16.6	15.2	14.5	14.3	15.5	16.3	16.8
Gross Domestic Investment	24.1	26.0	20.7	20.2	23.6	21.6	20.4	21.9	25.4	30.3	28.4	30.5	29.5	32.8	25.5
Fixed Capital Formation	22.6	24.8	22.5	18.9	20.3	17.4	17.4	21.5	25.7	27.4	26.1	29.3	28.9	30.7	23.8
Private	..	13.4	9.8	8.5	11.8	8.7	8.4	13.8	17.0	17.4	15.3	15.0	13.8	30.7	23.8
Public	..	11.3	12.7	10.4	8.6	8.7	9.0	7.7	8.6	10.0	10.9	14.2	15.0	0.0	0.0
of which NFPE:	..	3.1	4.7	3.7	2.9	2.5	3.0	3.3	3.5	3.1	3.6	...	...	...	...
Changes in Stocks		1.3	-1.8	1.3	3.2	4.2	2.9	0.5	-0.3	2.9	2.3	1.2	0.6	2.2	1.7
Balance of Goods and NFS	-13.2	-22.0	-22.6	-15.9	-7.7	-12.8	-2.6	-2.1	-5.8	-9.4	2.2	-9.3	-9.8	-11.4	-5.7
Exports	55.4	53.4	48.0	49.1	62.4	48.5	55.5	60.5	62.0	59.7	63.8	58.6	58.6	53.9	51.8
Imports	68.6	75.3	70.6	65.0	70.2	61.3	58.1	62.6	67.8	69.1	61.6	67.9	68.4	65.3	57.5
GDP at Market Prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Net Factor Payments	-1.0	-1.0	-2.7	-2.9	-4.4	-4.7	-2.0	-2.6	-2.8	-3.4	-1.7	-2.5	-3.5	-3.8	-4.0
GNP at Market Prices	99.0	99.0	97.3	97.1	95.6	95.3	98.0	97.4	97.2	96.6	98.3	97.5	96.5	96.2	96.0
GNP at Factor Cost	86.4	87.2	85.0	85.4	83.7	82.8	84.2	84.1	81.5	81.0	82.5	81.8	83.1	82.0	81.5
Consumption of Fixed Capital	5.6	6.1	7.1	7.2	6.9	7.0	6.7	6.6	6.5	6.2	6.2	6.4	6.2	6.3	6.3
National Income at Factor Cost	80.9	81.1	77.9	78.2	76.7	75.8	77.6	77.4	75.0	74.9	76.4	75.5	76.9	75.6	75.2
National Income at Market Prices	93.5	92.9	90.2	89.9	88.6	88.3	91.4	90.8	90.8	90.4	92.2	91.1	90.2	89.9	89.7

Source: Central Statistical Office, Ministry of Finance; and IMF staff estimates.

