

# User Friendly Version of 2009 CPA



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<b>ARIs</b>	Acute Respiratory Infection
<b>BPD</b>	Belize Police Department
<b>BRDP</b>	Belize Rural Development Programme
<b>CDB</b>	Caribbean Development Bank
<b>CPA</b>	Country Poverty Assessment
<b>CPI</b>	Corruption Perception Index
<b>CSEC</b>	Caribbean Secondary Education Council
<b>GDP</b>	Gross Domestic Product
<b>GoB</b>	Government of Belize
<b>IA</b>	Institutional Analysis
<b>IMF</b>	International Monetary Fund
<b>LAC</b>	Latin American Caribbean
<b>LSMS</b>	Living Standards Measurement Survey
<b>NAT</b>	National Assessment Team
<b>NCDs</b>	Non-Communicable Diseases
<b>NGOs</b>	Non-Government Organizations
<b>NHIS</b>	National Health Insurance Scheme
<b>NPESAP</b>	National Poverty Elimination Strategy and Action Plan
<b>PoA</b>	Programme of Action
<b>PSE</b>	Primary School Examination
<b>SIF</b>	Social Investment Fund
<b>SPAP</b>	Southside Poverty Alleviation Project
<b>TDC</b>	Toledo Development Corporation
<b>TOC</b>	Team of Consultants
<b>YPS/CC</b>	Yabra Police Station and Community Centre

## **1 Objectives and Approach**

This study of poverty in Belize is one of a series of Country Poverty Assessments (CPAs) undertaken throughout the Caribbean since 1995. Its primary objectives are:

- To identify the extent, characteristics and causes of poverty in Belize
- To evaluate the effectiveness of current policies and programmes in terms of their impact on the poor and vulnerable groups of the population
- To make recommendations for future policies and programmes to contribute to the reduction of poverty in the country.

The CPA involved four principal components:

1. A review of available reports and statistics
2. A sample household survey (the Living Standards Measurement Survey - LSMS) which collected information on household expenditure and incomes, general housing and household characteristics, personal demographic and employment information.
3. A series of Participatory Poverty Assessments (PPAs) targeted at communities across the country and identified vulnerable groups such as the unemployed, youth, the elderly and single parents.
4. A series of meetings and discussions to identify current programmes related to the reduction of poverty and the provision of assistance to vulnerable groups (the Institutional Analysis).

The CPA has been a joint undertaking of a National Assessment Team (NAT) including members from government and non-government organisations, and a Team of Consultants (TOC) appointed by the Caribbean Development Bank. NAT/ TOC workshops were held at key junctures of the study to ensure that methodology, requirements, responsibilities, findings and conclusions represented the views of both groups. The study started in October 2008; data collection occupied most of the first half of 2009 with the Draft Final Report being submitted in December. National Consultations were undertaken in January 2010 and a presentation was made to CDB staff in March. Comments made at and after these consultations have been incorporated into this Executive Summary.

## **2 Background and Context (Chapters 2 and 6)**

### **2.1 Geographic and Historical Setting**

Located on the Caribbean coast of Central America, Belize combines both Caribbean and Latin characteristics. The country spans over 22,966 sq km and shares borders with Mexico in the North and Guatemala to the West and South; there is a small direct sea link to Honduras but no land border. The East is exclusively bounded by the Caribbean Sea. About 60% of the country is covered by forest containing an abundance of fauna and flora. Larger scale agriculture, bananas, citrus and sugar cane are concentrated in the low-lying areas. The Belize Barrier Reef (the second longest barrier reef in the world) is located offshore.

Belize is located in the hurricane belt and, on occasion, gets badly affected by these. The most serious was Hurricane Hattie in 1961 which hit Belize City, caused over 400 deaths and left thousands homeless; almost

half the city was destroyed; the devastation caused led to the establishment of a new administrative capital at Belmopan. More recently, Hurricane Iris caused severe damage to Placencia and other south coastal communities in 2001 while 2007 and 2008 saw hurricanes and tropical storms that caused some of the severest flooding ever seen in several parts of the country.

For 400 years until the mid-1900s, Belize was dominated by the colonial Spanish and British regimes. The Spanish first arrived in numbers in the mid-1500s but their rule was never really consolidated due to continual resistance by the Mayas and incursions by, usually British, pirates. The Spaniard's last serious attempt to gain control over Belize ended in 1798. The British formally declared the territory as a colony under the name of British Honduras in 1862 by which time the main export had shifted from logwood to mahogany. Investment increased throughout the second half of the century with logging estates in the south along the Guatemalan border providing the initial impetus for renewed Mayan immigration into Toledo. The Creoles had been arriving as slaves since the 18<sup>th</sup> century while the Garifuna arrived as refugees from colonial repression in St Vincent in the early 1800s. The East Indians arrived later in the century as indentured labourers. Mestizos started moving into northern Belize from the mid-1800s fleeing a vicious anti-European uprising by Mayans in Yucatan. As a result, Belize is ethnically and culturally diverse with Creoles and Mestizos now accounting for around three-quarter of the population.

The colonial government began taking over inactive leases in the 1920s and 1930s when the world recession led to a near collapse of the economy as demand for timber plummeted; widespread poverty ensued. Partly as a result, and learning from the newly created black consciousness movement led by Marcus Garvey, this period saw the beginnings of the independence movement through the formation of trade unions. Constitutional reforms were eventually initiated in 1954 and Belize was granted self-governing status with a new constitution in 1964. Progress towards full independence was hampered by the border dispute with Guatemala which continues to this day. Full independence was finally achieved in 1981 since when the country's democratic system has led to governments changing with virtually every election cycle.

## **2.2      *Population***

Belize's current population is around 330,000 having increased substantially over the last 20 years due to immigration from neighbouring countries as a result of civil war and poverty; a fifth of household heads were born outside Belize. Other trends are decreasing birth rates, a slow drift to urban centres, decreasing household size, and a declining proportion of Creoles in the population resulting from continued Mestizo immigration from neighbouring countries. These changes are summarised in Table 1.

Around 2/3rds of households contain children under the age of 18 years but more than a third of children do not live with both parents.

**Table 1. Demographic Changes**

Characteristic	1980	1991	2000	2009	Annual Growth Rates	
					1980-2000	2000 - 09
Population	145,353	189,392	240,204	330,000	2.7%	3.7%
Crude Birth Rate (per 1000)	39	35	29	22		
% <15 years	46%	42%	41%	34%		
% Urban*	52%	47%	45%	51%		
Average h'hold size	na	4.7	4.5	4.0		
% Female headed h'holds	na	na	27%**	30%		
% Foreign born	9%	14%	15%	20%		

\* Affected by changing classification of urban areas.

\*\* 2002.

## 2.3 The Economy

The economy of Belize is multi-faceted with major sectors being agriculture (citrus, sugar, bananas), fisheries, petroleum and tourism, as well as the financial and trade infrastructure (tertiary sector). It is however, primarily a service economy with 55% of GDP coming from this sector; the primary sector now accounts for around 11% of GDP compared with 14% in 2001 while secondary activities have increased their share from 17% to 20% due to the exploitation of oil resources.

Belize is a small economy so sharp changes in a particular sub-sector (e.g. bananas, citrus or the closure of the Williamson garments factory) will be reflected in the GDP as will the initiation or completion of a major infrastructure project and disruptions caused by natural disasters.

The 2007 and 2008 economic indicators show Belize to be growing more slowly than its neighbours, although its gross national income per capita is in the middle of the range. As noted by the International Monetary Fund in 2008,

**“real GDP growth [in Belize] has been boosted by new oil discoveries and inflation remains low. The debt restructuring of 2007 has eased liquidity pressures on the budget and external reserves”.**

Nevertheless, in 2008 the country experienced

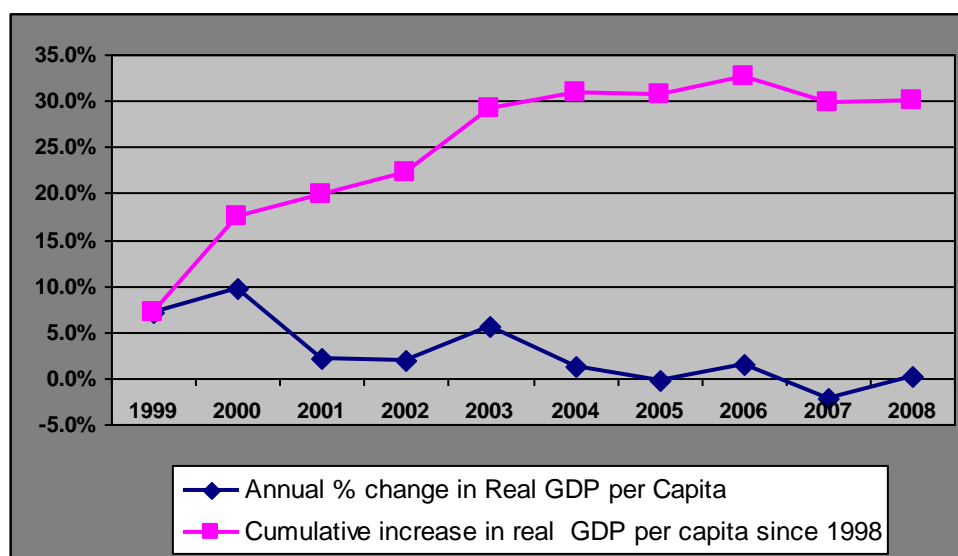
**“surging prices for fuel and food... [the latter] up 13.3% mostly due to the rising cost of staples such as rice, flour, bread, milk, cooking oil, eggs and whole chicken”.**

**GDP/capita in constant prices over the ten year period 1999-2008 has increased by around 30%.**

This 10-year average, however, masks the overall stagnation that has occurred in the last 5 years. Between 2003 and 2008, real GDP per capita barely increased (Figure 1). Given that population is increasing by over 3% annually, the economy will need to increase by at least 3% if real GDP per capita is not to decrease.

In the late 1990s and early 2000s, the Government pursued an expansionary policy involving privatizations, borrowing and budget deficits. Despite frequent warnings from the IMF, Belize did little to tackle the debt implications of these policies and at the end of 2006, the total and external debt ratios stood at 92 and 84 percent respectively. The external debt ratio placed it third out of 19 Latin American and Caribbean countries. A successful debt restructuring exercise was undertaken in 2007 which enabled Belize's debts to become fiscally manageable. It also enabled continued growth in non-debt related government recurrent expenditure which has increased from BZ\$180 million in 2001 to BZ\$425 million in 2008. As a result, the spending on the main social sectors (health, education and human development) maintained a constant proportion of total non-debt related recurrent spending of around 60%. In 2008, the government recorded its first overall surplus in 20 years (1.9% of GDP). This surplus was driven by petroleum taxes and royalties, foreign grants as well as revenue growth from the General Service Tax and business taxes.

