Forest Financing in Belize

Overview and Recommendations
Check List

• Strategy
  – No Single National; PACT-Protected Areas

• Legislation
  – PACT Act; Forest Act and Regulations for royalties

• Land Management
  – Underlying; Unbundled NR Rights in Belize
  – Forest Reserves=National Land; Permit required to extract logs from private lands

• Mechanisms
  – Co-Management Agreements
  – Long term Forest Licenses
### GDP and Forest Production

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0.10</td>
<td>0.09</td>
<td>0.09</td>
<td>0.09</td>
<td>0.08</td>
</tr>
<tr>
<td>Forests</td>
<td>0.00</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.10</td>
<td>0.09</td>
<td>0.08</td>
<td>0.08</td>
<td>0.08</td>
</tr>
<tr>
<td>Services, of which</td>
<td>0.56</td>
<td>0.59</td>
<td>0.61</td>
<td>0.62</td>
<td>0.62</td>
</tr>
<tr>
<td>Hotels and Restaurants</td>
<td>0.04</td>
<td>0.04</td>
<td>0.04</td>
<td>0.04</td>
<td>0.05</td>
</tr>
</tbody>
</table>
## Tourism and Forest Management Flows 200-2005 (US$mn)

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overnight Tourist Expenditure</strong></td>
<td>86.7</td>
<td>122.9</td>
<td>129.8</td>
<td>177.5</td>
</tr>
<tr>
<td><strong>Cruise Tourist Expenditure</strong></td>
<td>12.1</td>
<td>21.7</td>
<td>32.5</td>
<td>30.6</td>
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<tr>
<td><strong>DNS</strong></td>
<td>0.7</td>
<td>0.7</td>
<td>0.7</td>
<td>0.7</td>
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<tr>
<td><strong>Forest Department Allocations/Outturns</strong></td>
<td>0.9</td>
<td>1.1</td>
<td>1.1</td>
<td>1.0</td>
</tr>
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</table>

Sources:
2. Government of Belize estimates of revenue and expenditures, 2002/03 to 2006/07. Figures are recorded under fiscal year start; e.g. 2002/03 recorded as 2002.
## Comparative Export Data

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citrus/Sugar/Banana</td>
<td>0.57</td>
<td>0.53</td>
<td>0.53</td>
<td>0.56</td>
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<tr>
<td>Marine Products</td>
<td>0.22</td>
<td>0.29</td>
<td>0.26</td>
<td>0.20</td>
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<tr>
<td>Sawn Wood</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
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<tr>
<td>Tourism/Total Services Exported</td>
<td>0.66</td>
<td>0.71</td>
<td>0.71</td>
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</table>
PERCENTAGE OF GOVERNMENT BUDGET ALLOCATIONS AND/OR PAYMENTS TO GDP

<table>
<thead>
<tr>
<th>Budget Allocations¹</th>
<th>2000/01</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
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</thead>
<tbody>
<tr>
<td>Forest Department</td>
<td>0.11</td>
<td>0.11</td>
<td>0.10</td>
<td>0.09</td>
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<tr>
<td>Ministry of Natural Resources</td>
<td>0.31</td>
<td>0.32</td>
<td>0.30</td>
<td>0.34</td>
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<tr>
<td>Ministry of Agriculture</td>
<td>0.25</td>
<td>0.23</td>
<td>0.27</td>
<td>0.23</td>
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<tr>
<td>Ministry of Education</td>
<td>1.80</td>
<td>1.77</td>
<td>1.96</td>
<td>1.94</td>
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<tr>
<td>Ministry of Health</td>
<td>1.85</td>
<td>1.96</td>
<td>2.24</td>
<td>2.13</td>
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<tr>
<td>Ministry of Finance</td>
<td>0.70</td>
<td>0.65</td>
<td>0.68</td>
<td>0.71</td>
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<tr>
<td>Public Debt Interest</td>
<td>4.62</td>
<td>5.60</td>
<td>3.91</td>
<td>6.59</td>
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<tr>
<td>Total Recurrent Allocation</td>
<td>19.75</td>
<td>21.12</td>
<td>20.11</td>
<td>25.42</td>
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<tr>
<td>External Debt Service Payments</td>
<td>5.18</td>
<td>7.29</td>
<td>8.39</td>
<td>19.97</td>
</tr>
</tbody>
</table>

¹Government of Belize Estimates of Revenues and Expenditures, 2000/01; 2003/04-2005/06
Financing Sources

- **FD**
  - Government Financing/Budget Allocations
  - Project Financing (GEF; Int’l Orgs)

- **Private Sector**
  - Banks

- **NGOs**
  - PA Fees
  - DNS
  - PACT Funds
  - Project Financing (GEF; Int’l NGOs; Int’l Orgs)

- **No Bonds nor PES**
- **No CDM nor Carbon Credit Mechanisms**
PACT
PACT Funded Areas

- Donations and Contributions, 8.70%
- Public Education and Promotions, 7.10%
- Community Outreach, 5.52%
- Scholarship and training, 15.76%
- Projects, 62.92%
PACT Revenue by Source 1998

- 89% PACT Fees
- 7% Cruiseships Commission
- 4% Other Revenue Sources
Factors

• Comparative size of forest cover and PA
  – Land Area: 2.2 mn hectares
  – Forest Cover: 1.5 mn or 64.9%
  – Protected Areas Cover: 0.9 mn hectares or 38.3%

• Economic pressure or opportunity
  – Continued expansion in cruise tourism.
  – Oil Revenues

• Resource Demand
  – Increasing demand for non-timber products
  – Demand for services (eg. Hydro, Tourism)
  – Demand for Agriculture
Overview of Options

• Bonds
  – Not feasible given economic situation

• PES
  – Who Pays, Who Receives
  – Market Trends
  – Inclusion of all sectors

• CDM & Carbon Sinks
  – Who undertakes;

• General
  – PACT Like Avoid Fragmentation by combining fees, bonds, carbon/clean development instrument.
Recommended Steps-National

• Complete Implementation of FDIS Strat Planning
• Complete PACT Funded FDIS
  – Financial Sustainability of Forest Management Programme—identify appropriate mechanism for forest financing.
• Forest Policy and Strategic Plan
• Gain political commitment for Sust. Financing
• Establish policy and legislative framework necessary
• Implement
Recommended Steps-International

• Support for formulation of strategy
• Support for design of legislative and policy framework for forest financing mechanism
• Support for political commitment through international level/convention level processes.