

# Ministry of Finance



## Annual Technical Report

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*December 2020 – March 2022*

# Contents

Acronyms .....	3
EXECUTIVE SUMMARY .....	6
MINISTRY OF FINANCE .....	7
BUDGET UNIT .....	9
PROCUREMENT UNIT.....	15
INTERNAL AUDIT UNIT.....	24
ACCOUNTANT GENERAL'S DEPARTMENT .....	27
OFFICE OF THE SUPERVISOR OF INSURANCE AND PRIVATE PENSION (OSIPP).....	29
CENTRAL INFORMATION TECHNOLOGY OFFICE (CITO) .....	35
BELIZE TAX SERVICE DEPARTMENT .....	42
BELIZE CUSTOMS AND EXCISE DEPARTMENT.....	49
ANNEX 1 Key publications of the Ministry of Finance.....	55

## Acronyms

APP	Annual Procurement Plan
ASN	Autonomous System Number
ASYCUDA	Automated System for Customs Data
BCCAR	Belize Corporate and Company Affairs Registry
BCED	Belize Customs and Excise Department
BTB	Belize Tourism Board
BTSD	Belize Tax Service Department
BU	Budget Unit
CARICOM	Caribbean Community
CARTAC	Caribbean Regional Technical Assistance Center
CBP	Customs and Border Protection
CCLEC	Caribbean Customs Law Enforcement Council
CDB	Caribbean Development Bank
CITO	Central Information Technology Office
CFATF	Caribbean Financial Action Task Force
CSRMS	Caribbean Secretariat Debt Recording and Debt Management System
CPPNB	CARICOM Public Procurement Notice Board
DGFT	Director General of Foreign Trade
DGST	Department of General Sales Tax
DKIM	Domain Keys Identified Mail
DLP	Data Loss Prevention
EDR	Endpoint Detection and Response
FECDEP	Foreign Electronic Cargo Data Exchange Program
FIU	Financial Intelligence Unit
FY	Fiscal Year
GDP	Gross Domestic Product
GP	Government Procurement
GOB	Government of Belize
IAIS	International Association of Insurance Supervisors
IAU	Internal Audit Unit
IDB	Inter-American Development Bank
IDP	International Development Partners
IFI	International Financial Institution
IFRS	International Financing Reporting Standards
IIA	Institute of Internal Auditors
IMF	International Monetary Fund
IPPF	International Professional Practice Framework
IRIS	Integrated Revenue Information System
ISO	International Organization for Standardization
IT	Information technology
ITAS	Integrated Tax Administration System

LACNIC	Latin America and Caribbean Network Information Center
LTP	Limited Tender Procedure
M	Million
MOF	Ministry of Finance
MSME	Micro, Small and Medium Enterprises
NEP	National Enforcement Plan
OAS	Organization of American States
OCG	Office of the Contractor General
OSIPP	Office of the Supervisor of Insurance and Private Pension
OTP	Open Tender Procedure
PCA	Post Clearance Audit
PEFA	Public Expenditure and Financial Accountability
PFM	Public financial management
PU	Procurement Unit
RMS	Revenue Management System
RMU	Risk Management Unit
SCCM	System Center Configuration Management
SDG	Sustainable Development Goals
SMEs	Small and Medium Enterprises
SPEM	Strengthening Public Expenditure Management
STP	Selective Tender Procedure
TFA	Trade Facilitation Agreement
TRU	Tax Recovery Unit
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization

## **MESSAGE FROM THE MINISTER**

While the Government took prompt action to mitigate the impact of the pandemic, these actions, in particular the lockdowns and mobility restriction, had a cost in terms of contractions in growth. Thus, the Government's focus for the Ministry of Finance was to look at its main revenue streams, with the goal to increase efficiencies within the Ministry and Departments in order to increase the collection of revenues.

Strategic policies were adopted that allowed for the Ministry and its departments to enhance their capabilities, garner increased revenue, and improve their service delivery, despite the overarching challenges of limited available human resources to carry out the mandate of the Ministry.

Throughout the year the achievements of the Ministry of Finance have been facilitated by the hard work, commitment, valuable support and guidance of the Hon. Prime Minister John Briceño, the Minister of State Christopher Coye, and the Financial Secretary, Mr. Joseph Waight.

Contributions from the Ministry staff and various units and departments under this ministerial portfolio are hereby acknowledged. This opportunity is taken for public expression of appreciation and thankfulness to all individuals and entities who have dedicated their efforts and expertise to facilitate the achievements that we present in our 2021-2022 Annual Technical Report.

## **EXECUTIVE SUMMARY**

The Ministry of Finance (MoF) continued to provide technical and administrative support to all Ministries and Government Departments in the management of funds to ensure prudent spending and effective management of the nation's budget, especially considering the economic and financial challenges faced due to the Covid 19 pandemic.

In its efforts to prepare for and contribute to #planBelize, the MOF implemented different policies in budget, procurement, taxation, and revenue collection, and continued to address all matters concerning international financial matters, including fulfilling payments to national and international organizations and entities to which Belize is a member. The Departments enhanced their capabilities, garnered increased revenue, and improved service delivery.

Accordingly, the Ministry of Finance placed priority on implementing the public financial management (PFM) reforms based on the public expenditure and financial accountability (PEFA) assessments and subsequent PFM Action Plans drafted with support from IDB and CARTAC. Several donor-supported capacities-building projects took place in 2021, aimed at strengthening the PFM system, including the IDB-funded Strengthening Tax Administration Project, the EU-funded PFM Project and technical assistance provided by CARTAC and SEMCAR to the Belize Tax Service Department (BTSD), Belize Customs and Excise Department (BCED) and the Accountant General's Department. These projects complemented and built on past actions funded by different international development partners (IDPs).

Cooperation and collaboration with International Financial Institutions (IFIs) were strengthened, and several loan and grant agreements were signed to develop various sectors in the economy and to uplift the lives of Belizeans.

The overarching problem of the availability and the capacity of human resources in the ministry and its departments was acknowledged and with the support of the GOB, the Ministry managed to increase where possible the number of staff and provided necessary training to better equip the employees of the Ministry and its departments.

# **MINISTRY OF FINANCE**

## **Introduction:**

The Ministry of Finance (MOF) has been devoted to: (a) the preparation of the fiscal budget along with the issuing of adequate regulations and guidelines for its execution; (b) the management of Government financial and physical assets; (c) the provision for the efficient and effective allocation of financial resources and the promotion of sound economic and financial policies and programs; (d) the management of public debt and coordination of financial activities in collaboration with the line ministries and public entities; (e) the preparation, negotiation and implementation of Loans received on behalf of the Government of Belize (GOB), and (f) exercising all powers and rights as conferred in the Constitution of Belize.

The MOF provides for the establishment and administration of the consolidated revenue fund, expenditures management, public debt administration and other aspects directly related to the mandate and responsibilities that today rest in the MOF.

## **Mission Statement:**

To advise on, coordinate and implement the Government's economic and fiscal policies and programs including generation and allocation of financial resources to provide appropriate public services and to contribute to the overall development of Belize.

## **Vision Statement:**

To improve the quality of life for all citizens and residents of Belize through the efficient, effective, and timely allocation of financial resources and the promotion of sound economic and financial policies and programs.

## **Strategic Objectives:**

- Maintain appropriate levels of government spending to contain imports and so maintain the stability of the exchange rate peg
- Contain public sector external debt and debt service payments to sustainable levels
- Provide infrastructure development to stimulate investment and economic activity and hence growth in GDP
- Promote social policies to assist the most vulnerable groups in society
- Achieve fiscal sustainability and improved financial management practices
- Strengthen the framework for financial accountability and oversight

- Reform and modernise the revenue collection and tax regime and
- Pursue effective money and credit policy.

The MoF with its limited staff has demonstrated dedication and enthusiasm to bring about enhanced effectiveness in the fulfilment of the Ministry's mandate through team collaboration and independent committed efforts. This team continues to provide leadership and support to the departments to facilitate proper execution of functions and responsibilities.

The Ministry consists of several units and departments as follows:

- ◆ Budget Unit
- ◆ Procurement Unit
- ◆ Internal Audit Unit
- ◆ Assets and Utilities Management Unit
- ◆ Office of the Supervisor of Insurance and Private Pension
- ◆ Central Information Technology Office
- ◆ Belize Tax Services Department
- ◆ Belize Customs and Excise Department
- ◆ Accountant General's Department



## BUDGET UNIT

The Budget Unit (BU) is the arm of the MOF that supervises and coordinates budget allocations for revenue collection and expenditure. Other roles include tracking GOB's public debt including loan disbursement and repayment and accounting for these.

The unit operates on a Fiscal Year (FY) basis that starts in April and ends in March of the following year.

The **Vision** of the BU is to be the leading agency in the GOB that coordinates and implements sound budget practices that foster transparency and accountability.

The **Mission** of the BU is to guide the GOB's financial planning and budgeting processes through proper supervision and coordination of budget allocations and sound fiscal management.

### Main Achievements

#### FY 2020-2021 and 2021-2022 Budget Management:

During this calendar year the BU focused on monitoring Ministries' budget allocation use and guide them on best practices for recording transactions in line with the Financial and Audit Act, Financial Orders, and the Control of Public Expenditure Handbook. Special attention was placed on ensuring that funds allocated under Head (Cost Centers) and Sub-heads (Line Items) were used as approved in the General Revenue Appropriation Act (GRSA) No. 9 of 2020 and Act No. 4 of 2021. However, several requests for additional allocation (Supplementary) totaling \$252,669,580 were processed and promptly submitted to the House of Representatives for approval, which marked an improvement in the timely submission to the House as shown in Table 1 below:

*Table 1: Supplementary Summary*

GRSA	Act No.	Date of Act	Recurrent	Capital II	Capital III	Total
6	No. 29 of 2021	08/11/2021	559,014	9,113,832	17064407	26,737,253
5	No. 1 of 2021	19/01/2021	538,810	51,269,714	510465	52,318,989
1	No. 30 of 2021	08/11/2021	4,111,532	48,167,709	31096381	83,375,622
2	No. 47 of 2021	10/10/2021	23,332,120	15,921,879	5870676	45,124,675
3	No. 1 of 2022	17/02/2022	33,222,728	29,965,247	7162319	70,350,294
4	No. 2 of 2022	22/03/2022		1,500,000		1,500,000
<b>TOTAL</b>			<b>61,764,204</b>	<b>155,938,381</b>	<b>61,704,248</b>	<b>279,406,833</b>

**FY 2022-2023 Budget Planning:**

Between October to December 2021 the BU coordinated the budget cycle for FY 2022-2023. All ministries' budget submissions for the upcoming FY were reviewed, in line with Cabinet-directed budget ceilings, and prepared for submission to the House of Representatives. The BU encouraged Accounting Officers to submit budgets that provided value for money to Belize while at the same time remained within the constraints of the budget ceilings and eliminated the need for supplementary allocations in the coming year.