Table 13: BELIZE - GROSS DOMESTIC EXPENDITURE AT CURRENT PRICES, 1980-94

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	Prel. 1994
	(BZ\$ million)														
Gross Domestic Expenditure	440.8	470.5	439.5	438.2	454.3	472.0	467.7	564.8	666.5	794.5	787.8	945.9	1046.6	1168.7	1167.8
Consumption	347.0	370.0	365.1	361.8	355.0	381.5	374.8	443.6	506.7	574.5	558.8	682.4	765.7	824.2	885.8
Private	280.2	299.4	290.4	282.8	271.4	293.2	281.5	344.8	402.3	464.1	442.1	558.9	617.8	653.6	700.2
Public	66.8	70.6	74.7	79.0	83.5	88.3	93.4	98.8	104.4	110.4	116.8	123.5	147.9	170.6	185.6
Gross Domestic Investment	93.9	100.5	74.4	76.4	99.3	90.4	92.8	121.3	159.8	220.0	229.0	263.6	280.8	344.6	281.9
Fixed Capital Formation	88.2	95.6	80.8	71.5	85.7	72.7	79.5	118.8	161.6	198.8	210.7	253.2	275.1	321.8	263.3
Private	..	51.9	35.1	32.3	49.6	36.5	38.4	76.4	107.4	126.2	122.9	130.0	131.9	321.8	263.3
Public	..	43.7	45.7	39.2	36.1	36.2	41.1	42.4	54.2	72.6	87.8	123.2	143.2	...	...
of which NFPE:	..	12.0	16.9	13.9	12.1	10.4	13.7	18.4	21.9	22.3	28.8	...	...	...	...
Changes in Stocks	5.7	4.9	-6.4	4.9	13.6	17.7	13.3	2.5	-1.8	21.2	18.3	10.3	5.7	22.7	18.6
Balance of Goods and NFS	-51.4	-84.7	-81.0	-60.2	-32.5	-53.6	-11.9	-11.8	-36.7	-68.2	17.8	-80.6	-93.4	-119.6	-63.2
Exports	215.7	206.0	172.0	185.5	263.4	202.8	253.0	334.4	390.6	433.9	514.0	507.2	558.3	565.9	572.3
Imports	267.1	290.7	253.0	245.7	295.9	256.4	264.9	346.2	427.3	502.1	496.2	587.8	651.6	685.5	635.5
GDP at Market Prices	389.4	385.8	358.5	378.0	421.8	418.4	455.8	553.0	629.8	726.3	805.6	865.3	953.2	1049.2	1104.6
Net Factor Payments	-3.8	-3.8	-9.8	-11.0	-18.6	-19.8	-8.9	-14.2	-17.8	-24.9	-13.5	-21.6	-33.6	-39.7	-43.7
GNP at Market Prices	385.6	382.0	348.7	367.0	403.2	398.6	446.9	538.8	612.0	701.4	792.1	843.7	919.6	1009.5	1060.9
Net Indirect Taxes	49.1	45.6	44.0	44.3	50.3	52.2	62.9	73.9	98.5	112.8	127.3	135.7	127.4	149.3	160.3
GNP at Factor Cost	336.5	336.4	304.7	322.6	352.9	346.4	383.9	465.0	513.5	588.6	664.9	708.0	792.2	860.1	900.6
Consumption of Fixed Capital	21.6	23.6	25.4	27.2	29.3	29.3	30.4	36.7	41.1	44.8	49.6	55.0	59.4	66.6	69.7
National Income at Factor Cost	314.9	312.8	279.3	295.5	323.6	317.1	353.6	428.3	472.4	543.8	615.2	653.0	732.8	793.5	830.8
National Income at Market Prices	364.0	358.4	323.3	339.8	373.9	369.3	416.5	502.2	570.9	656.6	742.5	788.7	860.2	942.9	991.2

