



**FINAL REPORT  
ON THE BUDGET CONSULTATIONS FOR  
FISCAL YEAR 2009/2010**

**Budget Consultation Team  
Ministry of Finance  
Belmopan City, Belize**

**March 2009**

## **Abbreviations and Acronyms**

APAMO	Association of Protected Areas Management Organization
BAHA	Belize Agricultural Health Authority
BASG	Belize Agro-Productive Sector Group
BCCI	Belize Chamber of Commerce and Industry
BCWU	Belize Communication Workers Union
BELTRAIDE	Belize Trade and Investment Development
BEST	Belize Enterprise for Sustained Technology
BEWU	Belize Energy Workers Union
BHA	Belize Hotel Association
BLPA	Belize Livestock Producers Association
BMDC	Belize Marketing and Development Corporation
BNTU	Belize National Teacher's Union
BTB	Belize Tourism Board
BTIA	Belize Tourism Industry Association
CDB	Caribbean Development Bank
CEO	Chief Executive Officer
CFZ	Commercial Free Zone
CYDP	Conscious Youth Development Programme
DAVCO	District Association of Village Councils
DFC	Development Finance Corporation
EPZ	Export Processing Zone
FAO	Food and Agriculture Organization
FY	Fiscal Year
GOB	Government of Belize
IDB	Inter-American Development Bank
NAVCO	National Association of Village Councils
NEMO	National Emergency Management Organization
NGOs	Non-Government Organizations
NHI	National Health Insurance
NTUCB	National Trade Union Congress of Belize
PACT	Protected Areas Management Trust
PSU	Public Service Union
RRD	Revenue Replacement Duty
WIN	Women's Issues Network
YWCA	Young Women's Christian Association

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## **BUDGET CONSULTATIONS FOR FISCAL YEAR 2009/2010**

### **INTRODUCTION**

This document highlights the issues that were raised during the Budget Consultation process held to inform the preparation of the Government's budget for fiscal year 2009/2010. A Budget Consultation Team (BCT) held a series of meetings with individual business, civic and community leaders, stakeholders, trade unionists, environmentalists and non-government organizations, and these meetings constituted the first part of the consultation process. The process culminated with a one-day Symposium, on February 11, 2009, where the representatives of the agencies and institutions that the BCT had meetings with came together to discuss a wide range of economic and national policy issues. In addition, the BCT received three written reports from agencies and individuals.

As part of the preparation of the budget for Fiscal Year 2008/2009, the Government of Belize (GOB) embarked on series of consultations so as to have direct input from members of the public into the budget process. That first set of consultations was managed under a joint UNDP-UB Project to develop a Policy Observatory within the University and Dr. Carla Barnett, Economic Advisor to the Ministry of Finance, was the team leader of the project.

For the consultations for FY 2009/2010, the Ministry of Finance took over direct responsibility for the Budget Consultations. Dr. Barnett, as Economic Advisor to the Ministry of Finance supported the process while Mr. Marion Palacio, Deputy Financial Secretary – Budget, was the Team Leader. It is envisaged that future budget consultations will be spearheaded by the Ministry of Finance with the support of a team of economists from the Ministries of Finance and Economic Development.

The 2009/2010 meetings were opened with an overview of the purpose of the consultations and an introduction of the members of the BCT. Each meeting also featured a presentation prepared by the BCT on the performance of the budget for the fiscal year, 2008/2009 and the challenges faced by GOB in the preparation of its budget for fiscal year 2009/2010.

## **KEY RECOMMENDATIONS FROM THE MEETINGS**

Key recommendations were made at the meetings in relation support for agriculture sector, social sector initiatives and the promotion of small business development to produce for the local and export markets.

Representation was made for the GOB to make additional tax-cuts that would allow for further reductions in the prices of fertilizer and other agricultural inputs. Measures to benefit such inputs were included in the budget for fiscal year 2008/2009, and an assessment of the impact would now be appropriate.

Measures that have budgetary implications and included in the budget for fiscal year 2009/2010 are as follows:

1. Strengthen extension services provided by the Ministry of Agriculture by placing more resources to the Ministry and ensuring that Extension Officers are properly qualified to support the farmers;
2. Improve infrastructure of the country, particularly in the rural areas;
3. Strengthen the policing of rural areas;
4. Strengthen health care services in rural areas, for example , via mobile clinics;
5. Strengthen the monitoring of food prices;
6. Focus on men and boys to make them productive citizens in our society by making adequate allocations in the budget for skills training and other programmes;
7. Support for tourism marketing;
8. Training in food processing and proper marketing techniques for small businesses;
9. Strengthen allocation to Ministry of Human Development given the importance of the issues addressed by that ministry;
10. Skills training courses for young women;
11. Provide trained counselors to assist children and women in vulnerable situations;
12. Extend and expand feeding programs.

Two recommendations required budget allocation but needed a review of existing policy, namely:

1. Local producers should have access to the same set of fiscal incentives as Export Processing Zones;
2. If Belize receives a grant of fertilizer [from Venezuela] this should be sold at a nominal price and the proceeds be put into a revolving fund to be lent or granted to small farmers.

There were three recommendations made that would not impact GOB's budget allocation or a loss of revenue, and these are:

1. Review the role of the Belize Marketing and Development Corporation (BMDC) which sometimes seems to compete with rather than support domestic producers;
2. Streamline Customs classification of animal feed supplements and other agricultural inputs;
3. Review allocation of funds from Official Charities Fund to make sure that recipients are providing "returns" for this "investment".

Two recommendations were aimed at boosting GOB revenues, namely

1. Increase collections of revenue from EPZs;
2. Improve monitoring of lottery system.

Finally, there were two recommendations that were not included in the proposed budget for fiscal year 2009/2010, and they are:

1. Support to the YWCA for completion of a multi-purpose building to serve as hurricane shelter, training center, lodging facility to meet the needs of women and youth, who seek the services of the institution;
2. Providing better access to family courts for rural areas.

## SUMMARY REPORT OF EACH MEETING

### **National Association of Village Council (NAVCO) and District Association of Village Councils (DAVCO)**

NAVCO welcomed the consultation process, as it provided an opportunity for rural communities to make some input to the budget. The main areas of concerns and priorities that NAVCO and DAVCO put forward were as follows:

**Revenue Collection Measures** - NAVCO members raised concern about how GOB intends to meet the shortfall from the removal of RRD on fuel. Response given was that the gap could be bridged by effective tax collection (improving collection process or increasing taxes), or by reducing expenditure.

A suggestion was made that enforcing fines on traffic offenses could do this, e.g. members mentioned seeing trucks on the highways without tarp covering potentially dangerous loads, yet owners were not made to pay a fee as a deterrent measure.

Another idea was that the Government Press Office could be used as a commercial venture for all of GOB's media related works that would lessen the costs of soliciting other publishing houses. Proceeds of land and property taxes can also benefit Central Government's coffers if collected on time.

**Market Information & Agriculture Issues** - Key market information is lacking for farmers to make sound investment decisions, including information on production and process.

NAVCO wanted to know what GOB's development arm (BELTRAIDE) is doing to emphasize more inward-looking promotion of local products on the domestic market: e.g., the idea that a number of juices can be produced locally, from pineapple, papaya, etc. instead of importing these products.

The Ministry of Agriculture's extension services still fail to reach the farmers in any timely manner because of various constraints, e.g. there is only one extension officer stationed in Eldridgeville for the entire Toledo District. It was also important for extension officers to have practical experience, including in animal health care, and to be accessible to the farmers.

The group wanted a clarification as to the status of the FAO project under the Ministry of Agriculture to strengthen Extension Services. There were also questions about the role of the BMDC which seemed to be competing with domestic producers through importation.

There were concerns raised about the quality of the education offered to students enrolled in agriculture related studies in the country. It was mentioned that the GOB had committed to

reopen the School of Agriculture in Central Farm as the premier institutions for this earth science.

**Community Infrastructure and Disaster Preparedness** - There was a general discussion as to the need for an improvement in infrastructural stock of the country particularly in the rural areas. The roads network for the country was already deficient before the rains inflicted further damages.

Rural leaders felt that in times of natural disasters, special attention needs to be paid to the small farmers who are often more vulnerable rather than solely those farmers who have the ability to pay for services.

There is doubt among the people that the hurricane shelters, where they existed, were adequate for human occupation. Shelters in the Belize District and Orange Walk were in need of replacement and/or repairs. It was mentioned that Emory Grove in the Toledo District did not have a place designated as a shelter. This comment was reflected in the agreements of several representatives as a common situation in a number of villages. One suggestion to mitigate the dangers inherent in such scenarios was to have one large centrally located shelter, properly equipped that would serve several villages, by zones. An assessment would need to be done as to the feasibility of this idea.