**Figure 1: Changes in Real GDP per Capita, 1998-2008**



This is not however likely to be a permanent situation. IMF projections (optimistic scenario) made in 2008, prior to the latest economic data which indicates an economic contraction in 2009, projected real GDP to grow at around 3.75% annually over the next 10 years, implying little change in per capita incomes. Currently 31% of government revenues go on debt repayments and these will increase gradually to 2019 when they will double as repayments of the principal become due. Given also the continued problematic international economy, the levelling off of oil revenues and the continued threat of national disasters, it seems almost certain that the government will experience substantial constraints on its ability to maintain current levels of public spending.

**Capital spending will remain heavily dependent on foreign funding with most infrastructure projects funded through multilateral and bilateral loans and grants.**

Also troubling both internally and in terms of attracting foreign investment is the perception of corruption in Belize. Transparency International rates countries on a scale of 10 for its Corruption Perceptions Index Scores of less than 5 indicate a serious corruption problem while scores of less than 3 indicate rampant

corruption. Belize's score declined from 4.5 in 2003 to 2.9 in 2008. In 2008 Belize was rated the 8<sup>th</sup> most corrupt country of the 32 countries in the Americas; worldwide, Belize is ranked 111<sup>th</sup> out of 180 countries and its score was only marginally above that of Nigeria. The perception that corruption has increased substantially since 2003 is however arguably a more serious issue than its current ranking.

The negative economic situation in the last few years has affected the labour market. Total employment has changed little in the last 2 years. Sharp declines in agriculture, manufacturing and tourism services have been counterbalanced by increases in construction, and transport, community and personal services. Unemployment has increased from 8% to 14% with much higher rates for females and those under 25 years.

## 2.4 Education, Health and Housing

Table 2 summarises key indicators of education in Belize. Primary enrolment is high but secondary school enrolment (which is not compulsory) is little over 50%. Under a quarter of secondary school students come from rural areas compared with over half the population in this age group. Many students at both primary and secondary levels also fail to complete their schooling in the allotted time. Over a third of students taking the Primary School Education exam (PSE) in 2007 achieved a mark of under 50%; this proportion is substantially higher in rural (41%) than in urban (29%) areas. A similar pattern occurs with the regional CSEC examinations at secondary level. However, enrolment rates for boys and girls are broadly similar except at high school where girls outnumber boys by a ratio of 138:100.

**Table 2. Key Education Indicators, 2001-2007**

Indicators	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Gross Enrolment Ratio (Preschool)	26.8	25.1	24.5	27.8	29.7	31.0	35.7
Gross Enrolment Ratio (Primary)	109.8	104.5	103.7	102.7	101.1	98.9	97.0
Gross Enrolment Ratio (Secondary)	60.6	58.2	59.2	57.3	60.4	55.1	53.5
Transition rate (primary - secondary)	87.4	90.3	84.2	87.7	84.6	85.3	86.2

Table 3 shows that Belize's key health indicators (life expectancy, infant and young child mortality rates, and health care at birth) compare well with those of neighbouring and selected Caribbean countries. Trends are however hard to discern due to insufficient data and sharp fluctuations but, on balance, the health situation in Belize is reasonable. Indeed, amongst Latin American countries, Belize had one of the higher proportions (90%) of respondents stating that they were generally satisfied with their level of health.

**Table 3. Health Indicators - International Comparisons**

Country	Life Expectancy (2006)	IMR (2007)	Under 5 Mortality Rate	Health care at birth (%)	Female use of contraception (%)
<b>Belize</b>	<b>76.0 (71.8)*</b>	<b>17.2</b>	<b>20.6</b>	<b>95</b>	<b>56 (34)*</b>
Jamaica	72.3	20.0	18.0	95	53
Honduras	71.5	23.0	43.0	67	43
El Salvador	71.3	21.5	30.0	44	67
Saint Vincent	70.0	26.2	28.0	100	20



Guatemala	69.7	23.0	41.0	31	40
Trinidad and Tobago	69.4	16.5	18.0	100	38
<b>Central America **</b>	<b>73.1</b>	<b>20.0</b>	<b>28.0</b>	<b>55</b>	<b>64</b>

\*\* Excluding Mexico.

Childhood communicable diseases have largely been eradicated through comprehensive immunisation programmes while morbidity due to malaria and TB has decreased, although these remain concerns. In common with other Caribbean countries, the focus is now shifting to Non-Communicable 'lifestyle' Diseases (NCDs) such as diabetes and hypertension. The prevalence of HIV/AIDS in Belize is the fifth highest amongst all Latin American Caribbean (LAC) countries and at 2.2% is over four times the LAC average.

Cancers and heart diseases account for just under a quarter of all deaths while the main NCDs account for another 14%. Together with infant deaths from causes other than ARIs, these afflictions account for just under half of all deaths. Deaths from HIV/AIDS account for another 6% of all deaths while non-medical causes (accidental/ non-accidental and transport related) account for 13%; these represented the major cause of death amongst the main working age population (20-59 years).

The quality of Belize's housing stock has improved in the last 10 years with increased provision of electricity, safe water and concrete walls while overcrowding has decreased. Ownership of durable goods has also increased, sometimes substantially as in the case of DVDs players and computers (Table 4).

**Table 4. Housing Conditions and Ownership of Durables**

<b>Housing Indicator (% with)</b>	<b>2002</b>	<b>2009</b>	<b>Ratio 2002-09</b>
Electricity for Lighting	87	93	1.07
Dwelling Unit Owned	66	67	1.02
Drinking Water Piped into dwelling/Purified water	50	71	1.42
Exclusive Use of Water Closet	45	69	1.53
Concrete Outer Walls	42	50	1.19
Overcrowding (<3 persons/ bedroom)	78	87	1.12
<b>Ownership of Durable Goods</b>			
Gas or Electric Stove	90	87	0.97
TV	74	81	1.09
Refrigerators	65	75	1.15
Washing machine	57	71	1.25
Motor Vehicle	32	35	1.09
Computer	12	27	2.25

### **3 Poverty in Belize (Chapters 3 and 4)**

#### **3.1 The Definition of Poverty**

Poverty is most often defined on the basis of indigence (or severe poverty) based on minimum food requirements, and poverty lines (minimum food requirements plus an element of non-food expenditure) derived according to the CDB's methodology. In 2009, the annual indigence line is around BZ\$2,000 (US\$1,000) per adult male while the poverty line is around BZ\$3,400 (US\$1,700)<sup>1</sup>.

Current definitions of poverty are more wide-ranging than those based on income alone. They include consideration of, *inter alia*, living conditions, access to health and education, and less easily defined notions such as vulnerability, voicelessness, powerlessness, and lack of opportunity. The general concept of 'well-being' has been used in this study to bracket these non-income aspects of poverty – this is an important theme of this CPA.

**In general, there is a high correlation between lack of income and lack of well-being.**

However this is not always the case – some people and households living below the poverty line may not feel insecure or threatened. Conversely, others may experience lack of well-being resulting from factors such as family disruption, teenage pregnancy, crime, drug abuse even though their income puts them above the poverty line.

#### **3.2 The Extent of Poverty in Belize in 2009 and Changes since 2002**

In April 2009, when the LSMS was carried out, just over 30% of Belizean households were in poverty whilst around 10% were critically poor, i.e. they had incomes insufficient to enable them to even maintain a healthy diet, let alone spend money on essential non-food expenditure. Another 13% were classified as vulnerable to poverty<sup>2</sup> and 56% are not poor. The comparable proportions of the population are significantly higher, as is almost always the case due to the greater propensity of large households to be poor: 41% are poor (including the 16 % who are indigent), 14% are vulnerable and around 45% are not poor (Figure 2).

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<sup>1</sup> These are the national average values; in practice, poverty and indigence lines were derived for each district.

<sup>2</sup> Expenditure not more than 25% higher than the poverty line value.

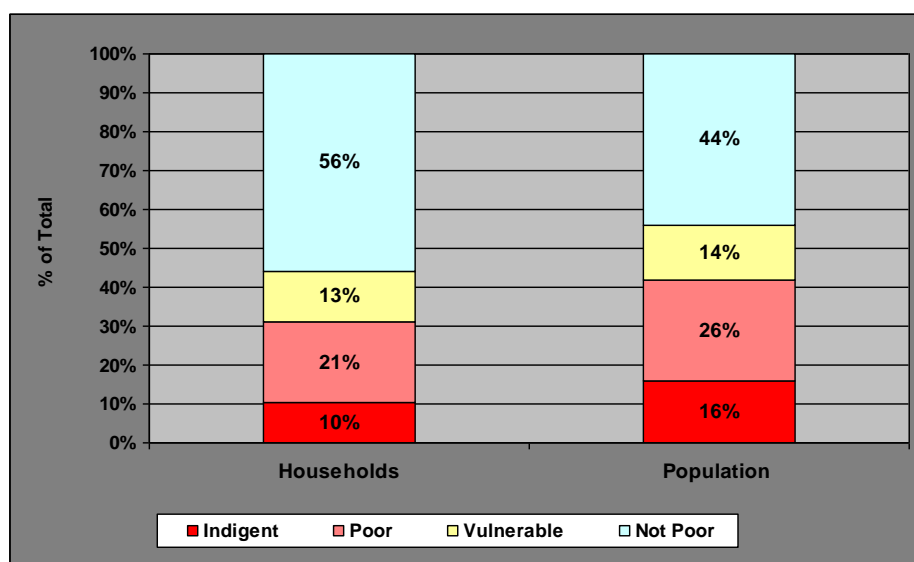
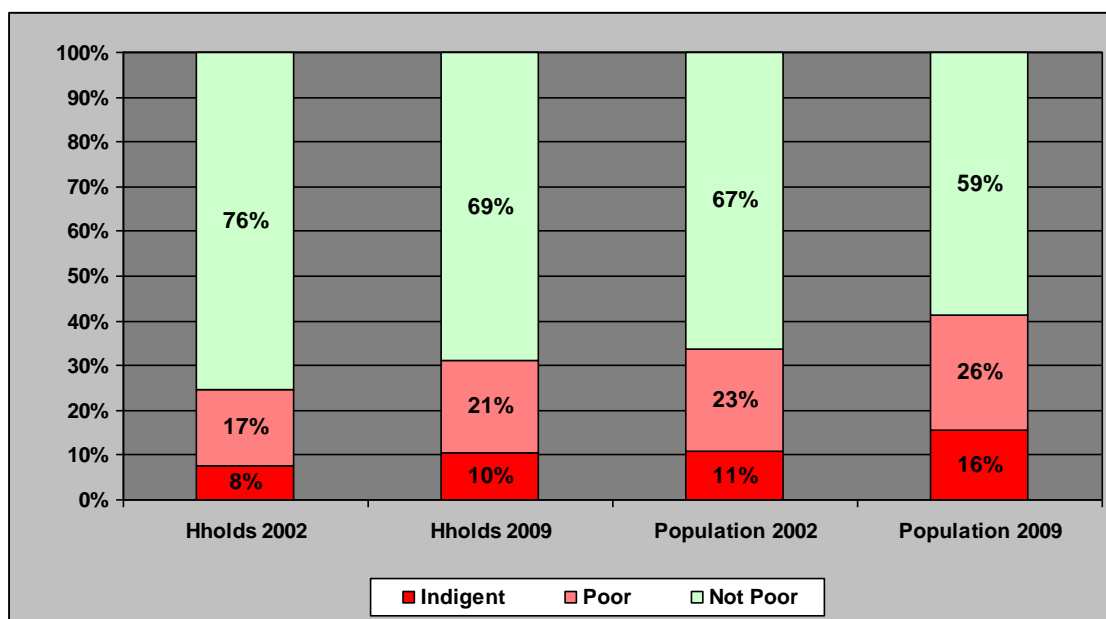
**Figure 2. Poverty in Belize, 2009**

Figure 3 shows that poverty in Belize increased substantially between 2002 and 2009. Household poverty increased by around 20% from around a quarter of all households to just under a third. The proportion of indigent households increased by around 25% - from 8% to 10%. Similar trends are observed in terms of population – an increase from 34% to 41% - although in this case, the increase in indigence was almost 50%.