Refresher courses were given to head Finance Officers of all Ministries to reacquaint them with the budget application (CPM10) and applicable regulations and instructions as outlined in the budget circular. The below table explains the budget cycle and activities as per the circulars:

**Table 2: Budget cycle activities**

<b>Key Task</b>	<b>Activities</b>	<b>Responsibility</b>	<b>Target Completion Date</b>
Budget Call Circular 2022/23 Issued	Budget Call Circular issued to all Line Ministries setting out baseline budget ceilings and requirements for annual budget estimates submission, multi-year program budget statements	Budget Unit	December 10, 2021
Consultations with LMs	BU meets with LMs to discuss new spending proposals, proposed revenue measures in the context of the Government's Fiscal targets and Fiscal Outlook and Mid-year Budget Review, and general budget concerns	BU, LMs	January 10-14, 2022
LMs submit 2022/23 budget submissions	LMs submit the following: new spending requests, savings options, and revenue proposals	LMs	January 21, 2022
Draft program Budget Estimates	LMs submit draft 2022/2023 budget estimates and forward years into CPM10, and submit performance information by excel format	LMs	January 21, 2022
Final 2022/23 Budget Ceilings Approved by Cabinet	BU submits recommendations on new spending, Revenue measures, and final budget ceilings in accordance with MTRF to Cabinet	BU	February 8, 2022
	Cabinet approves new spending and revenue measures and final 2022/23 budget ceilings and forward estimates	Cabinet	February 15, 2022
	BU updates CPM10 to reflect final budget and forward estimates	BU	February 18, 2022
Preparation of Draft Budget & Fiscal Strategy Statement	BU prepares Draft Budget 2022/23 Budget Estimates and Forward Estimates based on Cabinet approved ceilings, new spending initiatives, and savings options	BU	February 22, 2022

<b>Key Task</b>	<b>Activities</b>	<b>Responsibility</b>	<b>Target Completion Date</b>
Draft 2022/23 Budget & Fiscal Strategy Statement approved by Cabinet	Draft 2021/22 Budget Estimates and Forward Estimates and Fiscal Strategy Statement submitted to cabinet for approval	BU	February 25, 2022
	Cabinet approves Draft Budget and Fiscal Strategy Statement	Cabinet	February 25, 2022
Submission of Draft Budget by national Assembly	Draft 2022/23 Budget Estimates and Forward Estimate submitted to National Assembly (incorporating the fiscal Strategy Statement)	PM	March 4, 2022
	Budget Debate	National Assembly	March 17-18, 2022
	Budget Approved	National Assembly	March 18, 2022
	Senate Debate	National Assembly	March 23, 2022
Final Budget Outcome Report	MOF prepares Final Budget Outcome Report	MOF	July 22, 2022

### **Debt Management Activities:**

In line with GOB's debt service timetable, all GOB's debt related commitments were met on a timely manner.

Quarterly reconciliation of GOB debt (Domestic and External) was done with the Central Bank of Belize's Debt Recording Database System, Commonwealth Secretariat Debt Recording Management System (CS-DRMS). On a monthly basis the BU secured the backups of this data and stored them at CITO.

Additionally, starting in FY 2021-2022, the Approved Estimates of Revenue and Expenditure includes a report providing the particulars of GOB's debt composition.

These activities contribute to GOB's strengthening of checks and balances, as well as budget planning and management commitment to the people of Belize.

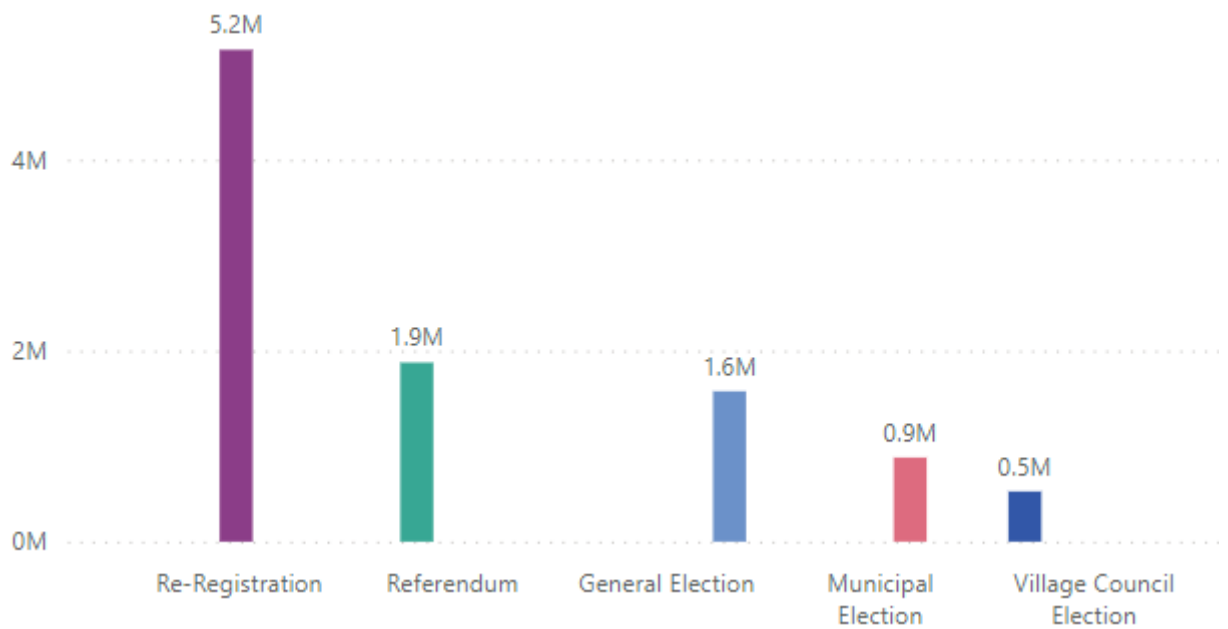
### **Election Reform**

In support of GOB's election reform commitment, as well as to improve general accountability, improvements were made to the recording process for elections expenditures through the creation of specific codes, as illustrated below, in SmartStream to budget and account for each type of election. This supports better planning and reporting for elections-related activities by GOB. The below table/ figures provide data on the budget allocation and spending for elections expenditure.

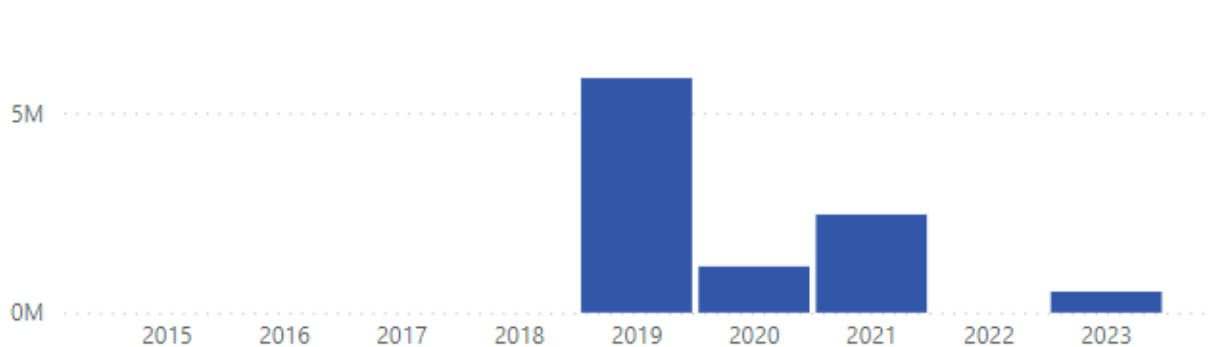
**Table 3: Budget Allocations Versus Actual Spending**

Activity Description	Activity	Total (Estimate)	Total (Supplementary)	Total (Actual)
Re-Registration	1963			5,151,253.12
Referendum	1558	1,000,000.00	276,000.00	1,875,449.78
General Election	1965			1,575,138.28
Municipal Election	1964			881,134.19
Village Council Election	1365	750,000.00		525,911.56
<b>Total</b>		<b>1,750,000.00</b>	<b>276,000.00</b>	<b>10,008,886.93</b>

**Figure 1: Actual Spending on Elections Activities**



**Figure 2: Historical Reporting for Elections Activities**



## **Separation of Powers**

To differentiate between public officers employed under PSR (Section 106 of the Constitution) and Judiciary (Section 110E of the Constitution) we collaborated with the Treasury Department to implement, within Accounting and HR Modules of SmartStream, a method to differentiate between these two categories of public officers. As a result, Magistrates and Judges' salary rates are now independent from the wider service officers, and, thus, rate changes will not apply to the Judiciary unless specifically provided for.

Additionally, the Office of Director of Public Prosecutions continued to be budgeted and accounted for uniquely with its own Accounting Officer.

## **Accountability and Fulfilling Regional and Global Commitments**

The BU continued to work with the Treasury Department to ensure that practices and processes are in place to safeguard the use of and reporting of public funds. The BU provided support, advice, and assistance in updating of practices at the Treasury Department, Belize Tax Services, and other government agencies as these attempted to implement new payment processes and revised their operating procedures. The BU encouraged the use of new payment methods and banking arrangements to reduce the dependency on cash money transactions and improve on the timeliness of bringing revenue into account and cash availability to meet GOB expenses.

The BU continued to support the Treasury Department in preparation of Financial Statements and bring these up to date to meet local and international commitments.

## **Challenges and Lessons Learnt**

Accounting officers throughout the public service need to become more familiar with regulations to be adhered to when expending and recording the use of public funds. These officers who mainly originate from the private sector lack the knowledge of Public Service operations which is a highly structured, bureaucratic, and dependent on specific regulations as opposed to the 'executive management' style in the private sector. They tend to carry out their roles without due consideration to existing regulations. This leads to expenditure exceeding approved amounts and is the key cause of supplementary allocations during the FY. This observation corresponds with #PlanBelize's strategy to modernize public service management and improve accountability and should be addressed promptly by management. From the BU's perspective, we will endeavor to provide necessary training to current accounting officers to improve their knowledge and understanding of government practices and reduce their impact on the fiscal deficit.

## **Future Activities**

The BU will continue to improve overall budgeting process to make it more transparent and realistic in support of the GOB's objectives. This includes the following.

- Continue to revise major activities by GOB and create accounts to properly identify the expenditures for each, e.g Public Service Day, and September Celebrations.
- Properly budget for donor sourced funds towards projects
- Differentiate GOB own funding from donor contributions (either loans or grants)
- Improve budgeting, allocation, and expenditure by nature of expenditure to meet reporting requirements.

## **PROCUREMENT UNIT**

The Procurement Unit (PU) in the MOF opened its doors in August 2017 as a policy and planning unit to promote best practices in Government Procurement first at the Central Government level, with a view to expanding coverage to other public institutions in Belize.

The **Vision** of the PU is to achieve the highest standards of public procurement for Belize. The vision is wide and intended to encompass policy of the PU and by extension of the government. It seeks to promote best practices to ensure transparency, fairness, equal treatment to suppliers, accountability and obtaining value for money in government procurement.

The **Mission** of the PU is to promote the best practices in public procurement, promote zero tolerance for corruption to gain the trust of suppliers and the general public.

The objectives of the PU are to:

- 1) Establish and promote procurement rules and practices that are equitable, fair, transparent and which seek value for money and accountability.
- 2) Establish guidelines in procurement that are compatible with environmental protection.
- 3) Expand the procurement market and promote economic growth and integration in CARICOM.
- 4) Involve SMEs in GP especially those SMEs headed by women.
- 5) Promote economic activity while respecting social and environmental laws.

The core tasks of the PU include liaising with government ministries and departments to ensure that Government procurement is carried out in accordance with the law and subsidiary regulations (Finance and Audit Act, 2011); developing and disseminating laws, regulations and circulars; liaising with the Office of the Contractor General and International Financial Institutions; gathering and compiling procurement statistics, be the National Contact Point for the CARICOM Task Force on Government Procurement, disseminating information and assisting in training public officers in the Government procurement process.

### **Main Achievements**

As of November 2020, Belize, like most of the world, was battling the COVID 19 pandemic. The activities of the PU, however, continued amid the pandemic and was at the verge of contracting a consultant to draft a comprehensive GP Law that would extend coverage to include statutory bodies and authorities, public companies, city and town councils.

In January of 2021 the Office of the Contractor General (OCG) (with input from the PU) issued Circular No. 1 of 2021 which requested Annual Procurement Plans from all ministries, the publication of procurement opportunities on the CARICOM CPPNB, the requirement that Procuring Entities obtain prior approval from the OCG to use the Limited and Selective Tendering Procedures. The Circular also established that bidders present Certificates of Good Standing from the Belize Companies Registry, the Belize Tax Service, and the Belize Social Security Board. These measures serve to ensure that only suppliers that pay their taxes and social security contributions for their workers obtain public contracts. This policy also promotes transparency and is in accordance with international best practices. This policy has been very effective in increasing the registration of companies for tax purposes for both business tax and the General Sales Tax.