The NAVCO representatives also stated that they felt ignored by NEMO during the recent floods as they were not included in NEMO meetings and activities. Their contribution in reaching the rural areas would have been invaluable. There was a suggestion that there may be a need for re-training of the NEMO representatives in the communities and for there to be greater coordination between NEMO and the NAVCO/DAVCO organizations.

It was requested that a community plot be assigned to each village to be used for agriculture.

**Health and Security** - Concerns were raised of villages not having adequate police and health care services. There are instances where policemen were called but were unable to respond due to their physical location and lack of transportation.

There were also instances where community health centers have been built but without being equipped or staffed to provide the necessary care.

**Subvention** - NAVCO Secretariat expressed the need for GOB to continue providing them with a subvention for their operations. NAVCO also suggested that government subventions should be related to performance and that there is a need for accountability from agencies that receive subventions.



## **Belize Agro-Productive Sector Group (BASG)**

The recommendations and issues that arose from the meeting with the BASG were as follows:

**Access to Funds** - Belize is not being aggressive enough in accessing funds from European Union Support System, e.g. funds from the Banana and Sugar Support Programs.

**Agricultural Inputs** - While appreciating what has been done so far, BASG is requesting further reduction in the prices of fertilizer and other agro- related inputs.

Regarding the 10,000 tons of fertilizer that has been announced as granted from Venezuela to Belize, BASG suggests that this be sold at a nominal price (rather than given away) and the proceeds be put into a revolving fund for loans and/or grants to small and needy farmers.

**Taxes and Subsidies** - Taxes in the agriculture sector should be different than for any other sector. The tax should not be on the input or at the point of production but rather at the point of sales.

Fiscal incentives given to EPZ and the CFZ are more favorable to exporters (middlemen) than domestic producers and BASG would like more equity in this matter. Domestic producers also pay overlapping taxes as opposed to importers. BASG has an issue in competing with imports that are heavily subsidized from their home markets.

**Coordination between Ministries** – Industry leaders are of the view that the Ministries of Agriculture, Finance, Economic Development, Foreign Affairs and Foreign Trade need better coordination and relationships with each other and private sector in order to ensure agriculture as an industry develops in a sustainable manner. Ministry of Foreign Trade should work to support agriculture by opening markets.

**Port and border processing** - There is a need to review the border processing procedures and charges because, as currently constructed, the process breeds corruption.

**Crop Insurance** - There is no insurance company in Belize willing to ensure crops against failure. They would like further information on the pilot project under consideration in Jamaica, in the context of the Caribbean Catastrophic Risk Insurance Facility.

There was also an inquiry as to the status of Belize's membership in Central American Bank for Economic Integration (CABEI) and whether there would soon be CABEI investments in Belize.

**Price Controls** - BASG members also took the view that greater emphasis ought to be placed on standards and quality rather than on price controls. It was also deemed necessary to assess and review the operations of the BMDC in so far as they relate to commodity prices.

As per the final report of the last Budget Consultation for Fiscal Year 2008/2009, BASG is of the view that all issues raised there are still relevant.

### **National Trade Union Congress of Belize (NTUCB)**

The NTUCB raised a number of concerns, namely:

**Budget Focus** - The unions were concerned about any possible changes in government priorities in light of events of the past year. It was indicated that while the main priorities remained, there would be need for increases in allocation for reconstruction of infrastructure and investment in agriculture to offset the damages caused by the floods along with the continued emphasis on health, education and agriculture. The overall revenue constraint would determine how these will be addressed. NTUCB was also concerned about how GOB would meet the shortfall from the removal of RRD from fuel. Response given was that the gap could be bridged by effective tax collection (improving collection process or increase taxes), or by reducing expenditure.

**Food Production and Domestic Prices** - There were concerns raised about the impact of the global, economic and financial crisis. It was indicated that government had zero rated some commodities and removed the custom duties on some agricultural inputs in an effort to mitigate the impact on food prices.

**DFC** - NTUCB members asked about the status of the DFC. It was indicated that for the last two years there was no need for transfers of funds from the government to the DFC. Presently, on the table, is a new DFC Act which would restructure the DFC; create a new governance structure including a new format of the Board for transparency and accountability purposes. This Act was expected to be presented to the National Assembly shortly.

Significant progress had been made between GOB and the CDB for a loan of US\$10M to Government to fund a new DFC. A revitalized DFC would return to its original focus on making funds available to small and medium enterprises.

**Government revenues and accounts** - The following are suggestions were mentioned by members of the NTUCB as a way to increase government revenues:

- Increase in the collection of taxes from EPZ
- Better monitoring of Lottery systems/Casinos
- Stricter measures to guard against contraband
- Develop proper prosecution unit in Customs Department to collect more revenue
- Quarterly budget review needs to be put in place

NTUCB wanted updates on what was happening in the offices of Auditor General and Contractor General, as new staffing and training has been ongoing in these offices.

**Specific Issues for the BNTU** - Of particular interest to the BNTU was a need for the GOB to develop a national feeding program for schools and to establish an inspectorate for schools.

The unions emphasized the need for a sustained tripartite process with regards to the budget and the overall development of Belize and indicated that it would support the development of the Budget Consultation process into a formal tripartite arrangement.

**Belize Tourism Board (BTB) and Belize Tourism Industry Association (BTIA) and Belize Hotel Association (BHA)**

Issues raised from the meeting were as follows:

**Additional Support** - The tourism sector raised concern over how the industry can get additional support from the upcoming budget, particularly for marketing. The onus for finding additional resources is currently placed solely in the industry's hands.

It was pointed out that in the present context, the major focus for GOB is funding for reconstruction of infrastructure after the floods. Based on miles of damaged roads, this could cost in the region of \$100 Million. Funding for some of this reconstruction should be made available through the Caribbean Development Bank (CDB) and the Inter-American Development Bank (IDB).

The sector recognized the work GOB has done on the Solid Waste Management Project, Placencia Road Project, and the Tourism Development Fund to enhance the tourism industry.

**Marketing** - As in the previous consultation for the 2008/2009 budget, additional government support for marketing Belize is key to bridge the gap caused by the recent international financial crisis. Aggressive marketing is imperative in expanding into new territories such as South and Central America and Europe.

To assist in raising additional revenue the industry has requested to meet with GOB to help find ways to close the gap with regards to tax collection. GOB has indicated that the industry should give thought to formulating a mechanism to collect a tax/fee to fund marketing and Government would work with the industry to implement such a mechanism.

**Membership fees** - There are concerns over the high level of membership fees paid to regional tourism organizations in the Caribbean and in Central America. These amounted to as much as US\$500,000 annually. Fees were traditionally paid by GOB but with disbandment of the Ministry of Tourism (and the shift in hotel tax collection/retention to the BTB) the cost of these memberships was transferred to the BTB. Based on benefits arising from membership of regional organizations, the BTB would like a review of membership partners starting with a discontinuation of membership in the Caribbean Tourism Organization.

**Incentives Program** - BTB and BTIA can promote the incentives program for small enterprises so the industry can maximize from benefits derived from the program implemented by Government in the 2008/2009 Budget.

Current situation and projections in the industry indicate difficult times ahead. Layoffs have already begun and the domino effect is expected to continue. Cruise tourism arrivals are expected to remain flat and overnight stays will most likely remain flat or fall below the previous year's level. The industry feels that its performance is tied to airline industry, as more flights to the country are needed. Other governments in Central America are putting in more money into the Tourism industry and it would behoove the GOB to do the same.

### **Women's Issues Network (WIN) – Belize and YWCA**

Recommendations/needs arising from the meeting were as follows:

**Budget of the Ministry of Human Development** - Concerns were raised over the budget allocated to the Ministry of Human Development for last fiscal year, which is less than 1% of total budget. They requested if more funds are allocated given the importance of the issues addressed by that ministry.

**Training** – Training sessions are being held to empower women in skills needed in the workforce. The concern of the availability of jobs after these women have completed their training was raised. Further assistance is needed to finance new skills training courses for young women.

**Human Resources** - There is need for trained counselors to assist children in vulnerable situations. For instance, Haven House is advocating for counseling services to be made available for women and their families who seek the support of Haven House. But there is also a large and growing need for counselors to meet the needs of young persons in the justice system and to support women seeking to enter the job market after receiving skills training.

**Infrastructure** - Assistance was requested for the completion of a multi-purpose building at the YWCA to serve as hurricane shelter, training center, lodging facility that will meet the demands, especially of women and youth, who seek the services of the institution.