**Figure 3. Poverty in Belize, 2002 and 2009**

These data represent high levels of poverty and significant levels of indigence. These are compared to those of neighboring and other Caribbean countries in Table 5.

**Table 5. International Comparisons of Poverty**

Country	Year	% Pop indigent	% pop poor*	Gini coeff.	Food as % of Poverty Line
<b>Belize</b>	<b>2009</b>	<b>16</b>	<b>41</b>	<b>0.42</b>	<b>58%</b>
Antigua	2005/6	4	19	0.48	39%
Dominica	2002	15	39	0.35	59%
St. Lucia	2005	2	29	0.42	31%
Trinidad & Tobago	2005	1	16	0.39	38%
Guatemala	2000	16	56	0.48	44%
Honduras	2006	24	51	0.46	51%
Mexico	2006	14	43	0.55	na

NB. Comparisons must be treated with caution due to timing of surveys and some methodological differences.

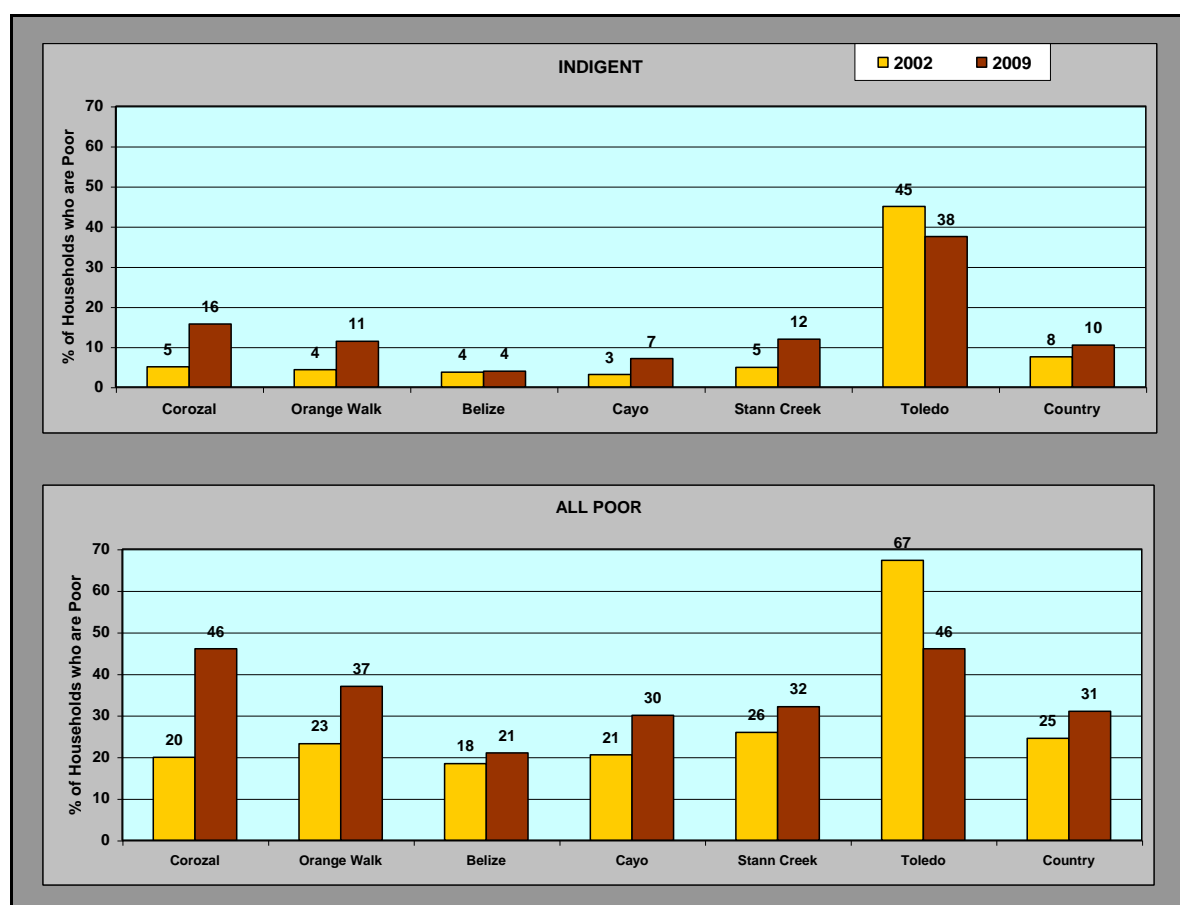
\* Including indigents.

### **Belize has the highest incidence of population and household poverty of the Caribbean countries shown.**

It is, however, on a par with Mexico and has significantly lower levels of indigence and poverty than both Guatemala and Honduras. The food share percentage of the poverty line is a good indicator of relative poverty levels as the food share proportion traditionally tends to decrease with affluence. Belize at 58% is generally similar to neighbouring countries and Dominica but is much higher than Antigua, St Lucia and Trinidad and Tobago. Belize does, however, have a lower Gini coefficient which indicates that it has a more equal income distribution than most of the other countries shown.

Reasons why poverty has increased so sharply are largely related to the economic situation which was stagnating, especially in GDP per capita terms, even before the recession hit. Employment decreased between 2007 and 2009 while unemployment jumped to 14%. Previous mainstays in the economy, bananas and sugar cane (which particularly impacted Corozal and Orange Walk), have experienced setbacks as did the papaya industry; activity in the Corozal Free Zone also decreased in 2009. Furthermore, growth areas during this period such as San Pedro, Placencia and the oil sector, have not generated significant multiplier (or trickle down) effects across the wider economy, although they will have increased government revenues. Finally, several areas of the country, notably Corozal, Orange Walk and Cayo were badly hit by severe flooding in 2007 and 2008. While the above changes largely affect the rural areas, where just under half of the population reside, they will have a knock-on effect on the economy of market towns such as Corozal and Orange Walk. The sharp increase in poverty shown by the 2009 LSMS should not therefore be seen as completely unexpected. It should also be noted that despite this increase in poverty levels, the majority of the Belizean households (69%) and population (59%) are not poor. There is also little evidence that more than a small minority of the population is going hungry.

Changes in poverty at the district level are shown in Figure 4 while Table 6 provides the most likely reasons for these changes.

**Figure 4. Household Poverty at District Level, 2002 and 2009**

Poverty and indigence have increased in all districts except Toledo where there has been a decrease, although it still remains the poorest district in the country with by far the highest level of indigence. The sharpest increase has been in Corozal which now has a similar level of overall poverty to Toledo.

**Table 6. District Level Changes in Household Poverty, 2002-2009**

District	Change, 2002-2009	Indigent	All Poor	Comment	Likely Reason(s)
<b>Corozal</b> (rank in 2002: 2, rank in 2009: 5) ***	Absolute*	10.7	26.2	Major increase in poverty; poverty now almost as high as Toledo although indigence much lower.	Decline in sugar cane sector and some areas very badly affected by 2008 floods as well as hurricane Dean in 2007 which caused an estimated \$115 million of damages.
	Relative**	213%	132%		
<b>Orange Walk</b> (4,4)	Absolute	7.1	13.5	Sharp increase in indigence, 60% increase in poverty.	As for Corozal but to a lesser extent.
	Relative	165%	60%		
<b>Belize</b>	Absolute	0.2	2.5	Little change in indigence but 14% increase in	Sluggish economy whose impact was partly offset by

<b>(1,1)</b>				overall poverty; remains least poor district.	construction boom in San Pedro. Some villages badly affected by flooding. Less affected by problems in agriculture.
<b>Cayo (3,2)</b>	Relative	5%	14%		
	Absolute	4.0	9.3	Sharp increase in indigence, 45% increase in poverty.	Badly affected by 2008 floods.
<b>Stann Creek (5,3)</b>	Relative	128%	45%		
	Absolute	7.0	5.8	Sharp increase in indigence but second lowest increase in overall poverty.	Decline of banana industry counterbalanced by growth in citrus and expansion in Placencia as tourist / condo centre.
<b>Toledo (6,6)</b>	Relative	143%	22%		
	Absolute	-7.5	-20.9	Substantial reduction in poverty but indigence remains almost four times the national average. Remains poorest district but only just.	Less affected by economic downturn due to remoteness, increase in cocoa production, govt. programmes reduce social isolation increasing search for employment in towns. 2002 poverty partly due to devastating hurricane in 2001, not so affected by 2008 floods.
	Relative	-17%	-31%		

\* Poverty 2009 – Poverty 2002 (percentage points)

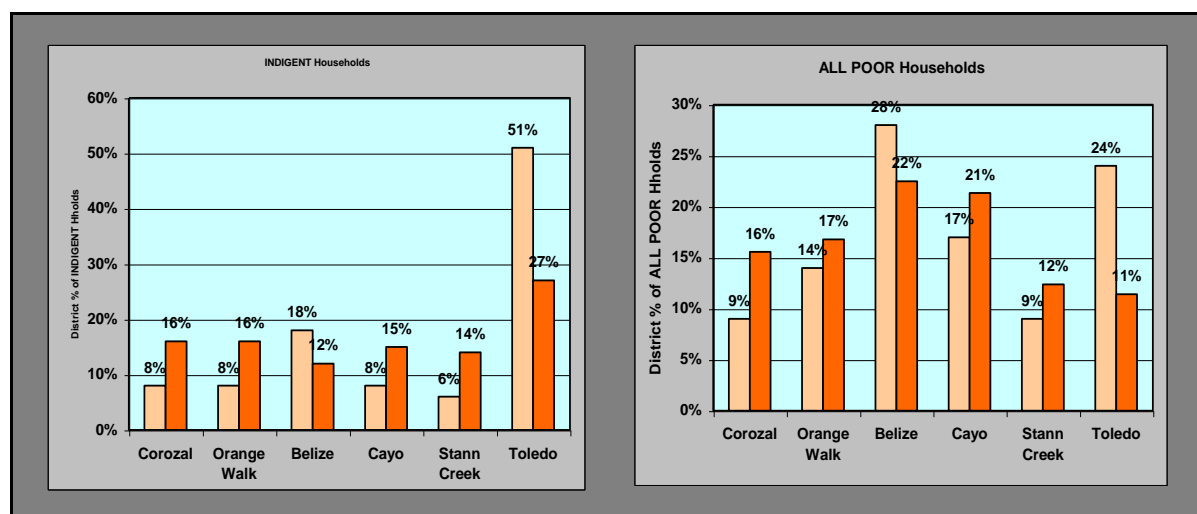
\*\* (Poverty 2009- Poverty 2002)/ Poverty 2002 (percentage change).