Table 14: BELIZE - GROSS DOMESTIC EXPENDITURE AT CONSTANT 1984 PRICES, 1980-94

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	Prel. 1994
	(BZ\$ million)														
Gross Domestic Expenditure	581.4	499.5	507.5	478.7	454.3	434.4	416.8	507.6	608.6	694.1	703.3	775.5	815.5	856.8	822.5
Consumption	475.8	393.1	433.3	404.8	358.7	347.3	327.0	392.2	460.1	499.1	505.6	560.7	592.2	587.6	605.3
Private	389.5	308.5	349.8	322.9	275.2	262.2	237.7	299.6	365.3	400.9	404.8	460.0	474.6	454.3	462.2
Public	86.3	84.7	83.5	81.7	83.5	85.1	89.3	92.5	94.8	98.2	100.8	100.6	117.6	133.3	143
Gross Domestic Investment	105.5	106.4	74.2	74.1	95.6	87.1	89.9	115.5	148.5	194.9	197.7	214.9	223.3	269.2	217.3
Fixed Capital Formation	98.2	100.5	81.3	69.0	82.0	70.1	77.2	113.2	150.1	176.1	181.9	206.4	218.7	251.5	203
Changes in Stocks	7.4	5.9	-7.2	5.1	13.6	17.1	12.7	2.3	-1.6	18.9	15.8	8.4	4.5	17.8	14.3
Balance of Goods and NFS	-162.9	-76.4	-84.8	-65.1	-32.5	-8.3	29.0	-11.9	-67.0	-81.5	-25.7	-78.4	-52.8	-87.0	-17.8
Exports	182.1	272.2	198.2	189.0	263.4	238.8	282.2	312.5	321.1	365.2	402.7	400.8	465.2	468.5	472.0
Imports	345.1	348.6	283.0	254.1	295.9	247.0	253.2	324.3	388.1	446.7	428.4	479.2	518.0	555.6	489.8
		22.2	-233.8												
GDP at Market Prices	418.4	423.2	422.7	413.6	421.8	426.2	445.8	495.8	541.6	612.5	677.6	697.1	762.7	769.7	804.7
Net Factor Payments a/	-5.0	-4.0	-11.3	-12.0	-18.6	-18.2	-7.9	-12.8	-16.3	-21.8	-12.1	-17.7	-26.2	-29.1	-30.8
GNP at Market Prices	413.4	419.1	411.4	401.6	403.2	407.9	437.9	483.0	525.3	590.8	665.6	679.4	736.5	740.6	773.9
Gross Domestic Income	514.9	398.0	416.9	416.5	421.8	382.8	405.5	496.6	575.2	633.4	718.7	709.8	741.3	759.9	804.7
Gross National Income	509.9	393.9	405.6	404.4	403.2	364.6	397.5	483.8	559.0	611.6	706.6	692.1	715.1	730.8	773.9
Gross Domestic Savings (ttadj)	39.1	4.8	-16.4	11.8	63.1	35.5	78.5	104.4	115.2	134.3	213.1	149.1	149.0	172.3	199.5
Gross National Savings (ttadj)	77.6	40.1	-2.6	24.3	69.6	52.2	90.7	119.0	121.5	141.0	230.8	156.9	150.3	165.9	168.7
	(annual growth rate)														
Gross Domestic Expenditure		-14.1	1.6	-5.7	-5.1	-4.4	-4.1	21.8	19.9	14.0	1.3	10.3	5.2	5.1	-4.0
Consumption		-17.4	10.2	-6.6	-11.4	-3.2	-5.9	19.9	17.3	8.5	1.3	10.9	5.6	-0.8	3.0
Private		-20.8	13.4	-7.7	-14.8	-4.7	-9.4	26.1	21.9	9.8	1.0	13.6	3.2	-4.3	1.7
Public		-1.9	-1.4	-2.2	2.3	1.9	4.9	3.6	2.5	3.6	2.6	-0.2	16.8	13.3	7.4
Gross Domestic Investment		0.8	-30.3	-0.1	29.1	-8.9	3.1	28.5	28.6	31.3	1.4	8.7	3.9	20.6	-19.3
Exports		49.4	-27.2	-4.6	39.4	-9.4	18.2	10.7	2.8	13.8	10.3	-0.5	16.1	0.7	0.7
Imports		1.0	-18.8	-10.2	16.5	-16.5	2.5	28.1	19.8	15.1	-4.1	11.9	8.1	7.3	-11.8
GDP at Market Prices		1.1	-0.1	-2.1	2.0	1.0	4.6	11.2	9.2	13.1	10.6	2.9	9.4	0.9	4.5
GNP at Market Prices		1.4	-1.8	-2.4	0.4	1.2	7.3	10.3	8.8	12.5	12.7	2.1	8.4	0.6	4.5
Gross Domestic Income		-22.7	4.8	-0.1	1.3	-9.2	5.9	22.5	15.8	10.1	13.5	-1.2	4.4	2.5	5.9
Gross National Income		-22.7	3.0	-0.3	-0.3	-9.6	9.0	21.7	15.5	9.4	15.5	-2.1	3.3	2.2	5.9

a/ Net factor income deflated domestic absorption deflator

Source: Ministry of Finance.

Table 15: BELIZE - CONSUMER PRICE INDEX, 1980-95 a/

	Weights & Import Content													
	1980	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	e/
-- November 1990 = 100 --														
	Weights b/													
<u>End of Period c/</u>	<u>100.0</u>	<u>68.1</u>	<u>86.8</u>	<u>86.9</u>	<u>89.1</u>	<u>91.0</u>	<u>93.7</u>	<u>95.8</u>	<u>100.0</u>	<u>103.1</u>	<u>105.2</u>	<u>107.5</u>	<u>109.5</u>	<u>112.8</u>
Food and Groceries	42.6	74.6	88.4	87.1	88.9	89.2	94.4	98.2	100.0	104.4	107.4	109.2	110.0	112.6
Clothing and Footwear	13.1	67.8	86.5	81.5	89.5	91.0	96.5	98.7	100.0	103.2	105.9	106.5	104.1	104.8
Utilities & Household	19.5	72.9	92.1	93.0	91.8	95.8	95.8	93.1	100.0	102.5	105.8	109.2	111.6	111.0
Miscellaneous Items	24.8	62.6	84.7	86.8	88.7	91.5	92.2	93.9	100.0	102.3	103.3	105.9	109.5	114.5
	Import Content d/													
<u>Average</u>	<u>58.4</u>	<u>63.9</u>	<u>83.8</u>	<u>87.0</u>	<u>88.2</u>	<u>89.9</u>	<u>92.7</u>	<u>94.7</u>	<u>97.9</u>	<u>102.3</u>	<u>104.7</u>	<u>106.2</u>	<u>108.7</u>	<u>111.5</u>
Food and Groceries	61.5	71.5	87.5	87.7	88.1	89.5	92.4	96.3	98.2	103.6	106.7	108.3	109.5	111.9
Clothing and Footwear	85.0	62.3	82.0	83.8	86.2	89.0	94.4	97.1	99.6	102.0	106.1	105.6	105.1	104.8
Utilities & Household	57.9	68.6	89.5	93.7	91.5	94.0	95.8	93.4	96.0	101.9	104.8	108.6	110.4	111.0
Miscellaneous Items	39.5	57.6	80.5	86.0	88.1	89.6	91.9	93.3	97.7	101.4	103.0	104.2	108.3	112.6
-- percentage change from previous year --														
End of period	..	..	0.2	2.5	2.1	2.9	2.3	4.4	3.1	2.0	2.2	1.8	3.0	
Average	..	..	6.8	5.4	3.9	3.3	2.2	3.3	4.5	2.4	1.4	2.3	2.6	

