

# Key Points

## Consulting Service for Institutional Strengthening of BELTRAIDE'S Investment Promotion Programs

<b>Institution:</b>	Ministry of Economic Development
<b>Country:</b>	Belize
<b>Project:</b>	Trade and Investment Facilitation Program in Belize (TIFP)
<b>Sector:</b>	Trade and Investment
<b>Abstract:</b>	This project aims to promote Belize's foreign direct investment and trade performance.
<b>Loan No.:</b>	5582/OC-BL
<b>Process ID:</b>	BL-L1040-P00009
<b>Profile:</b>	Consulting Firm
<b>Deadline:</b>	<b>Monday, July 29, 2024;</b> 10:00 a.m. (Local Belize Time)

### 1. BACKGROUND

Belize's pace of economic growth exceeded that of Latin American and Caribbean (LAC) economies in the 1980s, 1990s, and the early 2000s. However, Belize's real GDP average growth slowed from 4.7% between 2000 and 2009 to only 2.3% between 2010 and 2019<sup>1</sup>. This sluggish growth is reflected in the external sector in comparison to other countries in the region. Since 2021, Foreign Direct Investment (FDI) has been increasing annually. In 2021, FDI increased 64.7% and a further 6.4% in 2022<sup>2</sup>. The total FDI in 2022 was US\$133.6 million compared to US\$1.3 billion in Nicaragua or US\$1.08 billion in Honduras. Similar economies (with less than 1 million population and high relevance of the tourism sector in their GDP) such as Barbados and The Bahamas performed even better with US\$200 million and US\$1.3 billion, respectively.

FDI contributes to job creation and economic growth. There is evidence that from every US\$1 invested in FDI promotion, an additional US\$56 of FDI can be generated.<sup>3</sup> In this regard, an important challenge to attracting FDI is to reduce the information asymmetries to position a country or region on the radar of Multinational Enterprises (MNEs). There is also evidence showing a correlation among Investment Promotion Agencies (IPAs) with focused strategy and specialization, and a higher lead generation volume.

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<sup>1</sup> [BIDeconomics Belize: Developing a Sustainable, Resilient and Inclusive Belize](#), IDB, 2021.

<sup>2</sup> [World Bank data](#).

<sup>3</sup> [Volpe Martincus, C., Carballo, J., Marra de Artiñano, I., & Blyde, J. \(2020 January\). How Effective is Investment Promotion? Firm-level Evidence. IDB.](#)

A key factor which is crucial to increase FDI flows to the country is its weak FDI promotion institutional framework. Belize suffers of information asymmetries that limit the interest of foreign investors. BELTRAIDE has limited tools and resources to promote investment when compared to its regional counterparts. One of the bottlenecks identified by BELTRAIDE from the enquiries to investors is the poor national branding and external image of the country. Belize ranks 131 in the world in country brand for trade location and the economic and promotion information about Belize as an investment location is outdated on official portals. Another important challenge in FDI promotion is the provision of facilitation support once the firm has decided to invest. BelizeInvest, with only five staff, manages both the promotion and administration of the Fiscal Incentives (FI) and the Designated Processing Areas (DPA) concessions. These responsibilities consume a significant part of its resources. BelizeInvest has recently implemented Customer Relationship Management (CRM) to improve monitoring and evaluation of results and impact of their activities. Information regarding rates of leads conversion to establish investment is lacking.

To align various complementary national strategies, including the National Investment Policy and Strategy (NIPS), the MSME Strategy and Roadmap, and the Export Competitiveness Roadmap (ECR), the Government of Belize has merged the implementation efforts of these strategies and all respective activities under a single Action Plan, the Belize Investment and Business Climate Action Plan<sup>4</sup> (BIBCAP). This merged approach enables a better coordination to direct efforts for increased efficiency and maximizing resources. The areas of focus are based on specific key policy pillars that aim at improving the business and investment climate in Belize and significantly impact the facilitation of domestic and foreign investment, MSME growth and development, enhanced innovation, and improved and sustained competitiveness.

## **2. DESCRIPTION OF PROGRAM**

Belize's trade and investment performance has not reached the necessary levels to promote economic growth. Small economies usually rely on their external sector for growth. Investment performance responds to a variety of factors such as market access, taxation, regulations, and infrastructure. Belize has made progress in some of these areas including substantial market access with major markets (US, EU, CARICOM, and Central America), and a fiscal exemptions regime for FDI. However, there are other factors that explain more robustly the current pattern of low FDI flows and limited international trade competitiveness in Belize. The country lacks sufficient resources and technical capacity to promote and facilitate investment in Belize. Additionally, information on investment is scarce, including data on investors and monitoring of results.

Taking this in consideration, in 2023, IDB subscribed with the Ministry of Finance, Economic Development, and Investment of Belize the "*Trade and Investment Facilitation Program for Belize*" with the objective to promote Belize's FDI and trade performance through three Components: i) facilitate investment s in Belize through the implementation of a Single Investment Window (SIW); ii) Export Development and Investment Promotion; and iii) Trade Facilitation. For the purposes of this Consultancy, these terms of reference are oriented to the second Component of the Program, Investment Promotion, more specifically, *Institutional Strengthening of BELTRAIDE's Investment Promotion Apparatus* that seeks to increase FDI

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<sup>4</sup> [Belize Investment and Business Climate Business Plan, Government of Belize.](#)

flows and their positive spillovers in the local economy through the improvement of investment promotion programs.

### **3. OBJECTIVE OF THE CONSULTANCY**

The objective of this consultancy is to develop investment promotion programs for prioritized sectors including the use of digital tools. To comply with this objective, specific objectives have been delimited to proposing efficient and innovative business and digital tools: a) institutional strengthening, b) optimization of the business model and processes to generate investments, c) investment promotion strategies (ISPs) and action plans, and d) investment promotion programs (IPPs) to promote and retain investment to Belize.

### **4. SHORT LISTING PROCEDURE**

- Consultants will be selected in accordance with the procedures set out in the Inter-American Development Bank: Policies for the Selection and Contracting of Consultants financed by the Inter-American Development Bank GN-2350-15 and is open to all eligible bidders as defined in the policies.
- Expressions of interest must be delivered in a written form in English, using the required template to the email address [tjoseph.ceu@med.gov.bz](mailto:tjoseph.ceu@med.gov.bz) by July 19, 2024, prior to 10:00am local Belize Time. Subject must include - Institutional Strengthening of BELTRAIDE'S Investment Promotion Programs and name of Consulting Firm.

### **➤ 5. FIRM/CONSULTANCY REQUIREMENTS**

- a. The consultancy will require the service of a firm that has a minimum of 10 years of demonstrated professional experience in investment promotion, including lead generation.
- b. The consultancy firm should have a history of successfully advising Investment Promotion Agencies (IPAs) in the design and implementation of activities related to the investment promotion lifecycle. A minimum of three consultancies is required.
- c. Experience working in Latin America and the Caribbean would be a plus.
- d. Experience working in multiple sectors would be a plus

### **➤ 6. ESTIMATED VALUE US\$220,000**