\*\*\* 1 denotes least poor district and 6 the poorest.

Overall poverty and, especially, indigence are more evenly distributed across the country than they were in 2002 (Figure 5).

Thus Toledo now has under a third of indigent households compared to half in 2002 while its share of all poor households has decreased from a quarter to just over a tenth. Belize district continues to account for the greatest proportion of the country's poor households (28%).

Figure 5. Changes in the Geographical Distribution of Household Poverty



NB. In each chart, the **LEFT** column is for 2002 and the **RIGHT** column is for 2009.

### 3.3 Characteristics of Poverty in Belize, 2002 and 2009

Poverty has increased for virtually every household or population sub-group (Table 7). The Table also shows how poverty rates vary between different groups of households and population. The results are essentially as one would expect. Groups with a higher predisposition to poverty are rural households, large (5+ persons) households, those with children, those headed by persons who have not completed primary school or who are unemployed. In contrast, groups where poverty is lower include 1-3 person households, female headed households and the elderly. The relationship between poverty and household size merits highlighting: almost 90% of the indigent population and 80% of the poor population live in households with 5 or more persons; and households with 6 or more persons have an indigence rate of around 28%, over 2.5 times the national average.

The influence of household size is all pervasive and leads to the somewhat counterintuitive result that nuclear households are more likely to be poor than those with single parents and young children (although the difference is not that large). Similarly poverty rates are highest for households with 3 or more earners due to the higher number of dependents.

**There is also little relationship between poverty and whether or not a child is living with both or only one parent.**

Conversely, households where women work are far less likely to be poor than those where they do not implying that providing income generation activities to women in poorer households would help alleviate poverty – assuming that the increased burden of work does not adversely impact the upbringing of children.

Irrespective of whether sub-groups show a lower or higher prevalence of poverty than the average, policies and programmes will be needed to address the needs of poor people and poor households within these sub-groups – just because female headed households are less prone to poverty does not mean that they are not a potentially vulnerable group.

**Table 7. Poverty Rates for Sub-Groups, 2002 and 2009**

	2002	2009	Ratio: 2009/2002	Comments
ALL Households	25%	31%	1.24	
Urban / Rural				
Urban	17%	21%	1.23	Rural poverty is substantially greater than urban poverty.
Rural	34%	43%	1.26	
Household size (persons)				
1	na	13%		Well below average
2-3		15%		Well below average
4		26%		
5		40%		High
6 & over		59%		Very high
Sex of Head of Household				
Male	26%	32%	1.23	30% of h'holds are female headed
Female	22%	29%	1.32	
Place of Birth				

Belize born		30%		20% of households; poverty in 2002 was also higher amongst foreign born population.
Foreign-born	na	35%	na	
Education of HoH				
None/ incomplete primary		50%		High poverty rate but only 12% of households
Complete primary		36%		
Secondary School	na	18%	na	Low
Tertiary		7%		Very low
ALL Population	34%	41%	1.21	
Age				
<15 years	40%	50%	1.25	Around 30% of h'holds with children have only 1 parent present.
15-24 years	34%	43%	1.26	
25-64 years	na	33%	na	
65+ years	27%	34%	1.26	7% of the population are elderly.
Ethnicity				
Mestizo	30%	42%	1.40	Above average increase
Creole	27%	32%	1.19	Very high poverty but only account for 10% of population
Maya	77%	68%	0.80	
Earners in household				Little variation overall
0		30%		12% of households
1	na	33%	na	46% of households
2		27%		30% of households
3+		34%		12% of households

The housing conditions of the poor are significantly worse than those who are not poor, except for home ownership which is higher as more not poor will rent. Overcrowding is much more prevalent with 24% of poor households having more than 2 persons per room as against only 4% for the not poor. Similarly, non-permanent walls, absence of toilets, piped water, electricity, toilets and indoor kitchens are all much more likely to occur in poor households. The inferior construction of houses of poor households means that inevitably they will be worse affected if they are hit by hurricanes (although as some informants pointed out they will be easier to rebuild). Conversely, the great majority of poor households have indoor kitchens, electricity and piped water.

### 3.4 Difficulties encountered by the Poor

The PPAs provided information on the difficulties encountered by the poor. The greatest importance is given to economic issues, high prices, low wages, lack of employment opportunities, agricultural and land issues, all of which directly impact household livelihoods: 35% of all responses related to these aspects. The 'primacy' of economic issues also came out strongly from the Village Surveys. Responses relating to the quality, cost and access to education, health (quality, cost and access) and social problems (mostly family and youth related issues and the lack of community cohesiveness) constituted around a fifth of all mentioned whilst problems related to infrastructure (primarily lack or cost of good quality water) account for about a sixth of all responses.

Also referred to very frequently was the negative impact of politics on development in general, specific projects, land allocation and social cohesiveness resulting from perceived favouritism, unfulfilled promises



made during election campaigns, bias against previous government's initiatives, unwillingness to deal with councils run by the opposing political party and general ineffectiveness. Around two thirds of all focus group discussions, community meetings and key informant interviews mentioned these issues, easily the highest proportion of any issue mentioned. This issue received little mention in the 2002 CPA but was prominent in both the 2005 and 2009 NPESAP consultations.

**Poor households generally experience a higher degree of financial difficulties although many not poor households also face difficulties, in particular those related to loans and debts, school fees and other/ entertainment expenditure**

a likely reflection of the tightening of the economic situation. Amongst the poor the most serious issues are a high level of indebtedness (75% have difficulties with debts and loans) while substantial proportions of poor households have difficulties with utility and school costs – for almost 30% of poor households, these costs represent over 20% of their total expenditure. Food bills are less frequently mentioned indicating both that most poor families either have enough finance for their food expenditure or, equally important, they manage to grow their own.

By and large these difficulties and problems encountered by poor households are little different than those identified in previous studies. The main differences would, therefore, be a matter of degree rather than any significant shift in the nature of the problems.

### **3.5      *Coping Strategies***

The strategies that the poor adopt to deal with the difficulties that they face consist of seeking assistance from friends and families (around 40% of poor families receive financial assistance from friends or family whether inside or outside Belize however in only a quarter of these cases does this assistance amount to more than half their total expenditure), reducing expenditure, using savings, borrowing from creditors, developing small income generating activities. These can be considered legitimate strategies. A minority adopt illegal strategies (hustling and criminal behaviour, prostitution, illegal hunting, logging or trade with Guatemala). However, when asked what was the main strategy adopted, over a quarter said that they would seek assistance from politicians. This reveals:

- i. a high perception that politicians can resolve a household's problems
- ii. that they are able to do this
- iii. that conventional approaches, i.e. through government programmes or through implementing agencies, are inadequate and/or likely to fail
- iv. a dependency on politicians which erodes the ability to solve their own problems or seek assistance from (and provide assistance to) family, friends, neighbours and communities.

### **3.6      *The Causes of Poverty in Belize***

The underlying causes of poverty in Belize can best be understood by splitting these into economic and non-economic.

## The Causes of Poverty

### Economic

Persons able to work  
(whether or not they are working)

### Non-Economic

Those who cannot work for various reasons  
*Family Duties    Age    Disability    Illness*

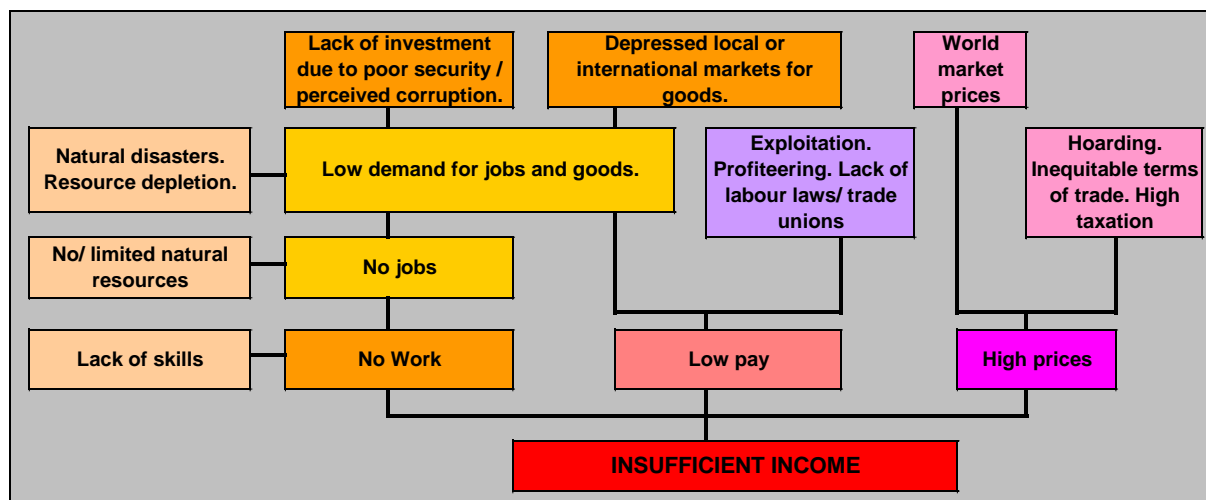
In the case of the non-economic there is reliance on:

- a) Family & friends
- b) Government and other agencies (those who are alone and receive little or no family support)
- c) Limited Government Assistance of other coping strategies

This belies the notion that a welfare culture has taken root in Belize - the majority of the poor are self-reliant as they have to be.

However in most cases, the causes of poverty are primarily economic. This bears out recent research undertaken by the World Bank<sup>3</sup> which shows that economic issues were the reasons that two thirds of households fell into poverty, as well as the perceptions of PPA participants which emphasised lack of employment, low wages and high prices as the main causes of poverty. Figure 6 shows that the underlying economic causes can be diverse.