a/ National index.

b/ Based on the February 1980 household expenditure survey. The index is computed four (4) times a year (February, May, August and November). A new basket was introduced in November 1990 based on a new household expenditure survey.

c/ From November to November

d/ Percent of imports in the total of each category.

e/ Based on the months of February, May and August only.

Source: Central Statistical Office, Ministry of Finance; and IMF staff estimates.

Table 16: BELIZE -SAVINGS AND INVESTMENT, 1981-94

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
	-- BZ\$ million --													
Gross Domestic Investment	100.5	74.4	76.4	99.3	90.4	92.8	121.3	159.8	220.0	229.0	263.0	280.8	344.6	281.9
Fixed Capital Formation	95.8	80.8	71.5	85.7	72.7	79.5	118.8	161.8	198.8	210.7	253.2	275.1	321.8	263.3
Private	61.9	35.1	32.3	49.6	36.5	38.4	76.4	107.4	126.2	122.9	130.0	131.9	321.8	263.3
Public	43.7	45.7	39.2	36.1	36.2	41.1	42.4	64.2	72.6	87.8	123.2	143.2	...	...
of which NFPE:	12.0	16.9	13.9	12.1	10.4	13.7	18.4	21.9	22.3	28.8	...	...	...	...
Changes in Stocks	4.8	-6.4	4.9	13.6	17.7	13.3	2.5	-1.8	21.2	18.3	10.3	6.7	22.7	18.0
Gross Domestic Savings	15.8	-6.6	10.2	66.8	36.8	80.9	109.5	123.1	151.8	246.8	183.0	187.5	225.0	218.7
Private Sector	0.5	-14.7	23.2	78.4	27.9	68.9	63.6	60.0	77.7	149.3	78.3	100.7	129.5	118.2
Public Sector	15.3	8.1	-7.0	-11.6	8.9	22.0	45.9	73.1	74.1	97.5	104.7	86.7	95.5	100.5
Private Transfers	33.0	37.0	21.8	22.4	25.0	38.0	22.6	30.4	24.8	32.6	33.4	31.0	35.2	31.0
Net Factor Income	-3.8	-3.8	-9.8	-11.0	-21.2	-22.8	-19.8	-14.8	-19.0	-22.4	-13.6	-21.6	-33.6	-35.2
Gross National Savings	45.0	26.6	28.2	78.2	40.6	96.1	112.3	138.7	157.6	257.0	202.8	196.9	226.6	214.5
Savings - Investment	-84.7	-81.0	-60.2	-32.5	-53.8	-11.9	-11.8	-36.7	-68.2	17.8	-80.6	-93.4	-119.6	-63.2
Private sector	-56.3	-43.4	-14.0	16.2	-26.3	7.2	-15.3	-65.6	-69.7	8.1	-62.1	-36.9	-215.1	-163.7
Public sector	-28.4	-37.6	-46.2	-47.7	-27.3	-19.1	3.5	18.9	1.5	8.7	-18.5	-56.5	85.5	100.5
	-- In percent of GDP at Market Prices --													
Gross Domestic Investment	26.0	20.7	20.2	23.6	21.6	20.4	21.9	25.4	30.3	28.4	30.5	29.5	32.8	25.5
Fixed Capital Formation	24.8	22.5	18.9	20.3	17.4	17.4	21.5	25.7	27.4	26.1	29.3	28.9	30.7	23.8
Private	13.4	8.8	8.5	11.8	8.7	8.4	13.8	17.0	17.4	15.3	15.0	13.8	30.7	23.8
Public	11.3	12.7	10.4	8.6	8.7	9.0	7.7	8.6	10.0	10.9	14.2	15.0	0.0	0.0
of which NFPE:	3.1	4.7	3.7	2.9	2.5	3.0	3.3	3.5	3.1	3.6	0.0	0.0	0.0	0.0
Changes in Stocks	1.3	-1.8	1.3	3.2	4.2	2.9	0.5	-0.3	2.9	2.3	1.2	0.6	2.2	1.7
Gross Domestic Savings	4.1	-1.8	4.3	15.8	8.8	17.8	19.8	19.5	20.9	30.8	21.1	19.7	21.4	19.8
Private	0.1	-4.1	6.1	18.6	6.7	12.9	11.5	7.9	10.7	18.5	8.0	10.6	12.3	10.7
Public	4.0	2.3	-1.9	-2.8	2.1	4.8	8.3	11.6	10.2	12.1	12.1	9.1	9.1	9.1
Private Transfers	8.6	10.3	5.8	5.3	6.0	8.3	4.1	4.8	3.4	4.0	3.9	3.3	3.4	2.8
Net Factor Income	-1.0	-1.1	-2.6	-2.6	-6.1	-5.0	-3.6	-2.3	-2.6	-2.8	-1.6	-2.3	-3.2	-3.2
Gross National Savings	11.7	7.4	7.5	18.5	9.7	21.1	20.3	22.0	21.7	31.9	23.4	20.7	21.6	19.4
Savings - Investment	-22.0	-22.6	-15.9	-7.7	-12.8	-2.6	-2.1	-6.8	-9.4	2.2	-9.3	-9.8	-11.4	-5.7
Private sector	-14.6	-12.1	-3.7	3.6	-6.3	1.6	-2.8	-6.8	-8.6	1.0	-7.2	-3.9	-20.5	-14.8
Public sector	-7.4	-10.5	-12.2	-11.3	-6.5	-4.2	0.6	3.0	0.2	1.2	-2.1	-5.9	9.1	9.1
	-- BZ\$ million --													
Memorandum Items:														
Fixed capital formation from:														
Construction & land development	...	...	...	...	45.3	48.0	64.2	81.2	142.8	124.1	124.1	124.1	124.1	124.1
Machinery and equipment	...	...	...	...	26.2	31.9	55.1	78.0	80.6	73.4	73.4	73.4	73.4	73.4