There is also a need to expand the availability of shelters for victims of domestic abuse/gender-based violence, as there are only two shelters in the whole country.

**Other recommendations** - The following are additional suggestions were made for the consideration of Government:

- Feeding programs to be extended for children of single mothers;
- Access to health care in rural areas via mobile clinics, which would be a very effective way of providing primary health care especially to families with young children;
- Greater access to family courts for rural areas, currently there is a family court in Belize City and the needs in the rural areas are not being adequately met;
- Review of minimum wage with a view to standardizing it at \$3.00 across the board;
- Funding for training in gender related concepts, including training for public officials.

### **Belize Chamber of Commerce and Industry (BCCI)**

There were a number of matters that arose at the meeting with the BCCI, and the main issues were the following:

**Government Operations** - BCCI was desirous of increased efficiency in the public sector especially relating to the use of vehicles and fuel consumption.

The BCCI would also like to assist the GOB with possible ways to increase its revenue collections relating to issues such as tax arrears, under invoicing and contraband trading.

The BCCI wanted more information and analysis on the possible increase in the PAYE threshold.

The BCCI would like to be kept informed of GOB's debt management strategy and ways in which it is preparing to meet its debt obligations in the medium term.

Contraband trading is regarded by the BCCI as unfair competition and wanted to work with GOB to estimate the value of the trade and to stamp it out.

The BCCI would favour the revisiting of the taxes on producers so that the taxes instead be levied on finished products rather than on inputs.

BCCI wanted the Supplies Control office to be more adequately staffed in order to adequately carry out its mandate to consumers.

The BCCI raised a concern relating to the activities of the BMDC as regards price controls and producer efficiency.

**Non Contributory pension scheme** - The BCCI expressed its concerns about the non-contributory pension scheme operated by the Social Security Board

**Free Zones** - There was a concern about a report relating to the establishment of free zone in western Belize at a time when there were several unresolved issues at the Commercial Free Zone (CFZ) in Corozal.

### **Belize Business Bureau (BBB)**

Issues raised by members were the following:

**Fuel Prices** - Diesel prices are higher than premium and regular gasoline, making it prohibitive for the productive sector thus making the cost of food expensive. A recommendation by BBB is for the flat tax to be adjusted to reflect higher prices for all fuel products except diesel.

**Taxation** - Requests were made for GOB to remove or reduce taxes from agricultural inputs and to instead impose the taxes on finished products. The team informed BBB that many agricultural inputs have been lowered or zero-rated.

Interest rates offered at the local commercial banks are prohibitive to local producers. Members suggested that accessing offshore banks to conduct their daily operations would be beneficial to Belizean producers, as the offshore banks have lower interest rates. It was pointed out that offshore banks have lower interest rates because they have lower tax rates.

Requests were made for exemption on marketing and promotional materials imported and used in the production process.

Members requested that local producers have access to the same set of fiscal incentives as Export Processing Zones (EPZ).

### **Belize Livestock Producers Association (BLPA)**

The recommendations and issues that arose from the meeting were the following:

The association is requesting a reduction in the cost of barbwire, which is necessary to subdivide pastures for adequate feeding of cattle. Subdividing guarantees proper management of pastures during the dry season, ensuring that cattle are marketable by cutting down on the time from weaning to market weight from 2 ½ years to ideally 18 months. The price of barbwire has increased dramatically in the past 18 months, from \$90 to \$145 per roll. The request for the barbwire reduction is based on the potential market of Quintana Roo including the tourism market in Cancun, Mexico.

Feeds and feed ingredient are heavily taxed and are sometimes mis-categorized by Customs Department. For instance, farmers are taxed on soybean meal as this is considered a complete meal rather than a protein supplement. The BLPA requests a review of the classifications on, and asked for duty free access for a wide range of items including grass seeds, semen, embryos and breeding stock.

BLPA requests that the extension services provided to farmers by the Ministry of Agriculture be increased. This would require the recruitment of additional Extension Officers.

BLPA requests support from Belize Agriculture and Health Authority, as there is urgent need for surveillance and traceability to ensure that livestock are free from diseases.

Cattle industry needs tax breaks in the same manner as other industries for it to provide quality products to the international market.

Under the last administration, a commitment was made for the BLPA to take control of the Fondo Ganadero program, but the then Government did not carry through on that promise. The present administration has taken the matter to Cabinet but currently the Fund is still under the control of the Ministry of Agriculture. On its own BLPA has already collected \$13,000.00 owed to the Fund. The principal outstanding is approximately \$210,000.00 and with interest that amount is doubled.

Mexico has indicated that Belize needs to bring the Disease Risk Analysis up to date. BLPA requests acquisition of reagents to do the tests and support for the fieldwork. Producers agree that they can bear a portion of the costs for these works but other funding would still be outstanding.

### **Belize Mayor's Association**

The recommendations and concerns that were raised at the meeting were the following:

The association expressed concern over how GOB will finance the budget for the upcoming fiscal year (2009/2010) without the same level of grants as received during fiscal year 2008/2009.

The team indicated that GOB would take a responsible approach to the budget seeking to operate within its financial limitations but also seeking to not slow down the economy. Financial stimulation will be provided in several ways including through the following means:

- Restructuring of the DFC,
- Investment in infrastructure, including road and bridge reconstruction
- Continuation of European Union Projects.

**Revenue Replacement Duty (RRD)** - The issue of the removal of RRD from fuel products and its impact was raised; the question being whether there was any pressure to re-introduce the RRD because of the revenue shortfalls. The response was Government would have to review all options, but that RRD was a form of taxation that was not in keeping with international obligations.

It was suggested that the investment climate was too restrictive for developers and that there was a need to be more accommodating of investors in order to stimulate the economic activity.

**Collection of Taxes** - Municipalities have difficulty in collecting property taxes. Several alternatives to make collection more likely were offered:

- Amend the Trade License Act so that all those with Trade Licenses would have to be property tax compliant,
- Garbage collection fees could be attached to utility bills,
- Some commercial banks have offered to work with the Town Councils to have loan applicants pay property tax before being able to access funds from these institutions,
- San Pedro has a different structure of rates for taxes on property and other municipalities could explore the possibilities of using this system.

**Financing Capital Projects** - Mayors stated that they do not get assistance from Central Government in funding capital projects, and when they try to access financing from the commercial banks, government approval is required. It was also suggested that there is potential for financing road construction through a toll system and that this should be explored.

**Social Safety Net** - Request was made for GOB to strengthen monitoring of food prices.

It was also suggested that there should be a focus on the males (men and boys) to make them productive citizens in our society and that this focus should be supported by adequate allocations in the budget for skills training and other programmes.

### **Belize Enterprise for Sustained Technology (BEST) and Help for Progress**

The recommendations and issues raised at the meeting were the following:

**Revitalized DFC** - NGOs welcomed the plans to reactivate the DFC, as it will assist small and medium enterprises with lower interest rates. Interest rates offered at commercial banks are prohibitive to small businesses.

**Possible Ways to Finance NGOs** – The NGOs believe that grants received by GOB should benefit all Belizeans as oppose to a selected few. These grants could be loaned to finance micro businesses instead of being given away with no incentive on the part of the beneficiaries.



NGO's stated that more funding needs to be made available for development projects. GOB needs to identify what economic sectors will benefit rather than providing monthly stipends through the Official Charities Fund, which provides very little returns on investment.

**Coordination by Ministries** - Coordination issues are important between the NGO's as duplication of efforts still exists even though funding availability had now declined by about 50% vis-à-vis in the time past.

**Non Contributory pension scheme** - NGO's strongly believe that while the Non Contributory pension scheme is a good idea it should not be paid from Social Security's Mandatory Contributory Fund. Several suggestions as to where the money could come from were made:

- Tax revenue
- Annuity paid to Social Security
- GOB to take full responsibility and pass it on to one of its ministries, e.g. Ministry of Human Development

As recommended in the last budget consultation, it was reiterated that training in food processing and proper marketing techniques would assist small businesses greatly.

Representatives of BEST and Help for Progress believe that for our country size there are too many small and underserved NGOs.

### **Association of Protected Areas Management Organizations (APAMO)**

APAMO was grateful for the opportunity to contribute to the budget preparation process and to discuss priority issues relating to protected areas and the environment that can be addressed in the 2009/2010 National Budget.