**Figure 6. Economic Causes of Poverty**

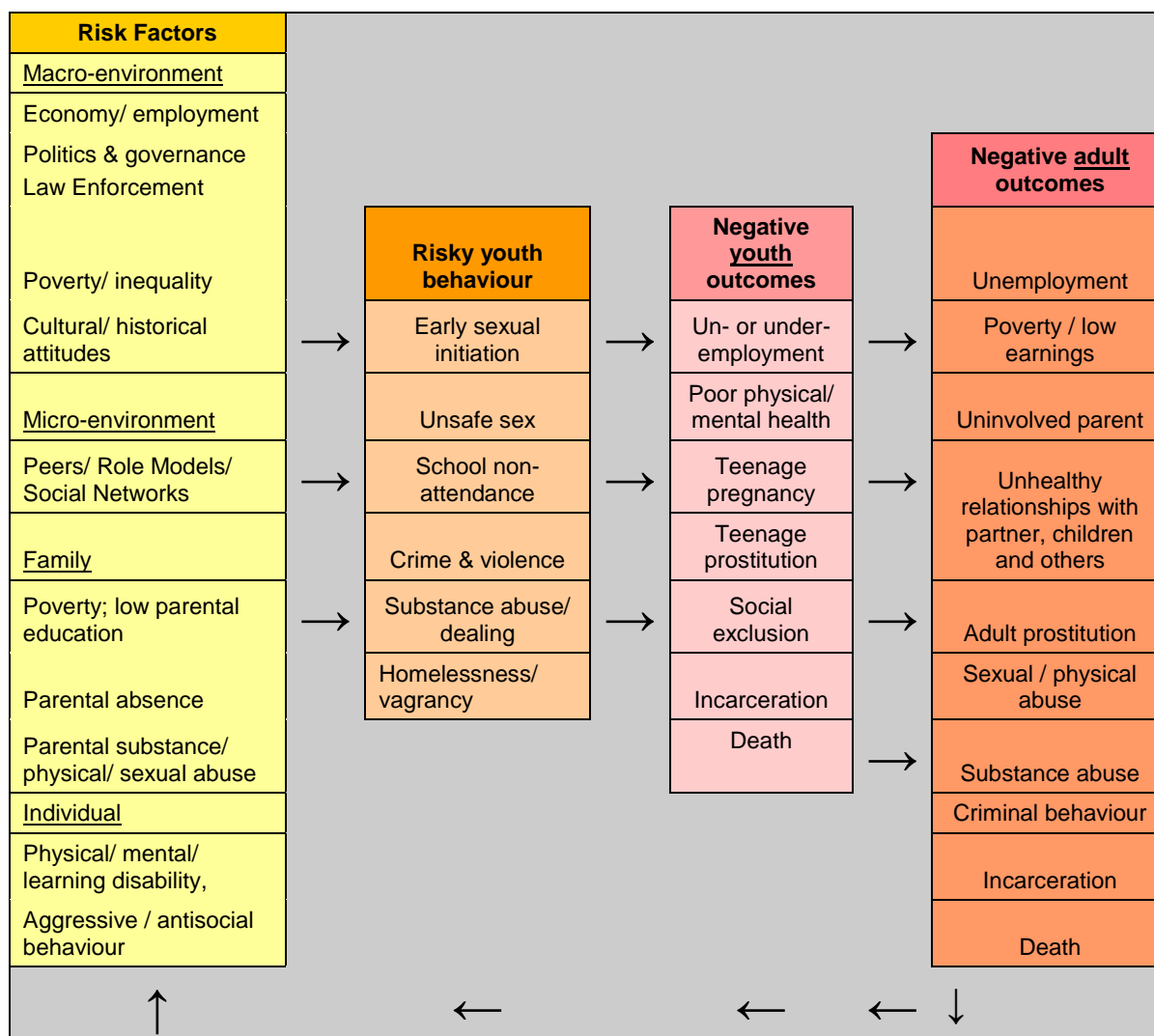


Nb. This is a generic diagram and not all causes will be equally applicable to Belize.

<sup>3</sup> Narayan D., Pritchett L. and Kapoor S., 2009, *Moving out of Poverty: Success from the Bottom Up*, World Bank/ Palgrave Macmillan

Economic issues are however not the only cause of poverty in Belize. Family breakdown, pressures on the career parent to generate income as well as provide child care, domestic violence, unplanned pregnancies, school non-attendance and dropping out, drug and alcohol use, all play their part – and can lead to a cycle of continuing and inter-generational poverty from which it is very difficult for either parents or their children to escape. Figure 7 provides a diagrammatic representation of this cycle.

**Figure 7. Risk Factors and Outcomes related to Youth Behaviour**



‘Protective’ factors which enable children to avoid the risk factors shown in the Figure include adequate family resources (e.g. time, money, housing), family cohesion, more egalitarian gender roles and decision-making, a caring parent, an authoritative parenting style (but without physical disciplining), presence of two biological parents, and smaller family size (which, as our analysis has noted, reduces the risk of income poverty). Other ‘protective’ factors relate to the individual (connectedness to parents and schools; social skills, intelligence and faith) and to the local environment (presence of schools, churches, recreational facilities, strong social and community networks, trustworthy law enforcement officers, a clean and safe physical environment) levels. It nevertheless appears indisputable that without a secure family environment,

the presence of these other factors will be at best, lessened and at worst, as in the case where drug trafficking and gangs operate, an avenue for antisocial and criminal behaviour.

The analysis of LSMS data identified little in the relationship between family structure and poverty which cannot be explained by family size. However, and it is big 'however', this analysis only relates to income poverty. It does not, and cannot, reveal the extent to which the poor families are coping with the double challenge of generating income and providing quality child care, or conversely how not-poor households are struggling to cope with single parenthood or an unstable family environment where neglect and/or violence occurs. The same point can be made for older persons: the elderly living on their own have a below average poverty rate (22%) but are more likely to suffer from loneliness and exclusion; conversely, the poverty rate amongst those living with other family members is above average (40%) but the majority of these elderly are likely to feel more secure and included than those living on their own. In short, the correlation between income poverty and household wellbeing is far from perfect. The crucial implication is that these issues need to be addressed if this cycle of inter-generational poverty, which imposes substantial economic and non-economic costs on society, is not to become embedded.

**There is a widespread perception that government is a major cause of poverty in Belize. Whilst this is not justified as most of the factors affecting the economic situation are outside the government's control,**

it is clear that political interference in the development process is having a negative impact on the implementation of government policies and programmes. As the NPES, 2007-2011 comments:

**“Across the country, participants expressed high levels of frustration, mistrust, apathy, cynicism and public antipathy towards the political process due to perceived corruption .... [which] was seen as deeply imbedded in Belize's political culture and practiced in institutions across the country, including the public sector, statutory bodies and within NGOs.... Lack of confidence in the political system and the commitment of government to deal with poverty reduction was a common theme echoed at all the participatory events”.**

The PPAs revealed that this statement is just as true now, if not more so, as it was then.

#### **4 The Institutional Analysis (IA) (Chapters 5 and 6)**

The objectives of the IA were to:

- i. to identify the principal policies, programmes and activities relevant to poverty reduction;
- ii. to assess the scope and effectiveness of these interventions; and hence
- iii. to identify potential recommendations as to how existing activities and can be improved and new interventions introduced.

The IA was undertaken through interviews and round table discussions with numerous government, non-government and private sector organizations as well as the review of annual documents and other relevant material. The IA covered economic (agriculture, tourism and finance/ credit), infrastructure and social sectors. The general conclusions that emerged from the IA are summarized below.

#### **4.1 Economic Sectors**

The most important findings of the IA for the economic sectors are:

- There are no obvious opportunities for a rapid expansion of Belize's main economic sectors, nor do any new sectors with substantial job creation opportunities suggest themselves.
- Improvements will thus have to come through incremental measures designed to improve training (technical, financial and managerial), greater access to credit (tailored to different segments of the market, e.g. poor individuals, small enterprises and larger concerns), improved access to markets, and better market information. Some banks are undertaking initiatives to improve credit to farmers. They would also be willing to provide courses in basic financial education and responsibility to schoolchildren.
- The BRDP and NGO programmes relating to income-generation are seen as successful but their overall coverage is low. There is thus a need for greater co-ordination between NGOs operating similar programmes to share experience so that successful programmes can be scaled up.
- Land allocation procedures should be simplified and made more transparent.
- Efforts should be made to enable tourists to consume more local produce and buy more locally made souvenirs. There was clear interest by the private sector in developing these linkages.
- The Corozal Free Zone could be assisted in its attempt to expand its area and improve its infrastructure, especially water supply, health facilities and fire services, the standard of which is being questioned by both the operators and the Mexican authorities.
- The effectiveness of Village Councils needs to be improved through wide ranging training and a clearer definition of responsibilities if they are to become effective agents of local development.

#### **4.2 Land, Housing and Small Scale Infrastructure**

The principal implications arising from the discussions on these sectors are summarised in Table 8.

**Table 8. Implications: Land, Housing and Small Scale Infrastructure**

<b>Land</b>	<b>Housing / Land use planning</b>	<b>Community/ Small scale infrastructure</b>
<ul style="list-style-type: none"> <li>- Continue, and accelerate, land registration and transaction operations by LSD.</li> <li>- Increase the transparency of land allocation procedures with a much reduced role for elected representatives.</li> <li>- Inventorise crown lands and major private land holdings outside compulsory registration areas.</li> </ul>	<ul style="list-style-type: none"> <li>- Introduce simple eligibility criteria and monitoring mechanisms for housing improvement grant programme.</li> <li>- Monitor and review house lots for the poor programme.</li> <li>- Consider using NGOs to deliver housing programmes.</li> <li>- Increase availability of land</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure availability of O and M funds and training of local residents to carry it out.</li> <li>- Improve community participation in all aspects of project design and execution</li> <li>- Improve community 'buy-</li> </ul>

<ul style="list-style-type: none"> <li>- Co-ordinate better with other ministries on land policy and location of developments.</li> <li>- Develop for a policy for squatters in rural areas.</li> </ul>	and housing for low income urban households.	in' by insisting on some community contributions (in cash or kind)
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### 4.3 Social Sectors (Health, Education and Social Services)

Table 9 summarizes the generic conclusions that emerged from the IA for the social sectors.

**Table 9. Social Sectors IA – Generic Conclusions**

The Positives	The Negatives
<ul style="list-style-type: none"> <li>- A very wide range of basic health programme, education and social sector programmes operated by government and NGOs.</li> <li>- There are programmes targeted at families and children at risk, educational support programmes, parenting and life skills training, develop efforts to providing mentoring for boys and 'men promoting fatherhood', HIV/AIDs prevention and support, almost universal immunisation programmes and continuous progress in Mother and Child Health. There are few obvious gaps implying that the need for completely new programmes is limited.</li> <li>- A generally favourable public perception of social sector programmes. Those targeted at the poor achieve good targeting ratios.</li> <li>- Total social spending has been little impacted by the economic recession and the country's large debt burden.</li> <li>- A large number of very hard working and dedicated professionals working in the education, social and health sectors complemented by active NGOs and teams of volunteers.</li> <li>- An increased perception that buy-in by potential beneficiaries and their participation throughout the programme implementation process is crucial to success.</li> <li>- A police force actively involved in community policing and outreach activities designed to preventing criminal behaviour and reducing its likelihood in the future.</li> <li>- Significant inter-agency co-ordination and networking.</li> </ul>	<ul style="list-style-type: none"> <li>- A lack of resources, often chronic, afflicts most agencies – MHDST's annual budget at BZ\$.5 million is almost 30 times lower than that for education. This not only means understaffing but also grossly inadequate funds for administration, operations and maintenance. As a result, valuable staff time is spent not on providing services but on preparing project proposals to obtain funds. As one MHDST informant commented: <i>'I have had to become a beggar to get what I need to do my job'</i>.</li> <li>- Difficulties in providing trained and committed staff to rural areas, i.e. just where high calibre teachers and nurses/ doctors are needed.</li> <li>- Inadequate management procedures to deal with staff concerns, replace departing staff, address administrative, operational and maintenance issues.</li> <li>- Several key education indicators are static or in decline and, even if this is not the case, they are not improving. As one education informant stated: <i>'We are running hard to stand still'</i>.</li> <li>- The low coverage of most social service programmes, whether providing direct assistance, counselling or pro-active support, means that only a few of those in need receive assistance.</li> <li>- Duplication of activities with different agencies involved in similar activities allied to a lack of inter-agency co-ordination in the design and execution of cross-cutting social sector programmes.</li> <li>- Insufficient monitoring and evaluation.</li> <li>- Political interference in the identification of beneficiaries for targeted programmes. This issue came up in virtually every discussion.</li> <li>- Social spending is likely to come under increasing pressure as debt repayments increase and government revenues suffer from the economic downturn.</li> </ul>

## **5 Special Studies (Chapter 7)**

Throughout the study, Belize South Side and Toledo kept emerging as being concentrations of poverty and other social and developmental issues: Belize South Side because of its poor housing conditions and concentration of social issues, particularly violent crime; and Toledo because of the very high incidence of poverty, its isolated location in the south of the country, and its population dominated by the indigenous Maya. It was also considered desirable to examine more closely how the interplay of economic issues, social problems, government and NGO programmes, and political considerations ‘played out’ in the field. Accordingly, the study undertook some additional research in both these areas.