The Director participated virtually in two international conferences and made one presentation on Sustainable Procurement in Belize. This presentation was coordinated by the INGP and was sponsored by the OAS, the IDB and the CDB. This presentation informed an international audience of best practices in Belize to protect the environment and to enforce labour laws which cover issues of safety while performing hazardous work (like the use of herbicides, pesticides, etc) and the minimization of child labour. This precept follows the objective of the SDGs to eliminate these scourges on humanity. These policies also are in line with Horizon 2030 which seeks to have Belizeans living in security and enjoying a high standard of living in a country that has respect for the environment.

The Director also participated in two virtual training sessions held by the Task Force on GP of CARICOM. This task force is made of representatives from various CARICOM countries and one of its responsibilities is to spearhead steps towards the implementation of the CARICOM Protocol on GP. This taskforce also develops policy and the harmonization of best practices in GP across member states of CARICOM.

The PU in collaboration with CARICOM, organized workshops for ministries, departments, statutory bodies and the private sector to introduce them to the CARICOM Public Procurement Notice Board (CPPNB) and assisted to register users and suppliers so that they can begin to utilize the Notice Board. The CPPNB is aimed at standardizing operating procedures in public procurement across CARICOM. The expected results are to promote integration, transparency, integrity and fairness in public procurement in Belize and the wider CARICOM area. Other expected results are accountability and value for money in public procurement.

The Director was also present at three sessions of face-to-face training to approximately 90 Finance Officers which was organized by the Ministry of the Public Service and the MOF. This was a very productive exercise where an update on the draft new Public Procurement and Disposal of Assets Act and Cabinet's decision to centralize procurement in a Central Procurement Unit in the MOF was presented.

## **2. The New Public Procurement and Asset Disposal Act**



The drafting of a new PP law geared towards centralized procurement was one of the principal activities of the PU for FY 2021-22.

In 2021, the Ministry along with the IDB engaged an international consultant (a procurement expert) to draft a comprehensive new Public Procurement and Asset Disposal Act for Belize. The consultancy includes drafting of regulations and updating a Handbook on procurement for Belize.

At the close of FY 2021-22 work on the new draft act was ongoing.

### **3. Employment of Project and COVID 19 temporary employment related staff**

The PU processes applications for project related employment under contracts. The PU ensure that all new and renewal of contracts complied with directives of the Ministry of Finance regarding the 10% reduction of salaries and the reduction of holidays per year.

In FY 2021-22 the PU processed 178 employment/renewal of employment contracts.

### **4. Annual Procurement Plans and use of CARICOM website**

The PU, at the start of FY 2021-22 requested Annual Procurement Plans (APPs) from all line ministries. The relevant template and guide to complete it was also disseminated. The requests for APPs continued throughout the year but the responses were not too successful since some ministries had no contracts.

All ministries are constantly being reminded to publish procurement opportunities on the Caricom Public Procurement Notice Board (CPPNB); the invitation is affixed to all memorandums originating from the PU.

Belize agreed to provisionally apply the Articles of the CARICOM Public Procurement Protocol in the interim before the new law comes into force. The CPPNB website standardizes the advertising format and automatically publishes procurement opportunities regionally when the thresholds of US \$150k for goods and services and US \$4.0M is reached or exceeded.

### **5. Procurement by Category, Value and Tender Procedure**

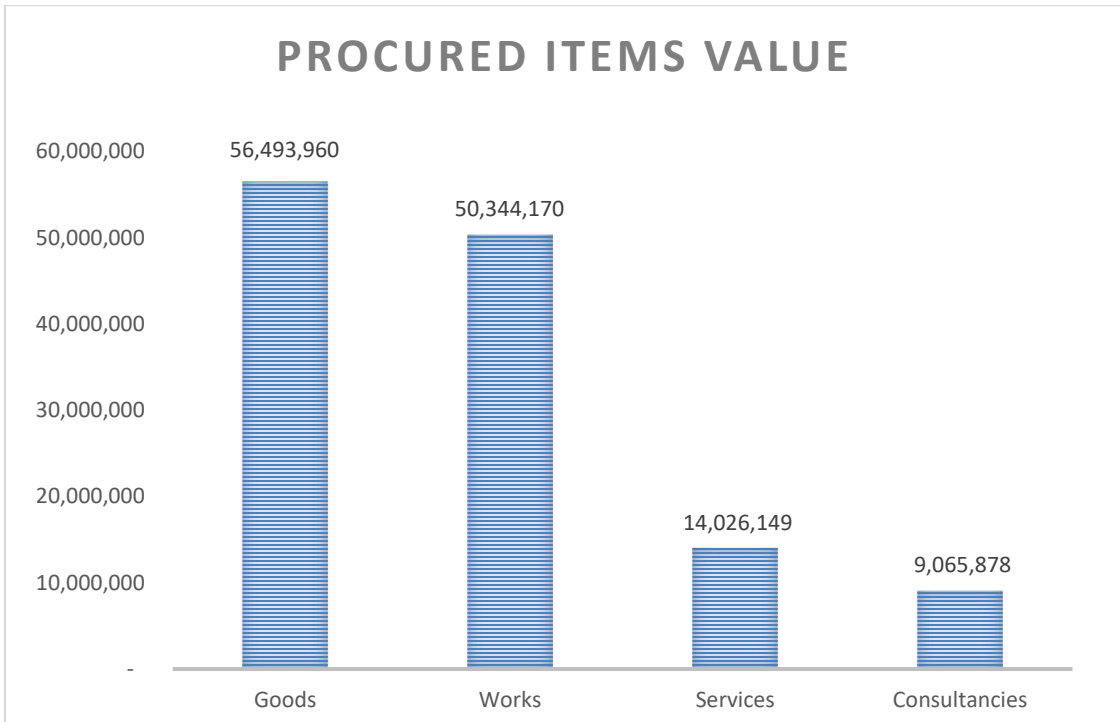
During the period May 2022 to December 2022 a total of 377 contracts were reviewed by the PU with a combined value of \$130M. The information is being presented in a summarized format and includes only a few contracts less than or equal to \$50k in value. As a result, all contracts made by procuring entities are not included.<sup>1</sup>

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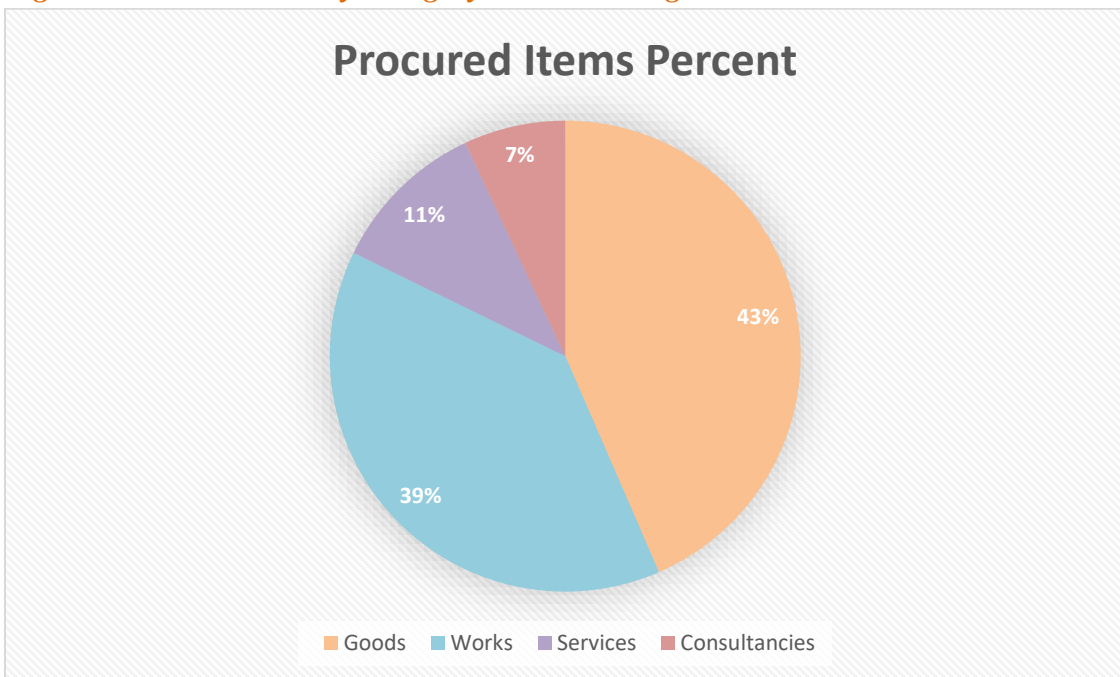
<sup>1</sup> Contracts below \$50k value can be approved by CEOs and do not require approval of the MOF.

The graph below shows the value of items procured by category for the period May to December 2022.

**Figure 3: Procurement by Category and Value**



**Figure 4: Procurement by Category and Percentage**



**Procurement by method:**

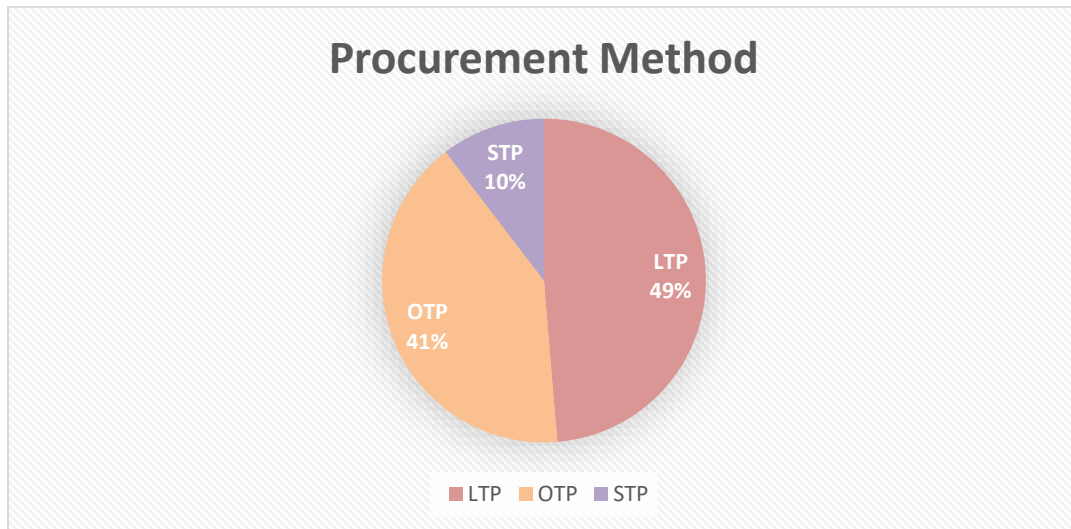
(LTP) Limited Tender procedure - tenders are invited from one pre-identified supplier.

(OTP) Open Tender Procedure - Open tendering or competitive bidding allows companies or individuals to bid on goods, services, or consultancy opportunities in an open competition or open solicitation manner.

(STP) Selective Tendering Procedure – Selective or restricted tendering is limited to agencies that are invited by the procuring team. The procuring entity will establish a set of guidelines to use when selecting the suppliers and service providers that will be on the invitation list.

**The table below shows that** (LTP) Limited Tender procedure was used for 49% of tenders reviewed, (OTP) Open Tender Procedure was used for 41% of tenders reviewed and (STP) Selective Tendering Procedure was used for 10% of tenders reviewed.

