



CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

The Millennium Challenge Corporation intends to provide assistance to the Government of Belize to facilitate the development and implementation of a Millennium Challenge Compact.

If you or your staff would like to arrange a meeting to discuss this assistance, please contact Brian Forni at (202) 521-2631 or ForniBJ@mcc.gov.

The attached notification is being sent to the Congress on October 26, 2022. The assistance may be provided and funds obligated on or after 15 days from the date of this notification.

In addition to the enclosed notification, we have attached supplemental information regarding the planned assistance.

Sincerely,

/s/
Aysha House
Vice President
Congressional and Public Affairs

Enclosure: As stated

**MILLENNIUM CHALLENGE CORPORATION
CONGRESSIONAL NOTIFICATION**

October 26, 2022

PROGRAM: Eligible Countries
APPROPRIATIONS CATEGORY: Fiscal Years 2019, 2021, 2022
OBLIGATION AMOUNT: \$10,000,000

Pursuant to Division F, Title III under the heading “Millennium Challenge Corporation” of the Consolidated Appropriations Act, 2019 (P.L. 116-6); Division K, Title III under the heading “Millennium Challenge Corporation” of the Consolidated Appropriations Act, 2021 (P.L. 116-260); Division K, Title III under the heading “Millennium Challenge Corporation” of the Consolidated Appropriations Act, 2022 (P.L. 117-103); and section 610(a) of the Millennium Challenge Act of 2003, as amended (the “Act”), this is to advise that the Millennium Challenge Corporation (“MCC”) intends to obligate up to \$10,000,000 under section 609(g) of the Act for the purpose of facilitating the development of a Millennium Challenge Compact with the Government of Belize.

The funds will finance the development of projects and activities, including but not limited to feasibility studies, social and environmental assessments, baseline surveys, economic impact assessments, and design activities, as well as the establishment of the structures necessary for compact implementation.

SUPPLEMENTAL INFORMATION

Background

Belize is a small country on the Caribbean coast of northern Central America, bordering Mexico and Guatemala. With approximately 405,000 people, Belize has had a long history of valuing democracy and investing in its people. Since its independence in 1981, Belize has held competitive elections and regular transfers of power. There are currently two major political parties in Belize, the People's United Party and the United Democratic Party. After 12 years in opposition, the People's United Party won the November 2020 elections, taking 26 of the 31 seats in the House of Representatives.

Despite Belize's economic progress since independence, poverty in Belize remains high and was estimated to be 52 percent in 2018. Already in recession before the coronavirus pandemic started, Belize's economy was hit particularly hard by the pandemic and is vulnerable to external shocks brought on by climate change and mass migration across its borders. Although Belize's economy has transformed significantly over the past two decades with the services sector, the economy is dominated by tourism and agriculture serving as the main sources of income and employment. Travel and tourism contributed more than 40 percent to Belize's gross domestic product (GDP) in 2019, and tourism's share of the GDP has doubled since 1995. While agriculture is the second largest contributor to Belize's GDP, both agricultural productivity and employment in agriculture are on a downward trend.

Compact Eligibility

Belize was selected as eligible to develop a compact in December 2021. Belize passes the MCC scorecard, passing 13 of 20 indicators overall, including the Control of Corruption indicator, and has particularly strong performance on the Democratic Rights indicators. In selecting Belize for a compact, the MCC Board of Directors made the decision to partner with a country that has demonstrated a clear commitment to democratic governance and tackling development challenges.

Constraints Analysis

As a first step in the development of a compact with the Government of Belize, MCC conducted a constraints analysis in early 2022 that identified five binding constraints to economic growth:

- Low quality of education has led to a shortage of trained professionals in all industries.
- Tax policy, licensing, and permitting has increased business costs and limited market entry.
- High cost of electricity has increased input costs for all industries.
- Degradation of coastal and marine resources has constrained growth in tourism.
- Access to finance has constrained small and medium enterprises' ability to invest optimally.

Of the five identified constraints, the Government of Belize selected the low quality of education and the high cost of electricity constraints for further development. MCC and the Government of Belize's Compact Development Team are now conducting an analysis to explore the root causes of these constraints.

Assistance to Develop the Compact Proposal

Funds will be used for the development and design of a compact that will address the root causes of Belize's binding constraints to economic growth, as agreed upon by the government and MCC. These funds are expected to finance the development of projects and activities that will be defined through the compact development stages of preliminary analysis, problem diagnosis, and project definition. Compact development activities include costs related to, but not limited to, feasibility studies, social and environmental assessments, baseline surveys, economic impact assessments, and design activities, as well as the establishment of the structures necessary for compact implementation. Funding these activities reflects MCC's commitment to preparing projects in a comprehensive manner to reduce implementation risk and increase confidence in the economic justification and technical feasibility of the proposed projects.