

Technical Cooperation Abstract

I. Basic project data

▪ Country/Region:	Belize
▪ TC Name:	Leveraging Digital Technology for Improving the Business Climate in Belize
▪ TC Number:	BL-T1110
▪ Team Leader/Members:	SOLIS, GALILEO (IFD/CTI) Team Leader; STEVENSON, CLAUDIA (IFD/CTI) Alternate Team Leader; GRANT, KAYLA SHAREE (IFD/CTI); URQUIJO, LEE (ITE/IPS); TORRICO, BLANCA (IFD/CTI); PILGRIM, VALARIE (IFD/CTI); VASQUEZ, GIAN (CID/CBL)
▪ Taxonomy:	Client Support
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	N/A
▪ Reference to Request:	EZSHARE-776734770-2
▪ Date of TC Abstract:	March 9, 2018
▪ Beneficiary:	Belize
▪ Executing Agency:	Inter-American Development Bank, through the Competitiveness and Innovation Division (IFD/CTI)
▪ IDB Funding Requested:	US\$220,000.00
▪ Local counterpart funding, if any:	US\$107,108.00
▪ Disbursement period:	months 30
▪ Types of consultants:	Firms and Individual Consultants
▪ Prepared by Unit:	IFD/CTI
▪ Unit of Disbursement Responsibility:	IFD/CTI
▪ Included in Country Strategy (y/n);	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation

II. Objective and Justification

- 2.1 The objective of the project is to test an approach for reengineering and digitizing the delivery of services that are critical to improving the business climate in Belize.
- 2.2 Belize, in its Horizon 2030 Strategy, endorses economic resilience and job creation through development of the small business sector. Under its Growth and Sustainable Development Strategy (GSDS), necessary conditions for achieving optimal national income and investment include attracting foreign investments, improved competitiveness, and encouraging technological adaptation and innovation.
- 2.3 Creating the necessary conditions for the private-sector to grow is a core strategy for achieving the aforementioned goals, improving economic growth prospects and combating poverty. Evidence finds that regulatory reforms are good for economic growth ¹. In response, Belize's Economic Development Council ² (EDC), a

¹ Haidar, J. 2012. "[The Impact of Business Regulatory Reforms on Economic Growth](#)". This study found that each business regulatory reform, on average, is associated to a 0.15% increase in growth rate of GDP.

² The EDC is a public/private advisory body launched by the Rt. Honorable Dean Oliver Barrow in 2011. The objectives of the EDC are to: (i) to strengthen the collaboration between public and private sectors

public/private advisory body, has supported efforts in addressing reform for improving the business and investment climate. As the second lowest ranked indicator on the World Bank's Doing Business Indicators^{3 4}, the EDC is leading reform efforts in the *Starting a Business* process. For instance, an on-going consultancy is assessing the annual rental value methodology used to determine the value of a trade license is being assessed in order to increase transparency and uniformity in how these values are determined.

- 2.4 Building on the efforts of the EDC⁵ and taking into stock business climate projects led by other agencies, this project aims to pilot a suite of technology that results in increased efficiency in selected business processes. The pilot will act as a demonstration effect to encourage participation among other actors key to improving the business and investment environment.
- 2.5 Essential to the pilot is reengineering and simplifying processes within the current regulatory framework and with consideration to upcoming legal reforms. Technology thereafter complements and enhances the streamlining process⁶. Digital technology, such as application programming interface (API), can facilitate end users' access and interface between government entities, remove the need for lengthy travel and submission of paper documents, and improve intra-agency communication thereby reducing the time taken for approval when multiple agencies are involved.
- 2.6 In 2016, Belize ranked 122 out of 193 countries in terms of E-Government and 138 in terms of E-Participation. The project thus supports the country's E-Governance Strategy efforts being led by Belize's Central Information Technology Office (CITO). CITO, through the use of ICTs, is modernizing the delivery of public services to improve efficiency and effective delivery of public services based on citizen needs.
- 2.7 This TC is consistent with the Update to the Institutional Strategy 2010-2020 (AB-3008) as it is strategically aligned with the development challenge of productivity and innovation and specifically addresses the special needs of small and vulnerable countries in fostering development through the private sector. The program is aligned with the priorities defined in the Innovation, Science and Technology Sector Framework Document (GN-2791-3). The project is also aligned with the priorities of the "Proposal for the Establishment of the Compete Caribbean Partnership Facility" (GN-2851).