*Figure 5: Percentage of Procurement by Method*

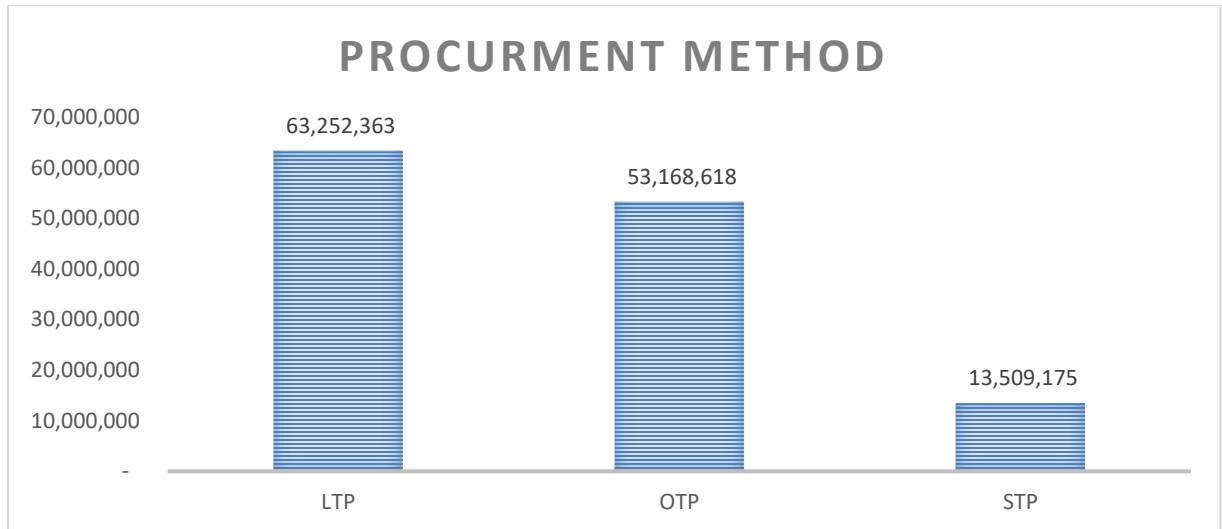


**Summary of Procurement Methods:**

During the period under review there were extraordinary environmental factors (Flooding, Hurricane Lisa, and COVID) these factors contributed to an above average use of the limited tender procedure. LTP is also employed in cases of work continuation or contract extensions.

The table below identifies the different procurement methods used by procuring entities for the period under review.

**Figure 6: Procurement Method Used**



### Challenges and Lessons Learnt

1. To conduct centralized procurement as envisaged will require an expansion of the CPU with procurement specialists, and various specialized staff. The current function of the CPU is that of a compliance unit, with the responsibility to review procurement activity conducted by all GOB procuring entities. This task consumes a large portion of the time available to the two employees of the unit. It is essential to allocate the necessary resources for additional staff and training for all procurement officers to improve the quality of submissions and reduce the approval times.
2. The average approval time for award of contract is currently two (2) days. Submissions that are delayed can be attributed primarily to a lack of proper documentation or unavailability of funds for the procurement activity. This can be improved with proper training in procurement activities and a system of change management to inform as to the benefits of a properly conducted procurement exercise. A procurement portal where submittals are done electronically would also assist the procuring entities and reduce some of the lags in the current manual system. Currently all requests received are catalogued with digital files in a database created by the PU. This adds to the workload as most of the submittals are manual.

3. With additional staff proper market research can be conducted and aggregation of demand can commence. This can lead to the development of framework agreements that can reduce the constant calls for tenders on related items, or in cases of emergency procurement. For example: an agreement could be entered with each vehicle distributor in country to supply certain vehicles at certain intervals at a pre-determined price. Such agreements could also be entered with suppliers of hardware, land transportation, marine transport, works contractors before the intensification of the hurricane season. This would limit using the LTP in times of emergencies.
4. Currently there are twenty ministries. The data compiled shows that most procurement is undertaken by six Ministries.
5. One important issue that will require improvement is when procuring entities present their request for awards of contracts after the expiration of an existing agreement these procurements activities usually use LTP or STP. A GOB contract management system that can be monitored by the CPU will allow Ministries and all other relevant bodies to anticipate when contracts will expire – and put in place systems to conduct procurement activity on time.
6. While Belize is currently the only country that's uses the CPPNB, its use has been limited to a few ministries and, as such, has not been given the appropriate support for optimal use. An enlarged PU would have staff to dedicate in minor and major maintenance and to populate the CPPNB with relevant information on suppliers. This is a separate exercise from publishing procurement opportunities – The CPPNB allows publishing of all APPs by GOB, the names and contact points of suppliers, name of suppliers awarded contracts as well as the value of contracts awarded and publish statistics. The complete use of the CPPNB will need better coordination.

### **Future Activities**

1. The GOB has decided to expand the responsibilities of the PU and transition it to Central Procurement Unit. It is envisioned that procurement will be centralized for general consumables. Specialized procurement will continue in certain Ministries that have the necessary expertise in place. There will also be the creation of a unit for the disposal of all Government assets.
2. Complete, enact, disseminate and enforce new Public Procurement Act along with accompanying regulations and Standard Bidding Documents.

3. Provide training on new legislation and Standard Bidding Documents for public officers, statutory bodies, and other public institutions and sensitize new requirement to suppliers.
4. Coordinate/ implement centralized public procurement and use of central price reference, use of framework contracts, and increase advertisement on the CPPNB.
5. Complete Register of Suppliers, inclusion & classification of MSMEs.
6. Reorganize the MOF website regarding Public Procurement; work with the Ministry of E-Governance and with CARICOM to move towards e-procurement.
7. Develop/ implement policies and practices for sustainable public procurement (environmental and social considerations) in furtherance of the Sustainable Development Goals (SDGs)

### **Procurement Legislation**

With funding and assistance from the Inter-American Development Bank (IDB), a team of procurement experts are currently in the process of drafting a new Procurement Legislation based on international best practice. Works are ongoing with bi-weekly review sessions. The draft is being developed by a consultant with the assistance of representatives from the MOF, IDB, & CDB. The draft legislation is expected to be completed in the first half of 2023.

The Legislation will clarify and modernize public procurement, & the disposal of public property. The legislation will allow for the establishment of additional units to assist in the procurement process. These additional units are:

- i. Procurement and Disposal Policy Unit.
- ii. Central Procurement Unit
- iii. Central Disposal Unit
- iv. Public Procurement and Disposal Board.
- v. Procurement and Disposal Review Commission.

### **Strengthening Public Expenditure Management Project**

The Strengthening Public Expenditure Management (SPEM) Project funded by the IDB and signed in 2022, is being executed by the newly established Central Executing Unit and will assist to further establish and strengthen the capacity of the PU.

The PU will benefit from assistance through this project in the following areas:

### **Phase 1**

- Equipment & retrofitting of a location to setup the procurement, reference price, supplier registration, and business intelligence units.
- Local technical assistance to implement and operationalize the centralized procurement entity activities, including reference prices, supplier registry, and business intelligence units.
- Consultancies will be used for international assistance to develop and establish an action plan for the implementation of e-procurement system and develop an interface with Smart Stream.
- Technical assistance to develop and implement a reference price methodology and the Unit.
- Technical assistance to adopt modalities that aggregate demand.
- Technical assistance to support the standardization of documents.

### **Phase 2**

- Acquisition and implementation of an E- procurement system.
- Development of a web portal for E-Procurement, that will include a transparency interface for public access to information, an internal portal to consult the reference prices, and an internal portal for standardized documents.

### **Training & Change Management**

Additional sub-components under the project will allow for several trainings on the use of the new e-procurement system, procurement standardization and procedures with relation to standardized documents.

## **INTERNAL AUDIT UNIT**

The establishment of an Internal Audit Unit at the Ministry of Finance at the end of September 2020, was among the GOB's priorities to strengthen Belize's Public Finance Management (PFM) Systems.

Through the EU's Technical Assistance to the GOB for the Implementation of the PFM Support Programme, the Ministry benefitted from the guidance, advice, and expertise necessary to implement internal audit as a PFM action.

### **Main Achievements**

1. Development of the legal framework of the internal audit function.

The Project drafted an internal audit act and an internal audit circular which was reviewed by the Chief Internal Auditor. Agreed changes were made to both documents. The Ministry of Finance intends to submit the Draft Internal Audit Act to the National Assembly for its enactment.

The Financial Secretary issued the Internal Audit Circular. The Circular informs ministries and departments of the goals of internal audit to analyse and report on the design and effective functioning of processes and internal controls, and that the Unit is authorized to access all Government locations, staff, systems, and transactions.

2. Preparation of an Internal Audit Charter, adapted to Belize.

The Charter was reviewed and signed by the Chief Internal Auditor and the Financial Secretary.

3. Preparation of an Ethics Policy as required by the Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF)
4. Preparation of an Audit Committee Charter tailored to Belize's circumstances.
5. Preparation of an internal audit manual that consists of two volumes.

The internal audit manual is structured on the Institute of Internal Auditors' IPPF. It is a practical working document with extensive explanations and templates. The Manual was reviewed by the Chief Internal Auditor, and this is to be done on an annual basis.



6. Preparation of annual audit plans for fiscal years 2021/22 and 2022/2023
7. Completion of two pilot audits

With the guidance of the Project's team leader, the Chief Internal Auditor carried out an audit on the losses and shortages process at the Ministry of Finance and another audit on the Payroll Process at the Treasury Department.

Through this hands-on exercise, the concepts, and practices, introduced in training or explained in guidance become clear and the knowledge becomes embedded through the application of the theoretical material in an actual practical experience. Furthermore, after submission of practical and valuable recommendations in the internal audit reports, management and auditees come to understand the real concept and value of internal audit.

8. The IAU assisted in the documentation of SOPs on losses and surcharges, payables, purchasing and payroll.
9. The IAU assisted in drafting Circulars for the MOF on losses and surcharges, payables, purchasing and payroll procedures, which were circulated to all line ministries and departments.

### **Challenges and Lessons Learnt**

- ◆ The establishment of the Internal Audit Unit will be a major improvement for the next Public Expenditure and Financial Accountability (PEFA) assessment since the existence of internal audit is one of PEFA's key elements.
- ◆ Audit reports prove meaningful and beneficial in the improvement of processes in particular financial processes. The implementation of recommendations from the pilot audit reports for the Reporting of Losses and Shortages and the Treasury's Payroll Process will result in tangible savings and increased efficiency in the public service.
- ◆ Covid presented major challenges in terms of training for the IAU.
- ◆ Only one member was appointed to the Internal Audit Unit although the MOF budget provided for three members. Consequently, there was delay in the commencement of the internal audit activities. Certain activities such as the preparation of an annual report for the Audit Committee/Financial Secretary were not feasible with only two pilot audits to report on. This also impacted follow-up of the pilot audits.

- ◆ The MOF did not have the capacity to appoint an audit committee. Appointment of independent members is a difficult task. It is imperative that any independent members of an Audit Committee should have the necessary technical knowledge and are not and would not be perceived as being politically aligned.
- ◆ The draft Internal Audit Act has not yet been enacted by the National Assembly.

**Future Activities**

<b>Proposed Activities</b>	<b>Objectives</b>	<b>Expected Results</b>
Pursue training with CARTAC and IDB Consultant	To enhance skills/knowledge of the IAU.	Training will allow the IAU to progress to a higher level of performing audits.
Pursue the employment of at least 2 internal auditors.	To have an IAU that is adequately staffed to conduct audits.	The IAU will complete audits in a timely manner.
Follow-up on the possible enactment of the Draft Internal Audit Act	To legislate internal audit functions and activities.	Robust protection of the IAU and a best practices foundation for other internal audit functions in the Government of Belize.
Follow-up on the purchase of an audit management software	To perform high quality audits through data analytics.  To maintain a central hub for all audit activities.	High-quality audits. software can help cut the time it takes to prepare for, conduct and report on an audit.
Conduct at least 7 risk-based audits.	To help management to evaluate and improve the effectiveness of risk management, control, and governance processes.	To provided management with reasonable assurance that an organisation's risk management, governance and internal control processes are operating effectively.