Source: Central Statistical Office; and Fund staff estimates.

Table 17: BELIZE - BALANCE OF PAYMENTS, 1980-94

(US\$ million)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
															<i>Prof.</i>
Exports of Goods & NFS	109.7	103.2	88.6	83.1	112.2	106.0	123.6	144.9	180.9	192.8	216.5	214.2	250.9	265.7	283.6
Domestic Exports a/	82.0	74.7	59.8	65.0	72.8	63.8	74.3	87.0	95.2	94.0	108.5	98.6	115.6	121.3	125.7
Non-factor services	27.7	28.5	28.8	28.1	39.4	42.2	49.3	57.9	85.7	98.8	108.0	115.6	135.3	144.4	137.9
Imports of Goods & NFS	133.0	130.0	107.8	112.5	126.9	126.4	127.8	151.4	189.7	227.3	247.3	261.2	293.4	325.2	294.3
Goods b/	120.4	117.5	96.8	99.2	110.0	108.0	110.2	128.3	160.1	196.1	211.0	220.9	242.2	263.9	235.1
Non-factor services	12.6	12.5	11.0	13.3	16.9	18.4	17.6	23.1	29.6	31.2	36.3	40.3	51.2	61.3	59.2
Net Factor Payments	-1.9	-1.9	-4.9	-5.5	-10.6	-11.4	-9.9	-7.4	-9.5	-11.2	-6.8	-10.8	-16.8	-19.8	-21.9
Private Transfers (net)	16.5	18.5	10.8	11.2	12.5	19.0	11.3	15.2	12.4	16.3	16.7	15.5	17.6	15.5	14.5
Current Account Balance	<u>-6.7</u>	<u>-10.2</u>	<u>-13.2</u>	<u>-13.7</u>	<u>-12.8</u>	<u>-12.8</u>	<u>-2.8</u>	<u>1.3</u>	<u>-5.9</u>	<u>-29.4</u>	<u>-20.9</u>	<u>-42.3</u>	<u>-41.7</u>	<u>-63.6</u>	<u>-38.1</u>
Public Capital	9.9	15.1	18.1	11.9	11.0	23.4	16.1	16.4	20.1	25.0	23.7	21.7	27.3	25.9	27.4
Official Grants	5.5	5.7	7.4	6.9	8.7	9.4	9.6	15.7	10.6	11.3	13.1	12.6	12.7	14.1	14.2
Disbursements	2.4	8.7	12.4	3.8	4.1	16.8	9.1	7.7	14.7	18.8	16.5	20.2	26.4	25.3	33.2
Amortization	0.5	0.8	2.4	2.0	1.7	7.7	5.7	5.5	5.8	4.5	8.0	11.0	9.2	11.8	17.4
Financial (net)	2.0	0.7	1.1	2.8	2.1	3.4	2.5	0.7	0.2	-0.5	1.4	0.0	0.0	0.0	0.0
Other (net)	0.5	0.8	-0.4	0.4	-2.2	1.5	0.6	-2.2	0.4	-0.1	0.7	-0.1	-2.6	-1.7	-2.6
Private Capital	0.6	-6.9	-5.4	-7.9	-6.9	-0.6	-2.5	-7.9	4.0	15.8	8.6	-1.1	15.3	18.8	6.8
Commercial Banks	0.9	1.8	6.9	-2.7	-3.3	-0.4	-5.0	-0.1	1.4	-8.8	-2.0	-2.1	11.7	7.1	3.8
Sugar Industry	0.0	0.0	3.7	-2.8	0.6	3.2	-0.7	-3.2	-0.9	-0.8	-1.2	0.5	0.6	0.0	0.0
Direct Investment	...	...	...	...	...	2.0	4.2	6.9	2.9	19.0	17.2	13.6	15.6	11.6	8.6
Other c/	-0.3	-8.7	-16.0	-2.4	-4.2	-5.4	-1.0	-11.5	1.2	6.5	-5.4	-13.1	-12.6	0.1	-5.3
Change in Arrears	0.0	0.0	0.0	5.1	1.2	-	-	-	-	-	-	-	-	-	-
Debt Rescheduling d/	0.0	0.0	0.0	0.0	0.0	-3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in Reserves (increase = -)	-1.8	2.0	0.5	4.6	7.5	-6.3	-10.6	-9.8	-18.8	-11.4	-11.4	21.7	-0.9	19.1	3.9