While the responsibility for the management of protected areas is that of the Government of Belize under the authority of the Forest Department, the Fisheries Department, and the Institute of Archaeology, the Government had delegated the management of several of the protected areas to non-governmental organizations (NGOs). However, this delegation of management had not been accompanied with the corresponding financial support. In this regard, APAMO wanted Government to look into the following:

- Selecting other foreign obligations "for debt for nature swaps" that can benefit APAMO;
- Assessment of PACT's operations and efficiency;
- Revisiting the allocation of the tourism head tax;
- Allow for the treatment of donations to APAMO as tax deductibles;
- More resources being made available to Forestry and Fisheries Departments;
- Research into the impact of chemicals in agriculture.

APAMO suggested that GOB allows its member organizations to make use of Fiscal Incentives and duty exemptions in lieu of making cash contributions to such entities.

APAMO also made a written submission to the Budget Consultations Team.

#### WRITTEN CONTRIBUTIONS RECEIVED

Belize Livestock Producers Association

Association of Protected Areas Management Organizations

C. Zuniga of Punta Gorda submitted a report on March 2, 2009.

**MEMBERS OF THE BUDGET CONSULTATION TEAM AND THE PERSONS/AGENCIES MET BY THE TEAM**

**National Association of Village Councils (NAVCO) and District Association of Village Councils (DAVCO)**

Ms. Marta Hendrikx	-	Managing Director - NAVCO
Mr. Juan Moguel	-	DAVCO, Orange Walk District
Mr. Fidelmar Hernandez	-	DAVCO, Chairman, San Estevan, Orange Walk District
Mr. Rogelio Olivia	-	DAVCO – Toledo District
Mr. Hilbert Lopez	-	DAVCO, Cayo NAVCO
Mr. Oscar Pollard	-	DAVCO, Belize District
Mr. Alfred Serrano	-	Training Officer, NAVCO

**Belize Agro-Productive Sector Group (BASG)**

Mr. Jose Alpuche	-	CEO, BASG
Mr. Edward Reimer	-	BASG- Vice Chair
Mr. Flint Wagner	-	BASG Group
Mr. Abram Froese	-	Blue Creek, Chairman
Mr. Jacob V Dyck	-	Spanish Lookout
Mr. Henry Anderson	-	Citrus Products of Belize Limited
Mr. David Hiebert	-	Blue Creek
Mr. Leonard Reimer	-	BASG Director

**National Trade Union Congress of Belize (NTUCB)**

Mr. Dylan Reneau	-	President, NTUCB
Mr. Ray Davis	-	NTUCB
Ms. Debbie Jorgenson	-	BNTU
Mr. Sean Nicholas	-	BEWU/NTUCB
Mr. Donald Zuniga	-	NTUCB/BEWU
Ms. Laurie Barrow	-	NTUCB/BCWU
Ms. Elena Smith	-	NTUCB
Ms. Therese Martinez	-	PSU
Mr. Javier Roberts	-	Belize Communication Workers Union (BCWU)
Mr. Jaime Panti	-	BNTU
Mrs. Jacqueline Willoughby Sanchez	-	President, PSU
Mr. Mark Gladden	-	President, BCWU
Mr. George Frazer	-	Executive Secretary, BNTU

**Belize Enterprise for Sustained Technology (BEST) and Help for Progress**

Mr. Elias Awe	-	Help for Progress
Mr. Dennis Jones	-	Belize Enterprise for Sustained Technology (BEST)
Mrs. Michelle Longsworth	-	BEST

Women's Issues Network (WIN) – Belize and YWCA

Ms. Carolyn Reynolds - WIN – Belize  
Ms. Sonia Lenares - YWCA

Belize Tourism Board (BTB) and Belize Tourism Industry Association (BTIA) and Belize Hotel Association (BHA)

Mr. Michael Singh - Ministry of Tourism  
Mrs. Tracy Panton - Belize Tourism Board  
Mr. Neil Bradley - Belize Tourism Board  
Mr. Evan Tillett - Belize Tourism Board  
Mrs. Shakira Oxley Tsai - Belize Tourism Board  
Mr. Andrew Godoy - BTIA  
Mr. Jim Scott - BTIA (Radisson Fort George Hotel)  
Mrs. Dionne Miranda - BTIA  
Mrs. Nicole Solano - BTIA  
Mr. Doug Thompson - Belize Hotel Association  
Mr. Kenrick Theus - Belize Hotel Association

Belize Chamber of Commerce and Industry (BCCI)

Mrs. Amparo Masson – President, BCCI  
Ms. Kay Menzies – Vice President - Commerce, BCCI  
Ms. Kim Aikman – BCCI  
Mr. Omar Ortiz – BCCI

Belize Business Bureau (BBB)

Mr. Misael Flores – President, BBB  
Ms. Sandra Perez – Director, BBB  
Mr. Anthony Mahler – BBB – Member  
Mr. Fred Hunter Sr. - Director, BBB

Belize Livestock Producers Association (BLPA)

Mr. Harold Parham - CEO, BLPA

Belize Mayor's Association

Mr. Simeon Lopez - Mayor, Belmopan City Council  
Ms. Elsa Paz - Mayor, San Pedro Town Council  
Mr. Frank Mena - Mayor, Dangriga Town Council  
Mr. John August Jr. - Mayor, San Ignacio/Santa Elena Town Council  
Mr. Marconi Sosa - Mayor, Benque Viejo Town Council  
Mr. Enrique Carballo - Belize Mayors' Association  
Mr. Phillip de la Fuente - Orange Walk Town Council  
Mr. Dwain Davis - Belize City Council  
Mr. Denton Belisle - Belmopan City Council  
Mr. Eugene Palacio - Ministry of Local Government

**Association of Protected Areas Management Organizations (APAMO)**

Ms. Ana Hoare	-	Executive Director, Belize Audubon Society
Mr. Edilberto Romero	-	Executive Director, Programme for Belize
Ms. Yvette Alonzo	-	APAMO
Mr. Julian Lewis	-	APAMO
Mr. Florentino Tun	-	APAMO
Mr. Lionel Heredia	-	APAMO
Ms. Robin Coleman	-	APAMO
Ms. Ellen McRae	-	APAMO
Mr. Jack Nightingale	-	APAMO
Ms. Imani Morrison	-	APAMO
Mr. James Mesh	-	APAMO

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Dr. Carla Barnett	-	Economic Advisor, Ministry of Finance
Mr. Marion Palacio	-	Deputy Financial Secretary - Budget, Ministry of Finance
Mrs. Maria Cooper	-	Economist, Ministry of Finance
Mrs. Zita Magana Perez	-	Economist, Ministry of Finance
Ms. Jeanette Garcia	-	Economist, Ministry of Economic Development



## National Consultations on the Budget for Fiscal Year 2009/2010

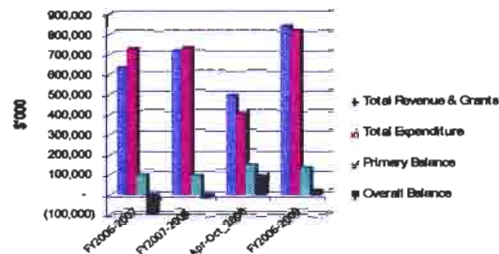
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### Outline

- Overview of Fiscal Operations
- Update on Measures taken following last Consultation
- Total Revenue and Grants
- Sources of Tax Revenue
- Recurrent Expenditure
- Interest Payments on Central Government's Debt
- Challenges Ahead
- Summary Table of Fiscal Operations

## Overview of Fiscal Operations

- Preliminary figures available for the first 7 months of the fiscal year (October 2008)
- Projected outturn for Fiscal Year 2008/2009
- Revenue shortfall and higher current expenditures
- Deterioration in non-oil primary balance (excluding grants)



December, 2008

Budget Consultations for FY 2009/2010

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## Update on Measures taken following last Consultation

- Revenue Measures adopted in Budget for Fiscal Year 2008/2009 to:
  - Provide relief from rising food and fuel prices
  - Support agriculture and food production
  - Provide support for tourism sector
  - Increase national benefit from petroleum extraction
- Action to support micro and small business
  - DFC

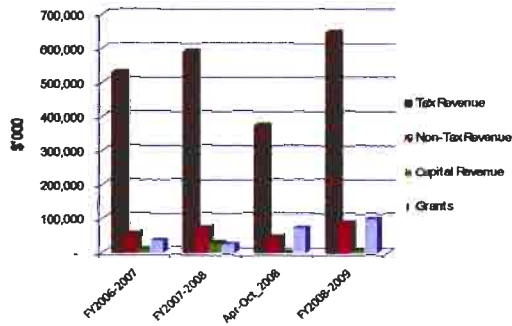
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## Total Revenue and Grants

- Tax revenue remains the largest contributor to total revenue and grants
- Extraordinary year for grant inflows
- Lower revenues from petroleum production