# ACCOUNTANT GENERAL'S DEPARTMENT

## Mission Statement

The Accountant General Department provides stewardship for the GOB's Financial Management System. It administers general supervision of expenditure and receipt of revenue, effectively serving the public in a professional environment.

## Vision Statement

To continue to improve the quality of life for all Belizeans through transparency, accountability and sound fiscal management with a professional team committed to the highest level of integrity.

### Main Achievements

- ◆ During the Financial Year 2021-2022 the Accountant General's Department monitored and ensured that all revenue collected was properly recorded.
- ◆ The Department implemented controls as we made accurate and timely payments to suppliers and service providers on behalf of the Government of Belize.
- ◆ The staff strived to be compliant with due diligence requirements for international wire transfers and servicing of domestic and foreign payments.
- ◆ Ministries and Departments received guidance and support as they incurred expenditure within budget allocations.
- ◆ Disbursal of funds were keenly monitored and accounted as per regulations.
- ◆ Pension and gratuity payments were made in conformity with the respective Pension Acts.

### Challenges and Lessons Learnt

- ◆ The Department's goals need to be more focused in completing the Financial Statements as we aim to provide accurate and timely reports, for better decision making.

- ◆ The submission of the Financial Statements as per Finance and Audit (Reform) Act, Section 15, is the responsibility of the Accountant General. Unfortunately, the last submission made was for 2013-14 Financial Statements. Since August 2022, our team has been working with the Financial Statements for Fiscal Years 2014-2015 to 2018-2019. We have assigned a dedicated team to work with the Financial Statements and we received technical support from IMF- CARTAC consultants in January 2023.
- ◆ Challenges we have encountered are wrong postings, incomplete bank reconciliation, wrong assignment of the chart of accounts and no reconciliation of accounts by Ministries and departments. Other factors which have affected are the high turnover of staff within our department because the all the work at the Treasury requires commitment, staff with limited qualifications, trained staff and limited use of solutions and technology.
- ◆ As we progress with the Financial Statements, we aim to complete the outstanding financial statements and make timely submission for the 2021-2022 statements. We will create policies to address the challenges we have met and will monitor compliance so that we have accurate information posted in Smartstream. Through the policies the revenue departments will have to reconcile collections and collectively this will ensure we balance our cash and bank at the end of the fiscal year.
- ◆ It is of paramount importance for us to train our officers to remain compliant and vigilant in the implementation of robust controls to safeguard assets of the Government of Belize.

### **Future Activities**

The Department will use technology to upgrade current processes so that we have greater outreach for real time collection of revenues. We will restructure our department to focus on capacity building and seek fair and equitable compensation for the workload required for our operations.

We pledge our unwavering support to the Government of Belize, and we remain committed to work arduously to become more efficient in the services we provide.

## **OFFICE OF THE SUPERVISOR OF INSURANCE AND PRIVATE PENSION (OSIPP)**

The Office of the Supervisor of Insurance & Private Pensions (OSIPP) is a department under the Ministry of Finance that supervises the insurance and private pension sector.

Its Mission is to continuously enhance the protection of the interest of policyholders and members of the private pension plan by ensuring that the Belize insurance and pension industry remain financially sound, operationally viable and sustainable.

Its Vision is to be proactively internalizing international best practices by applying new regulatory framework and tools to ensure a prudent and sound insurance and pension industry for the benefit and interest of the valued policyholder and members of pension plans.

The principal role of the OSIPP is to protect the interest of the public, whether as a consumer or third party. This is done through the monitoring of insurance entities and pension administrators to ensure financial stability and use of fair business practices while carrying out their business operations. These roles and responsibilities are acquired through the Insurance Act, International Insurance Act and Private Pensions Act with their respective Regulations.

Critical functions and responsibilities are also assigned under the Motor Vehicle Insurance (Third Party Risks) Act and the Money Laundering & Terrorism (Prevention) Act.

### **Core Functions:**

- ◆ Administration of the Insurance Act and Regulations
- ◆ Licensing of insurance companies and insurance intermediaries
- ◆ Ensure the payment of appropriate annual fees.
- ◆ Monitor statutory departments and statutory funds.
- ◆ Review annual financial statements submitted by insurers and intermediaries.
- ◆ Ensure overall compliance by all licensed insurance entities with requirements of the Insurance Act and Regulations.

## Main Achievements

OSIPP embarked on several projects in 2021 and 2022 to improve supervision, adhere to international standards and provide protection to the policyholders, members of private pension plans and the general public. The main projects engaged are IFRS 17, Financial Inclusion, Disaster Risk Financing Initiatives, and Risk-based Supervision. As a financial sector supervisor, OSIPP is also engaged in the National Risk Assessment which remains ongoing and should be completed by March 2023. The various projects have provided valuable capacity building of the supervisory staff for improved supervision of the sectors to better provide protection to policyholders and members of private pension plans.

While the financial inclusion and disaster risk financing projects remain ongoing, the provisions required for micro-insurance under both indemnity and parametric basis are being considered under the update of the Amendment to the Insurance Act, a project that is sponsored by CARTAC and the World Bank. The objective is to provide insurance to the uninsured or marginalized population.

OSIPP staff has engaged in risk-based supervision training to improve the current risk-based supervisory framework for both prudential and anti-money laundering/counter-terrorism financing. Training of supervisory staff has been necessary as there have been updates to the insurance and accounting standards and the FATF Recommendations. Most of the training has been online with very limited in-person training. The training has been conducted by the International Association of Insurance Supervisors (IAIS), Access to Insurance Initiative (A2ii), Financial Stability Institute (FSI), Caribbean Financial Action Task Force (CFATF), CARTAC and the IMF.

IFRS 17 will impact the insurance sector, so care has been taken in conducting a gap analysis at the local level (sponsored by IDB in 2019) and at the regional level (sponsored by CARTAC (2021-2022) where recommended statutory forms have been developed and technical assistance has been provide for legislative updates.

To keep up with international standards and remain competitive, OSIPP engaged in the amendment of the Insurance Act in 2020 with the sponsorship of CARTAC and the World Bank. The World Bank continues to provide support in completing the legislative update project. The below table highlights the achievements in 2021 for each core function.

**Table 4: Core function statistics**

<b>Other Core Functions</b>	<b>2021</b>	<b>2022</b>
Onsite Inspections	0	15
Complaints Received – Insurance	14	12
Complaints Resolved – Insurance	14	12
Complaints Received – Pension	1	1
Complaints Resolved – Pension	1	1
Statistical Report issued	26	32

1. **Offsite reviews** were done on companies during 2020 and 2021 in the absence of on-site inspections.
2. **Statistical reports** are issued as follows:
  - a) Statistical Instituted of Belize – quarterly basis
  - b) Central Bank of Belize for the national financial stability report, the regional financial stability report and the IMF Quarterly Report – on a quarterly basis
  - c) International Association of Insurance Supervisor (IAIS) – the System Wide Monitoring – annual
  - d) Industry sector: unaudited quarterly statistics – on a quarterly basis ; aggregated hurricane statistics, AML reports aggregated
3. Several **licenses** were issued to insurance companies and intermediaries as per the different Acts enforced by the department, which contributed to the revenue collected by the department. The statistics on these are shown on the tables below.

**Table 5: Licences issued under the Insurance Act**

<b>Licences issued under the Insurance Act</b>			
<b>Type of Licence</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Insurance Companies	9	9	9
Association of Underwriters	1	1	1
Special Licence	1	1	1
Individual Agents	100	101	120
Corporate Agents	9	10	10
Sub Agents	5	6	5
Brokers	2	2	2

**Table 6: Licences issued under the International Insurance Act**

<b>Licences issued under the International Insurance Act</b>			
<b>Type of Licence</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Insurance Companies	1	1	1
Insurance Managers	2	2	2
Insurance Brokers	2	2	2

**Table 7: Private pension statistics**

<b>Private Pension Act: Pension Administrators and Pension Plans</b>			
<b>Pension Administrators</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Licensed Pension Administrators	4	4	4
Registered Pension Administrators	22	25	27
<b>Pension Plans</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Pension Plans Registered	14	17	18
Pension Plans Exempted	4	4	4
Pension Plans Dissolved	1	1	1

**Table 8: Revenue collected per FY:**

<b>OSIPP's Revenue Collection per Fiscal Year</b>			
<b>Cost Centre</b>	<b>Activity</b>	<b>Fiscal Year 2021/22</b>	<b>Fiscal year 2022/23</b>
18038/10521/120/15	Insurance	\$4,306,849.33	\$4,126,027.55
18038/10522/120/15	Penalties/Miscellaneous	\$93.00	\$4,035.00
18038/10527/120/15	International Insurance	\$31,101.73	\$9,171.03
18038/10530/120/15	Private Pension	\$19,711.00	\$19,598.50
Total		\$4,357,755.06	\$4,158,832.08

#### **4. Statutory departments monitored:**

BTB's Travel Insurance Schemed was monitored in 2022. Three travel insurance policies were approved. There were no complaints received of unpaid claims by insurers arising from this product. The insurance industry complained that BTB placed hurdles for their participation in the program and was prepared to take legal action against the BTB.



## 5. Number of financial statements submitted and reviewed:

Each insurance company is required to submit an annual audited **financial statement**, unaudited quarterly financial statements, and the Electronic Accounts & Forms. The Insurance Brokers and Corporate Agents are required to submit audited financial statements on an annual basis.

**Table 9: Number of Financial Statements filed by type:**

Type of Financial statements filed	2021	2022
Audited – Insurance Sector	11	11
Unaudited Quarterly Financial Statements	166	166
Monthly Financial Statements – Insurance Sector	12	12
Special Accounts Filing – Insurance Sector	1	1
Audited – Pension Sector	3	5
Special Account Filing – Pension Sector	9	15
Unaudited Financial Statements	6	10

### 1. Actuarial Reports

Actuarial Reports are also a requirement for both the Insurance and Pension Sectors which require review and, in some cases, require external review by OSIPP's Consulting Actuary. The below table shows data on the actuarial reports filed.

**Table 10: Actuarial reports filed**

Types of Reports Filed	2021	2022
By Insurance Companies	4	4
For Pension Plans	2	4
For Product Review/Approval	1	1

## Challenges and Lessons Learnt

OSIPP has been able to access training, technical assistance, and support for raising the supervisory capacity of staff for better supervision of the sectors. Industry also requires guidance and support for their development. OSIPP has been guiding the sector in compliance with current legislation where the Quarterly Report Card has proven to be a

useful tool for ensuring compliance. The system is bound to change under a full risk-based supervisory framework so more guidance and training will be required for the industries. Outreach will have to be increased.

### **Future Activities**

In 2022, OSIPP focused a lot on preparation of IFRS 17, risk-based supervision, and the legislative review of the Insurance Act. OSIPP was also involved in the National Risk Assessment and the Mock Technical Compliance required by the FIU in preparation for the CFATF Mutual Evaluation to be done in 2023.

- In 2023, the amendment to the Insurance Act is expected to be enacted, after which the Regulations will follow. The World Bank has indicated that it would support the funding for the Regulations. Sensitization and training of the insurance sector will be required so that they can address the enterprise risk management and accounting standards.
- Sensitization of the IFRS 17 statutory requirements and training in the completion of the new forms and valuation of assets and liabilities. This is essential to ensure that provisions are in place for the protection of policyholders and the development of the insurance industry.
- Legislative amendments will be made to the Private Pension Act to allow for more flexibility in the implementation. New Forms are required but the cost of these is high, so technical assistance will be sought.
- Outreach for private pension administrators will be implemented, starting with the annual meeting of the Administrators with the intention of overtime increasing frequency.
- As AML/CFT Supervisory Authority, OSIPP will conduct an annual AML/CFT training specifically designed for the insurance sector. This will have to be carefully timed as OSIPP is participating in the National Risk Assessment (9 officers), the Legislative Working Group and the Mutual Evaluation Working Group.
- Standard Operating Procedures for OSIPP are being documented and Guidelines for the insurance sector are being prepared.