a/ Exports f.o.b., Table 3.3.

b/ Retained Imports (cif) (Gross Imports - re-exports).

c/ Includes direct investment up to 1984.

d/ The amount in 1985 represents the elimination of \$0.3 mln. in external arrears and debt relief of \$2.6 million.

Source: Central Bank, Central Statistical Office and mission estimates.

Table 18: BELIZE - MERCHANDISE EXPORTS BY MAJOR COMMODITIES, 1980-94

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
-- US\$ million --															
Total Exports	110.8	119.0	81.0	77.6	93.1	90.0	92.5	102.9	116.3	113.6	142.4	128.8	148.1	138.9	149.2
Re-exports	26.8	44.3	31.2	12.6	20.3	25.6	18.2	15.9	21.1	19.6	33.9	30.2	32.5	17.6	23.5
Total Domestic Exports	82.0	74.7	59.8	65.0	72.8	63.8	74.3	87.0	95.2	94.0	108.5	98.6	115.6	121.3	125.7
Sugar	47.7	42.6	32.8	34.2	32.5	22.9	31.5	31.3	35.0	34.1	42.8	41.7	37.6	41.5	40.3
Citrus Products	6.4	6.5	7.0	6.8	9.8	12.1	11.1	16.0	17.3	19.5	21.4	10.8	27.5	13.9	16.8
Fish Products	4.1	7.2	6.3	7.0	6.7	7.4	7.2	8.5	8.3	8.8	9.1	10.1	12.0	12.3	13.2
Bananas	3.5	2.2	2.1	2.4	3.1	3.3	4.6	7.2	6.6	9.0	9.9	7.3	10.2	17.4	23.0
Molasses	2.2	1.2	0.9	0.9	1.1	0.9	0.5	0.5	0.5	0.6	3.3	3.7	3.2	4.8	5.2
Lumber	1.0	1.2	1.8	1.3	1.1	0.5	0.2	2.1	2.7	2.5	2.0	2.9	2.8	2.3	3.8
Other	17.1	13.8	8.9	12.4	18.5	16.7	19.2	21.4	22.8	19.5	20.0	22.1	22.3	29.1	23.4
of which: Garments	14.4	11.1	6.4	8.2	15.6	15.5	16.2	15.7	18.6	15.7	15.2	17.5	18.6	20.3	18.3
--in percent of total--															
Total Exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Re-exports	26.0	37.2	34.3	16.2	21.8	28.4	19.6	15.5	18.1	17.3	23.8	23.4	21.9	12.7	15.8
Domestic Exports	74.0	62.8	65.7	83.8	78.2	71.6	80.4	84.5	81.9	82.7	76.2	76.6	78.1	87.3	84.2
Total Domestic Exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sugar	58.2	57.0	54.8	52.6	44.6	35.6	42.3	36.0	36.8	36.3	39.4	42.3	32.5	34.2	32.1
Citrus Products	7.8	8.7	11.7	10.5	13.5	18.8	14.9	18.4	18.2	20.7	19.7	11.0	23.8	11.5	13.4
Fish Products	5.0	9.6	10.5	10.8	9.2	11.6	9.9	9.8	8.7	9.4	8.4	10.2	10.4	10.1	10.5
Bananas	4.3	2.9	3.5	3.7	4.3	5.1	6.2	8.2	9.0	9.6	9.1	7.4	8.8	14.4	18.3
Molasses	2.7	1.6	1.5	1.4	1.5	1.4	0.7	0.6	0.5	0.6	3.0	3.8	2.8	4.0	4.1
Lumber	1.2	1.6	3.0	2.0	1.5	0.8	0.8	2.4	2.8	2.7	1.8	2.9	2.4	1.9	3.0
Other	20.9	18.5	14.9	19.1	25.4	26.6	25.1	24.6	24.0	20.7	18.4	22.4	19.3	24.0	18.6
of which: Garments	17.6	14.9	10.7	12.6	21.4	24.4	21.7	18.0	19.5	16.7	14.0	17.7	18.1	16.7	14.5