III. Description of Activities and Outputs

- 3.1 **Component 1: Design and Piloting of Technological Solution to Streamline Business Processes (US\$150,000).** This component will finance the design, piloting, and deployment of a feasible technological solution that incorporates digital

through meaningful dialogue that leads to positive outcomes facilitating economic development and (ii) to advise on and help develop reforms that improves doing business, enhances the public-sector processes and enhances confidence of doing business in Belize.

³ In the starting a business indicator, Belize ranks 161 out of 190 economies with a DTF of 73.24. Starting a business for a limited liability company (of at least five shareholders) requires 9 procedures, takes 43 days, and costs 34.6% of income per capita.

⁴ The most challenging indicator, according to the World Bank's Doing Business Indicator, is obtaining credit.

⁵ The EDC was established to act as the liaison between the private sector and Government and to identify and prioritize reforms that would improve the business and investment climate. The public-private dialogue efforts of the EDC have led to securing the commitment of key stakeholders and driving successful reform measures.

⁶ World Bank. 2013. ["Reforming Business Registration: A Toolkit for Practitioners"](#).

technology, such as API technology, for integrating and improving data sharing among key actors. Prior to designing the technological solution, a consultancy is expected to (a) develop regulatory process mappings; (b) assess process flow efficiency; (c) conduct a needs assessment amongst potential users ⁷; and (d) make recommendations for: (i) business process reengineering and simplification in terms of immediate changes within the current regulatory environment and within the current technological framework that can lead to quick wins; and (ii) the introduction of appropriate digital technology that can bring processes more in line with current best practices.

- 3.2 With respect to the introduction of appropriate digital technology, a consulting firm will be hired to: (a) present design options that define what data can be shared, dictate who can access the data, identify resource requirements (such as cloud-based storage solutions), design front end user interface that responds to the needs and preferences of users, embed security features (identification, authentication, and authorization) to encrypt and protect data, develop protocols for data sharing which take into consideration legal restrictions to data sharing, and provide built-in analytics that collect data on metrics and usage; (b) pilot the design amongst a sample of end users and to incorporate feedback of the pilot into the design; (c) develop a manual and training material followed by the delivery of training workshops to staff; and (d) deploy the minimum viable technological solution, including provision of support after deployment. The project team will provide the consultancy with guidance in determining the sample size and make-up, given that business regulatory burdens differ according to the size, location, and sector of the business. The firm will also be expected to work closely with the EDC and CITO in ensuring alignment with the Government's E-Strategy and national development plans.
- 3.3 **Component 2: Legislative Review and Drafting (\$25,000).** This component will finance a consultancy to conduct legislative reviews, recommend necessary and feasible legal reforms, and draft relevant enabling legislation, regulations or policies to improve the business environment.
- 3.4 **Component 3: Communication and Knowledge Dissemination (US\$20,000).** Crucial to the uptake by end users, is a strong communication strategy from the point of project design, through to execution, and to closure. As such, this component will finance a consultancy to develop and implement a campaign strategy to manage stakeholder expectations, guide change management, communicate project benefits to both internal and external users, and educate users on how to use the technology. Supporting this consultancy, will be an awareness event, press releases, social media outreach, a discussion paper capturing lessons learned, and a kiosk pilot. Specifically, the discussion paper will capture the lessons of the pilot and propose strategies for applying the lessons learned to other business climate related processes such as requesting and receiving a building permit. Furthermore, the kiosk pilot will identify partner organizations and associations that can partake in the kiosk pilot by supporting businesses in rural areas in accessing and using the technology.
- 3.5 **Component 4: Coordination and Monitoring (US\$25,000).** This component will finance an IT Project Manager to monitor the project and its outputs, lead technical discussions with the consultancies, maintain constant dialogue with key stakeholders, certify implementation of Component 1 recommendations, and document lessons

⁷ Including women, youth, and small business owners located in rural areas with limited connectivity

learned. The consultant will work closely with the EDC, CITO and the hired consultancies with potential for CITO to absorb the consultant at the project's end.