## **CENTRAL INFORMATION TECHNOLOGY OFFICE (CITO)**

The Central Information Technology Office (CITO) provides a stable and robust IT infrastructure in support of the public financial management systems for the GOB.

The organization offers hosting services on-premises and in the cloud to support e-government solutions that are developed by government ministries and departments.

In addition, the organization provides IT file and storage services for entities on CITO's domain, as well as collaboration and productivity product and service offerings to GOB entities, such as e-mail, Teams, SharePoint, and OneDrive.

Managed Internet services are provided to the GoB entities that are on CITO's domain.

Essential to CITO's operations are the ongoing cybersecurity services that are aimed at detecting, preventing, and remediating cyber incidents. Therefore, the underlying objective of the organization is to protect the confidentiality, integrity, and availability of information assets that fall under CITO's managed domain.

### **Main Achievements**

#### **Networking Services and Operations:**

##### **Network Migrations**

CITO migrated the Family Court, Ministry of Education, Blue Economy, and Youth and Sports to our network. Daily network maintenance and support for end devices and clients, network security services such as virus protection, access right management, user and group management, and backup and restore services were implemented.

##### **Network Redundancy - BGP Peering**

In 2019, LACNIC (Latin America and Caribbean Network Information Centre) assigned CITO/GOB its autonomous system number (ASN) and public IP Addresses.

In 2021, CITO successfully used its ASN and public IP addresses to peer with Digi and Smart and is receiving IP transit services ever since from both internet service providers. True redundant internet connections enhancing network resilience across the CITO-managed domain, faster and better routing of GOB digital traffic through the Internet, and improved security, particularly in terms of business continuity, are some of the benefits realized by BGP peering across the entire CITO domain.

### **Wireless Network Project in Belmopan**

CITO started to provide enterprise wireless network services in Belmopan using an industry-leading wireless access network platform. The Point-to-Multi-Point wireless network operates using 20Mhz Point-to-Multi-Point link channels in 3.3 – 3.9 GHz band. The Office of the Supervisor of Insurance and Private Pension (OSIPP) is the only subscriber currently. The OSIPP benefits from enhanced network resilience leading to optimized service and higher availability of their business systems.

### **Implemented the Disaster Recovery Site**

CITO implemented and maintained additional information security controls within business continuity and disaster recovery processes in support of GOB systems to maintain existing information security controls during adverse situations.

CITO established its fully functional disaster recovery site (DR Site) that can support the whole of the government's critical business systems that are hosted and managed by CITO to meet our information security obligations.

The organization designed and implemented Dell's Replication, Backup, and Recovery Enterprise Solutions for next-generation data centers. Replication of mission-critical data occurs every 25 seconds from the main processing site to the DR site. Backup is implemented multiple times during the day.

Our intervention in this regard offers high-availability of mission-critical business systems, data, and information and removes single points of failures across the network.

### **Upgraded Firewalls Appliances**

CITO upgraded all firewall appliances at the core and remote sites, enhancing the organization's ability to prevent breaches using advanced security tools and services across the CITO-managed domain.

GOB entities in CITO's managed domain are benefiting from improved application awareness and control, intrusion prevention, and threat intelligence services that safeguard information assets.

CITO's security and system administrators are benefiting from comprehensive network visibility in respect of the threat activity across users, hosts, local area networks, and devices.

### **Deployment of Online Help Desk System**

CITO implemented its online Help Desk Solution to address incident resolution and service requests from users in CITO's domain. The Help Desk serves as a single point of communication/entry point between CITO and other GOB ministries and departments for reporting issues, queries, and requests.

The benefits of the Help Desk System are improved time management of CITO's staff and turnaround time improvements for reported IT issues.

### **Commissioning of Parallel UPSs for High-Availability of IT Services at the Main and DR Sites**

CITO implemented parallel-redundant UPS systems at the primary and secondary processing sites aimed at enhancing IT infrastructure resilience.

The advantage of a parallel-redundant UPS system is that it allows for maintenance work to be carried out without any IT service disruption and it also eliminates a single point of failure at the level of the data center where clean reliable power is provisioned to critical IT equipment.

### **E-mail Migrations**

The organization migrated emails for the Ministry of Education, Culture, Science, and Technology and the Ministry of Health and Wellness to CITO's managed e-mail solution. These ministries are benefiting from improved email services and email security.

### **Cybersecurity (Systems, Networks, Physical Controls)**

Deployment of unified endpoint management and security solutions across the entire CITO domain to enhance IT controls at the endpoint level to improve incident response and recovery.

### **Cybersecurity Awareness**

Information security awareness campaigns and phishing simulations were launched across the CITO domain targeting finance officers and the staff at the Treasury Department.

Public officers are better prepared to identify potential cyber threats that can reduce the risks related to unauthorized disclosure of sensitive information, theft of government information assets, reputational damage to the GOB, and financial liabilities.

### **Network Footprinting, Vulnerability Scanning, and Penetration Testing**

Ongoing and systematic network footprinting (reconnaissance) of the network is carried out to determine compliance of devices with IT security controls.

Vulnerability assessments are done frequently to identify and analyze systems and the network for any potential vulnerabilities, flaws, or weaknesses that can be exploited by threat actors.

Penetration testing is done to evaluate systems and networks in their current state of security and their likelihood to be susceptible to a successful attack by a malicious hacker or nefarious user. We ensure to perform comprehensive enumeration and scanning for technical flaws and vulnerabilities. Controls are implemented or adjusted depending on the results of the evaluation.

GOB entities in CITO's domain benefit from this intervention by having a secure network.

### **Updating of PCs to Windows 10 21H2**

Upgraded all PCs on CITO's domain to Windows 10 21H2 to ensure that our managed endpoints are taking advantage of the latest features and advanced protections from the latest security threats. Over 2000 endpoints were upgraded.

### **Enhanced Data Protection**

Deployed a second Avamar data protection software to enhance the deduplication backup and recovery processes at the main and DR sites.

### **Management of gov.bz Domain**

Migrated the GOB 2<sup>nd</sup> level domain (gov.bz) from UML to CITO's managed platform for improved security and control of GOB domain names.

### **Multi-Factor Authentication**

Strengthened security at the sign-in process by implementing Multi-Factor Authentication across the CITO-managed domain to protect our users from credential theft, and unauthorized access.

### **Implemented Secure Teleworking**

CITO enhanced its remote access solution by adopting international standards for remote access for teleworking. The organization strengthened cryptographic controls between endpoints and the internal networks so that endpoints are validated and verified against minimum security standards before access is granted.

### **Upgrade McAfee Rogue System**

CITO implemented the McAfee Rogue System for network-wide enhanced detection of rogue systems. The McAfee Rogue System Detection uses passive and active network discovery techniques to detect rogue systems connected to a network.

### **DKIM and DMARC for Enhancing Email Security**

Implemented DKIM and DMARC for enhanced email services across CITO's domain. The implementation of DMARC and DKIM enhances the security of the CITO domain through enhanced protection against spoofing and phishing emails.

When e-mails are sent with DKIM (Domain Keys Identified Mail) it allows the receiver to verify that the domain owner authorized the email. DKIM is a secure, encrypted digital signature that is added to the message for improved security.

DMARC (Domain-based Message Authentication, Reporting & Conformance) security protocol helps to prevent spoofing and phishing scams across the CITO domain. Consistent e-mail security standards are not being implemented across the network to protect and enhance GOB's online reputation.

### **Implemented Rights Management Services/Information Rights Management (RMS/IRM) and Data Loss Prevention (DLP)**

Implemented RMS/IRM and DLP to protect important documents and emails across multiple devices, including phones, tablets, and PCs by using encryption, identity, and authorization policies for all users under the CITO domain.

### **Windows Intune Deployment**

Deployed Windows Intune across the entire domain to enhance endpoint management, including configuration management for on-premises endpoint devices to assist with identity management of users, management of applications, and devices. Windows Intune was implemented alongside the System Center Configuration Manager (SCCM) for improved endpoint protection and configuration.

## **Challenges and Lessons Learnt**

Essentially, more sensitization is needed for public officers and elected government officials to understand and appreciate why CITO implements certain IT security controls intended to improve the overall cybersecurity posture of the Government of Belize. Sensitization sessions should also include orientation sessions regarding the International Standards and Guidelines (ISO/IEC 27001 and 27002) for Information Security Management Systems that the organization complies. Oftentimes, the organization faces resistance during the execution of our duties. These sessions may help to build trust in CITO's operations across the government.

Recruitment and retention of highly trained IT professionals are challenging primarily due to remuneration that oftentimes is not commensurate with the duties and responsibilities of officers required to manage highly complex IT environments. This, in turn, presents significant risks to CITO's operations. The organization continues to address operational challenges because of staff turnover and difficulties with recruiting the right people. The organization will continue to request more attractive remuneration packages to attract and retain qualified and trained IT professionals.

## **Future Activities**

The following have been identified as future/ongoing priorities to be completed in 2023 through to 2025:

1. Enhanced network security and operations:
  - a. Implementation of automatic failover of the main processing site to the DR Site. At this time, the switchover is manually done.

- b. Further implementation of sandboxing techniques to leverage artificial intelligence to enhance the cyber security posture of the CITO's managed domain and network.
  - c. Expansion of the Wireless Project to other sites in Belmopan to enhance network resilience.
- 2. Implementation of an isolated IT infrastructure as an IT control to mitigate ransomware attacks.
- 3. Implementation of enhanced endpoint detection and response (EDR) and extended detection and response (XDR) solutions for the entire CITO domain to prevent security incidents, and improve threat response, and threat hunting.
- 4. Implementation of managed detection and response solutions for the entire CITO domain to safeguard IT operations 24/7/365 to improve our ability to detect, investigate, and respond advance threats across the IT domain.
- 5. Improved mobile device management and mobile application management across the CITO domain.
- 6. Continued cybersecurity awareness campaigns for users of the CITO domain, including orientation sessions on the ISO/IEC International Standards for Information Security Management Systems.
- 7. Vertical and horizontal expansion of the data center to accommodate the deployment of new digital business systems for ministries and departments.
- 8. Continued hosting of GOB systems such as Belize Corporate and Companies Affairs Registry (BCCAR) OBRS, and ePICS for the Immigration Department.
- 9. An implemented DR solution in CITO's primary data center for the Customs and Excise ASYCUDA application.
- 10. Continued strengthening of Microsoft Cloud-Based Services such as e-mail, Teams, and SharePoint that are provisioned by CITO.
- 11. Commissioning of an automatic Fire Alarm and Fire Suppression System at the Main and DR Sites.
- 12. Continued penetration and vulnerability assessments across the CITO domain.
- 13. Upgrading of Data Loss Prevention software to enhance endpoint protection.
- 14. Upgrading of the virtualized software in the data center.



15. Assist with procuring and commissioning essential software to enhance business functions for Fiscal Strengthening such as e-Procurement, Debt Management, Audit Control, Fixed Asset Management, and improved management information systems for budget analysts and forecasters in the MOF.

## **BELIZE TAX SERVICE DEPARTMENT**

The Belize Tax Service (BTS) is the new domestic tax department formed on April 1, 2019, stemming from the integration of two existing tax departments: namely the Department of General Sales Tax (DGST) and the Income Tax Department (ITD). The BTS was founded on modern standards, a modern organizational model and supported through the implementation of a new Integrated Tax Administration System (ITAS)

The **Vision** of the BTS is to be a leading Tax Administration that significantly contributes to the social and economic well-being of the people of Belize.

The **Mission** of the BTS is through a highly skilled cadre of professionals, administer the relevant tax laws in an equitable and fair manner to promote the highest levels of voluntary compliance and achieve the maximum degree of public confidence in the Belize Tax Service.