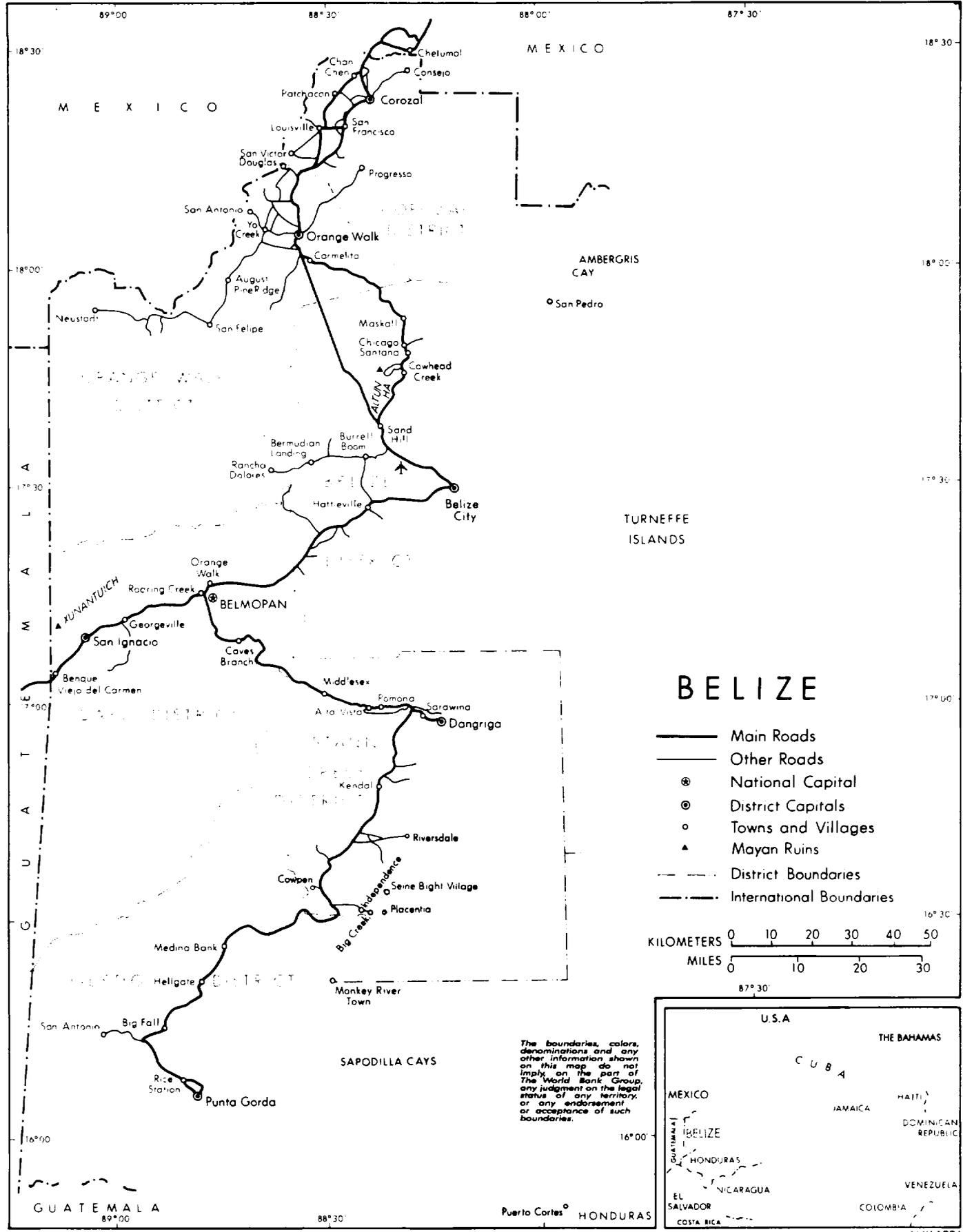
Source: Central Statistical Office, Ministry of Finance.