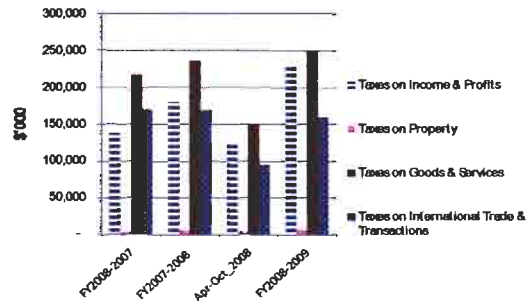
December, 2008

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## Sources of Tax Revenue

- Taxes on international trade and transactions lower due to fall in fuel tax receipts
- RRD measures
- Taxes on domestically produced petroleum



December, 2008

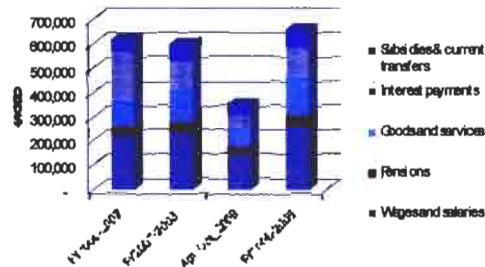
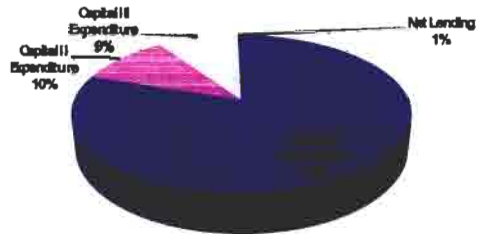
Budget Consultations for FY 2009/2010

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## Recurrent Expenditure

- Some 80% and 19% of total expenditure is recurrent and development expenditure, respectively
- Recurrent expenditure projected at \$658.0mn for FY08/09, some 10% higher in the previous fiscal year
- Increased outlays on wages and salaries
- Restoration of increments



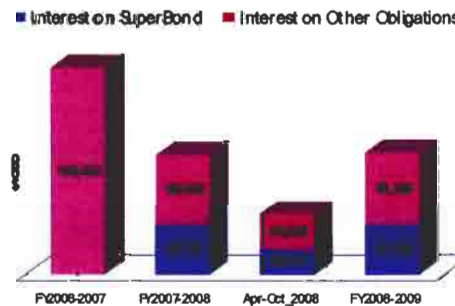
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## Interest Payments on Central Government's Debt

- Interest payments on the debt fell from \$195.5mn in FY 2006/07 to \$113.4mn in FY 2007/08 following the floating of the "SuperBond"
- In the future, there will be sizeable increases in "SuperBond" interest



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## Challenges Ahead

- Natural disasters
- Petroleum prices
- International financial crisis
- Litigation

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## Summary Table of Fiscal Operations

	Actual FY2008/2009	Actual FY2007/2008	Preliminary Apr-Oct 2008	Projection FY2008/2009
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>934,841</b>	<b>718,889</b>	<b>488,347</b>	<b>944,800</b>
CURRENT REVENUE	588,498	664,803	420,684	735,000
TAX REVENUE	530,426	591,882	374,155	647,000
Taxes on Income & Profits	138,202	160,892	123,911	230,000
Taxes on Property	4,297	8,521	4,411	7,000
Taxes on Goods & Services	217,025	238,075	150,828	250,000
International Trade & Transactions	170,803	168,974	95,205	160,000
NON-TAX REVENUE	88,072	72,941	48,529	88,000
CAPITAL REVENUE	11,327	30,134	2,178	9,000
GRANTS	36,815	25,282	73,485	10,000
<b>TOTAL EXPENDITURE</b>	<b>738,384</b>	<b>738,340</b>	<b>488,728</b>	<b>821,208</b>
CURRENT EXPENDITURE	617,104	568,297	352,892	650,000
Wages and salaries	219,482	233,851	142,986	260,000
Pensions	39,892	42,289	27,988	46,000
Goods and services	108,795	137,728	80,178	162,000
Interest payments	185,482	113,389	57,407	115,000
Subsidies & current transfers	32,372	70,830	44,127	75,000
CAPITAL EXPENDITURE & NET LENDING	113,280	137,043	50,033	163,208
Capital Expenditure	60,502	71,787	35,906	85,000
Capital III Expenditure	30,383	62,060	12,435	75,000
Net lending	2,405	3,208	1,692	3,208
CURRENT ACCOUNT BALANCE	(3,608)	66,306	67,892	77,000
PRIMARY BALANCE	88,729	88,888	161,029	137,782
as % GDP	4.1%	3.6%	5.6%	5.1%
OVERALL BALANCE	(8,673)	(1,631)	83,622	22,782
as % GDP	-3.9%	-0.6%	3.5%	0.8%

December, 2008

Budget Consultations for FY2009/2010

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## **DRAFT REPORT ON THE ONE-DAY SYMPOSIUM**

### **OVERVIEW OF THE SYMPOSIUM**

The one-day Symposium was held on February 11, 2009 and was the culmination of the National Consultation process held to inform the preparation of the Government's budget for fiscal year 2009/2010. The Symposium provided an opportunity for a number of stakeholders, private sector entrepreneurs, NGOs, trade unions and public sector officials to discuss a wide range of views relating to the budget and the state of the nation.

The Financial Secretary, Mr. Joseph Waight, gave the introductory remarks at the start of the Symposium, while the Honourable Dean Barrow, Prime Minister and Minister of Finance, delivered the feature address. A copy of the Prime Minister's speech forms part of this report.

The Draft Report of the meetings held during the first part of the National Consultation process in late 2008 was available to participants at the Symposium, and that report helped to shape the roundtable discussions that at the one-day event. The Symposium had a plenary session in the afternoon to facilitate the reporting and discussion of issues from the roundtables. The reports were well received, as they underscored the depth of deliberations that took place.

### **STRUCTURE OF THE SYMPOSIUM**

The discussions centred around three roundtables, each focusing on a particular theme and three sub-topics within each theme. Each roundtable had a chairperson and a rapporteur to manage the discussion process and to prepare summary reports of the proceedings, respectively. The discussants provided certain inputs to stimulate the discussion.

#### **Theme 1: Facing the Economic Challenges and Seizing the Opportunities in the Context of the Global Financial Crisis and Economic Slowdown**

Chair: Mr. Glenford Ysaguirre, Governor of the Central Bank of Belize

Rapporteur: Mrs. Christine Vellos, Deputy Governor, Central Bank of Belize

##### **Topic 1: Fiscal and Financial Constraints**

Discussants: Mr. Joseph Waight, Financial Secretary,  
Mr. Steven Duncan, Alliance Bank,  
Mrs. Corine Robinson Fuller, former General Manager, Belize Unit Trust Corporation

##### **Topic 2: Challenges and Opportunities for the Main Growth Sectors**

Discussants: Mrs. Tracy Panton, Belize Tourism Board,  
Mr. Jose Alpuche, Belize Agro-Productive Sector Group,  
Dr. Gilbert Canton, Belize Natural Energy Ltd.

Topic 3: Deepening Development – Finding the Keys to Sustainable Growth

Discussants: Mr. Dennis Jones, Executive Director, BEST  
Mr. Edilberto Romero, Executive Director, Programme for Belize  
Mrs. Natalie Goff, General Manager DFC

**Theme 2: Investing in the Future, Investing in Young People for Long Term Development**

Chair: Ms. Diane Haylock, President, National Institute of Culture and History

Rapporteur: Ms. Katherine Mendez, Ministry of Economic Development

Topic 1: The Situation of our Young People – in the City and the Village

Discussants: Mrs. Diane Finnegan, Director, Youth for the Future  
Mr. Frank Mena, Mayor, Dangriga Town Council and Chairman of the Belize Mayors Association  
Mr. Hilbert Lopez, National Association of Village Councils

Topic 2: Youth at Risk - Promoting Positive Development

Discussants: Mr. Evan Mose Hyde, Chairman, CYDP  
Mrs. Sonia Lenares, General Secretary, YWCA  
Mrs. Dionne Miranda, Executive Director, Belize Youth Business Trust

Topic 3: Education and Culture - Building the Foundation for the Future

Discussants: Ms. Myrna Manzanares, Consultant, Culture and Development  
Mr. David Leacock, CEO, Ministry of Education  
Dr. Filberto Penados, UNICEF