IV. Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Design and Piloting of Technological Solution to Streamline Business Processes	\$ 150,000.00	\$ 0.00	\$ 150,000.00
Legislative Review and Drafting	\$25,000.00	\$0.00	\$25,000.00
Communication and Knowledge Dissemination	\$ 20,000.00	\$0.00	\$ 20,000.00
Coordination and Monitoring	\$25,000.00	\$25,000.00	\$50,000.00
Office space, project supervision services, IT mapping services	\$ 0.00	\$82,108.00	\$ 82,108.00
TOTAL	\$220,000.00	\$107,108.00	\$327,108.00

V. Executing agency and Execution Structure

- 5.1 The Compete Caribbean Partnership Facility (CCPF), approved under GN-2851, was jointly designed with donors to be a Bank Executed Program, through the CCPF's Facility Coordination Unit (FCU) established in COF Barbados. The Bank has demonstrated its ability to coordinate and motivate action across diverse stakeholders at both the national and regional levels. The execution of this TC will be carried out by the Bank through the Competitiveness and Innovation Division (IFD/CTI) in coordination with FCU. Project output indicators will be monitored following the Monitoring and Evaluation (M&E) framework of the CCPF.
- 5.2 The execution and disbursement period will be 30 months and the UDR will be IFD. The activities to be executed are included in the Procurement Plan (Annex III) and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-1 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and; (c) GN-2303-20 for logistics and other related services.

VI. Project Risks and Issues

- 6.1 Several risks are involved in streamlining business processes, designing legal reform and implementing digital technology aimed at easing regulatory burden on businesses. A major risk is political commitment to implementing the procedural recommendations and technological solution developed under this TC. Both CITO and the EDC (which operates out of the Department of Public/Private-Sector Dialogue in the Office of the Prime Minister and maintains a close relationship to the private-sector as well as with government ministries, departments and agencies at a senior-level) are vital political champions to mitigating against this risk. The EDC has conducted preparatory work in sensitizing the agencies involved in the proposed reform efforts and has maintained strategic dialogue with these agencies who, as evidenced by their implementation of focused reform projects, have demonstrated their commitment. Furthermore, the technological solutions will be piloted before full deployment in order to identify bottlenecks requiring immediate attention. Furthermore, there is strong potential for

CITO to absorb the IT Project Manager at the project's end to ensure continuity and the preservation of tacit knowledge.

- 6.2 A strong emphasis is being placed on communication with all users involved throughout the project cycle. At the project's design stage, interviews have been conducted with a sample of key end users. During implementation, users will continue to be consulted to assess and incorporate their needs and preferences. At the end of the project, a forum will communicate project results, promote user uptake, and determine appetite for further reform efforts. The IT Project Manager will have technical background in information technologies and shall ensure the project is completed on time and within budget, manage stakeholder communications, and mitigate against the expansion of scope requiring additional resources. Another key mitigation factor is the intent to sensitize managers within the selected institutions to change management that guides staff in becoming comfortable, competent, and confident in employing the technological innovation as part of their routine work.

VII. Environmental and Social Classification

- 7.1 Given the nature of the project, there are no associated environmental or social risks. Based on the Environment and Safeguards Compliance Policy (OP-703) this operation is classified as "C", meaning that no environmental assessment studies or consultations are required for this category (see [Safeguard Policy Filter](#) and [Safeguard Screening Form](#)).