### **5.1 Belize South Side**

The Southside of Belize City covers an area of about 15 square kilometres with about 5,300 households and 24,000 people. It is an older, less developed area adjacent to wetlands with poor drainage, inferior infrastructure and inadequate public services. Land is not clearly demarcated, there are no zoning plans, and the area has witnessed a surge of lower income settlers due both to its proximity to the city centre, the absence of defined land ownership for what are essentially swamps, and the lack of alternative locations for those seeking to establish their own houses. Residential structures tend to be randomly located and poorly constructed and many lack basic sanitary services.

Unemployment is high, estimated to be well above the national average of 14 percent, and what employment there is characterised by informality, low wages and casual labour. A small sample of one of the worst areas revealed two thirds of households to be headed by single parents and over 50% of heads of household to be unemployed. The poverty of the area is also illustrated by the unwillingness of many residents to connect to the electricity and water networks.

#### **The area is particularly prone to the social issues:**

- **family breakdown**
- **child neglect**
- **drug trafficking that lead to:**
  - **a vicious cycle of anti-social behaviour**
  - **crime**
  - **stigmatisation**
  - **and social exclusion.**

Violent crime in the area is a major feature: it is estimated that around 40% of the country’s murders occur in Southside which has less than 10% of the nation’s population<sup>4</sup>. And the problem appears to be getting worse: nationally murders increased by 45% between 2003 and 2007 with further increases in 2009; perpetrators

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<sup>4</sup> Using the average number of murders over the last 7 years, this gives a murder rate per 100,000 of 135 which would make it one of the most violent and dangerous non-conflict zones in the world.

appear to be getting younger and younger while the local secondary school, Saint Martins, is being used as a 'dumping ground' for difficult and excluded students from elsewhere in the city. The PPAs reveal little social cohesion and substantial levels of apathy and insecurity amongst families. Focus Groups with youths also demonstrated the destructive social problems they face: absent fathers, over-stressed and impoverished mothers, lack of money to go to school (although the schools are often willing to waive fees), leading to gang participation as a way of providing security and fellowship and illegal behaviour as a means of generating income for themselves and their families.

There is general agreement that urgent action is needed to improve living and economic conditions in Southside and the area is specifically mentioned in the NPESAP. At present, aside from the schools, there are three important government initiatives that specifically target Southside:

- The Southside Poverty Alleviation Action Project (SPAP).
- The Yabra Police Station and Community Centre.
- The National Health Insurance Scheme (NHIS).

All of these can claim some success. SPAP has improved conditions in some of the worst housing areas through the installation of drains (which enable residents to get to work and school during floods), roads, water supply and house reconstruction (with priority given to small local builders for contracts); funding is now being sought for a second phase. The NHIS, which provides a basic package of health services available at local doctors and pharmacies as well as government facilities, has been fully established; 97% of beneficiaries considered it had helped them. The Yabra Center was established in 2005 at the request of residents dismayed by rising crime and violence in order to provide a permanent presence in Southside. It is the flagship of the BPD's community policing strategy. In addition to liaison activities with the local community and schools and acting as the base for Zone Liaison Beat Officers, the centre provides a drop in computer centre and library, a lunchtime feeding programme for 100 'at risk' and needy children from the local school, and summer lectures / courses in health, parenting, drugs, and crime.

The research also showed negligible activity by credit unions and NGOs for existing small businesses, little in the way of CBOs, parental apathy to their children's schooling (one school had been unable to arrange any PTA meetings), an absence of training programmes for teenagers and young adults, a lack of concerted inter-agency co-ordination to tackle social problems, and overlapping programmes.

**The issues in Southside are different more in degree than in character from those described for the country as a whole.**

Its urban situation however exacerbates the situation by eliminating the safety nets provided in rural areas by access to land and longer established and more cohesive communities. An important and positive conclusion is the opinion of the young that with more care and attention from their parents, and increased training and job opportunities, far fewer would become involved in crime and other risky behaviour.

The area appears ripe for an integrated, inter-agency approach which builds on the lessons learned from existing programmes.



## The Integrated-Interagency Approach

Social workers operating out the Yabra centre	Teachers and health workers acting to identify at risk children and adults*	the establishment of day care	establishing drop in and after schools activities	cohesive training programmes for youths and young adults**
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\*from violence and neglect

\*\*scholarships/stipends would be needed

Even if such a programme was successfully introduced along with continued improvements to infrastructure, the most critical issue of all will remain, namely the lack of jobs. This is an issue which affects the whole country, but is largely outside the government's control. However, unless the social issues which currently restrict the employability of Southside residents are reduced, it is difficult to see how the area could benefit even if the availability of jobs suddenly increased across the country. And there is every incentive to reduce the high crime rate in the area which is ruining the lives of many residents and, if unchecked, will do so to the next generation.

### 5.2 Toledo

Toledo is the southernmost administrative district of Belize; Guatemala lies to the south and the west and the Caribbean Sea to the east. Its current population is around 31,000, just under 10% of Belize's population. The population is ethnically diverse: approximately 2/3rds are Mayan, with the remainder split between Mestizos, Garifuna, Creole and East Indian. While the latter are concentrated on Punta Gorda and other coastal settlements, the Maya dominate the hinterland. Its rural population is very dispersed being spread over a wide area in over 50 villages (more than 25% of the total). Toledo's population is exceptionally young with 43% being under the age of 15 compared with 34% nationally while the average household size is much higher, 4.9 persons, is much higher than the national average of 4 persons.

Agriculture remains the predominant economic driver of the district, followed by a small mining sector and an emerging tourism sector. Agriculture accounts for over 42% of the employed population compared with 16% nationally. Cultivation is predominantly small scale based on the *milpa* system, a system of rotation agriculture which the Mayans have developed over the centuries. The main crops are black beans, rice and corn most of which are grown for subsistence; cacao production developed in the early 2000s but declined sharply between 2006 and 2007 due to disease. Livelihoods are supplemented by small scale trading and off-farm work; there is a small urban rural drift to Punta Gorda and a nascent eco-tourism industry.

The combination of restricted markets due to its peripheral location (despite the opening of the Southern Highway in 2002), dispersed population and low agricultural productivity, compounded by an absence of local market towns to buy and sell goods, have entrained a low level of socio-economic development. Together these have resulted in a very high level of poverty as well as housing and health conditions substantially below the national average. Despite a reduction in poverty since 2002, Toledo remains the poorest district in the country with by far the highest level of indigence (38% of households and 46% of its population).

**Successive governments (pre- and post-independence) have been concerned with the development of Toledo. Since the late 1970s, several major rural development projects (with a total investment of around US\$30 million) have been implemented.**

**When these were reviewed in 2004, the overall conclusion was one of failure due to four principal factors:**

- i. the peripheral location and dispersed population;**
- ii. the complex Mayan social and cultural context;**
- iii. inadequate project design which failed to take into account these complexities, especially in relation to land; and**
- iv. a lack of effective participatory processes.**

Currently the BRDP appears to have learnt from these failures. Greater attention is being paid to beneficiary participation, a range of sub-projects are being implemented, and services are being delivered through a network of NGO service providers, sub-project criteria are being revised as the project progresses, and targeting appears to be effective. Nevertheless, coverage is small (no more than a few hundred beneficiaries) and it is also debatable that the small grants or credits sometimes provided (under BZ\$1000) can ever have a significant impact on household incomes. There are also numerous NGO income generation and social development programmes that are achieving some success; however, these too have limited coverage. The Toledo Development Corporation that was set up to co-ordinate development in the district has also failed through the lack of a formal mandate, inadequate finance and corruption. The overall impact of these programmes is therefore small. Comments from the IA interviews and PPAs identify much the same problems as described above:

### **Problems Identified:**

- 1) lack of inter-agency co-ordination**
- 2) failure to appreciate the complexities of Mayan society (and the divisions within it)**
- 3) over-estimation of the absorptive capacity of beneficiaries**
- 4) funding constraints**
- 5) lack of markets for products**
- 6) land issues**
- 7) Political interference.**

Where progress has been made, through government rather than the NGOs, is in providing infrastructure, water supply, electricity, roads, schools and health centres, many of which have been built in the last few years, the vast majority by SIF. Direct government spending has been concentrated on running the health and education services which are expanding; primary school enrolment is similar to national levels, while secondary school enrolment is only slightly lower. A subsidy to all new secondary school students has just been introduced. Most of these improvements are appreciated, although, as occurs throughout the country, there are concerns about the quality of the services provided, health costs (the expansion of the NHI is

proving problematic) and the poor maintenance of infrastructure and buildings. The NGO implemented Tumul K'in education centre is also pioneering a more radical and relevant educational curriculum.

In a sense, the situation is not that dissimilar from Southside in that the majority of interventions, and certainly those that have the widest coverage, are not related to the key issues of employment and income, hence the widespread concern over land issues. There is thus a mismatch between the rhetoric of poverty reduction policies and the actuality which, allied to political interference and the unrealistic promises of politicians, have led to a pervading feeling of apathy and mistrust of the overall governance system. Yet as seen there have been successes: poverty has reduced, infrastructure has improved as have education and health indicators; current programmes are better designed and better implemented. None of these are however likely to have a substantial impact on poverty reduction without major scaling up or the identification of new economic drivers – the very priorities of most village leaders surveyed during the study.

In short the priority has to be programmes that increase income generation, agricultural productivity and job creation. This means more and better agricultural support, greater availability of credit, identifying and developing markets, more emphasis on linking relevant skills training to market opportunities. Unless a major new economic driver emerges, ways in which the situation can be improved would consist of avoiding programme duplication, exchanging lessons learned between implementers, recognising that project design and implementation will be time-consuming and resource-hungry, ensuring that beneficiaries are willing to participate and have the requisite technical capacity, giving greater emphasis to assisting operators of existing enterprises, trying to resolve the land issue, and concentrating development activities in selected locations in order to create a critical mass.

## **6 Poverty Reduction and the MDGs (Chapter 8)**

A concurrent situation report on the status of the MDGs generally reflects the CPA findings, namely that poor economic performance, particularly the decline in the investment rate, over the last few years is the root cause for the increase in poverty.