The BTS tax base incorporates four (4) core tax types including Business Tax, PAYE, Sales Tax and Contract Tax. BTS is now the largest revenue department under the Ministry of Finance.

The BTS currently operates from its Head Office location in Belize City and from seven (7) other branch offices namely: Corozal, Orange Walk, San Pedro, Belmopan, San Ignacio, Dangriga and Punta Gorda; and it is being supported by approximately 250 staff members

### **BTS's Management of the Global Pandemic COVID19:**

The economic and social disruptions caused by the Covid-19 pandemic in 2020 and continued during 2021, with significant public health restrictions impacting businesses across many sectors. The BTSD continued to play a significant role in supporting affected businesses through the delivery of critical Government supports.

The BTSD was afforded the opportunity to be among the Caribbean countries who participated in an effective Revenue Management Program – the goal of which is to protect the revenue. This includes revenue forecasting whereby adjusted projections were made to account for our expected revenue shortfall. Revenue collections were fully accounted for. Some focused areas included:

- Monitoring of revenue against budgeted targets
- Ensuring that necessary funds are available to meet refund claims
- Debt management
  
- **Headquarter Operations** - A strong headquarter function is critical to the effective operations of the tax administration as such formalizing and filling different specialized roles within the Policy and Program Division, was initiated:

- Compliance Risk Management
- Institutional Risk Management
- Planning and Analysis
- Design, Monitoring & Quality Assurance
- Data Analysis

The HQ function is a new concept to the BTSD organizational framework, but it is critical to institutionalize strategic and operational planning, institutional and compliance risk management, performance management, international cooperation and reporting and design and monitoring. HQ will also be responsible for leading the development of the strategic and supporting operational plans, which will better facilitate the overall effective functioning of the BTSD.

- Both **Strategic Plan 2022-2025 and Operational Plan 2022 – 2023** were drafted and finalized.
- **Internal Audit Unit** was established in November 2020 to test internal controls and compliance processes within the BTSD.
- **Large Taxpayers Office** was launched in December 2019 to provide a tailored service to Large Taxpayers and ensure their tax compliance. Although large taxpayers are only 3% of the entire taxpayer population, they contribute more than 60% of domestic revenues.
- **Compliance Plan** developed for all tax segments.
- **Expanded partnership** with Companies Registry of Belize to access third-party data as this collaboration allows for better tracking of newly formed businesses and organizations, to capture these businesses and bring them into the tax net.
- **International Cooperation Unit.** - Automatic Exchange of Information Finalized the guidance notes.
- **Human Resource** - Strengthened staff capacity through training.
- **Information Technology** - Launch of a new Revenue Management System (RMS) and a taxpayer Revenue online portal, Integrated Revenue Information System (IRIS Belize).

## Main Achievements

### *1. Strengthening of Tax Administration - Digital Transformation*

Strengthening Tax Administration is a US\$14M loan financed by the IDB and executed by the MOF over a five-year period specifically designed to strengthen tax administration in Belize.

This ongoing project has shown benefits of increasing the efficiency of the tax administration, increasing tax revenue, and improving taxpayers' compliance. It also has

had a positive impact on economic growth and development and provides more complete tax data for decision-making purposes.

In line with the BTSD’s plan for digital transformation was the implementation of the Revenue Management System (RMS) and e-portal Integrated Revenue Information System (IRIS Belize) in October 2021. This platform provides an easy, effortless, and efficient electronic service to taxpayers. Taxpayers are now able to create accounts, file, and view returns for all tax types, make online payments and monitor their tax account from the privacy of their homes or offices.

In June 2022, the BTSD continued to strengthen its tax administration by relocating its Headquarters to a new, modern state-of-the art building offering taxpayers an easily accessible, comfortable, secure environment to conduct business.

## ***2. Establishment of Tax Recovery Unit***

The Tax Recovery Unit (TRU) was created under the Belize Tax Service Department in October 2021. The Unit reviewed the 18,839 accounts that carried nominal arrears of some \$645 million (that is, the GST, Business Tax, and the PAYE levies).

The TRU Team conducted an evaluation of all taxpayer cases with BTSD collection arrears greater than \$50,000 and determined Basic Risk (High, Medium, Low).

***Table 11: Characterization of Tax Arrear Cases and Selected Large Taxpayers at Oct 2021***

<b>Topic</b>	<b>Number of Taxpayers</b>	<b>Percentage of Taxpayers</b>	<b>Arrears, Bz\$</b>	<b>Percentage of Arrears</b>
BTSD Total Arrear Cases	18,839	100	624,049,547	100.0
TRU Selected Taxpayers with Largest Arrears	757	4.02	566,317,262	90.7

This exercise provided an accurate snapshot of total outstanding arrears, aging of these arrears, risk evaluation and a listing for recommended write-offs. By focusing on taxpayers with high arrears value and high-risk status, the Department has been able to efficiently designate tax enforcement resources to maximize tax arrears collection.

A collection tool that the TRU Team utilized that proved to be effective was the Name & Shame tactic. This method not only motivated named taxpayers to approach the BTSD with payment and possible payment plans; but also motivated other taxpayers with existing arrears that did not appear on the Name & Shame Listing to do the same.

### 3. Rebounding of Tax Revenue Post Covid-19

The Covid-19 Pandemic significantly reduced the collection of taxes for Financial Year 2020/2021 by \$149M, when compared to the previous Financial Year 2019/2020.

Under #planBelize the Belize economy rebounded in FY2021/2022, with tax revenue increasing to match the pre-Covid-19 collections. This in part was due to the reopening of borders, lifting of travel restrictions as well as the easement of safety and health regulations.

**Table 12: Comparison of Revenue Collections for Most Recent Three Fiscal Years: Bz\$ M**

<i>Revenue Stream</i>	<i>2019 / 2020</i>	<i>2020 / 2021</i>	<i>2021 / 2022</i>
Employee Income Tax	\$1.87	\$2.18	\$2.05
Company Income Tax (Petroleum)	\$2.75	\$1.08	\$0.00
Business Tax	\$161.35	\$119.96	\$168.88
PAYE	\$112.14	\$92.74	\$95.95
Withholding Taxes	\$14.57	\$10.06	\$9.06
General Sales Tax (GST) - Domestic	\$174.44	\$130.00	\$159.55
General Sales Tax (GST) - Imports	\$175.73	\$137.45	\$208.22M
Tax on Property	\$0.00	\$0.00	\$0.00
Other/Non-tax Revenues	\$0.05	\$0.13	\$0.06
<b>Total</b>	<b>\$642.89</b>	<b>\$493.59</b>	<b>\$643.77</b>
Nominal GDP in BZ\$ millions	\$3965.04	\$3412.58	3970.47

#### Major Contributors:

1. Horizon 2030, the National Development Framework for Belize 2010-2030, is a strategic document that embodies the vision for Belize in the year 2030 and the core values that are to guide citizen behaviour and inform the strategies to achieve this common vision for the future. The key economic goals for 2030 speak to: building economic resilience, promoting productivity and competitiveness, and ensuring the environmental sustainability of economic activity.

One of the primary strategies to achieve the goals for economic resilience is to implement a coherent and consistent macro-economic policy framework. A component of this framework is to maximize GOB's revenue-generating potential while maintaining a tax system that is equitable.

The project mentioned in the previous section, "Strengthening of Tax Administration" seeks to accomplish this component by strengthening tax administration governance and

improving operational processes through the modernization of technological infrastructure with the aim of maximizing government revenue generating potential.

**2. One of the Ten Trusts for Good Governance of the Anti-Corruption Pillar of #planBelize 2020-2025 focuses on the public procurement system. Procurement of supplies, works and services must abide by strict rules to ensure fairness, competition, and transparency. These rules were implemented to ensure that suitably qualified suppliers or contractors are chosen without bias and that the best price/quality ratio and the best price is obtained, with the full transparency appropriate to the use of public funds.**

The Belize Tax Service Department plays a vital role in this procurement process by providing Certificates of Good Standing for suppliers and contractors that wish to conduct business with the Government of Belize. Ensuring that potential business partners are tax compliant provides further validation and equitability to the procurement process.

## **Challenges and Lessons Learnt**

### **1. Need for Strengthened Legislative and Administrative Framework**

For the BTSD to carry out its mandate, it must rely on a suitable and robust legislative framework. BTSD is presently embarking on a legislative review to identify and harmonize its governing legislations. Important recommendations regarding confidentiality and safeguarding of data for Belize will also be addressed.

BTSD has recently strengthened the Legal Unit, hiring three (3) crown counsels to provide technical and specialized support. The Legal Unit has been tasked to review and draft legislative amendments to assist with loopholes and grey areas in tax legislation.

### **2. Need for Strengthened Technical and Operational Competence of Staff**

The BTSD is staffed with a cadre of highly qualified personnel, however increased technical proficiency is necessary in this increasingly demanding environment. To meet the Department's future needs, it is important to undertake a comprehensive human resource planning program.

There is a need to expand the technical capacity and specialized audit and investigative skills for personnel in the Department, with a view to strengthening taxpayer compliance and overall revenue collection.

Additionally, the BTSD will ensure its audit coverage in high-risk areas is maximized with its new Risk Based Audit Plan, which will be implemented and updated annually.

### **3. Need for Strengthened Electronic Means of Communication with The Department.**

With the implementation of IRIS Belize, it was legislated that all large taxpayers are required to file tax returns and pay taxes administered by the department online. Recent data reveals, however, that 12% of the large taxpayer population are still not filing tax returns and paying online.

Large taxpayers are organizations that meet large revenue parameters. In most cases, these organizations have functional staff assigned to accounts or finance departments. Large taxpayers, in theory, should have adapted easily to utilizing electronic means of communication with the Department, because they have designated accountants or staff to facilitate this process. If after 1 year, some large taxpayers continue to struggle with this adaptation, it can only be assumed that it will take a longer period for the medium and small taxpayers to transition.

### **4. Need for Strengthened Exchange of Third-Party Data within GOB:**

Increasing synergies with other agencies for information exchange is the implementation of the third phase of the Revenue Management System (RMS) which makes provision for the exchange information between and the system-to-system integration of specific government entities. These include:

- Ministry of Finance - SmartStream
- Ministry of Natural Resources - Land folio
- Customs - ASYCUDA World
- Company's Registry - DocuWare / ORBS

Because sectors of the Public Service continue to operate in silos, the exchange of data is slow. This poses significant challenges to improving revenue enhancement. The Department does not have a holistic profile of a taxpayer and of the taxes they pay at different entities, to facilitate proper data analysis to ensure that they are paying their fair share.

## **Future Activities**

### **1. Improve Service to Taxpayers**

The BTSD will develop a taxpayer service charter that applies to all taxes and clearly communicate its commitment to its clients about its service. This is to compliment the improved online service currently available to taxpayers (IRIS Belize).

## **2. Ensure Access to Taxpayer Education and Information**

The BTSD will organize country wide risk-based outreach programs to educate taxpayers and fully disseminate information. This will help to ensure increased awareness of both legislative and process changes, thereby increasing voluntary compliance. The BTSD will also develop materials to educate its clients on new or re-engineered business processes which helps to create less errors when filing and minimize the hassle to the client.

## **3. Optimize Revenue Collections**

Approved budget estimates set by the MOF should be apportioned and allocated to the operational areas within the BTSD, to stimulate ownership of targets and to improve accountability. These targets will be set annually before the beginning of each fiscal year. Tax gap analysis and data analytics will be utilized to ascertain the difference between what should have been collected and what was collected in taxes.

For the BTSD to carry out its mandate, it must ensure that taxes are paid. This includes using third-party information to bring errant and recalcitrant taxpayers into the tax net and to ensure that declarations are made, and all taxes are paid. Strategies to address collectible debt and write-offs will be developed and implemented along with enforcement collection models. The BTSD will also expect the full cooperation and joint work with the Customs and Excise Department to increase compliance with exemptions.