Table 19: BELIZE - MERCHANDISE IMPORTS (CIF) BY SITC CLASSIFICATION, 1980-94

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
-- US\$ million --															
Total Imports a/	149.2	161.8	128.0	111.8	130.3	133.6	128.4	144.2	181.2	215.7	244.9	251.1	274.7	280.9	259.9
Food	32.8	39.9	29.4	23.4	28.0	30.5	29.1	31.6	37.4	45.5	43.6	35.5	49.0	41.1	38.2
Beverages & Tobacco	3.2	3.6	2.9	2.5	3.2	3.5	3.8	4.1	5.0	6.6	5.5	4.4	6.5	6.9	7.7
Crude Materials	1.2	2.3	1.6	0.4	0.5	0.6	0.3	0.4	0.5	0.7	1.2	1.3	4.2	2.8	2.4
Fuels	27.2	25.7	22.8	26.3	21.7	21.9	17.0	18.8	19.0	26.9	27.2	30.6	32.5	31.2	29.3
Oils & Fats	0.7	0.5	0.3	0.3	0.5	0.4	0.4	0.4	0.5	0.3	0.4	0.3	1.9	1.5	1.6
Chemicals	9.7	11.4	11.3	8.3	10.8	9.9	10.2	15.7	15.6	18.3	20.3	16.4	25.2	32.1	27.9
Manufactured Goods	20.3	19.7	16.5	14.2	16.4	16.0	16.9	20.4	28.1	35.3	36.7	37.0	47.6	56.4	52.3
Machinery & Transport	29.0	28.8	24.4	21.7	26.0	22.6	21.9	30.0	47.5	53.7	49.7	45.7	67.8	74.1	66.7
Misc. Mfd. Goods	24.0	29.1	17.7	14.0	22.4	22.3	21.4	20.7	25.1	27.3	25.5	21.9	34.7	34.8	33.8
Miscellaneous	1.1	0.8	1.1	0.7	0.8	5.9	7.4	2.1	2.5	1.1	34.8	58.0	5.4	0.1	0.1
-- as percent of total imports --															
Food	22.0	24.7	23.0	20.9	21.5	22.8	22.7	21.9	20.6	21.1	17.8	14.1	17.8	14.6	14.7
Beverages & Tobacco	2.1	2.2	2.3	2.2	2.5	2.6	3.0	2.9	2.8	3.1	2.2	1.8	2.4	2.5	3.0
Crude Materials	0.8	1.4	1.3	0.4	0.4	0.4	0.2	0.3	0.3	0.3	0.5	0.5	1.5	1.0	0.9
Fuels	18.2	15.9	17.8	23.5	16.7	16.4	13.2	13.0	10.5	12.5	11.1	12.2	11.8	11.1	11.3
Oils & Fats	0.5	0.3	0.2	0.3	0.4	0.3	0.3	0.3	0.3	0.1	0.2	0.1	0.7	0.5	0.6
Chemicals	6.5	7.0	8.8	7.4	8.3	7.4	7.9	10.9	8.6	8.5	8.3	6.5	9.2	11.4	10.7
Manufactured Goods	13.6	12.2	12.9	12.7	12.6	12.0	13.2	14.1	15.5	16.4	15.0	14.7	17.3	20.1	20.1
Machinery & Transport	19.4	17.8	19.1	19.4	20.0	16.9	17.1	20.8	26.2	24.9	20.3	18.2	24.7	26.4	25.6
Misc. Mfd. Goods	16.1	18.0	13.8	12.5	17.2	16.7	16.7	14.4	13.9	12.7	10.4	8.7	12.6	12.4	13.0
Miscellaneous	0.7	0.5	0.9	0.6	0.6	4.4	5.8	1.5	1.4	0.5	14.2	23.1	0.0	0.0	0.0

a/ Comprises of retained imports, imports for re-exports, and unclassified imports.

Source: Central Statistical Office, Ministry of Finance; and mission estimates.



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