**The report also finds that:**

- (i) Achievement of the MDGs relating to primary school enrolment is in danger of not being met**
- (ii) Although gender parity has been achieved at primary level, boys are in danger of falling behind in secondary and tertiary education (particularly at high school)**
- (iii) There has been progress for the health-related MDGs (4-6) but further investment is required if they are to be achieved**
- (iv) Under MDG8, the debt situation has yet to be fully resolved and youth unemployment is high but coverage of telecommunications and internet has increased dramatically.**

The report's overall conclusion is that the outlook for achieving the requisite increases in investment and government capital spending<sup>5</sup> *'is not very bright'* and *'represents a tough challenge'* which will necessitate the involvement of Belize's international partners.

This general conclusion is consistent with the CPA's findings that economic prospects are generally unfavourable and that this will both restrict investment, employment opportunities and hence government spending which will, in turn, curtail the ability of the government to increase social spending to the level necessary to achieve the MDGs.

The MDGs should not however be seen as the over-arching objective of development policy. Firstly, they do not capture all the poverty related issues which have been identified in this (and other CPA) reports. Examples are the pernicious effects of political malfeasance and corruption, educational quality and relevance, secondary school enrolment (a much greater problem than primary school enrolment), the need for care and support for the older population, and social issues such as crime, drug use, and family breakup. While these may not relate directly to income poverty, they most certainly do to non-income poverty and wellbeing. Secondly, notwithstanding the emphasis to increasing domestic investment in the MDG report, the MDG's pay insufficient attention to the need to establish a climate conducive to economic growth, investment (domestic and foreign) and job creation. **The MDG's should not therefore be seen as providing a comprehensive framework for tackling poverty in Belize.**

## **7 Key Issues and Lessons Learned (Chapter 9)**

### **7.1 NPESAP, 2007-2011: Has it Failed?**

The NPESAP 2007-2011<sup>6</sup> is GoB's primary policy document on national development. Prepared following the completion of the 2002 CPA and an extensive series of public consultations, the NPESAP was designed to overcome the perceived shortcomings of its predecessor. The NPESAP, which was produced during another period of *"severe economic and social constraints"*, is a comprehensive document that contains strategies, sub-strategies and initiatives. It covers virtually every one of the problems identified in this report ranging from the need to

- **Increase the role of the private sector involvement**
- **Improve governance, poverty-related social issues**
- **Enhance human resources**
- **Addressing the needs of key vulnerable groups.**

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<sup>5</sup> The report says little about the need for government recurrent spending which is arguably at least as crucial in relation to improving the standard of education, health and social service provision.

<sup>6</sup> NPESAP = National Poverty Eradication and Action Plan. A new NPESAP, 2009-2013 has just been prepared but shows few changes from the current version.

Since NPESAP's adoption, a number of new initiatives have been introduced while other pre-existing programmes have been continued. Programmes which have continued are essentially those related to the expansion of local infrastructure, health (including the NHI) and education services.

**Major new interventions include:**

- **The Southside Poverty Alleviation Project**
- **The Belize Rural Development Project**
- **The provision of free text books to schools**
- **The introduction of the Non-Contributory Pension**
- **Comprehensive HIV/AIDS reduction strategy**

These major programmes have been accompanied by a wide variety of smaller, often innovative, government and NGO programmes such as micro-credit, income generation, community and women's empowerment, life skills and parenting, youth employment and rehabilitation, assistance to vulnerable groups and basic social services, and increased police involvement in community policing and social issues. In most cases, they are considered favourably by recipients.

**Yet given that poverty has increased since 2002, NPESAP (and its predecessor) has failed; but could this have been avoided?**

NPESAP's strategy was essentially based on high social spending within a stable macro-economic framework allied to improved governance. Yet the primary causes of poverty in Belize, as in most countries, relate to economic issues, such as the absence of the necessary investment or resources to provide jobs with adequate wages for the active population. Governments can exert some influence on local and foreign investment by providing incentives and a conducive investment environment (e.g. a stable macro-economy, adequate infrastructure, a good security situation, a skilled workforce) – which is what NPESAP's policies in this regard sought to achieve. However, all the evidence is that it is the private sector and not governments that create jobs. Furthermore, worldwide experience is that, in an unfavourable economic situation such as Belize was experiencing even before the recession, governments have a very limited ability to increase jobs and bring about significant reductions poverty reduction in this way<sup>7</sup>.

It is also important to understand the limitations on poverty reduction arising from infrastructure and social spending. Infrastructure is a necessary condition for economic growth but it is not a sufficient one. New roads, power generation and telecommunications can encourage economic growth but if there are neither the productive resources nor the markets, their short term impact will be marginal. Education spending cannot by definition have an impact for 10 to 15 years while health spending will only have a marginal direct impact by reducing individuals' susceptibility to disease and income loss arising serious illness or injuries. This is not to

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<sup>7</sup> It is also salutary to note that, outside China and South East Asia, poverty worldwide increased by 16% between 1993 and 2002.

say that spending on infrastructure and social sectors is ineffectual in the short term. Quite the reverse; this spending directly addresses the non-income aspects of poverty by improving basic needs, reducing the insecurity resulting from fear of ill health; it also answers directly to parent's aspirations to provide education for their children while also providing the future labour force with the skills to make them employable. Similarly, expenditure on social services, community development, empowerment, public awareness can both improve wellbeing directly and increase the likelihood of families and individuals avoiding the types of unsustainable and anti-social behaviour which can lead to the destructive cycle of inter-generational poverty described above.

Whilst one could argue that the NPESAP paid insufficient attention to measures to boost the economy and over-estimated the short-term poverty reduction impact of social spending (which was maintained following the debt restructuring), there appears to be a limited amount that GoB could have done to substantially reduce the negative impacts of adverse economic conditions and natural disasters in the last few years. Thus the reason that poverty has risen in Belize since 2002 is not that NPESAP failed but that, given the prevailing economic situation, it could not have succeeded. **GoB has to get this message across to the population if expectations are not to be unrealistically raised.**

## **7.2 But Could the Government have done Better?**

Here the answer is a categorical 'yes'. This report has identified a number of areas, most of which were identified in the NPESAP and the background documents leading to its preparation, where government (politicians and public servants) could have taken actions to improve the effectiveness of its poverty reduction activities. The most important of these are considered to be:

- Reduced political interference in the implementation of development programmes and made stronger efforts to curtail corruption (which would have increased funds available for interventions).
- Made greater attempts to work with the private sector in order to boost the economy.
- Insisted on improving inter-departmental co-ordination and mechanisms to evaluate the successes and weaknesses of existing programmes as well as establishing transparent eligibility criteria for relevant programmes.
- Given increased importance to infrastructure maintenance issues - *"the maintenance and sustainability of the infrastructure, and therefore of the longer term benefits continue to be a major challenge"* (CPA 2002).
- Established human resource management processes to address staff concerns and improve standards of service delivery.
- Heeded the advice of the previous CPA by focussing on a limited set of achievables versus a broad array of measures that are neither prioritised nor ranked.

It is not suggested that taking action on these issues would have significantly reduced the increase in poverty but it would have improved the effectiveness of current programmes, provided greater encouragement and assistance to the private sector, achieved a reduction in the antipathy currently felt by much of the population against politicians, increased the availability of funds, and enhanced the quality of programmes.

### **7.3      *Lessons Learned***

The key lessons learned from the CPA's research are:

- The existence of a comprehensive poverty reduction strategy is no guarantee that poverty can, or will be, reduced. Poverty reduction also results from successful implementation not strategies or action plans. The effectiveness of the NPESAP can therefore best be improved by addressing implementation issues rather than by revising its content.
- Poverty reduction is primarily dependent on the performance of the economy, which is largely outside the control of the government. Every effort should therefore be made to encourage the private sector.
- Social and infrastructure spending (whether by government or NGOs) will lead to improved living conditions and enhance general wellbeing but will have a very limited impact on reducing income poverty in the short term (unless coverage of direct assistance social welfare programmes can be drastically increased). Social and infrastructure spending will also facilitate future economic growth and reduce the potential for poverty to occur in the future.
- In the absence of major social protection programmes such as exist in developed countries, there are limits to the extent that income poverty can be reduced by directly targeting the poor through income generating programmes (e.g. micro-credit).
- Belize has a wide range of ongoing, innovative, programmes which address virtually all the major priorities, managed by dedicated personnel. Their effectiveness is however constrained by low coverage, a lack of resources to scale up, an absence of inter-agency co-ordination which prevents the successes and failures of particular programmes being used to refine other existing programme.

## **8          The Programme of Action (POA) (Chapter 10)**

### **8.1      *The PoA in the Context of the NPESAP***

The NPESAP has just been revised. There is thus little sense in the CPA preparing its own Poverty Reduction Strategy, especially as the key determinant of poverty reduction is the implementation of policies rather than the policies themselves. The crucial question is therefore how the CPA's Programme of Action (POA) can complement and reinforce the current NPESAP.

**After a series of discussions during the course of the study, the following general principles have been adopted:**

- **The POA should not attempt to replicate the comprehensive coverage of the NPESAP.**
- **The POA should concentrate on those issues which have formed the basis of the CPA's research.**
- **The POA should concentrate on specific interventions (projects and programmes) rather than more general and all-embracing strategic policies (many of which also exist in ministerial and departmental strategy documents).**
- **The POA should also identify any policy areas which have either not been addressed in the NPESAP.**

Within this context, the CPAs recommendations address the generic objectives of any poverty reduction strategy:

- (i) Establishing a business and investment-friendly environment to encourage private sector investment and hence job creation;
- (ii) Improve the provision of social and physical infrastructure needed to satisfy the basic needs of the population;
- (iii) Improve conditions for those currently in poverty and for whom employment is not a realistic option, e.g. single parents, older persons and the disabled; and
- (iv) Address issues that threaten to increase poverty in the future, e.g. the social issues related to risky and antisocial behaviour.

Furthermore, the POA should identify actions which are deemed to merit the highest priority because:

- i. They are most urgently needed; and/or
- ii. They can be achieved at relatively low cost; and/or
- iii. They are implementable within a relatively short time frame. Identifying priorities will also facilitate discussions with donor agencies as to future loans and grants.

### Priority Sectors

The CPA's research concentrated on the following sectors and priority areas, and these are the ones for which specific recommendations have been made:

- (i) Governance and institutions**
- (ii) Productive sectors - agriculture, tourism and finance/ credit**
- (iii) Health**
- (iv) Education**
- (v) Social services**
- (vi) Housing, land and infrastructure**
- (vii) Belize South Side**
- (viii) Toledo**

These sectors were also those most frequently cited as priority concerns in the PPAs and the interviews carried out as part of the Institutional Analysis. All are considered to offer good potential for reducing poverty and enhancing national social and economic development in the short and medium terms.

The emphasis on the above sectors should not be construed as invalidating or indicating lack of support for other NPESAP policies and proposals which are not explicitly referred to in this document. Nor should it detract from the crucial importance of maintaining and enhancing the basic health and education services now provided by the government.