## **4. Looking Forward**

Following the pandemic, the BTSD has regrouped, and its services are now normalising. An internal revamping has helped to refocus and to ensure that resources are being invested in the Department's highest-priority work. Work will continue to tailor and refine the Department's Business Model of Service for compliance, driven by the needs of taxpayers, while leveraging further advances in technologies. In maximising timely compliance, the Department will further enhance its real-time engagement and response to risk through the implementation of its new Compliance Risk Framework.

In 2023–2024, focus will be to further expand the ease of doing business with the BTSD by simplifying e-services and reporting obligations. To increase small business tax performance, there will be collaboration with partners to enable seamless tax reporting. Additionally, the roll-out of e-registration services will make it simpler for businesses to interact with the BTSD.



## **BELIZE CUSTOMS AND EXCISE DEPARTMENT**

The role of the Belize Customs and Excise Department is to develop and implement an integrated set of policies and procedures that ensure increased safety and security, as well as developing the necessary platform to promote effective trade facilitation and revenue collection.

### **Mission:**

To ensure safety and security and to contribute to the economic development of Belize by enforcing the customs and excise laws, assuring operational integrity, facilitating legitimate trade, collecting and safeguarding the revenue, protecting the environment, combatting smuggling and illicit activities, and promoting and upholding fair trade practices through the efficient and effective use of modern tools and information, while fostering cordial relations with stakeholders, and valuing and respecting our human resources.

### **Vision:**

To be recognized nationally and international for excellence in customs and administration in the service of the nation of Belize.

### **Values:**

**Responsiveness:** Accurate, timely provision of quality service

**Integrity:** Continually demonstrate high moral and ethical behavior while upholding the rule of law (truthful, mutual respect, fair, honest, open, trust, professional performance)

**Transparency:** openness and sharing of all relevant information to external and internal stakeholders

**Efficiency:** timely, cost-effective use of resources to maximize results in the delivery of service and information

**Inclusiveness:** we will embrace diversity, value difference, and develop service, which enact these principles

### **Main Achievements**

1. One of the greatest Achievement for the Belize Customs and Excise Department (BCED) for financial year 2021/22 April to March is the enhancement of revenue collection during that time period. Please see table below:

**Table 13: Budget vs Actuals - Revenues Collected during April 2021 to Mar. 2022**

<b>Month</b>	<b>BUDGET, \$M Bz\$</b>	<b>ACTUALS, \$M Bz\$</b>	<b>Plus or Minus, \$M Bz\$</b>
Apr	39.29	45.26	<b>5.97</b>
May	39.29	43.75	<b>4.46</b>
Jun	39.29	47.10	<b>7.81</b>
Jul	39.29	49.08	<b>9.79</b>
Aug	39.29	51.82	<b>12.53</b>
Sept	39.29	48.03	<b>8.74</b>
Oct	39.29	47.06	<b>7.77</b>
Nov	39.29	49.31	<b>10.02</b>
Dec	39.29	52.60	<b>13.31</b>
Jan	39.29	47.78	<b>8.49</b>
Feb	39.29	50.58	<b>11.29</b>
Mar	39.29	51.83	<b>12.54</b>
<b>Totals</b>	<b>471.48</b>	<b>584.2</b>	<b>112.72</b>

Table 1 above depict revenues collected for Financial Year 2021/22 April – March in comparison to the proposed budget for that same period. The financial data indicates the resilience shown by the administration, despite battling the Covid 19 pandemic. The BCED was able to provide efficient and effective services to our stakeholders, as well as increasing revenue collection tremendously. Last financial year was historic, unprecedented, and never before seen revenues collection for the administration. Over the course of FY2021/22 April - March, the department collected \$584.2 million dollars when compared to the budgeted figures of \$471.48M, which translated to the department collecting \$112.72 million dollars over the proposed budget.

2. Another Achievement was the development of our strategic plan 2022-2025. A soft launch of the Strategic Plan was presented to staff overviewing the modern direction of the Department.

For #planBelize, the BCED has set four (4) main goals:

- Organizational and human resource development
- National security
- Trade facilitation and
- Revenue enhancement.

Some initiatives the strategic plan 2022-2025 seek to accomplish are already in action and described below:

- Continuous Strengthening of Risk Management Unit (RMU) and Post Clearance Audit (PCA) under the WCO Mercator Programme.
  - The RMU is a vital arm of the Department and is called the brain of the department as it collects and process all customs clearance data to aid with management of cargo clearance making us more effective and efficient, thus creating a balance between trade facilitation and compliance.
  - PCA unit adopted the CARTAC's Post Clearance Audit Manual to develop the unit's functions and procedures.
3. The BCED and the Department of Homeland Security U.S. Customs and Border Protection (CBP) signed a mutually beneficial Memorandum of Cooperation that provides for collaboration on and implementation of an information sharing program utilizing cargo manifest – Foreign Electronic Cargo Data Exchange Program (FECDEP). The program commenced capacity building of staff in early 2021 and connectivity to ASYCUDA system and piloting is currently ongoing. The BCED stands to benefit from the program in the form of technical knowledge of risk identification and profile building using cargo manifests, building better target selection, and assisting with trade facilitation by reducing unwanted delays. The overall benefit is to enhance trade facilitation and security.
4. The BCED developed a new National Enforcement Plan (NEP) that aims to accomplish the national security main goals and objectives of the BCED Strategic Plan 2022-2025. Although the NEP will require additional resources, both human and financial, the BCED have begun to implement some aspects that is within its mandate, such as:
- Development and implementation of a National Customs Enforcement Network and connectivity with WCO's CEN. This will allow for a more efficient and effective means of data collection, storage and sharing of information for intelligence purposes.
  - Implementation of a Customs Intelligence Unit that will aim to build the intelligence-driven culture of the BCED as we move forward into this new decade. The BCED participates in a joint law enforcement intelligence unit based in Price Barracks, Ladyville, Belize District.
  - Use non-intrusive inspection equipment. It must be stated that the pandemic did bring positive things for the BCED as we implemented the use of non-intrusive inspection equipment. Two (2) x-ray machines were placed at the international airport passenger and cargo control to minimize chances of contamination and increase chances of detection without intrusion. The BCED is also in communication with possible donors to obtain similar equipment to

be utilized at the cargo clearing facility at the Customs Headquarters to assist in detecting the illicit movement of arms, ammunition and drugs.

5. The BCED has made significant progress as it relates to use of technology to improve its efficiency for the entering and clearing of sea vessels. In early 2022, BCED implemented a regional pre-notification arrival system for nautical vessels called SAILCLEAR. This system was developed by the Caribbean Customs Law Enforcement Council (CCLEC). Users can access the system via electronic devices on their boats to enter their information that is required by Belize. Owners of vessels arriving can also access kiosks with internet access that were installed at four (4) marinas across Belize. The main function of the app is to assist the boarding parties (Customs, Immigration, Health, Port) with processing arrival and departure of vessels in our territorial waters. The app is welcomed by the Belize Tourism Board as it helps to reduce time to enter and clear vessels and supports tourism.

Kiosks were placed at the following marinas:

- Radisson Fort George Marina – Belize City
- Old Belize (Kukumba Beach) Marina – Belize City
- Amigos de Mar – San Pedro Ambergris Caye
- Roberts Grove Marina – Placencia

6. The BCED is now embarking on a new approach of becoming data culture-driven. Before 2017, it is unknown what method or approach to revenue forecasting and analysis was being utilized by the BCED to set revenue targets. This may explain why revenue targets were not being met in the past. Nevertheless, commencing in 2017, with the technical knowledge of personnel, the BCED adopted the use of scientific revenue forecasting and analysis to set realistic revenue targets which was highly recognized by the Government, other government agencies and external stakeholders such as IMF and WCO. Using this widely accepted approach produced more realistic figures catering for external factors beyond our control rather than ad hoc or arbitrary targets.

Since 2017, the BCED has been able to steadily increase its revenue collection and in December 2021, the BCED exceeded revenue collection when compared to the period pre-pandemic. The new approach of using the data to drive decision making helped the BCED to identify possible risk indicators or areas that require more attention. Emphasis was placed on the southern section of the country, enforcement, customs valuation, and excise which contributed to the increase in revenue collection. A National Customs Valuation Plan was created during 2021, the number of Assistant Comptrollers was increase from six (6) to nine (9) with special emphasize on the south, enforcement, and valuation.

7. Other initiatives that are ongoing as set out in the Strategic Plan 2022-2025 is that of enforcement activities to strengthen and enhance national and public finance security and protect society and the environment.

### **Challenges and Lessons Learnt**

- Continuous enhancement of government revenue requires a structured and collaborative approach with our stakeholders. Communication and compliance have increased the cooperation between the BCED and the business community.
- The continuous need to capacitate our officers with national, regional, and international training is very important. The practice of one-time training must be reconsidered, and the lesson of constant training must come to the forefront. Our human resource plays an instrumental role in the success of the administration and therefore greater investment must be budgeted for continuous training of staff.
- We have also learnt that collaborative efforts with information sharing between our international partners have increased our knowledge capabilities and enhanced our risk-based approaches.
- Data analysis has also brought significant lessons to the administration. We are now able to make informed decisions after properly analysing the data. The administration is now able to deploy its human resources, equipment, and tools in areas where they are much needed due to the enhanced capabilities of studying the data.

### **Future Activities**

The BCED is responsible for implementing majority of the trade facilitation measures under the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) which Belize ratified in 2015. The National Committee for Trade Facilitation which BCED chairs alternately with the DGFT with technical assistance of UNCTAD, developed a National Trade Facilitation Roadmap 2021 -2026 to guide implementation efforts. Some areas that are top priority in the plan are that of a Time Release Study and an electronic single window for trade. In early 2022, GOB received a grant from the Caribbean Development Bank (CDB) to conduct a first-time release study using WCO methodology and tool, and a feasibility study for a single window system for trade. These two projects are vital for Belize to successfully create a single window environment for the clearance of traded goods. Both projects are at the beginning stages and requires an estimated 18 months to complete.

Following the abovementioned projects, GOB has also secured funding from the IDB for the trade facilitation enhancement program which includes developing a single window for trade in goods. With the BCED using ASYCUDA World, this puts us ahead of other government agencies and is deemed as the lead agency in this initiative. To note, ASYCUDA World currently has features that replicates similar aspects of a single window environment.

The BCED is currently undergoing the upgrade of ASYCUDA World to its latest version. The upgrade and most recent version of ASYCUDA World will enhance key areas of the Department with the availability of new modules such as:

- Risk Management Selectivity
- Duty Exemptions
- Offence Management
- Customs Valuation Database for Pre-clearance (ASYVAL)
- Post Clearance Audit for Post clearance
- Advance Rulings
- Foreign Currency Control
- Online Analytical Processing

The BCED has benefited from technical assistance to develop its Advance Ruling system and is awaiting the passing of legislation to give it legal footing. In 2022, the BCED established a Classification Committee and with the assistance of the Government, a Customs Tariff Board. The two bodies will assist in guiding the decision making for advance rulings for the classification of goods.

## **ANNEX 1 Key publications of the Ministry of Finance**

- Approved Budget Estimates for Fiscal Year 2022/ 2023 - April 2022
- Budget Speech for Fiscal Year 2022/2023  
“Working together for a fair, inclusive and prosperous Belize” - March 2022
- General Revenue Appropriation No. 4 of 2021 (2021/2022) Act, 2021 - May 8, 2021
- Budget Speech for Fiscal Year 2021/ 2022  
“Today’s sacrifice, tomorrow’s triumph.” - April 2021
- Approved Estimates of Revenue and Expenditure for Fiscal Year 2021/ 2022 - April 2021
- Approved Estimates of Revenue and Expenditure for Fiscal Year 2020/ 2021 - March 2020
- Changes in fuel prices