**Theme 3: Governance and Sustainable Development – Promoting efficient and Effective Public Administration**

Chair: Senator Godwin Hulse

Rapporteur: Mrs. Yvette Alvarez, Adviser, Ministry of Finance

Topic 1: Priorities for Public Sector Reform and Innovation

Discussants: Mrs. Yvonne Hyde, CEO, Ministry of Economic Development  
Mr. Misael Flores, President, Belize Business Bureau  
Mr. Charles Gibson, CEO, Ministry of the Public Service and Governance

Topic 2: Local Government and Decentralization

Discussants: Mr. Dylan Vernon, Consultant  
Mrs. Marta Hendrikx, Managing Director NAVCO  
Senator Pulcheria Teul, Chair, Maya Leaders Alliance

**Topic 3: The next step in Budget Consultations – Developing a Durable Process for Multi-Partite Participation in Public Policy**

**Discussants:** Mrs. Celine Cleland-Gomez, Belize Chamber of Commerce and Industry  
 Mr. Dylan Reneau, President, NTUCB  
 Dr. Carla Barnett, Economic Adviser, Government of Belize

**KEY ISSUES AND RECOMMENDATIONS FROM ROUNDTABLES**

**Theme 1: “Facing the Economic Challenges and Seizing the Opportunities in the Context of the Global Financial Crisis and Economic Slowdown”**

**Topic 1: Fiscal and Financial Constraints**

<b>Issues</b>	<b>Recommendations</b>
<ol style="list-style-type: none"> <li>1. The high interest rates and the high cost of doing business in Belize was harmful to businesses and producers</li> <li>2. Government operations are not efficient</li> </ol>	<ol style="list-style-type: none"> <li>1. Need for the Central Bank to pursue policies that can increase efficiency in the financial system and that can help interest rates to decline</li> <li>2. Need to establish a credit bureau</li> <li>3. Need to put in place an integrated payments system</li> <li>4. Need for businesses to issue commercial paper directly to consumers so has to drive interest rates downwards.</li> <li>5. Relatively high expenditures are made on key sectors, and there is a need to find ways to generate efficiencies in the public sector so as to get more out of every dollar</li> <li>6. Need to expand the tax net so that the tax burden is more equitably shared.</li> <li>7. Need to improve public sector administration through better utilization of technology</li> </ol>

Topic 2: Challenges and Opportunities for the Main Growth Sectors

Issues	Recommendations
<ol style="list-style-type: none"> <li>1. Incentives to agricultural and small business are not properly targeted.</li> <li>2. Policy framework lacking for main growth areas</li> </ol>	<ol style="list-style-type: none"> <li>1. Need to review tax policy so as to tax outputs instead of inputs</li> <li>2. Need to curb the advantages given to EPZs vis-à-vis companies in the operators and producers in the domestic territory</li> <li>3. Need to develop a proper policy framework and development plan for agriculture that is supported by structured dialogue with the sector</li> <li>4. Need to develop linkages between agriculture and tourism</li> <li>5. Need improve the promotion of small business sector and to have small farmers as a big part of the nation's production solution</li> </ol>

Topic 3: Deepening Development – Finding the Keys to Sustainable Growth  
Diversification

<b>Issues</b>	<b>Recommendations</b>
<ol style="list-style-type: none"> <li>1. Inadequate marketing of Belize's tourism product</li> <li>2. The Belize Marketing and Development Corporation (BMDC) to compete agricultural producers instead of helping such operators</li> <li>3. Price controls are often set above the cost of production and hurts producers.</li> <li>4. No medium terms strategy in place to guide Belize's development.</li> <li>5. Limited markets for Belizean produce</li> </ol>	<ol style="list-style-type: none"> <li>1. Need more marketing efforts in tourism</li> <li>2. Need to review the role and structure of the BMDC</li> <li>3. Need to review the whole system of price controls and to allow for some pricing based on product quality</li> <li>4. Need to undertake long term planning at the national level and the sectoral levels, and the plans should incorporate medium term strategies. Planning should look at human, technical and management skills.</li> <li>5. Higher level of coordination between GOB agencies needed in seeking better access to markets in Central America</li> </ol>

**Theme 2: “Investing in the Future, Investing in Young People for Long Term Development”**

**Topic 1: The Situation of our Young People – in the City and the Village**

<b>Issues</b>	<b>Recommendations</b>
<p>1. Access to training for youth greater in urban areas than rural areas (rural youth move to urban areas for access—thus exacerbating the problem in the urban and rural areas)</p>	<p>1. Need for access to training in rural areas</p>
<p>2. No jobs after training or no resources to put your training to use</p>	<p>2. Need for job creation and seed money to start own businesses after training</p>
<p>3. Lack of stipends for living expenses while youths undergo training</p>	<p>3. Need for youths to be provided with some means of sustenance while attending training</p>
<p>4. Out-of-school marginalized youth not being captured by any part of the social support system</p> <ul style="list-style-type: none"> <li>a. Lack of concept of family/belonging</li> <li>b. Lack of opportunity for education</li> </ul>	<p>4. Programs that speak to:</p> <ul style="list-style-type: none"> <li>a. issue of self-concept and belonging</li> <li>b. education programs for out-of-school youth</li> </ul>
<p>5. Addressing of youth issues not reflected in the budget or in projects</p>	<p>5. Need to ensure that youth issues are incorporated from the policy level so that it factors into the specific projects, actions and budgets (e.g. in the infrastructure projects perhaps youth could be given opportunity to participate as a business enterprise—i.e. own a cement mixer or truck—rather than just an low skill employee)</p>
<p>6. Truancy an issue</p>	<p>6. Need for a comprehensive program to retain students in the schools:</p> <ul style="list-style-type: none"> <li>a. Early warning and response systems</li> <li>b. Developing a culture of nurturing in the schools</li> </ul>



Topic 2: Youth at Risk - Promoting Positive Development

Issues	Recommendations
1. CYDP Secretariat set up but funds for implementation of programs lacking	1. Need for funds as well as collaborative/coordinated effort among all partners (government and NGO's)
2. Duplication and lack of coordination among NGO's in the social sector	2. Ditto
3. Lack of data and research on the situation of youths to inform policy and planning	3. Need to conduct proper studies, research to analyze and track the situation of youths
4. While focus is on education and training, opportunities for employment or to create employment are limited	4. Need for education and economic systems to dovetail (greater responsiveness in the economic system in the creation of industries or replacing those that have gone out of business)
5. Taxation is a problem for young people wanting to start own business	5. Need for tax system with incentives for youth to start own businesses
6. Policy makers not immediate in response	6. (see point 4)
7. Lack of proper mechanism for coordination of youth agenda	7. Need for reestablishment of the Ministry of Youth proper

Topic 3: Education and Culture - Building the Foundation for the Future

Issues	Recommendations
<p>1. Effective and efficient targeting of funds (biggest slice of pie but how much do we get for our buck?)</p> <p>2. Lack of holistic approach to the development of children</p> <ul style="list-style-type: none"> <li>a. Early childhood education tends to focus on academics</li> <li>b. Early childhood not just 'pre-school'</li> <li>c. Culture not seen part of holistic development</li> <li>d. Schools do not function well as organizations more as 'bases' where individual teachers operate</li> <li>e. Schools expected to do it alone</li> </ul> <p>3. Lack of system for tracking children through the system</p> <p>4. Current system focuses on academic education</p> <p>5. Inequities in the system</p>	<p>1. Need to more efficiently and effectively target funds allocated to education</p> <ul style="list-style-type: none"> <li>a. Ways to allocate funds to schools that encourage efficiency and effectiveness</li> <li>b. Effective targeting of scholarships/financial assistance</li> <li>c. Linking outputs to inputs</li> <li>d. More resources to early childhood education and secondary education</li> <li>e. Need to direct resources to children that are underperforming.</li> </ul> <p>2. Schools need to function as organizations with clear purpose—the nurturing of the growth and development of young people</p> <ul style="list-style-type: none"> <li>a. Early childhood education should focus on socialization—for life—importance of self-concept and life skills</li> <li>b. Early childhood education extends from pre-school to Std. 1.</li> <li>c. Culture needs to be included as part of holistic development; cultural industry needs to be expanded</li> <li>d. Schools need to become learning communities with collective responsibility for the nurturing of children</li> <li>e. Schools cannot do it alone; need for community effort</li> </ul> <p>3. Need for appropriate databases and system for tracking children in schools</p> <p>4. Need to end the dichotomy that exists between academic and vocational/technical education</p> <p>5. Need to address the inequities in the system in terms of access, curriculum and quality</p>

**Theme 3: Governance and Sustainable Development – Promoting efficient and Effective Public Administration**

This theme generated the most discussion, and the key issues and recommendations that arose are highlighted below. Participants from the BCCI, Belize Business Bureau, NTUCB, and NGOs agreed to form a committee that would spearhead an initiative to develop a multipartite process with the Government. The committee was tasked to draw up a terms of reference that it would share with all the stakeholders who were invited to the symposium so as to advance the recommendations below.