## 8.2. The Priorities

All recommendations made by the Study Team are considered to be important. **It is nevertheless apparent that neither financing nor institutional capacities will be available to enable all to be implemented 'in one go'.** It is, therefore, necessary to identify some priority recommendations. These priorities, which are based on the Study Team's deliberations as well as comments received during the National Consultations, are those that are considered to be both the most urgently needed and those that are likely to bring substantial short- and medium-term benefits. Given likely constraints on government finances in coming years, a key consideration in the selection of priorities was that they would not have large financial implications.

Table ES10 contains the generic institutional priorities; few of these are likely to have significant financial implications and they could thus be introduced irrespective of the budgetary situation. They are deemed to merit the highest priority as without them, it is difficult to see how the issues which have held back the implementation of previous GoB poverty reduction activities will not persist. And if these are not eliminated, interventions, however well-designed, will fail.

Table ES11 presents the sector and issue-specific priorities. These recommendations are more likely to have financial implications and the table provides an indicative order of magnitude for these; few however are considered to have 'high' financial implications. While the recommendations are presented sectorally, many will require inter-agency co-ordination as some critical issues, (e.g. families, gender and youth) are cross-cutting.

**Table 10. The Institutional Priorities**

No.	The Institutional Priorities
1	Publicise the message that the government has only a limited ability to directly affect the economic situation, create jobs and finance infrastructure and social sector programmes.
2	Issue a clear statement with bi-partisan support and from the the highest level of government, with bi-partisan support, that party political considerations must not form part of deliberations concerning the allocation of development and poverty reduction resources.
3	Develop targeting and eligibility criteria for all discretionary programmes, and publicise them. Emphasise that political considerations are not part of the decision making process.
4	Issue a clear directive that departments should work together in the design and implementation of programmes dealing with cross-cutting issues.
5	Institute regular forums between organisations (government and NGOs) working in the same field so as to identify strengths and weaknesses of current initiatives, identify good practice, discuss potential solutions and prepare joint funding proposals.
6	Improve the management of staff (especially those directly providing services and working in rural areas) to address their concerns, monitor their work, ensure staff discipline and provide technical feedback to policy makers. Without this action, programmes and services will not be as effective as they could be.
7	Address operational inefficiencies through greater budget flexibility, improved supply chain management, streamlined appointment procedures and increased budgets for O and M*.
8	Donors and lenders should consider giving greater priority to programme, as opposed to project, aid, in order to ensure that their investment is more sustainable and reflects the increased need to 'soft' as opposed to 'hard' programmes.

Table 11. Sectoral and Issue-Specific Priorities

Sector	Project	Main Target Group(s)	Summary Components	Financial Implications
Economic Sectors	<b>Government revenues and taxation</b>	The poor, farmers and SMEs	Review taxation system to assess feasibility of reducing costs of basic foodstuffs and agricultural inputs, e.g. by enhancing other sources of government revenues such as land and property taxes.	Low
	<b>Land for cultivation</b>	Farmers	Land suitability study to identify potentially cultivable areas as basis for national land use policy.	Low
	<b>Agricultural Support</b>	Farmers	Farmers Field Schools Key Farmer Program Review of Extension services Establish guidelines for water storage and drainage practices. Needs assessment for post-harvest crop storage facilities.	Medium/High
	<b>Access to credit</b>	Existing and potential SMEs	Develop varied and innovative approaches to credit for households, existing businesses and start-ups in urban and rural areas.	Low/medium
	<b>Agri-tourism linkage</b>	Farmers/ hotel operators	Develop links with hotel operators to increase purchase of local produce.	Low
	<b>Corozal Free Zone (CFZ)</b>		Institute negotiations with land owners to provide land for expansion of Corozal Free Zone.	Low
Health	<b>Health in rural areas</b>	Rural population	Extend and expand mobile and outreach clinics.	Medium
	<b>Nutrition</b>	Women and children	Options for supplementing nutritional value of traditional diets and meal preparation based on MFB. School feeding programs.	Low
	<b>Safe sex and family planning</b>	Women and youth	Review and strengthen planned parenthood and family planning programmes services with increased targeting to men.	Low
	<b>Road safety</b>	Drivers and pedestrians	Education programmes for drivers and school children. Identification of blackspots and accident causes. Awareness campaigns related to seat belts, speed and drowsiness. Sleeping policemen in residential streets. Road signage and layout (white-lining).	Low
Education/ Social	<b>Education services</b>	Children	Strengthened basic reading/ writing/ speaking skills programmes in early primary school. Life skills classes Pilot parental support units. Targeted vocational classes Evaluate adaptation of school times to enable children to assist their parents at home and in the field.	Medium

Sect or	Project	Main Target Group(s)	Summary Components	Financial Implications
	<b>Apprenticeship programme</b>	Non-school attenders (15+) and young adults	Provision of cash stipends. Vocational, basic academic and life skills training. Work experience with firms/ self employed and mentors (e.g. building trades, child care, community enhancement).	Medium
	<b>Rural secondary schooling</b>	Secondary school non-attenders	Introduce junior secondary classes in rural primary schools and combine small primary schools.	Medium
<b>Social Services</b>	<b>Yabra Community Centre – Belize Southside</b>	Families and children at risk in Belize Southside	Develop Yabra centre into one stop centre for policing, social services, non-school based education (formal and life skills), day care (elderly and pre-school) and victim support. Develop procedures for identifying children and women at risk from abuse and neglect by doctors, nurses, teachers and social workers.	Medium/ high
<b>Older persons</b>	<b>Health care</b>	Elderly	Improve health care for the elderly/ disabled by (i) training nurses and doctors in geriatrics, and (ii) extending home visits.	Medium
	<b>NCP</b>	Poor elderly	Review financing and eligibility criteria for NCP.	Medium
<b>Land</b>	<b>Land allocations</b>	Rural population	Establish transparent criteria for land allocations with reduced role for elected representatives. Formalise village boundaries.	Low
	<b>Belize City Land availability</b>	Low income residents of Belize City	Undertake land availability study for Belize City. Develop innovative ways of providing plots for low income groups.	Medium/ high
<b>Housing/ Infra-structure</b>	<b>Venezuelan Housing Grant</b>	Indigent/ poor households in sub-standard housing	Enter discussions with Govt. of Venezuela to extend this programme. Establish and publicise eligibility criteria, application procedure and assessment criteria.	Low
	<b>Infrastructure for remote rural communities</b>	Communities currently without basic infrastructure	Identification of villages currently without improved water supply, electricity or primary schools. Prioritisation and feasibility studies.	Medium
<b>Toledo</b>	<b>Development Strategy</b>	Population of Toledo	Review of Toledo Strategy and Action Plan leading to revised development strategy, possibly based on greater concentration/ clustering of activities. Identification of priority interventions. Establishment of regular inter-agency round tables.	Low
	<b>Education</b>	Young Toledans	Review operation of Tumul K'in education centre with a view to expansion/ replication.	Medium

## 9 Concluding Remarks

The CPA has involved a considerable amount of research, almost all of which has reaffirmed the conclusions arising from the previous CPA and subsequent consultations. It is thus not surprising that many of the recommendations are closely aligned to those already contained in NPESAP.

**Furthermore, to our knowledge, few countries have adopted very different strategies from Belize's NPESAP or the types of recommendations contained in this report. Nor, in the absence of major economic growth sectors, have many countries achieved great success in achieving significant reductions in poverty.**

Virtually all have to balance the needs of the economy (over which they exert little control but which has the greatest impact on poverty reduction) against social spending which will reduce poverty in the future but, unless large scale social welfare programmes are fiscally sustainable, has little impact in the short-term. There is also little evidence that major reductions can be achieved by targeting employment generation programmes based on micro-credit, directly to the poor; hence our recommendations that (i) greater emphasis is given to identifying and targeting existing enterprises wishing to expand; and (ii) there should be much greater co-ordination with the private sector.

It is believed that there is a definite need to tackle political interference and a host of social issues (unplanned pregnancies, family and youth problems) with greater diligence than has been the case. Unless this is done, the potential for growing social discontent, more dysfunctional families and disaffected youth can only lead to an ever more serious cycle of poverty and social exclusion. For the same reason, spending on education has to be maintained if the Belizeans of the future are to stand a chance of obtaining good jobs when employment demand increases. Such policies will also increase well-being and reduce the sense of social and personal insecurity that currently affects many in the country today. Much can also be achieved by concentrating on improving the implementation and delivery of services and programmes. These key messages are summarised in Table 12.

**Table 12. The Key Messages**

No.	The Message
1	Government finances are likely to be severely constrained in the short and medium terms implying that a significant increase in funds for development projects and targeted poverty reduction programmes is unlikely. This puts a premium on making the best use of the funds available by improving the management and effectiveness of current government operations.
2	The private sector will be responsible for most new job creation, which is crucial for poverty reduction. It should therefore be supported wherever possible.
3	The implementation of development policy and programmes has to be depoliticised to avoid the very prevalent culture of dependence from becoming even further embedded.
4	Local participation has to be a feature of the entire project cycle for community infrastructure and social projects. Effective participation, along with contributions in cash or kind, is often absent and this reduces beneficiary ownership and responsibility.
5	There is a wide range of rural / community development and social programmes but their effectiveness is often reduced by: (i) limited coverage; (ii) overlapping and duplication; (iii) lack of inter-agency joint working; and (iv) the absence of mechanisms to jointly review the reasons for

	their success or failure.
6	The delivery of current services, especially in rural areas, is frequently hampered by low staff morale and discipline, and inadequate resources for equipment, operations and maintenance. There must therefore be a strong focus on implementation as a well designed programme will have little impact if it is not properly implemented.
7	Recommendations need to cover both income and non-income (i.e. wellbeing) aspects of poverty and address issues related to poverty in the future as well as today.

Acceptance of at least some of the recommendations and priorities contained in this report lead to the reduction of poverty in Belize, in its widest sense, in the short and medium terms. But there remains considerable uncertainty, as is the case in many countries, developed and developing, concerning future economic prospects. It is both salutary and regrettable that there is little in the way of alternative models for Belize to follow.

**What is however certain is that there is a need for a new realism:**

- Government has to depoliticise the implementation of its services and development programmes.
- Elected representatives have to refrain from interfering in the selection of beneficiaries for targeted/discretionary programmes.
- Government must improve its institutional capabilities, its human resource management, and the maintenance of its social and physical infrastructure.
- Government departments should give greater emphasis to improving existing programmes rather than developing new ones.
- Government employees, as many do, must welcome and respect the fact that they are public servants.
- The public has to realise that government, irrespective of its political persuasion, cannot provide all their needs. They must reject the tendency towards dependency and welfarism that is becoming increasingly prevalent. Instead they should look more towards themselves, their neighbours and their communities to identify ways in which they can contribute to the successful implementation of government and NGO programmes. Politicians should contribute to this by refraining from making promises that are over-ambitious and thus raise the population's expectations to an unrealistic level.

**If these conclusions are accepted, the likelihood of Belize emerging from this troubled period and emerging a stronger, richer and more inclusive society will be greatly enhanced.**

# **User Friendly Version Of 2009 CPA**

National Human Development Advisory Committee  
Ministry of Economic Development, Commerce and Industry,  
and Consumer Protection



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