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May 27, 2021

**Joint Statement by Mr. Mohieldin, Mr. Mouminah, Ms. Alaqla, and Ms. Fadhel on Belize  
(Preliminary)  
Executive Board Meeting  
June 2, 2021**

We thank staff for the informative report and Ms. Levonian and Mr. Rankin for their helpful Buff statement. We broadly concur with staff's assessment and policy recommendations, and would like to make the followings points.

**1. Belize has been significantly hit by the pandemic, with substantial socioeconomic toll and a further deterioration in both the fiscal and external positions.** We agree that saving lives and livelihoods in addition to stabilizing the economy are the immediate priorities to help the country exit the crisis and pave the way towards sustained recovery. We welcome the adoption of the ambitious "Five-Year Homegrown Recovery Plan" and look forward to its successful implementation. Securing enough vaccines would be also critical to reach herd immunity and avoid further deterioration in the health and economic conditions. The Buff statement indicates that the authorities managed to order enough vaccines to cover 30 percent of the population. *We would be interested to learn from staff when the authorities are expecting to receive those vaccines.* We also share the authorities' call for further strengthening the international efforts to enhance the global vaccine coverage.

**2. We welcome the authorities' commitment to prudent fiscal policies to restore debt sustainability.** Here, a credible medium-term fiscal strategy is required to bring back public debt to a sustainable path and help build policy space to address priority spending. Staff assess Belize's public debt to be unsustainable and indicate that debt restructuring might be needed to restore debt sustainability, along with growth-enhancing reforms. In this connection, we note that the authorities are currently engaged in negotiations with

commercial creditors to restructure Belize's US\$557 million "superbond". *Could staff provide updates in this regard?*

**3. We welcome the authorities' commitment to supporting the exchange rate peg, as it remains an important nominal anchor and should be preserved.** In this regard, we positively note the authorities' full commitment to strengthening the peg by restoring debt sustainability, enhancing competitiveness, which in turn would help beef up international reserves. We also encourage the authorities to limit government reliance on Central Bank financing.

**4. While banking system remains stable, the risk of a prolonged crisis calls for close monitoring of the assets quality to safeguard financial stability.** Recognizing that the supportive monetary and financial policy actions, including the regulatory forbearance and loan deferrals measures, have helped to mitigate the financial stability risks, attention is needed to contain any potential weakness in banks' balance sheets once these measures are lifted. In addition, we welcome the planned reforms to improve credit frameworks by establishing a credit bureau and credit collateral registry. Also, we welcome the ongoing efforts to further strengthen the AML/CFT framework.

**5. It is becoming more urgent for the authorities to embark on deep structural reforms to support sustainability and social and economic inclusion.** Going forward, the authorities should articulate a multi-pronged strategy to help promote sustainability, boost productivity, increase labor flexibility, strengthen social protection, and enhance the business climate to promote inclusive growth and foster social cohesion and resilience. We also see a scope for leveraging digitalization to expedite economic and financial development and further the country's progress towards achieving the SDGs. We appreciate the table on the selected social and economic indicators which portrays a slow progress towards achieving the SDGs. In particular, poverty was high in 2009 at 42 percent, which is likely to have risen even further following the pandemic shock. *Could staff provide more updated numbers on poverty and its distribution across the population? We will also appreciate some information on the engagement with development partners on capacity development, including with the IMF.*

With these remarks, we wish the authorities all the best in their policy endeavors.