<b>Issues:</b>	<b>Recommendations:</b>
<ol style="list-style-type: none"> <li>1. General deterioration in public service systems and processes and in the efficiency of the delivery of goods and services</li> <li>2. General lack of knowledge of roles and responsibilities of key public sector players</li> <li>3. Weak policy development and implementation capacities at the ministerial, public officer and municipal levels</li> </ol>	<ol style="list-style-type: none"> <li>1. Need to review, rebuild, reorient, revive, be more results-oriented, and build respect for people and institutions</li> <li>2. Need to establish a methodology for separating the roles of policy shapers and policy implementers</li> <li>3. Need to strengthen accounting, reporting and auditing skills, functions and culture</li> <li>4. Need to use technology to innovate but need to exercise care so as not to throw out the baby with the bath water</li> <li>5. Need for central government to finance the building of capacity at the municipal level with the devolution of more authority</li> <li>6. Need to institutionalize the annual broad-based consultations on the budget to ensure commitment, respect, inclusiveness, openness and transparency, review and regular reporting of the process</li> </ol>

ADDRESS BY HON. PRIME MINISTER DEAN O. BARROW AT THE OPENING CEREMONY OF  
THE ONE-DAY SYMPOSIUM

Rev. David Goff  
Ministers of Government  
Mayors  
Village Leaders  
Government Officials and Members of the Consultation Team  
Ladies and Gentlemen

Good morning to all of you. I join in welcoming you to today's symposium which marks the culmination of the budget consultation process for fiscal year 2009/2010. The objective is, of course, that the suggestions, ideas and input from a wide cross section of stakeholders would have, by the time we come to make the formal presentation of the budget, would have informed the preparation of the budget.

Perhaps I should pause right here to join with previous speakers in saluting Dr. Barnett. I notice this year she has removed herself from the head table, I hope it's a logistical distancing and not a symbolic distancing from what is taking place. Perhaps she felt that we were so successful last year that we were bound not to be able to replicate it with as much glory and so she's finding some safe harbour. But no that would be far too cynical of you. Carla, on a very serious note, thank you so very much for having pioneered this process last year and for continuing to contribute to it in such a fundamental way this year.

That makes the point that many of you who are here today were also here last year when we had the initial symposium. I am told that there was as much enthusiasm expressed this year during the process of meetings with the consultation team as there was last year, so it appears that the process has not lost its luster. The topics that most came up in your discussions with the Ministry of Finance team are of course the topics that will anchor the round table deliberations that will take place immediately after I am finished and the coffee break has been concluded.

Ladies and gentlemen in the budget speech to the National Assembly last year we highlighted a number of measures that were included as a direct consequence of the consultation process last year. And I believe that looking back we are able to point to concrete evidence of a number of those measures having borne fruit. One example is, of course, the efforts that are now almost concluded to revitalize the Development Finance Corporation so that that venerable institution can return to its former glory days, can open its doors and begin to make credit available once again to small enterprises, to producers - small producers in particular - to students, to farmers and to home owners. The new DFC legislation was passed by the House of Representatives at its last meeting and the Caribbean Development Bank is committed to the provision of some \$20 million for the start up of the new DFC operations.

I need to make 2 small notes on this. I have said - and I look particularly to the Central Bank and the Social Security Board for help with this – I have said that we in this country must help to capitalize the DFC. Twenty million dollars is a drop in the bucket and my goal is for us to try to reach something like \$50 Million very early on. We will need to display some ingenuity; but it seems to me that it is very, very important that we get off to a running start in terms of this most important vehicle for providing access to credit.

The second note is that the good and worthy Senator Hulse had, I believe, some problems with what he saw as lacunae in the legislation. I know that the officials of Government are working with him to ensure that some of these omissions can be addressed by way of the regulations. It is not just the parent act itself, but there are regulations that will complete the picture to ensure that the new DFC will never make the sorts of mistakes that the old DFC made.

Some other issues addressed in the budget last year as a consequence of the consultations, and which I think we're again able to say that we have made significant progress, include the effort to try to achieve lower food and fuel prices as part of a social safety net for the most vulnerable in our society. I think we have succeeded handsomely in terms of the lower fuel prices, helped of course by the steep fall in the acquisition cost, but also as Joe has pointed out by Government's commitment to give up so much of its revenue stream in order to make this a reality.

In terms of lower food prices, somehow the fact of lower internal prices has not yet translated into lower prices for imported food items and we are still trying to grapple with why that is so. We acknowledge there has to be some amount of lag time, but the lag time seems to be stretching on for far too long. It is clearly a challenge for us to ensure that the lower prices are in fact past on in prices of imported consumer items.

In terms of local food stuff, such as rice for example - and I see one of my good friends from the Blue Creek Community with whom I was able to visit a month or so ago - the assurances are that at the time we started to see the lower fuel prices and lower transportation cost, the rice crop had already been planted. So the rice crop that was subsequently planted would have had the benefit of the lower fuel cost. This crop would not be harvested until perhaps next month or towards the end of this month and the fact is that we are for sure going to be getting the benefit of lower prices for locally harvested food stuff in this country.

Last year as well, as a consequence of the consultation process, we had promised increased assistance to the agriculture sector and I think we have been able to follow through on that. We tried to provide some additional resources to promote rural development and of course solid waste management was a key component of the discussions. As you all know we've now actually signed off on the loan with the IDB for the implementation of a National Solid Waste Management System.

Now turning to this year, Joe has said, and we all know, that the economic landscape has changed much since the last symposium. Shocks to the Belizean economy have arisen from

three sources: (1) the two natural disasters of 2008; (2) the slumping petroleum prices; and (3) the economic and financial turmoil in the economies of our major trading partners.

At the time of the last symposium, information from the field was still coming in relating to the damages inflicted at the end of May on Southern Belize by Tropical Storm Arthur. Later in the year, in October and November, rainfall from Tropical Depression No. 16 caused wide spread flooding in the Western, Central and Northern parts of our country. Those two weather systems resulted in loss of human life and tremendous damage to agricultural crops and livestock as well to housing, bridges and road infrastructure. All together the damage estimate is \$132 million.

Then, there is the fact that the world price of crude oil peaked during the middle of 2008 reaching US\$137.11 per barrel in early July but thereafter tumbling so precipitously that at year's end it was trading at US\$35.99 per barrel. The steep fall in the world price of crude oil has had a kind of bitter sweet effect on us. On the one hand we naturally welcome the fact that Belizeans have benefitted so tremendously from the lowest pump prices for fuel and butane in well over a decade. But, on the other hand, there has been a dramatic fall as well in Government's revenue collections from the flat tax on imported fuel and from the business tax and the royalties on domestically produced petroleum. In addition, that windfall tax that we spent such a long time trying to procure did not materialize because of the way the oil prices fell.

The fact is that this global economic and financial crisis has affected us substantially. Our major trading partners are being squeezed and that impacts their demand for our goods and services. It is in that kind of context that today's symposium is going to tax you as participants tremendously in the same way that the Government is being stressed to come up with the answers that will see us overcome the hurdles resulting from the shocks that I've just described.

If I can make it a little more real, ladies and gentlemen, we had originally, in the budget estimates last year, put down \$10 million as a kind of placeholder for what we expected to get from the windfall tax. After the negotiations were completed we went back and we upped that figure to something like \$18 million. That's of course gone, never materialized. Then with respect to the decrease in the revenues from the income tax and royalties we are looking at a shortfall of something like \$13 million. That is on one end. Concomitantly expenditure has increased as a natural progression but also because of some particular circumstances:

We - that is Central Government - have to take on the funding of NHI completely this year. Remember that originally it was a partnership between the Social Security Board and Central Government. The Social Security funding has come to an end so that Government has to find additional funding, something like \$7 million for NHI this year. We also are committed to the continuation of, for example the \$2 million that we had found for the most marginalized, for the poorest of the poor, by the way of Social Assistance. So that's now an additional recurrent item to our budget. Kidney dialysis treatment is costing us a great deal of money.

All together we are looking at a recurrent expenditure increase of around \$27 million. That is on one end. Then, there is the more than \$30 million that we lose on the other end as a consequence

of the non-materialization of the windfall tax and the fall in the taxes and royalties from domestically produced petroleum. There is also naturally a decrease in the GST that we collect from the imported petroleum products.

So, ladies and gentlemen, we clearly are confronting a major challenge. One that is going to require the kind of response that draws on all the ingenuity and commitment that the Belizean people can muster. When I look out at this sea of faces, I am extremely comforted. I think we're embarked on a good thing here today. In and of itself, there is something noble and uplifting about seeing the best and the brightest from our cities and our towns and our villages gathered in one place to try and come up with answers to the conundrum of national progress in difficult circumstances. But I also am certain that we will get more than just the tremendous psychological boost from today's proceedings. I believe that you will be able to help to point the way forward in a concrete fashion for Government and society. And so I am grateful that all of you are here today.

Ladies and gentlemen, let me just tell you how the fiscal year that ends in March of 2009 is likely to turn out. The projections of the primary balance and the overall balance as a percentage of GDP are 4.9% of GDP in the first case and 1.3% of GDP in the second case. This compares very well indeed to a primary balance of 3.8% and an overall deficit of 0.6% at the end of the fiscal year 2007/08. But there is no magic to how and why we were able to do so comparatively well. This was primarily as a result of the significant grant inflows during 2008 from the Republic of China on Taiwan and of course from the Bolivarian Republic of Venezuela.

As I have indicated, this year will be much, much tougher to deal with. How we are going to close a financing gap of around \$60 million is something that I have not quite yet figured out but I'm sure that by the time we make the budget presentation at the end of this month, I will have the answers, aided no doubt by some of the recommendations that today's symposium will make. We already have some ideas and so what I am doing is trying to set out the picture as realistically as possible, in order to make it clear that a great deal of forward thinking, a great deal of flexibility, a great deal of creativity will be required. It is not to suggest that things are so bleak that there is any room for any kind of counsel of despair, not at all. I am confident that by the time of the budget presentation with a little bit of mixing and matching I will be able to tell you and the Belizean people exactly how we are going to close that financing gap.

As I said while there are these challenges we have to bear well in mind that certain things are non-negotiable. I think that was a message that was underlined in the course of the consultation process that took place this year. That means then Government has to be, regardless of anything else, still committed to preserving the education, health and social well being of the Belizean public in the budget for fiscal year 2009/10. To this end:

- We expect to allocate about 45% of budget expenditures to education, health and national security.
- In the education sector we are committed to the continuation of a robust scholarship program, to the transfers to the denominational schools and to increase and improve teacher training.

- In the health sector we are placing more resources at the KHMH and, as I said, we are increasing our expenditure on kidney dialysis treatment.
- In the agricultural sector we are committed to providing, with help from the international partners, more funding to small farmers and to continue the program of special assistance to those recovering from the natural disasters of last year.
- Because we are able to tap into resources from the multi-lateral partners we will be able to increase development expenditure on infrastructure to replace bridges, to improve rehabilitate and improve highways, to upgrade drainage and to spend a considerable amount on our feeder roads especially our sugar road network.

Ladies and gentlemen, in the context of all this, I believe that the three themes that resonated during the consultation process and that have been selected to be the rubric of this symposium are extremely timely and extremely well chosen. These are as you know Facing the Economic Challenges, and Seizing the Opportunities in the Context of the Global Financial Crises and Economic Slowdown; Investing in the Future, Investing in Young People for Long Term Development; and Governance and Sustainable Development – Promoting Efficient and Effective Public Administration.

Dealing with that last theme first: as Joe told you there are number of projects including the complete revision of what we call the Finance and Stores Order and further amendment to the Finance and Audit Act to ensure that as we proceed, notwithstanding the fiscal challenges, we proceed in a manner that absolutely ensures the kind of transparency that we are determine to give to this country and that this country has demanded.

With regard to young people: as I said, education will continue to get the largest share of the budget. We have reconsidered the Marion Jones Stadium Project to ensure that a more viable scaled down version will in fact be implemented and we're well on the way to doing that.

“Seizing the opportunities”: we continue to ensure that whatever investments we need to make in the Tourism Industry will be made so that we can overcome the world slow down in tourism and ultimately triumph. And, we will make the investments in agriculture so that we can begin for the first time at last to seriously capture export markets in a way that will contribute significantly to the development of this country.

So then ladies and gentlemen, let me close by saying once again that I am extremely grateful that you are all gathered here this morning and I ask you to consider well the various paths down which we might go in order to defeat the difficulties that we are currently confronting. I assure you that your deliberations and your recommendations will help us as a Government and as a society. What you are doing in this place this morning is for the greater good of Belize. I therefore salute you, commend you and thank you.

Thank you very much.



LIST OF REGISTERED PERSONS AT THE SYMPOSIUM

<b>NAME</b>	<b>ORGANIZATION</b>
Ellen McRae	
Corine Robinson Fuller	
Pat Mendoza	ABEN/UNDP
Stephen Duncan	Alliance Bank
Adele Ramos	Amandala Newspaper
Abram Froese	BASG, Blue Creek
Edward Reimer	BASG
Flint Wagner	BASG
Jacob Dyck	BASG
Jose Alpuche	BASG
Amparo Masson	BCCI
Celene Cleland	BCCI
Kay Menzies	BCCI
Omar Ortiz	BCCI
Senator Godwin Hulse	BCCI
Amanda Burgos Acosta	Belize Audubon Society
Fred Hunter, Sr.	Belize Business Bureau
Misael Flores	Belize Business Bureau -President
Dwain Davis	Belize City Council
E. Carballo	Belize Mayor's Association
Nicole Solano	Belize Tourism Industry Association
Carolene Arzu	Belmopan City Council
Simeon Lopez	Belmopan City Council
Dennis Jones	BEST
Tonia Pence	BEST/Peace Corps
Einer Gomez	Belize Hotel Association
Gilbert Canton	Belize Natural Energy
Evan Tillett	Belize Tourism Board
Tracey Panton	Belize Tourism Board
Evan Cocom	CARE Belize
Christine Vellos	Central Bank of Belize
Glenford Ysaguirre	Central Bank of Belize
Julia Perera	Central Bank of Belize
Lylia Roberts	Central Bank of Belize
Marilyn Gardiner	Central Bank of Belize
M. Ali	Channel 5 News
Jules Vasquez	Channel 7 News
Charles Woods	Citrus Growers Association
Dorla Humes	Consultant

Artemio Campos	Corozal
Evan Mose Hyde	CYDP
Frank Mena	Dangriga Town Council
Fidelmar Hernandez	DAVCO - Orange Walk
Roel Chan	DAVCO - Corozal
Natalie Goff	DFC
Julian Lewis	Gra-Gra Lagoon/APAMO
Rick August	Help for Progress
Monica Bodden	Love FM Radio
Honourable Rene Montero	Ministry of Agriculture
Jeanette Garcia	Ministry of Economic Development
K. Mendez	Ministry of Economic Development
Y.S. Hyde	Ministry of Economic Development
David Leacock	Ministry of Education
Alan Slusher	Ministry of Finance
Artemio Osorio	Ministry of Finance
Carla Barnett	Ministry of Finance
Joseph Waight	Ministry of Finance
Maria Cooper	Ministry of Finance
Marion Palacio	Ministry of Finance
Raquel Guerra	Ministry of Finance
Yvette Alvarez	Ministry of Finance
Zita M. Perez	Ministry of Finance
Honourable W.P. Elrington	Ministry of Foreign Affairs
Honourable Gabriel Martinez	Ministry of Labour
Ivan Williams	Ministry of Labour
Marian McNab	Ministry of Labour
Eugene Palacio	Ministry of Local Government
Charles Gibson	Ministry of Public Service
Michael Singh	Ministry of Tourism
Myrna Manzanares	National Kriol Council
Hilbert Lopez	NAVCO
Marta Hendrikx	NAVCO
Diane C. Haylock	NICH
Arnold Zuniga	NTUCB
Dylan Reneau	NTUCB
Elena Smith	NTUCB
Sean Nicholas	NTUCB
Imani Morrison	Oak Foundation/APAMO
L. Munoz	Press Office
Edilberto Romero	Programme for Belize
Therese A. Martinez	Public Service Union
Vallan Hyde	San Ignacio Town Council

Gustavo Perera	SPEAR
Senator Henry G. Gordon	SPEAR
Senator Pulcheria Teul	Toledo Maya Women's Council
Anita Zetina	UNICEF
Rana Flowers	UNICEF
Jeffy Gomez	UN-Intern
Geraldo Flowers	University of Belize
Brianne Watts	US Embassy
Linsford Coleman	US Embassy
Carolyn Reynolds	WIN-Belize
Dionne Miranda	Youth Business Trust - Belize, BTIA
Karen Cain	Youth Enhancement Service
Dianne Finnegan	Youth for the Future
Elaine Middleton	YWCA
Sonia Lenares	YWCA